



AIA Group Limited

Terms of Reference for the Board Risk Committee

Approved by : Board of Directors of AIA Group Limited
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Definitions

1. For the purposes of these terms of reference (these **Terms**):

Affiliate means, with respect to the Company, a body corporate which the Company controls;

Audit Committee means the audit committee established by the Board;

Board means the board of directors of the Company;

Board Chairman means the chairman of the Board;

Board Risk Committee or the Committee means the risk committee established by resolution of the Board in accordance with clause 2 of these Terms;

Company means AIA Group Limited;

Directors mean the members of the Board;

GIECA means the Group Internal Economic Capital Assessment under the Hong Kong Group-Wide Supervision framework of the Hong Kong Insurance Authority;

Group means the Company and its Affiliates;

Group CE means the Group Chief Executive of the Company appointed by the Board;

Group CFO means the senior officer of the Company responsible for financial management as appointed by the Group CE from time to time;

Group CIO means the senior officer of the Company responsible for investment management as appointed by the Group CE from time to time;

Group Company Secretary means the company secretary of the Company;

Group Chief Risk Officer or Group CRO means the senior officer of the Company designated as the officer responsible for providing oversight to the Group's management of Risk and the management of the Group Risk function;

Group ExCo means the management committee of senior executives of the Group appointed to assist the Group CE in the fulfilment of his/ her duties;

Group Financial Risk Committee or Group FRC means the management committee established by the Board Risk Committee chaired by the Group CE or such other member of Management as designated by this Committee to oversee financial risk;

Group Operational Risk Committee or Group ORC means the management committee established by the Board Risk Committee and chaired by the Group CRO or such other member of Management as designated by this Committee to oversee non-financial risk;

Group Risk means the department responsible for the effective implementation of the Company's Risk Management Framework, including overseeing Risk identification and mitigation activities;

Management means any persons discharging an executive management role within the Group;

Nomination Committee means the nomination committee established by the Board;

Own Risk and Solvency Assessment (ORSA) means the Company's assessment of the Group's Risk Profile, the adequacy of its risk management and also its current, and likely future, solvency and liquidity positions;

Policies means formally stated policies approved for application to the Group's operations, including but not limited to such documents pertaining to rights retained and matters governed by the Board, as set out in the board charter of the Company, or in accordance with the Terms of Reference of any committees established by the Board;

Remuneration and Leadership Committee means the remuneration and leadership committee established by the Board;

Risk means the possibility that events will occur and affect the achievement of the Group's strategy and business objectives;

Risk Appetite means the types and amount of Risk, on a broad level, that the Group is willing to accept in order to achieve its strategic and business objectives;

Risk Appetite Statement means an overarching statement on the Group's attitude to Risk;

Risk Management Framework means the framework for the governance and management of Risk within the Risk Appetite;

Risk Principles means qualitative statements that expand the Risk Appetite Statement;

Risk Profile means the composite view of Risk assumed at a particular level of the Group, or within any aspect of the business that requires Management to consider the types, severity, and interdependence of Risks, and how they may affect performance in relation to the Group's strategy and business objectives;

Risk Tolerances means quantitative metrics that validate the Risk Principles and thus the Risk Appetite Statement;

Shareholders mean the shareholders of the Company; and

Terms of Reference (TOR) is a document setting out the scope and authorities of a particular governance body.

Constitution

2. The Board Risk Committee was established by resolution of the Board passed on 1 September 2010, the members of which shall be appointed by the Board from time to time.

Membership

3. The members of the Board Risk Committee shall be appointed by the Board from among the Directors after considering the recommendations of the Nomination Committee. The Committee shall consist of a minimum of three members; the majority of whom (including the chairman of the Committee) shall be independent non-executive Directors. The quorum for meetings of the Committee shall be three and at least one of whom must be independent.
4. The chairman of the Committee shall be appointed by the Board and shall be an independent non-executive Director.
5. Each member of the Committee shall disclose any potential conflict of interest in any matter to be considered at the Board Risk Committee.

Responsibility of the Chairman

6. The chairman of the Board Risk Committee shall:
 - (a) promote open, inclusive, and, when needed, challenging discussions to support effective decision-making;
 - (b) ensure the Committee receives sufficient, timely, and relevant information to perform its tasks;
 - (c) oversee the effective conduct of Committee meetings in accordance with these Terms of Reference; and
 - (d) provide feedback on the performance of the Group CRO to the Group CE.

Frequency of Meetings

7. The Board Risk Committee should meet often enough to undertake its role effectively, and schedule to meet not less than four times a year.
8. In addition, the chairman of the Committee will call a meeting of the Committee if so requested by any member of the Committee, the Board Chairman, the chairman of the Audit Committee, or the Group CRO.

Attendance at Meetings

9. The Board Risk Committee may invite any members of Management to attend Committee meetings as are required to support the Committee in fulfilling its responsibilities as set out in these Terms of Reference.
10. At least four times per year the Committee shall meet with the Group CRO separately without the executive Director(s) or other members of Management being present. The Committee may also meet separately with any member of Management or any person the Committee considers necessary to assist the Committee in fulfilling its responsibilities under these Terms of Reference.

