

**HSBC LIFE (SINGAPORE) PTE. LTD.**  
**("Company")**  
Registration Number: 199903512M

**Corporate Governance Report 2024**

Date: 30 April 2025

## **CORPORATE GOVERNANCE REPORT**

### **INTRODUCTION**

HSBC Life (Singapore) Pte. Ltd. (the “**Company**”) was incorporated in Singapore on 23 June 1999 and is an indirect wholly-owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited (“**HBAP**”) held through HSBC Insurance (Asia-Pacific) Holdings Limited (“**INAH**”), with HSBC Holdings plc (“**HSBC Plc** or **HSBC** or **HSBC Group**”) as the ultimate parent. It is licensed by the Monetary Authority of Singapore (“**MAS**”) to engage in the insurance business in Singapore.

The Company’s corporate governance practices are guided by all applicable corporate governance regulations and guidelines that authorities may issue from time to time, as well as internal best practices to the fullest extent possible.

This corporate governance report sets out the corporate governance practices for the financial year ended 31 December 2024 (“**FY2024**”), which conformed to the Insurance (Corporate Governance) Regulations (the “**CG Regulations**”), as well as the MAS Guidelines on Corporate Governance for Designated Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers Which Are Incorporated In Singapore (“**CG Guidelines**”).

**BOARD MATTERS**  
**(Principles 1 to 5, CG Guidelines)**

**Chairman, Lead Independent Non-Executive Director and Executive Director**

The Board currently comprises seven members as follows:

<p><b>Edward Charles Lawrence Moncreiffe</b>  <b>(Non-Executive Board Chairman)</b>  <b>Appointed on 28 June 2024</b></p> <p>As Board Chairman, Mr Moncreiffe is responsible for providing leadership to the Board. Mr Moncreiffe is currently the Chief Executive Officer (“CEO”) of HSBC Global Insurance overseeing HSBC Group’s insurance business, which includes insurance companies in Hong Kong, Macau, mainland China, Singapore, India, France, United Kingdom, Malta, Bermuda and Mexico as well as insurance distribution partnerships globally.</p> <p><b><u>Non-listed companies and other principal commitments</u></b></p> <ul style="list-style-type: none"> <li>• HSBC Insurance Brokers Greater China Limited: Non-Executive Director</li> <li>• HSBC Insurance (Asia-Pacific) Holdings Limited: Director, Chairman &amp; CEO</li> <li>• HSBC Insurance (Asia) Limited: Chairman and Non-Executive Director</li> <li>• HSBC Life (International) Limited: Chairman and Non-Executive Director</li> <li>• Canara HSBC Life Insurance Company Limited: Non-Executive Director, member of the Audit Committee, Corporate Social Responsibility Committee, Risk Management Committee, Policyholder Protection Committee, Investment Committee, Nomination and Remuneration Committee</li> <li>• Hang Seng Insurance Company Limited: Non-Executive Director</li> <li>• The Insurance Complaints Bureau: Non-Executive Director and member of the General Committee</li> <li>• Matilda International Hospital: Chairman and member of Board of Governors</li> <li>• International Insurance Society: Executive Council Member</li> <li>• Smartlayer.ai: Advisor</li> </ul> <p><b><u>Academic and professional qualifications</u></b></p> <ul style="list-style-type: none"> <li>• Executive MBA, Honours, University of Chicago Booth School of Business</li> <li>• Chartered Insurer, Chartered Insurance Institute</li> </ul>	<p><b>Yap Chee Meng</b>  <b>(Lead Independent Non-Executive Director, Risk Committee member and Audit Committee member)</b>  <b>Appointed on 1 September 2016</b>  <b>Re-appointed on 28 June 2024</b></p> <p>Mr Yap was appointed as Independent Non-Executive Director, Chairman and Audit Committee member on 1 September 2016. He stepped down as the Chairman and became the Lead Independent Non-Executive Director on 11 February 2022.</p> <p>Mr Yap was the KPMG International Chief Operating Officer (“COO”) for Asia Pacific Region. Before that, he was a senior partner at KPMG Singapore.</p> <p><b><u>Listed company and other principal commitment</u></b></p> <ul style="list-style-type: none"> <li>• ESR Trust Management (Suntec) Limited – Suntec REIT: Audit Committee Chairman, Lead Independent Non-Executive Director</li> <li>• Charity Council of Singapore: Council Member</li> </ul> <p><b><u>Academic and professional qualifications</u></b></p> <ul style="list-style-type: none"> <li>• Foundation Certificate in Accountancy: University of Sunderland, UK</li> <li>• Fellow, Institute of Singapore Chartered Accountants</li> <li>• Fellow, Institute of Chartered Accountants in England and Wales</li> </ul>	<p><b>Harpreet Singh Bindra</b>  <b>(Executive Director and Chief Executive Officer)</b>  <b>Appointed on 20 September 2023</b>  <b>Re-appointed on 28 June 2024</b></p> <p>As the CEO, Mr Bindra leads the management team and implements the decisions of the Board and Board Committees. He is responsible for the Company’s day-to-day operations and business, including ensuring the continued adequacy and effectiveness of the system of internal controls and risk management.</p> <p>Mr Bindra joined HSBC in 2018. Before becoming the CEO of the Company, Mr Bindra was the Managing Director and Global Head of Strategy and Business Development, HSBC Global Insurance and Partnerships, responsible for executing the strategic growth agenda for HSBC’s global insurance businesses in 10 markets across Asia, Europe and Latin America.</p> <p><b><u>Non-listed company and other principal commitments</u></b></p> <ul style="list-style-type: none"> <li>• HSBC INSN (Non Operating) Pte. Ltd. (In Members’ Voluntary Liquidation): Executive Director</li> <li>• Life Insurance Association: Member of Management Committee</li> </ul> <p><b><u>Academic and Professional Qualifications</u></b></p> <ul style="list-style-type: none"> <li>• Master in Business Administration</li> <li>• Bachelor’s degree in Business Economics (Honours)</li> </ul>
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## Independent Non-Executive Directors

### ***Babak Nikzad Abbasabadi***

***(Audit Committee Chairman, Risk Committee member and With-Profits Committee member)***

***Appointed on 11 February 2022  
Re-appointed on 28 June 2024***

Mr Nikzad Abbasabadi was with the KPMG Group from September 1987 to March 2017 when he retired as the KPMG Hong Kong/China Partner.

