



AIA Singapore Private Limited
(“AIAS” or the “Company”)

Board Risk Committee
Terms of Reference

AIAS Restricted and Proprietary Information
(Internal and Authorized Use Only)

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Definitions

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

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

AIA Brunei means AIA Singapore Private Limited – Brunei Branch;

AIA FA means AIA Financial Advisers Private Limited, a wholly-owned subsidiary of AIA Singapore Private Limited;

Board Audit Committee (“BAC”) means the board audit committee established by resolution of the Board in accordance with its Terms of Reference;

Board Risk Committee (“BRC”) means the board committee established by resolution of the Board in accordance with clause 6 of these TOR;

Board means the board of directors of the Company;

Business Objectives means the measurable steps the Company takes to achieve its Strategy;

CEO means the Chief Executive Officer appointed by the Board;

Company means AIA Singapore Private Limited;

Company Secretary means the company secretary of the Company;

Directors means the members of the Board;

EXCO means the senior management level executive committee appointed by the CEO to assist him to fulfil his duties;

Financial Risk means the potential loss resulting from adverse movements in financial markets, changes in the financial condition of counterparties and in market liquidity to buy and sell investments. Financial Risk is subdivided into structural risk (the risk arising from changes in price, or volatility, of assets relative to the value of liabilities. This includes the sensitivity of the balance sheet to market movements, such as foreign exchange and interest rates, as well as the ability to meet financial obligations, such as claims, debt servicing and dividend, when due) and investment risk (the risk of adverse market movements in assets, as well as indirect exposure through default of counterparty, leading to a reduction in surplus);

Financial Risk Committee (“FRC”) means the management committee established by the BRC to oversee Financial Risk and Liability Risk;

Liability Risk includes insurance risk which refers to mortality, disability/morbidity, pandemic, catastrophe, and reinsurance counterparty credit risk;

Management means any person discharging an EXCO role within the Company or acting under delegated authority by a member of the Company;

Operational Risk is the risk arising from internal processes, personnel and systems or from external events which may result in direct or indirect business impact. Operational Risk is subdivided into operational risk (which includes conduct risk, fraud risk, people risk, information risk and technology risk) and business risk (which includes strategic risk, lapse risk and expense risk);

Operational Risk Committee (“ORC”) means the management committee established by the BRC to oversee Operational Risk;

Regulations means the Insurance (Corporate Governance) Regulations 2013 (Chapter 142) (as amended from time to time);

Risk means the possibility that events will occur and affect the achievement of Strategy and Business Objectives;

Risk Appetite means the types and amount of Risk, on a broad level, that the Company is willing to accept in order to achieve its Strategy and Business Objectives;

Risk Appetite Statement (“RAS”) means an overarching statement as to the Company’s attitude to Risk;

Risk Capacity means the maximum level of Risk the Company is able to absorb in pursuit of its Strategy and Business Objectives;

Risk Control is a component of the RMF and seeks to ensure that the Company’s Risk Profile is transparent e.g. “no surprises”, is controlled within the agreed Risk Tolerance and consistent with delegated authorities;

Risk Culture is a component of the RMF and refers to the attitude to the Risk and conduct which is embedded throughout the organisation and promoted through incentives;

Risk Disclosure is a component of the RMF and refers to the transparent disclosure of the Company’s Risk Capacity, Risk Profile and Risk Strategy to internal (and selective external) stakeholders in order to support an ongoing evaluation;

Risk Governance is a component of the RMF and seeks to promote an appropriate governance structure with well-defined roles, responsibilities and delegation of authorities;

Risk Management Framework (“RMF”) 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 the Risk assumed at a particular level of the Company, or aspect of the business that positions Management to consider the types, severity, and interdependence of Risks, and how they may affect performance in relation to the Strategy and Business Objectives;

Risk Strategy is a component of the RMF and refers to the alignment of the Company's Risk Appetite to its Strategy and Business Objectives as well as the Company's attitude towards Risk as articulated through the Risk Appetite;

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

Risk Underwriting is a component of the RMF and seeks to ensure that the Company's products and portfolio are structured, underwritten, priced, approved and managed properly; and

Strategy means the Company's plan to achieve its purpose and vision and apply its operating philosophy.

Mandate and Purpose

1. The BRC has the responsibility to assist the Board in determining the Risk Appetite (including the Risk Appetite Statement), Risk Principles and Risk Tolerances, and to ensure that the Company, AIA Brunei and AIA FA establishes and maintains an appropriate and effective Risk Management Framework, and that sufficient resources are in place for risk management activities.
2. The BRC is responsible for the review and monitoring of any changes to Risk policies, any material breaches and exposures, significant transactions, as well as the results of any future-looking analysis, such as stress and scenario testing.
3. The BRC is responsible for the review and approval of risk-related documents, subject to the delegation of authority by the Board to the BRC and that such delegation is permitted by applicable regulatory requirements. The Board is to be notified of the approved documents accordingly.
4. The BRC is further responsible for establishing and embedding a strong Risk Culture across the Company, AIA Brunei and AIA FA.
5. Any material issues noted in the conduct of the BRC's mandate will be escalated to the Board for review in a timely manner.

