St. James's Place International plc (Singapore Branch)

MAS 124 Public Disclosure Information
This does not form part of the Financial Statements

Branch profile

St. James's Place plc ("SJP" or "the Group") provides restricted advice and distributes products and services through its dedicated distribution network – the St. James's Place Partnership.

More information about the SJP profile, key products, the environment in which it operates and business objectives can be found on the following websites https://www.sjp.co.uk/ or http://www.sjp.asia/singapore.

The St. James's Place International plc Singapore Branch was licenced as a life insurer in the defined market segment on 27 January 2015 by the Monetary Authority of Singapore ("the MAS"), with subsequent approval given for its investment product, the International Investment Account ("IIA"), on 2 February 2015. The IIA is distributed by the St. James Place Partnership in Singapore through the Group subsidiary St. James's Place (Singapore) Private Limited.

The Branch is ultimately owned by St. James's Place Wealth Management Group Ltd ("SJPWMG"). SJPWMG is ultimately owned by St. James's Place Wealth Management Plc (St. James's Place Plc) which is a British multinational wealth management business primarily based in Cirencester, England. It is listed on the London Stock Exchange.

Corporate Governance Framework

The Corporate Governance Report within the St. James's Place Plc Report and Accounts explains the approach the Group has taken to Corporate Governance. This can be found on the Group website https://www.sjp.co.uk/.

Enterprise Risk Management Framework

The Branch falls within the risk management framework operated by the Group. This is discussed in the Risk and Risk Management section in the Group's Annual Report.

The Risk Management Framework (RMF) is the combined processes by which the Group identifies, assesses, manages, and monitors the risks that may impact on the successful delivery of its strategic objectives. Based upon our risk appetite, identified risks are either accepted or appropriate actions are taken to mitigate them.

The Group has a defined taxonomy of risks to drive consistency and continuity in risk management practices. This also allows us to aggregate information for reporting purposes and use information from different sources (e.g. Audits and operational risk assessments which cover the same defined risk taxonomy). The taxonomy is structured around 9 defined 'Level 1' risk areas:

Enterprise Risk Management Framework (continued)

These are intended to provide complete coverage of all potential risks and to largely be mutually exclusive. Each Level 1 risk area also has defined 'Level 2' component risks. The Level 2 risks are set out in the Group's Risk Appetite Statement and provide more detail on risk appetite and controls at a more operational level, whilst aiming not to be overly specific or granular.

Risk appetite is an expression of the amount of risk the Group is willing to take in pursuit of meeting its objectives (including providing good client outcomes). Through articulating a corporate appetite for risk taking the Group aim to provide guidance to the business on expectations around risk management. This is set out in the Risk Appetite Statement (RAS).

To further quantify the risk appetite, the Group has agreed an associated list of implementation statements which together with quantitative metrics (primarily, key risk indicators) are used to indicate the Group's position relative to its risk appetite.

The application of our RAS enables informed decision making, allowing individuals to understand the impact of key decisions on the Group's risk profile i.e., the totality of risks and threats faced by the Group as well as harm to clients. All areas of the RAS need to be considered when evaluating a decision.

The Branch's approach to financial risk and insurance risk is explained in more detail in Note 16 to these financial statements.

<u>Concentration Risk</u>

Concentration risk for the Branch is categorised as follows;

- **Counterparty concentration risk**: counterparty credit risk is defined as the risk that a counterparty to a transaction could default before the final settlement of the transaction cash flow's. Shareholder assets for the Branch are held in highly rated counterparties which is explained in more detail in Note 16 of the financial statements.
- **Currency concentration risk:** currency risk is defined as the risk of financial impact due to exchange fluctuations. The Branch's exposure to currency risk is limited as policyholders bears the currency risks associated with the investment linked funds, as discussed further in Note 16. Remaining currency risk is mitigated through effective working capital management.

Asset liability matching

Clients select from a range of investment linked funds in accordance with their individual preferences and risk appetite. The values of their plans move in line with the performance of the funds selected.