#### **Non-listed companies**

- HSBC Insurance (Asia) Limited: Independent Non-Executive Director, Audit Committee chair and Risk Committee member
- HSBC Life (International) Limited: Independent Non-Executive Director and With-Profits Committee member

#### **Academic and professional qualifications**

- Master of Science (Mechanical Engineering), Imperial College, University of London, UK
- Bachelor of Science (Mechanical Engineering), King's College, University of London, UK
- Master of Science (Mechanical Engineering), Imperial College, University of London, UK
- CPA, Hong Kong Institute of Certified Public Accountants
- ACA, Institute of Chartered Accountants in England and Wales

### ***Prof Chia Kee Seng***

***(Audit Committee member and Risk Committee member)***

***Appointed on 1 April 2023  
Re-appointed on 28 June 2024***

Prof Chia is a professor at Saw Swee Hock School of Public Health, National University of Singapore ("NUS"). He was the founding dean of the Saw Swee Hock School of Public Health between October 2011 and December 2017 and held various roles with NUS including as Head of the Department of Epidemiology and Public Health and Associate Professor of the Department of Community, Occupational and Family Medicine. He also serves on the boards of several health institutions in Singapore and overseas.

#### **Non-listed companies and other principal commitments**

- Saw Swee Hock School of Public Health, National University of Singapore: Professor
- Academy of Medicine – Ministry of Health: Chairman of Screening Tests Review Committee
- National Centre for Infectious Disease: Chairman of Scientific Research Advisory Board
- Tsinghua University School of Public Health: Member of International Advisory Panel
- World Health Organisation: Member of Global Coordination Mechanism NCD Working Group on Health Literacy

#### **Academic and professional qualifications**

- Fellow, Academy of Medicine, Singapore
- Doctorate of Medicine (MD), NUS
- Master of Science in Occupational Medicine (M.Sc. (O.M.)), NUS
- Bachelor of Medicine & Bachelor of Surgery (M.B.B.S.), NUS

### ***Ng Wai Kin***

***(With-Profits Committee Chairman and Risk Committee member)***

***Appointed on 1 December 2024***

Mr Ng is a seasoned leader with more than 30 years of experience in life insurance with deep understanding of the Singapore market. Prior to his retirement as Deputy CEO of NTUC Enterprise in 2022, he was the CEO of NTUC Income from 2013 to 2019. Mr Ng is a trained actuary and he took on various Executive Committee roles (i.e. Chief Actuary & Chief Risk Officer, General Manager, Distribution) during his tenure with NTUC Income.

Mr Ng does not have any other directorship or principal commitment.

#### **Academic and professional qualifications**

- Master of Business Administration, Imperial College School of Management, United Kingdom
- BSc Actuarial Science, London School of Economics
- Fellow of the Institute of Actuaries, United Kingdom

### ***Goh Geok Cheng***

***(Risk Committee Chairman, Audit Committee member and With-Profits Committee member)***

***Appointed on 1 August 2024***

Ms Goh has more than 30 years of sectoral experience with particular depth in financial management, audit, risk and governance. Ms Goh was the Group Chief Performance Officer of FWD Group. Prior to that, she was the Chief Financial Officer/Regional Risk Controls Officer of Prudential Singapore.

#### **Other principal commitments**

- National Arts Council: Council Member and Chair of Audit and Risk Committee
- Institute of Singapore Chartered Accountants: Member of Investigation and Discipline Committee

#### **Academic and professional qualifications**

- Master of Science in Professional Accountancy, University of London
- Fellow of the Association of Chartered Certified Accountants, United Kingdom
- Fellow of the Institute of Singapore Chartered Accountants

## Board and its Duties

The Board is collectively responsible for the long-term success of the Company and the delivery of sustainable value to shareholders and other stakeholders. Its primary function is to provide entrepreneurial leadership and direction within a framework of prudent and effective controls enabling risk assessment and management. Its key responsibilities include approving the overall strategy, risk appetite, capital and operating plans to achieve the strategic objectives it has set.

The Board also provides stewardship of the HSBC culture, conduct and behavioral standards that promote prudent risk-taking and fair treatment of customers. It oversees Management's formulation of policies and processes to promote fair practices and high standards of business conduct.

In discharging its responsibilities, the Board takes into account the Company's constitution ("**Constitution**"), the relevant and applicable regulatory requirements and guidelines, as revised from time to time, to safeguard stakeholders' interests.

The Board's Terms of Reference ("**TOR**") sets out its role and responsibilities as well as matters reserved for its oversight and/or approval. These include strategic plans, operating plans, risk appetite, performance targets, and appointment of any director and any member of Management.

The Board ensures that corporate governance frameworks and systems are in place and that they remain relevant and effective for the Company.

The Board regularly monitors the performance of the business and Management to ensure proper accountability as well as ensures that necessary resources are in place to manage both financial and non-financial risks faced by the Company. All directors are required to act objectively, and in the interests of the Company in discharging their duties.

Pursuant to Section 156 of the Companies Act 1967 (the "**Act**"), the Constitution and the Company's Conflict of Interest Policy, where a director has a personal interest in a matter that may conflict with the director's duties to the Company, the director is required to disclose the conflict, recuse himself/herself from the discussion of the matter and abstain from voting on the matter.

## Directors' Induction and Continuous Development

Upon appointment, new directors are given a comprehensive and tailored induction, which includes materials on a director's duties and obligations, the TORs of the Board and Board Committees, and relevant HSBC Group policies. As part of the induction, new directors meet with key senior executives and receive briefings on the Company's business, operations, industry-specific regulatory changes, risk management, and governance practices.

All directors are given appropriate training on a continuing basis. Directors attend internal and external conferences, as well as briefings given by in-house subject-matter experts and, where possible, external programmes run by professional bodies. In addition, executive directors have access to training programmes for employees. Directors may also request training on specific topics of interest.

Training topics covered in 2024 by internal subject-matter experts included investment and asset liability management, artificial intelligence, cyber security, agency operations and management, sustainability, solvency and capital management and insurance strategy.

Independent non-executive Directors also completed training modules that are part of the mandatory training for HSBC employees. During 2024, these training modules covered topics including risk management, sustainability, health and safety, well-being, cyber security, financial crime and conduct.

Annually, the directors are given updates on key HSBC Group policies. At quarterly Board and Board Committee meetings, directors are briefed on matters relating to business and financial performance, risk management and relevant regulatory updates.

The Board is of the view that the training programmes for 2024 has met the objective of equipping directors with the appropriate knowledge to discharge their responsibilities.

## Board Delegation

The Board has delegated certain duties to Board Committees while retaining overall oversight. The Audit Committee and the Risk Committee have been constituted in accordance with the CG Regulations and CG Guidelines. Each committee provides a report of its activities and the minutes of its meeting to the Board at least quarterly. More information on the Audit Committee and the Risk Committee can be found in other sections of this report.