Constitution and Delegated Authority

6. The BRC was established by a resolution of the Board to take effect on 25th March 2019.

Membership

7. The members of the BRC shall be appointed by the Board from among the Directors who are non-executive directors (as defined in the Regulations) and shall consist not less than five directors, a majority of whom shall be independent from management and business relationships with the Company.
8. The chairman of the BRC shall be appointed by the Board and shall be a non-executive Director. In the event the chairman of the BRC is unable or unwilling to act, or if he is

not present within 10 minutes after the time appointed for the holding of the meeting, the members present shall elect one of their number to be chairman of that meeting.

9. If the membership of the BRC for any reason is reduced to below five, the Board shall appoint such number of new members to meet the requirements of clause 7 of the TOR.

Attendance at Meetings

10. The BRC may invite any member of Management to attend meetings. The following persons (or their equivalent) are normally invited to attend, unless otherwise agreed to by the BRC:
 1. CEO
 2. Chief Risk Officer ("CRO")
 3. Chief Financial Officer of the Company
 4. Chief Distribution Officer of the Company
 5. General Counsel of the Company
 6. Chief Technology Officer of the Company
 7. Chief Executive Officer of AIA FA
 8. Head of Risk and Compliance of AIA FA
 9. Chief Actuary of the Company
 10. Appointed Actuary of the Company and AIA Brunei
 11. Head of Internal Audit of the Company
11. The BRC shall meet with the CRO separately at least four times a year without the Executive Director(s) and other members of Management being present. The BRC is also able to meet separately with any member of Management or anyone else they may wish to see.

Frequency of Meetings

12. Meetings of the BRC shall be held not less than four times a year. In addition, the chairman of the BRC shall call a meeting of the BRC if so requested by any member of the BRC, the chairman of the BAC or the chairman of the Board.

Conduct of Meetings

13. The quorum for meetings of the BRC shall comprise two-third of the members, one of which shall be the chairman.
14. Reasonable notice of a meeting of the BRC shall be given. An agenda and accompanying meeting papers should be sent in full to all members of the BRC in a timely manner and at least one week before the intended date of a meeting of the BRC (or such other period as agreed by its members).
15. Management is obliged to supply the BRC 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 BRC requires more information than is provided by Management, the relevant member of the BRC should make

additional necessary enquiries. Each member of the BRC shall have separate and independent access to the Management.

16. Meetings of the BRC may be held in person or held through electronic means. Matters arising at any meeting shall be decided by a simple majority of votes. A resolution in writing signed or approved by a majority of all the members of the BRC shall be as effective for all purposes as a resolution of the members of the BRC passed at a meeting duly convened, held and constituted.

Authority

17. The BRC is authorised by the Board to engage in any activity within these TOR. It is authorised to seek any information it requires from any employees, representatives or agents of the Company, AIA Brunei and AIA FA, and all such employees are directed to co-operate with any request made by the BRC.
18. The BRC is authorised by the Board to obtain outside independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. The BRC shall be provided with sufficient resources to discharge its duties. The BRC shall be responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any external party who advises the BRC.
19. The BRC is authorised by the Board to, if the BRC sees fit, appoint one or more Management Committees, including such sub-committees, to assist the BRC to discharge its duties.
20. The BRC has established the Financial Risk Committee (FRC) and Operational Risk Committee (ORC) which provides oversight of all significant Risk issues within the Company, AIA Brunei and AIA FA. The FRC and ORC oversees the Risk Management Framework and ensures that Risks are managed in line with the Risk Appetite, and will report and provide information to the BRC and EXCO as and when required.

Scope

21. Without limiting the generality of the BRC's objectives, the BRC shall have the following scope and authorities in exercising non-executive oversight of Financial Risk, Insurance Risk and Non-Financial Risk:
 - (a) *Risk Culture*
 1. Establishing and embedding a strong Risk Culture for the Company, AIA Brunei and AIA FA.
 - (b) *Risk Governance*
 1. Assisting the Board to obtain an annual confirmation from the EXCO on the effectiveness of the RMF;
 2. Recommending proposed changes to the RMF to the Board for approval;

3. Reviewing the adequacy and effectiveness of the RMF, including the allocation of resources to implement such a framework on at least an annual basis;
4. Discussing with the EXCO the RMF to ensure that EXCO has performed its duty to maintain its effectiveness;
5. Advising the Board on the implications arising from regulations and new regulatory developments for the Company, AIA Brunei and AIA FA, including any implementation of changes to the RMF;
6. Approving material exceptions requested to the RMF;
7. Reviewing instances of non-adherence with the RMF and Risk policies, including approval of resultant actions in respect to any material breaches;
8. Reviewing changes to the Risk policies, and recommending to the Board for approval, also providing advice and expertise as appropriate;
9. Undertaking or considering, on behalf of the Chairman of the Board or the Board, such other related tasks or topics as the Chairman of the Board or the Board may from time to time entrust to it; and
10. Obtaining external advice and securing the attendance of third parties with relevant experience and expertise if it considers this necessary. It is responsible for establishing the selection criteria, selecting, appointing and setting the TOR for any external risk management consultant who directly advises the BRC.