To mitigate the investment risk, particularly market and credit risk, associated with the investment linked liabilities, the Group's policy, which has been adopted by the Branch, is to invest (and hold) matching assets. The Branch maintains a matched position on a daily basis with specific tolerances and/or box limits for each fund. Deliberate mismatches are only permitted where required to meet other business needs, e.g. initial seeding.

In addition to investment linked liabilities, the Branch also has non-linked liabilities for a 1% death benefit on investment linked policies, as well as expense and persistency risk for the business. These are typically of a fixed or inflation linked nature. The investment risk associated with these liabilities is mitigated, as far as possible, by asset liability matching.

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Asset liability matching (continued)
The Branch's actuarial service provider undertakes an annual asset-liability matching exercise to identify assets appropriate to the duration and currency of the liabilities. The results of the exercise are presented to the Branch Investment Committee for review and approval of any changes to the immunisation strategy.

To avoid additional operational risk associated with complex assets, it is not possible to exactly match the liabilities. However, assets are selected to minimise the overall investment risk, including credit, liquidity and market risk. The immunisation strategy is normally based on government bonds and bank deposits. Minimum credit ratings, diversification and liquidity requirements apply as described in the Group Credit Policy and Group Liquidity Policy.

Shareholder assets above those to meet policyholder liabilities are invested in highly rated and highly liquid cash-type investments to minimise shareholder investment risk. Investments are typically made in secure short-dated government bonds and bank deposits. Shareholder funds are monitored by the finance service provider with monthly management information reported to management.

Material insurance risk exposures
Insurance risk is the inherent uncertainty regarding the occurrence, timing or amount of our insurance liabilities. For the Branch this is the risk of loss due to experience emerging differently to what was assumed when a product was designed and priced with respect to mortality, client behaviour and expenses.

Product design and pricing risk is managed by the Branch's Appointed Actuary and the Branch's Executive Management Committee with oversight provided by the SJPI Board of Directors.

Insurance risk is covered in more detail in Note 16 of the Branch financial statements.

Determination of Technical Provisions
Determination of technical provisions, including future cash flow assumptions, choice of discount rates and methodology, affect the reported contingent liabilities at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. The Branch only offers Investment-Linked Policies which is our single business segment.

You may find quantitative and qualitative information about the rationale and methodology on which the Branch determines its technical provisions in Note 12 of the Branch financial statements.

Capital adequacy
The Branch is required to comply with the regulatory capital requirement prescribed in the Insurance (Valuation and Capital) Regulations 2004 and the MAS Notice 133 on Valuation and Capital Framework for insurers in Singapore under the Singapore Insurance Act.

Under the regulations, the Branch is required to satisfy a minimum capital adequacy ratio of 100% and from time to time, MAS may prescribe different fund solvency requirements or capital adequacy requirements. As at 31 December 2024, the Branch has a capital adequacy ratio in excess of the current requirements at 5,744%.

You may find more information about the Branch's capital adequacy position in Note 16 of the Branch financial statements.

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Investment objectives

The Branch has constituted an Investment Committee that oversees the investments within shareholders' and investment-linked funds.

Shareholder assets are invested in highly rated, liquid investments of appropriate duration to match non-linked liabilities. For investment linked funds, the client bears the investment risk. The underlying investments in each fund are held for liabilities related to investment-linked contracts and (unit) reserves for these contracts. They are managed in accordance with the investment objectives of each investment fund.

Quantitative and qualitative information about our financial instruments and investment objectives is available in Notes 9 & 16 of the Branch financial statements.

Financial performance

Quantitative and qualitative information on our financial performance is included in the Branch financial statements.

Environmental risk management & Task Force on Climate-related Financial Disclosures (TCFD)

The SJP Group aims to empower clients with invaluable advice to realise bolder ambitions. As part of our commitment to help build a long term future for our clients and shareholders, the Group issues an annual TCFD report since 2023. These disclosures, covering governance, strategy, risk management, metrics and targets, demonstrate how we assess the impacts of climate change on our business; to promote a more informed understanding of climate related risks and opportunities by our current and prospective clients, employees, Partnership, shareholders and other stakeholders. The latest TCFD report can be found under the Environmental section of the ESG reporting hub on our Group's website: https://www.sjp.co.uk/shareholders/esg-reporting-hub.