In December 2024, the Board approved the establishment of the With-Profits Committee effective 1 January 2025 to oversee the management of Participating and Universal Life business. The With-Profits Committee comprises three members, all of whom are independent non-executive directors. The members are Ng Wai Kin (Chairman), Babak Nikzad Abbasabadi and Goh Geok Cheng.

Each Board Committee has written TOR which sets out the committee's responsibilities. The TORs of the committees are reviewed annually. Any change to the TORs is subject to the Board's approval.

As allowed under the CG Regulations, the Board performs the functions of a Nominating Committee and a Remuneration Committee. The Board has not established a Board Executive Committee.

The Board delegates the day-to-day management of the business and the implementation of strategy to the CEO. The CEO is supported by the Company's Executive Committee comprising the Senior Management team of the Company.

## Meeting Attendance

The Board has six scheduled meetings, and each of the Audit and Risk Committees has four scheduled meetings, annually. Additional meetings are convened when required. The Constitution provides for a director to participate in a meeting via telephonic or video conference where exigencies prevent the director from attending the meeting in person.

The table below sets out the number of meetings held in FY2024, and the attendance of directors at the meetings.

Meetings	Board	Audit Committee	Risk Committee
<b>Number of Meetings</b>	<b>8</b>	<b>7</b>	<b>5</b>
Alistair John Chamberlain (" <b>Mr Chamberlain</b> ") <sup>(1)</sup>	5	-	-
Edward Charles Lawrence Moncreiffe (" <b>Mr Moncreiffe</b> ") <sup>(1)</sup>	3	-	-
Harpreet Singh Bindra (" <b>Mr Bindra</b> ")	8	-	-
Yap Chee Meng (" <b>Mr Yap</b> ")	8	7	5
Babak Nikzad Abbasabadi (" <b>Mr Nikzad Abbasabadi</b> ") <sup>(2)</sup>	7	6	5
Professor Chia Kee Seng (" <b>Prof Chia</b> ")	8	7	5
Goh Geok Cheng (" <b>Ms Goh</b> ") <sup>(2)</sup>	2	2	1
Ng Wai Kin (" <b>Mr Ng</b> ") <sup>(3)</sup>	1	-	-

### Notes:

- <sup>(1)</sup> Mr Chamberlain retired as the Board Chairman and Non-Executive Director at the conclusion of the Company's Annual General Meeting ("**AGM**") held on 28 June 2024, and Mr Moncreiffe was appointed as Board Chairman and Non-Executive Director on the same day.
- <sup>(2)</sup> Ms Goh was appointed as Independent Non-Executive Director, Risk Committee Chairman and Audit Committee member on 1 August 2024. Mr Nikzad Abbasabadi stepped down as Risk Committee Chairman on the same day and remained a member of the Risk Committee.
- <sup>(3)</sup> Mr Ng was appointed as Independent Non-Executive Director and Risk Committee member on 1 December 2024.

### **Board's Access to Information**

Directors have separate and independent access to Management. Directors are provided with comprehensive information related to agenda items in a timely manner. Management has an obligation to supply the Board with complete and adequate information in a timely manner. Information provided includes board papers and related materials, background or explanatory information relating to matters to be brought before the Board, and copies of budgets, forecasts and monthly summary of financial information including, if applicable, material variances between projections and actuals. Information provided on an ongoing basis at board meetings includes financial, business, risk, operations, human resources and regulatory updates.

Directors are also equipped with secure access to electronic Board and Board Committee meeting materials. Any additional material or information requested by the Board is furnished promptly by Management and/or the Company Secretary. Copies of minutes of the Board and Board Committee meetings are distributed to directors at every scheduled Board meeting. These are also available to directors at all times via the Company Secretary. All deliberations and decisions of the Board and Board Committees including any concerns raised by the directors are minuted and the records of all meetings are maintained by the Company Secretary.

### **Company Secretary**

Directors have separate and independent access to the Company Secretary. The Company Secretary attends all meetings of the Board, Audit Committee and Risk Committee and prepares the minutes of each meeting. They assist the Chair to ensure that meeting procedures are followed and that applicable regulations are complied with. Under the direction of the Chair, they assist with the information flow between the Board, Management and the parent company. They are responsible for the preparation of the Corporate Governance Report, and for facilitating the induction of new directors and the professional development of directors as required. The Board's approval is required for the appointment and removal of the Company Secretary.

The Board adopts the HSBC Subsidiary Accountability Framework, which sets out high-level principles and expectations of best practices to be consistently applied across the HSBC Group.

### **Culture and Conduct and Code of Ethics**

As part of the HSBC Group, the Company has adopted the HSBC values, which promote high levels of professional conduct of business. These values emphasise, *among others*, integrity, honesty and proper conduct at all times, and are adopted as performance appraisal criteria for employees. All employees of the Company are required to undergo training on the HSBC values.

The Company has established guidelines for assessing and handling customer complaints and properly documenting the assessment outcome for each complaint. Management reviews regular reports on customer complaints and highlights material complaints to the Board.

The Board and Senior Management observe the MAS Guidelines on Individual Accountability and Conduct and implement the relevant requirements.

### **Board Composition**

Annually, the Board assesses its size and composition and each director's independence.

The Board has assessed that each director remains fit and proper and qualified for the office of director and contributes to the collective skills, experience and knowledge of the Board. Collectively, the directors have in depth experience in banking, insurance, finance and management, providing core competencies that are relevant to the Company's business. Having considered the Company's scope and nature of business and operations, the Board considers a board size of up to seven members appropriate for overseeing the Company's affairs and for progressive renewal of the Board. The Board will continue to assess the board size and the skills and expertise required to provide effective stewardship of the Company.

In assessing each director's independence, the Board considers each director's profile, tenure on the Board as well as his/her responses in questionnaires, which are designed for assessing a director's independence based on the criteria in the CG Regulations and CG Guidelines and his/her fitness and propriety for office based on the MAS Guidelines on Fit and Proper Criteria.

There is a strong element of independence on the Board with the appointment of a lead independent non-

executive director and independent non-executive directors making up a majority of the Board. The lead independent director leads the independent directors during Board meetings to raise relevant queries and ensure that there is a check and balance between the Board and Management. He also provides feedback on the performance of the Chairman and Management from time to time. Non-executive directors led by the Chairman meet at least once a year without the presence of Management.

Each director's tenure on the Board is less than nine years. Page 9 sets out the Board's assessment of directors' independence.

### **Chairman and Chief Executive Officer**

The roles of the Chairman and the CEO are separate and held by unrelated individuals. There is a clear division of responsibilities between the Chairman and the CEO.