Conduct of Meetings

11. Reasonable notice of a meeting of the Board Risk Committee shall be given. An agenda and accompanying meeting papers should be sent in full to all members of the Committee in a timely manner and at least three days before the intended date of a meeting of the Committee (or such other period as agreed by its members).
12. Management is obliged to supply the Committee with adequate information in a timely manner, in order to enable it to make informed decisions. The information supplied must be complete and reliable. Where a member of the Committee requires more information than is provided by Management, the relevant Committee member should make additional necessary enquiries. The Board and each member of the Committee shall have separate and independent access to Management.
13. A meeting may be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.
14. Matters arising at any meeting shall be decided by a majority of votes.
15. A resolution in writing signed or approved by a majority of the members of the Committee shall be as effective for all purposes as a resolution of the members of the Committee passed at a meeting duly convened, held and constituted.

Annual General Meeting

16. The chairman of the Board Risk Committee shall attend the Company's annual general meeting and be prepared to respond to Shareholder questions on the Committee's activities or in his/ her absence, another member of the Committee, or failing this, his or her duly appointed delegate.

Risk Management Governance Structure

17. The Board Risk Committee has established the Group Financial Risk Committee and the Group Operational Risk Committee, to provide oversight of all significant Risks within the Group. These committees oversee the Risk Management Framework and ensure that Risks are managed in line with the Risk Appetite. The Group FRC and Group ORC will report and provide information to the Board Risk Committee and Group ExCo as and when requested by the Committee and in such form as reasonably required by the Committee to assist it in fulfilling its responsibilities under these Terms of Reference.
18. The Company has also established Group Risk, headed by the Group CRO, to assist Management, business unit leaders, the Group FRC, the Group ORC, the Committee and the Board to identify, assess, quantify, manage and mitigate the Risks arising from the business operations undertaken by the Group.
19. The Group CRO shall develop and provide and maintain the Risk Profile to ensure that it continues to be relevant to all material aspects of the business of Group. The Group CRO shall also report to the Committee on the management of Risks consistent with the Risk Profile, and coordinate with Management the implementation of policy and the execution of instructions within the Group relevant to the management of Risks.

Board Risk Committee's Objectives

20. The Board has, amongst other things, the responsibility to determine the Group's Risk Appetite including its Risk Appetite Statement, Risk Principles and Risk Tolerances, and to ensure that the Group establishes and maintains an appropriate and effective Risk Management Framework, and that sufficient resources are in place to effectively manage Risks. The Board Risk Committee shall provide advice and recommendations to the Board and assist the Board in fulfilling such responsibilities.
21. The Board Risk Committee shall also advise and assist the Board in the discharge of the Board's duty to oversee, on an ongoing basis, the Risk Management Framework.
22. The Board Risk Committee shall advise and assist the Board on Risk-related issues or aspects as requested by the Board or, in the opinion of the Committee or Management, require the Board's attention.

Board Risk Committee Responsibilities, Powers, Authorities and Discretion

23. Without limiting the generality of the Board Risk Committee's duties pursuant to these Terms of Reference, the Committee shall have the following responsibilities, powers, authorities and discretion in exercising non-executive oversight of Risk:
 - (a) To undertake such activities as are reasonably required to discharge its duties under these Terms of Reference, including without limitation, the creation, and necessary approval of any Terms of Reference of management risk committees as the Committee sees fit. The Committee is authorised to seek the information it requires from the Board and/or the Management, who shall be directed by the Board Chairman or the Group CE as appropriate to provide all necessary advice, support and cooperation required by the Committee; and
 - (b) To obtain external advice and to secure the attendance of third parties with relevant experience and expertise as the Committee considers necessary. The Committee shall be provided with sufficient resources to discharge its duties. The Committee shall be exclusively responsible for establishing the selection criteria for such third parties, and for their selection, appointment and the setting the terms of reference for any such third party mandate.
24. In providing advice to the Board, the duties and responsibilities of the Committee shall include:
 - (a) *Risk Management Framework*
 - (i) reviewing at least annually the adequacy and effectiveness of the Risk Management Framework, including the allocation of resources to implement the framework. Such review shall include, without limitation, consideration of any material changes in the nature and extent of significant Risks, and the Group's ability to respond to changes in its business and the external environment, the scope and quality of Management's ongoing monitoring of Risks, and the extent and frequency of reporting to the Committee;
 - (ii) assessing at least annually Management's performance of its duty to ensure the ongoing effectiveness of the Risk Management Framework; and

- (iii) monitoring and assessing at least annually Management's effectiveness at embedding a sufficiently robust risk culture for the Group;