Mr Moncreiffe is the Board Chairman and his responsibilities include providing leadership to the Board, setting the agenda for Board meetings, ensuring that directors receive timely and comprehensive information for informed deliberations, and promoting high standards of corporate governance. The Chairman promotes open and frank debates by all directors at every Board meeting.

As the CEO, Mr Bindra has the overall executive responsibility for the day-to-day management of the Company. He seeks business opportunities and leads new initiatives.

### **Lead Independent Director**

The CG Guidelines have recommended the appointment of a lead independent director where the Chair is not an independent director. The Board has appointed Mr Yap as the lead independent director. The Board's TOR clearly set out the roles and responsibilities of the Chairman, the CEO and the lead independent director.

### **Selection and Nomination of Directors**

As permitted under the CG Regulations, the Board performs the functions of a Nominating Committee, whose main responsibilities include:

- (a) identifying and evaluating candidates for appointment to the Board and Board Committees;
- (b) assessing the independence of directors;
- (c) reviewing the size and composition of the Board and Board Committees;
- (d) evaluating the performance of the Board, Board Committees and each director; and
- (e) reviewing the nominations, appointments and reasons for the resignation of directors and Management such as the CEO, Chief Financial Officer ("CFO"), Chief Risk & Compliance Officer ("CRCO"), COO, Appointed Actuary, Certifying Actuary and the Head of Human Resources.

All directors may nominate candidates. The criteria applied by the Board in identifying and evaluating candidates include (i) the CG Regulations and CG Guidelines criteria on independence and composition; (ii) a candidate's fitness and propriety and qualification for office, taking into account inter alia, the candidate's experience, capabilities and skills; (iii) the knowledge and skills that the Board and Board Committees require to discharge their responsibilities effectively taking into account the strategic direction and emerging challenges faced by the Company and (iv) a candidate's ability to commit time to the affairs of the Company.

The Company conducts vetting checks which include credit bureau, litigation and blacklist searches on shortlisted candidates to ascertain that the candidates are fit and proper, and qualified for office.

In considering a candidate's time commitment, the Board has set a limit on directorships in listed companies. Generally, a director who has full-time employment in any organisation shall have appointments in no more than three listed companies, while directors who do not have any full-time employment shall have appointments in no more than six listed companies.

In reviewing the appointment of directors, the Board seeks to ensure that the criteria are fulfilled. All appointments to the Board are subject to the approval of the MAS.



### Re-appointment of Directors

All directors are subject to re-election at each AGM. In considering and recommending re-appointments, the Board assesses (i) the independence of each director, (ii) whether each Director remains a fit and proper person and qualified for office, (iii) each director's attendance record, time commitment and contribution, and (iv) the composition of the Board using an agreed skills matrix.

### Independence of Directors

The independence of a director is determined based on the criteria set out in the CG Regulations and CG Guidelines. The CG Regulations provide that a director is considered independent if he is independent from management and business relationships and the substantial shareholder and if he has not served on the Board for a continuous period of nine years or more. In addition, the CG Guidelines provide that an independent director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, substantial shareholders or officers that could interfere or be reasonably perceived to interfere with the director's independent business judgement in the best interests of the company.

The Board made the following assessments in April 2025:

- a. Mr Moncreiffe and Mr Bindra are non-independent from management and business relationships and non-independent from the substantial shareholders, namely (i) HSBC Plc; (ii) HSBC Asia Holdings Limited, (iii) HBAP; and (iv) INAH (collectively the "**Substantial Shareholders**"); and
- b. Mr Nikzad Abbasabadi, Prof Chia, Ms Goh and Mr Ng are independent from management and business relationships and the Substantial Shareholders. They are not currently employed by any HSBC company and have no immediate family members who are employed by the Company or any of its related corporations.

Except for Mr Nikzad Abbasabadi, all of them do not serve on the boards of other HSBC companies. The Board formed the view that Mr Nikzad Abbasabadi's directorships in two other HSBC companies have not impaired his independence and objectivity in the discharge of his duties as a director of the Company.

The assessment did not include a review of the independence of Mr Yap, who will not be seeking re-election and will retire at the conclusion of the 2025 AGM. There has been no change to Mr Yap's circumstances since the review in 2024, during which the Board had assessed him to be an independent non-executive director.

The Company is in compliance with the CG Regulations which requires that where a substantial shareholder holds 50% or more of the share capital of the voting power in an insurer incorporated in Singapore, at least one-third of directors must be independent. The Company also complies with the CG Guidelines which require independent directors to make up a majority of the Board where the Chairman is not independent.

### Key Appointment Holders

The following changes to the Board took place in 2024:

No.	Name	Date of Changes
1	Mr Chamberlain	Retired on 28 June 2024
2	Mr Moncreiffe	Appointed on 28 June 2024
3	Ms Goh	Appointed on 1 August 2024
4	Mr Ng	Appointed on 1 December 2024

As part of the Company's restructuring to further strengthen its governance structure, the following new executive appointments were made: Chief Risk & Compliance Officer, Chief Product Propositions Officer, Chief Partnership Distribution Officer and Chief Agency Development Officer. The Head of Strategy resigned in 2024.

## **Board Performance**

The Board performs an annual assessment of its own effectiveness as a whole and that of its committees as well as the performance of each director.

Each director evaluates the performance of the Board and each Board Committee based on a set of performance criteria adopted in the HSBC Group.

The evaluation questionnaire covers areas such as the conduct of meetings, quality of risk management, adequacy of internal controls, and board culture and behaviour. The Company Secretary collates the responses in the evaluation questionnaire for the Board's deliberation. The assessment results are used constructively to discuss improvement opportunities for the Board and Board Committees. In terms of the assessment of individual directors, each director's contribution and time commitment are considered.

Based on each director's contribution and known commitments, the Board is of the view that all directors have performed their duties adequately and availed themselves to attend the Company's affairs, thereby contributing to the effectiveness of the Board and Board Committees. Each director abstains from the Board's deliberation on his/her performance.

## REMUNERATION MATTERS (Principles 6 to 8, CG Guidelines)

As allowed under CG Regulations, the Board performs the role of a Remuneration Committee, whose key responsibilities include the review of (i) the remuneration framework of non-executive directors and key management personnel, and (ii) the remuneration packages for key management personnel.

### Remuneration of Employees

The Company's performance and pay framework is underpinned by the Group's Remuneration Strategy and principles. The reward principles and commitments guide the Company's approach to workforce reward and are set out below. They support the Company's focus on being a great place to work, provide clarity on its proposition and ensure prioritisation in the right areas.

- We will reward our colleagues responsibly through fixed pay security and protection through core benefits, a competitive total compensation opportunity, pay equity, and a more inclusive and sustainable benefits proposition over time.
- We will recognise colleagues' success through our performance culture and routines, including feedback and recognition, pay for performance, and all employee share ownership opportunities.
- We will support our colleagues to grow through our proposition beyond pay, with a focus on future skills and development, your mental, physical, social and financial well-being, and flexibility.

The Company's goal is to deliver a unique and exceptional experience to energise colleagues to perform at their best. This is critical to strengthening the Company's ability to attract, retain and motivate the people it needs in competitive markets where employee expectations continue to evolve.

In 2024, the Company made several significant changes to improve its proposition in unlocking its performance edge:

- The Company introduced performance routines to help ensure colleagues know what is expected of them, how they are doing and how they can improve. This is achieved by setting ambitious goals, discussing performance frequently through the year, regularly exchanging feedback and recognising outstanding performance via our simplified performance assessment;
- The Company introduced "Target Variable Pay" to majority of its junior to mid-level employees, helping to improve fairness and consistency in reward outcomes, and providing more clarity and transparency on how the Company makes pay decisions and the impact of Group, business and individual performance on variable pay; and
- The Company continued to improve its wellbeing offering by enhancing country Employee Assistance Programmes, increasing the number of mental health champions in the Mindfulness Network, developing new financial wellbeing support and running activity challenges to improve employees' physical activity.

More details of the Company's remuneration strategy are contained in the Annual Report and Accounts 2024 of HSBC Holdings plc.

Country senior management is responsible for the execution of the policy and ensuring the Group principles are followed and the effectiveness of the decision making is reviewed through various in-country forums and through business lines including the senior management review during the annual pay and performance process to ensure that there is consistency and equitable approach being applied. This is to ensure that remuneration policies do not create incentives for excessive risk taking and aggregated recommendations for all employees. The relevant information pertaining to the Company will be presented to the Board for review annually.

The Board fulfils the responsibilities of a Remuneration Committee outlined in the CG Regulations and CG Guidelines. The remuneration framework and processes of the Company are subject to the single HSBC Group-wide framework and the policy on remuneration is in line with the principles and best practices promulgated under the CG Regulations and CG Guidelines.

HBAP as an authorised institution under the Banking Ordinance is required by the Hong Kong Monetary Authority's Supervisory Policy Manual CG-5 "Guideline on a Sound Remuneration System" (the "**Remuneration Guideline**") to assess whether their existing remuneration systems and policy are in line with the principles in the Remuneration Guideline, independently of management. This review is undertaken

annually. For the review completed in April 2024, Deloitte LLP confirmed that HBAP's remuneration strategy as adopted from the Group is consistent with the principles set out in the Remuneration Guideline. Deloitte has been commissioned to undertake the review for 2024/2025.

### Level and Mix of Remuneration

The Company is an indirect wholly-owned subsidiary of HSBC Plc. HSBC Plc is governed by the regulations of the UK's Prudential Regulatory Authority ("**PRA**") and Financial Conduct Authority ("**FCA**"). The HSBC Plc and its subsidiaries globally operate within the parameters at the highest standards. The regions and countries fully adopt the principles and frameworks established by the Group which are based on the PRA and FCA remuneration rules.

The Company's remuneration policy is aligned to the HSBC Group's remuneration policy – HSBC Remuneration Practices and Governance – which promotes sound and effective risk management and supports our business objectives. It sets out the details relating to the Group's reward strategy and framework, which is reviewed and approved on an annual basis including by the Remuneration Committee and the board of HSBC Plc and ultimately by its shareholders. This policy is consistently adopted by all HSBC companies in Singapore.

In addition, HBAP has established a local Remuneration Committee ("**RemCo**") in January 2018. The HBAP RemCo oversees the implementation and operation of the Group remuneration policy and framework, as approved by the HSBC Group RemCo and ensures their compliance with local regulations. In addition, as set out in the HBAP Board's TOR, the Board is responsible for overseeing the remuneration policy.

In line with HSBC Group Policy, for remuneration, the Company focuses on both external benchmarking and internal equity.

For external benchmarking, market benchmarks are obtained to provide an indication of the range of pay levels and employee benefits of competitors. In addition, when making pay decisions, the Company takes into account the individual's and the Group's performance in any given year. An individual's pay will vary depending upon their performance. Remuneration includes fixed pay, variable pay, retirement plan, benefits in accordance with local market practice/prevalence, as well as long-term incentives.

Total reward, consisting of fixed pay, variable pay, retirement plan and benefits, is the key focus of the Company's remuneration framework. Total compensation comprises of fixed pay and variable pay (namely annual incentive and long-term incentives) which is differentiated by performance and adherence to HSBC values.

Where employees are eligible to be considered for a discretionary variable pay award, the amount will be determined based on overall group affordability, any adjustment relating to recognition and conduct, individual performance and adherence to HSBC values.

The Company adopts a minimal share deferral policy on variable pay (starts from 10%) to which Malus applies. This is in addition to the Group's Material Risk Taker ("**MRT**") Policy which includes a higher variable pay deferral (40% or 60%). Following removal of the 2:1 variable to fixed pay cap by the PRA and FCA, the HSBC Group RemCo has put in place a maximum variable to fixed pay ratio of 10:1. All Group MRT awards are subject to Malus and Clawback. A local Material Risk Personnel ("**MRP**") policy has also been implemented for senior managers and MRP identified under the MAS Guidelines on Individual Accountability and Conduct.

In principle, generally a higher proportion of the total compensation for senior managers is delivered in variable pay and will be more closely aligned to HSBC Group and business performance as seniority increases. All awards are subject to Malus and awards granted to employees identified as MRTs are subject to Clawback.

As set out within the HSBC remuneration policy, guaranteed minimum bonuses are only paid in exceptional circumstances for new hires and is limited to the individual's first year of employment only. The exceptional circumstances where HSBC would offer a guaranteed variable remuneration would involve a critical new hire and would also depend on factors such as the seniority of the individual, whether the new hire candidate has any competing offers and the timing of the hire during the performance year.

As set out in the HSBC Remuneration Policy and Reward Strategy, the remuneration decisions are made based on a combination of business results, performance against objectives set out in performance

scorecards, general individual performance of the role and adherence to the HSBC values, business principles, Group Policies and procedures and Global Standards. The variable pay pool also takes into consideration the performance against metrics in the Group Risk Appetite Statement and conduct framework.

Variable pay is awarded to employees on a discretionary basis and dependent upon Group, business and individual performance, which are based on both financial and non-financial factors consistent with the medium to long-term strategy, stakeholder interests and adherence to HSBC values. Assessment of performance is based on clear and relevant financial and non-financial objectives set within a performance scorecard framework.