(b) Review

- (i) annually reviewing and recommending the Risk Management Framework, Risk Appetite Statement, Risk-related Policies (including any recommended amendments thereto) and reports to the Board for approval, including the ORSA, the recovery plan and the GIECA Methodology and GIECA results reports;
- (ii) reviewing any material business activities that attract regulatory concerns and escalating to the Board those that deviate from its Risk Appetite or any matters materially affecting the Group's overall reputation;
- (iii) reviewing the Risk Appetite capital adequacy assessment on a quarterly basis, and where necessary approving actions to bring capital within the Risk Appetite;
- (iv) reviewing the Group's compliance framework and monitoring the robustness of the Group's overall regulatory compliance programme, including sanctions and anti-money laundering compliance, and ensuring systems exist to enable the Group to comply with or exceed all statutory and regulatory requirements and ethical standards;
- (v) reviewing regulatory developments that have a material or potentially material impact on the current or future Risk Profile of the Group, and management's plans to respond to such developments;
- (vi) reviewing the top Risks facing the Group, and ensuring that all material Risks facing the Group have been identified, and that the Risk Profile adequately represents any material issues relating to the Group's control environment together with any remediation plans and mitigating actions put in place;
- (vii) reviewing the independent opinion from the Group CRO on the annual Group business and capital management plan;
- (viii) escalating to the Board any concerns identified by the Committee or the Group CRO that in the view of the Committee (or any member of the Committee) require the attention of the full Board;
- (ix) reviewing the Risks associated with significant transactions, including but not limited to transactions giving rise to material changes in the capital and financing structure of the Group, or as requested from time to time by any Director in consultation with the chairman of the Committee;
- (x) advising the Board on the quantification of material Risks, including appropriately challenging or validating the risk and capital measures and models, stresses and scenarios used and the corresponding results;
- (xi) escalating to the Board any major regulatory or compliance incidents (together with the related corrective measures and remediation progress) from time to time;

- (xii) considering any findings, together with Management's response, in respect of major investigations on Risk management matters, whether expressly delegated by the Board to the Committee or on the Committee's own initiative; and
- (xiii) considering from time to time as required, the appointment of a new Group CRO as put forward by the Group CE, or from time to time if necessary, the retirement, replacement, or removal of the Group CRO as put forward by the Group CE, the Committee, or any member thereof;

(c) Support

- (i) seeking appropriate support from Management, including but not limited to the Group FRC, Group ORC, Group CRO, Group Risk and Group Compliance, together with advice and input from external advisors as deemed appropriate; and
- (ii) obtaining from Management and reporting to the Board an annual confirmation on the effectiveness of the Risk Management Framework;

(d) Other Duties and Responsibilities

- (i) reviewing and providing via the Chairman of the Committee feedback to the Group CE on the effectiveness of the Group Risk function and the Group CRO. For greater certainty, if the Committee includes any Executive Directors other than the Group CE, such evaluations shall require the feedback of INEDs on the Committee without such Executive Directors present;
- (ii) undertaking or considering on behalf of the Board Chairman or the Board such other tasks or topics as the Board Chairman or the Board may from time-to-time delegate to it;
- (iii) delegation of such matters as is determined advisable by the Committee to sub-committees comprising one or more of its members with such powers as are necessary to discharge the Committee's responsibilities;
- (iv) delegation to the chairman of the Committee authority to make decisions on urgent matters requiring determination between Committee meetings in circumstances where a short notice ad hoc meeting of the Committee cannot reasonably be called, with such decisions to be ratified at the earliest possible quorate meeting of the Committee;
- (v) reviewing or considering such additional matters beyond the delegations reflected in these Terms of Reference as may be delegated by the Board to the Committee from time-to-time; and
- (vi) reporting to the Board in a timely fashion on all matters set out in these Terms.

Relationship with Other Board Committees

25. The chairman of the Board Risk Committee shall coordinate with

- (a) the chairman of the Audit Committee to help ensure that both Committees have received all information necessary to enable them to fulfil their duties and responsibilities;

- (b) the chairman of the Remuneration and Leadership Committee to help ensure that any Group CRO appointment has the support of both Committees, and that the Group's compensation and benefits arrangements are designed to provide incentives that are consistent with the interests of the Company's stakeholders and do not encourage Management to take excessive Risks; and
- (c) the chairman of the Technology, Operations and Data Committee to help ensure that the Board remains abreast of emerging risks, including those arising from digital transformation, artificial intelligence, and cybersecurity, together with the relevant risk management and controls to safeguard the Group's resilience and adaptability in a rapidly evolving environment.

Reporting Procedures

- 26. Full minutes of the Board Risk Committee's meetings shall be kept by a duly appointed secretary of the meeting (who should normally be the Group Company Secretary), and such minutes shall be available for inspection at any reasonable time on reasonable notice by any member of the Committee or Director.
- 27. Minutes of meetings of the Board Risk Committee shall record in sufficient detail the matters considered by the Committee and decisions reached, including any concerns raised by members of the Committee or dissenting views expressed. Draft and final versions of minutes of such meetings should be sent to all members of the Committee for their comment and records respectively, in both cases within a reasonable time after such meetings.
- 28. Without prejudice to the generality of the duties of the Board Risk Committee set out in these Terms, the Committee shall report back to the Board and keep the Board fully informed of its decisions and recommendations, unless there are legal or regulatory restrictions on its ability to do so.

Terms Available

- 29. The Board Risk Committee shall make available these Terms of Reference on request and by inclusion on the Company's website.

Review

- 30. The Board Risk Committee shall review these Terms from time-to-time and recommend any changes it considers necessary to the Board for approval.