Non-financial factors are also considered throughout the performance management process including objectives setting and year-end assessment and review.

In addition, individual behaviours such as non-compliance with dealing codes, personal misconduct, and individual involvement (either directly or indirectly) in notable and reportable incidents identified during the year are factors that are taken into consideration in determining adjustments to variable pay. For material events, such adjustments can be made at Group or business unit level. As further underlined in the HSBC Employee Recognition and Conduct Framework, the situations leading to negative variable pay adjustment include:

- Failing to complete Global Mandatory Training Trimester 2 module ("**GMT**") by the due date: a 10% conduct adjustment will be applied and automatically transferred into the pay review system as it has a medium severity; and
- All types of Personal Conduct Cases ("**PCC**"): A "risk severity rating" and related "individual misconduct rating" will be determined and inform the outcomes which will be automatically transferred into the pay review system.

Performance management is a shared and continuous responsibility between an employee and their manager. It involves setting clear performance objectives relevant to the role, providing regular feedback and recognition, assessing performance and behaviour, and coaching and supporting employees to perform to the best of their ability. This means having frequent check-ins on progress with performance objectives, behaviours and development goals, and adjusting objectives when necessary. The first stage of performance assessment is for managers to reflect on how each team member has demonstrated HSBC values-aligned behaviours and their adherence to conduct expectations. Failure to meet the minimum standard will result in a 'no' response to the behaviour gateway which is the first step in the year-end performance assessment.

In objective setting conversation, it is manager's responsibility to ensure employee understand that performance assessment is based on demonstrated behaviours in line with HSBC values and conduct expectations, as well as successful completion of objectives and other activities in their day-to-day role – both 'what' and 'how' performance is delivered – and that employees will receive a performance rating at year end.

It is also the responsibility of the first line of defence, the business units, to determine if objectives and/or assessments are fit for purpose or if updates are required based on their expert observation/review of individual performance documents.

The Company follows the Group Consequence Management Framework ("**GCMF**"). The GCMF is a global framework that provides consistency in the application of disciplinary actions and reward sanctions based on misconduct risk level applicable to all HSBC employees globally. The severity of the misconduct level determines the disciplinary actions and performance and pay consequences to be applied for all conduct breaches including regulatory, policy or information security breaches.

Where misconduct arises, it is handled through the guidance provided within PCC framework. This guidance provides an overview for line managers, Human Resources and risk stewards on how performance and reward outcomes for PCC cases are determined. When determining performance and reward outcomes for PCC cases, a 'risk severity rating' and related 'individual misconduct rating' will inform the outcomes within the framework.

In addition, clear message is delivered to employees on impact of breaches as part of reward communications via pay statements.

Please refer to the HSBC remuneration practices and governance at <https://www.hsbc.com/who-we-are/esg-and-responsible-business/governance/remuneration> of HSBC Plc for details of the major design characteristics of the remuneration system including alignment between risk and reward.

### Disclosure on Remuneration

As set out above, the Company's remuneration is aligned to HSBC Group's remuneration policy and practices. HSBC Group including the shareholder has full knowledge of the remuneration of the Company's executive director, non-executive directors employed in the HSBC Group and top five key executives.

### Remuneration of independent non-executive directors

The remuneration for independent non-executive directors in FY2024 is in line with the HSBC Group's remuneration framework for independent directors:

Basic annual retainer fees	Amount
Board	SGD55,000
Lead Independent Non-Executive Director	SGD68,750
<b>Additional Chair fees for:</b>	
Audit Committee	SGD15,000
Risk Committee	SGD15,000
<b>Additional Committee member fees for:</b>	
Audit Committee	SGD10,000
Risk Committee	SGD10,000

The Board performs a review of directors' fee regularly. In 2024, taking into consideration the substantial increase in time commitment required of Board members to discharge their responsibilities arising from more onerous and increasing regulatory obligations expected of independent non-executive directors, the Board recommended that a revised directors' fee structure be adopted with effect from 1 January 2025 for shareholder's approval. The revised fee structure, which has been approved by the shareholder, was benchmarked against that of non-listed insurers using publicly available information and taking into consideration asset size, revenue, business and location coverage.

### Remuneration of Key Executives

The Board is of the view that given the sensitive and confidential nature of the CEO's and employees' remuneration, detailed disclosure on the remuneration of the top five key executives is not in the best interests of the Company. Since the Company is a wholly-owned subsidiary in the HSBC Group, providing such remuneration details will prejudice the Company's interests in relation to its competitors, given the highly competitive environment in the financial industry where poaching of executives is common place.

There is no employee of the Company who is an immediate family member of a director or the CEO and whose remuneration exceeds SGD100,000 during 2024.

### Remuneration of Executive Directors and Non-Executive Directors employed by HSBC Group

Executive directors and non-executive directors employed in the HSBC Group do not receive any fee and other remuneration for their services as directors of the Company. Such directors receive remuneration in their capacity of employees in the HSBC Group and employee remuneration is decided in line with HSBC Group's remuneration policy.

No disclosure is made on directors' interests in HSBC Plc shares as there are no public shareholders of the Company whose interests need to be protected through the disclosure of the directors' interests. In addition, in the case of executive directors and non-executive directors employed in the HSBC Group, share options and discretionary awards of shares granted to them are considered part of their remuneration package and as mentioned above, such disclosure would prejudice the Company's interests in relation to its competitors.

## ACCOUNTABILITY AND AUDIT (Principles 9 to 10, CG Guidelines)

### Board Risk Committee

The Board has ultimate responsibility for risk governance including approving the Company's risk appetite and the effective management of risk. Management advises the Board on risk appetite and its alignment with strategy, risk governance and internal controls, high-level risk related matters, and compliance with the Guidelines on Risk Management issued by MAS.

As at the date of this report, the Risk Committee comprises five members, all of whom (including the Risk Committee Chairman) are non-executive directors. The members consist of Ms Goh (Risk Committee Chairman), Mr Nikzad Abbasabadi, Mr Yap, Prof Chia and Mr Ng who are appropriately qualified to discharge their responsibilities and have the relevant technical financial expertise in risk disciplines or business experience. Mr Yap will cease to be a member of the Risk Committee following his retirement at the conclusion of the 2025 AGM. The Board has not appointed any non-director with specific expertise to the Risk Committee.

The Risk Committee oversees risk-related matters including risk governance and internal control systems (other than internal controls over financial reporting). The Risk Committee is responsible, *inter alia*, for reviewing and providing independent challenge on risk management reports, assessing the risk profile of the Company and how the risks arising from the Company's businesses are controlled, monitored and mitigated, for focusing on current and forward-looking risks to assess the Company's vulnerability and resiliency to potential risks, reviewing the effectiveness of the Company's conduct framework designed to deliver fair outcomes for customers and reviewing and satisfying itself that the Company's stress testing framework, governance and related internal controls are robust. Effective 1 January 2025, together with the Audit Committee, the Risk Committee assists the Board in discharging its oversight responsibility relating to risk management and internal controls.

The CRCO reports functionally to the Risk Committee and is responsible for the day-to-day operations of risk management and compliance functions.

### Risk Management

HSBC's Risk Management Framework ("**RMF**") describes the approach to managing risk and applies to all types of risks. Risk management starts with a strong risk culture, clear accountability and a formally defined risk appetite that articulates the level and types of risks that are acceptable to achieve our strategic objectives. Risk appetite shapes our requisite controls and dictates behaviors. We identify risks to our business and assess materiality by considering their likelihood and potential customer, financial, reputational and regulatory impacts. The risks are aggregated and reported to highlight material risks and support good decision making. Where necessary, risks are escalated to senior management and risk governance committees to facilitate management decisions, challenge and remediation.

Day-to-day risk management activities are the responsibility of senior managers of individual businesses, supported by global functions as described under the "Three Lines of Defence" model. The model delineates management accountabilities and defines who is responsible to do what to identify, assess, measure, manage, monitor and mitigate risks, encouraging collaboration and enabling efficient coordination of risk and control activities.

The Company uses four key risk management tools to promote strong enterprise-wide risk management: Risk Appetite Statement ("**RAS**"), Risk Map, Emerging Risks and Stress Testing. The risk appetite profile and Risk Map provide information on our current and projected Risk Profile for awareness and to inform decision making. Emerging Risks and Stress Testing provide information on the risk landscape that is impacting or could impact our Risk Profile. Enterprise Risk Reports generated by these tools are provided to the Risk Management Meetings ("**RMM**") and routinely to the Board for information. These consistent and integrated standard reports are used at the RMM to ensure appropriate monitoring and cascading of information is achieved.

As required under the MAS Guidelines on Risk Management Practices – Board and Senior Management, the Board has approved a RAS and RMF for the Company. An update on the effectiveness of Risk Management function is provided to the Risk Committee annually with an overview of governance structure, framework for managing enterprise-wide risks and capacity and capability of resources within risk function to fulfill these responsibilities.

The Risk Management function is independent, with clearly delineated authority and responsibilities. Moreover, the CRCO presents a risk management report to the Risk Committee at every meeting, which, in addition to updates on the management of various financial and non-financial risks, provide insight into effectiveness of internal controls.

Financial risks are the risk of a financial loss as a result of business activities. These are actively managed to maximise shareholder value and profits whilst considering treasury risk, retail credit risk, wholesale credit risk, traded risk and strategic risk as well as customer outcomes.

Non-financial risks are the risk of loss resulting from people, inadequate or failed internal processes, data or systems or external events. These arise due to day-to-day operations, while taking financial risks and include financial reporting and tax risk, resilience risk, financial crime risk, people risk, regulatory compliance risk, legal risk and model risk.

All risks typically have a risk steward at the entity, country, regional and global levels who is accountable for the holistic assessment and oversight of that risk. The responsibility of the risk steward includes defining and implementing the more detailed day-to-day approach of managing the specific risk. Further, the accountability includes assessment and oversight of climate risk, and working with businesses to ensure appropriate climate risk frameworks are embedded.

The Own Risk and Solvency Assessment is a key risk management tool assessing the overall solvency needs of the Company considering its internal capital position. The assessment has regard to the Company's business plan, its overall strategic plan and the Company's own view of the key risks it is facing, both now and in the future together with the controls / risk mitigations against these risks.

### **Audit Committee**

As at the date of this report, the Audit Committee comprises four members, all of whom are independent non-executive directors. The members are Mr Nikzad Abbasabadi (Audit Committee Chairman), Mr Yap, Prof Chia and Ms Goh. Mr Ng will be appointed as a member of the Audit Committee in place of Mr Yap who will be retiring at the conclusion of the 2025 AGM.

Three members including the Audit Committee Chairman have recent and relevant accounting or related financial management expertise or experience, and none of them are former partners or directors of the Company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

The Audit Committee's responsibilities include the following:

- Reviewing the financial statements to ensure it is in compliance with accounting standards and accounting judgements;
- Reviewing the effectiveness of internal financial control functions;
- Obtaining and reviewing assurance from the CEO and the CFO on the financial records and financial statements;
- Reviewing the adequacy, effectiveness, independence and performance of the external auditors and Internal Audit function and the scope and results of audits in respect of the operations of the Company;
- Making recommendation to the Board on the reappointment of external auditors and their remuneration and terms of engagement; and
- Reviewing whistleblowing policy and reports.

Effective 1 January 2025, the Audit Committee assumes the responsibility for oversight of matters relating to financial reporting and internal controls.

The Audit Committee members kept abreast of changes to accounting standards and issues which have a direct impact on financial statements through updates and briefings by Management and external auditors.

The Audit Committee meets with the external auditors and with the Head of Internal Audit, in separate sessions and without the presence of Management, at least once a year, to ensure that there are no unresolved issues or concerns. It also undertakes or considers on behalf of the Chair or the Board such other related tasks or topics as the Chair or the Board may from time to time entrust it to.



## External Audit

The Company's external auditors have access to and provide regular reports to the Audit Committee. The Audit Committee reviews the assistance given by Management to the external auditors. The external auditors present their audit plan for the Company, the results of their audit and their evaluation of the Company's internal accounting controls to the Audit Committee for review. The Audit Committee reviews the key audit issues presented by the external auditors, the external auditors' approach to providing reasonable assurance that the financial statements are free from material misstatements and adequacy of internal controls relevant to the audit.

The Audit Committee ensures that the external auditors promptly communicate to the Audit Committee, any information regarding internal control weaknesses, deficiencies, or other relevant matters. The status of any corrective action required arising from material findings in the external auditors' report is tracked by the relevant function and reported to the Audit Committee at its quarterly meetings until they have been addressed conclusively.

The Audit Committee has reviewed and recommended to the Board the re-appointment of the external auditors at the 2025 AGM and the remuneration of the external auditors. In its review, the Audit Committee has considered the external auditors' independence, objectivity, experience and adequacy of resources, the work performed by the external auditors, the external auditors' self-assessment which includes its confirmation of independence, and the fees for audit and non-audit services provided by the external auditors.

The Audit Committee is satisfied that the nature and extent of non-audit services have not prejudiced the external auditors' independence and objectivity in the audit of the Company. The external auditors' remuneration includes (a) statutory audit fees of SGD2,340,364; and (b) non-audit services fees of SGD1,732,892 in relation to the FY2024 engagement.

## Internal Audit

Singapore based Internal Audit ("**SG GIA**") team established by the Global Internal Audit ("**GIA**") function oversees internal audit matters and has a primary line of reporting to the Audit Committee. The Audit Committee approves the appointment and removal of the Head of Internal Audit, as well as evaluates the performance of the Head of Internal Audit annually of which the results are considered in the annual pay review.

The SG GIA ultimately reports to the HSBC Global Head of Audit for Wealth & Personal Banking, who is a member of the HSBC Global Internal Audit Executive Committee ("**GIA EXCO**"). The Chair of the GIA EXCO is the Group Head of Internal Audit who reports functionally to the Chair of the Group Audit Committee and administratively to the Group CEO. The Group Head of Internal Audit is also a member of the HSBC Group Management Board. Based on this structure, the internal audit function is independent of the Company's Management and has appropriate standing within the Company.

GIA adheres to The Institute of Internal Auditors' ("**IIA**") mandatory standards including the definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing. In addition, GIA complies with Practice Advisories, Practice Guides and recommendations issued by the IIA to the extent that these apply. The SG GIA adopts the HSBC Global Internal Audit standards. The SG GIA adopts the GIA standards.

The SG GIA follows a risk-based methodology in determining audit needs and formulating an annual plan of audit. SG GIA works in close coordination with GIA to ensure audit coverage is sufficient for the Company and from HSBC Group's perspective.

Accountabilities of the audit function include the development and execution of a risk based annual audit plan, covering key risks, emerging risks, horizon risks and regulatory obligations, in line with the Group's risk management and internal control frameworks. In accordance with its charter, the primary role of GIA is to help Management to protect the assets, reputation and sustainability of the HSBC Group. GIA provides independent and objective assurance as to whether the design and operational effectiveness of the Group's framework of risk management, control and governance processes, as designed and represented by management, is adequate.

The Audit Committee has reviewed the adequacy and effectiveness of the Internal Audit function including whether it has adequate resources to fulfill its duties. Resources are regularly assessed for adequacy and requirements are raised to the attention of regional/global audit management. Given the existing model of

coverage of the Company by GIA EXCO, the budgeted hours of audit plan of the Internal Audit function was approved by the Group Audit Committee.

The Audit Committee reviews the internal audit plan and progress against the plan. The Audit Committee may also direct the SG GIA function to perform specific reviews. The internal audit plan is reviewed on a periodic basis and any changes to the plan are discussed with and reviewed by the Audit Committee. On a quarterly basis, SG GIA reports to the Audit Committee all completed and upcoming audits as well as the material findings from audits conducted. The Audit Committee reviews the performance of SG GIA annually, and is satisfied that the internal audit function is independent, adequately resourced and effective in discharging its responsibilities.

SG GIA has direct and unfettered access to the Board, Audit Committee and Management. Further, SG GIA has full, free and unrestricted access to all activities, records, property and personnel to complete their work.

### **Whistleblowing**

The Company has adopted procedures that enable employees to escalate concerns or known violations of company ethics or workplace policies. In the very rare circumstances when an employee witnesses or experiences a possible incident of alleged wrongdoing or violation of company policy, they can report it to a manager, a senior manager, Human Resources and Compliance, or raise it on HSBC Confidential, a portal for employees to raise such issues in confidence, without fear of retaliation. Whistleblowing reporting is a standing item on the agenda of Audit Committee meetings.

Employees may report actual or suspected unlawful activity or violation of company policy to the Group Compliance Disclosure Line; a Human Resources professional; via Human Resources Solutions; and their manager (where appropriate).

### **Internal Controls and Risk Management**

The Audit Committee has received assurance from the CEO and CFO 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.

The Risk Committee has received assurance from the CEO and CRCO that the Company's risk management and internal control systems were adequate and effective.

Based on the internal controls and risk management processes maintained by the HSBC Group and following assessments from, and Management's assurance received through, the Audit Committee and Risk Committee, the Board, with the concurrence of the Audit Committee and the Risk Committee, is of the opinion that the system of internal controls, including financial, operational, compliance and information technology controls, and risk management systems were adequate and effective for FY2024, to address the risks which the Company considers relevant and material to its operations. The system of internal controls and risk management provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. The Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud and other irregularities.

## **SHAREHOLDER RIGHTS AND ENGAGEMENT (Principles 11 to 12, CG Guidelines)**

### **Shareholder Rights and Conduct of General Meetings**

There is effective communication between the Company and the shareholder, which is entitled to participate in decisions concerning key corporate changes, such as any appointment to the Board and Board Committees and any amendment to the Constitution.

### **Annual General Meeting and Dividend Payment**

The Company holds its AGM within six months after the financial year end. The AGM is deemed held pursuant to Section 179(6) of the Act. The Company does not “bundle” resolutions tabled at general meetings for shareholder’s approval unless the resolutions are interdependent and linked so as to form one significant proposal.

As the Company has only one shareholder, the Constitution does not provide for voting in absentia via mail or electronic means. The minutes of the AGM are not published on the Company’s website but are available to the shareholder upon request.

The Company is committed to paying sustainable dividends that will enhance long-term shareholder value. When determining a dividend pay-out from the profits available for distribution, the Board takes into account regulatory capital requirements and other business needs.

### **Shareholder Communication and Engagement with Shareholder**

There is no investor relations policy in place as the Company is a wholly-owned subsidiary. The sole shareholder is kept abreast of the Company’s development through regular reports provided and through established channels of communication between the Board and the shareholder.

## **ENGAGEMENT WITH STAKEHOLDERS (Principle 13, CG Guidelines)**

The Company maintains a corporate website which provides current information on the Company. The corporate websites of the Company and the Group are used to communicate and engage with stakeholders. The Group website contains information on the Group's (i) purpose, values and strategy; and (ii) sustainability commitment.

### **Related Party Transactions (Additional Guidelines)**

Policies on material related party transactions are established at HSBC Group level for all HSBC entities and the Company also complies with the local regulatory requirements. The Board has delegated to the Audit Committee the responsibility of reviewing material related party transactions and any write-off which are above the material threshold approved by the Board.

Related party transactions are disclosed in Note 26 of the Financial Statements. All related party transactions are conducted on reasonable commercial terms and carried out on an arm's length basis.

Directors with conflicts of interest are excluded from the approval process of granting and managing related party transactions.