(c) *Risk Strategy*

1. Recommending the Risk Appetite, Risk Principles and Risk Tolerances to the Board for approval;
2. Reviewing breaches to the Risk Tolerances and approving the remedial actions proposed by EXCO;
3. Reviewing proposed business activities which deviate from Risk Appetite and recommending to the Board for approval; and
4. Reviewing the Risk Appetite assessment on a quarterly basis, and where necessary approve actions as suggested by the CRO to bring the Company within appetite.

(d) *Risk Underwriting*

1. Approving the overall methodology and key assumptions used for capital modelling and other material Risk models;
2. Reviewing the overall effectiveness of material Risk models, including capital modelling, making recommendations to the Board (as appropriate) for their approval;
3. Reviewing the outcome of the stress and scenario testing for the Company, AIA Brunei and where relevant, AIA FA, and monitoring EXCO's response;

4. Ensuring that the material Risks facing the Company, AIA Brunei and AIA FA have been identified, and that the Risk Profile adequately represents any significant issues relating to the Company, AIA Brunei and AIA FA's control environment with mitigating actions put in place; and

(e) *Risk Control*

1. Reviewing material Risk exposures against the Company, AIA Brunei and AIA FA's Risk methodologies and management actions to monitor and control exposures;
2. Reviewing adequacy of the control environment and Risk and Control Assessment ("RCA") or RCA attestation;
3. Advising the Board on the Risks inherent in the business plan and other material business decisions; and
4. Considering any findings of major investigations on risk management matters as delegated by the Board or on its own initiative and EXCO's response.

(f) *Risk Disclosure*

1. Reviewing reports and recommendations from the EXCO, FRC and ORC, escalating material matters to the Board;
2. Reviewing the Company's Own Risk and Solvency Assessment ("ORSA") report and recommending the report to the Board for approval;
3. Providing regular onwards reporting and escalation to the Board; and
4. Seeking appropriate support from the FRC, ORC, CRO and Risk & Compliance function of the Company, AIA Brunei and AIA FA, together with advice and input from the EXCO as deemed appropriate.

Reporting Procedures

22. The CRO shall provide and report the Risk Profile and related information to the BRC, and coordinate the implementation of risk policies and instructions within the Company, AIA Brunei and AIA FA with the EXCO as commissioned by the BRC.
23. The BRC may also receive reporting, as and when appropriate, from other relevant stakeholders including (but not limited to) other Board committees, any member of the EXCO (including the CRO), any Management committees (including the ORC and the FRC) and any other sources which the BRC may request.
24. Without prejudice to the generality of the duties of the BRC set out in these TOR, the BRC 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.

Relationship with Other Board Committees

25. The Chairman of the BRC shall coordinate with the Chairman of the BAC to help ensure that both the BRC and the BAC have received all information necessary to permit them to fulfil their scope and authorities with respect to Risk assessment and Risk Management on a quarterly basis (at minimum).
26. The BRC is authorised by the Board to, if the BRC sees fit, appoint one or more sub-committees or Management committees to assist the BRC to discharge its duties.
27. The relevant Management committees are the EXCO, FRC and ORC.

Administration

28. The BRC will review these TOR annually and make available the TOR on request thereby explaining its role and the authority delegated to it by the Board.
29. Full minutes of the BRC's meetings shall be kept by a duly appointed secretary of the meeting (normally the Company Secretary), and such minutes shall be available for inspection at any reasonable time on reasonable notice by any member of the BRC.
30. Minutes of meetings of the BRC 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.

Standing Agenda

31. In addition to the general matters described above, the BRC shall usually have standing reports at each meeting as appropriate.
32. Other reports and papers shall be provided to the BRC as appropriate to enable it to fulfil its mandated scope and authorities. This shall include, but not be limited to, for example, ORSA, Policies for approval, and papers covering Risk Appetite setting, Risks inherent in the business plan and model governance.

List of Regulations and Standards Relevant to the BRC

The key regulations and standards relevant to the BRC include, but not limited to, the following:

1. MAS Notice 126 – ERM for Insurers
2. MAS Guidelines on Risk Management Practices – Board and Senior Management
3. MAS Guidelines on Risk Management Practices – For Insurance Core Activities
4. MAS Guidelines on Risk Management Practices – Internal Controls
5. MAS Guidelines on Risk Management Practices for Insurance Business – Insurance Fraud Risk
6. MAS Notice 123 – Reporting of Suspicious Activities and Incidents of Fraud
7. MAS Guidelines on Fair Dealing – Board and Senior Management Responsibilities for Delivering Fair Dealing Outcomes to Customers
8. MAS Guidelines on Standards of Conduct for Financial Advisers and Representatives
9. MAS Circular CMI 01/2011 - Due Diligence Checks and Documentation in Respect of the Appointment of Appointed, Provisional and Temporary Representatives
10. MAS Guidelines FSG-G01 - Fit and Proper Criteria
11. MAS Notice FAA-N13 - Minimum Entry and Examination Requirements for Representatives of Licensed Financial Advisers and Exempt Financial Advisers
12. MAS Notice FAA-N16 - Recommendations on Investment Products
13. MAS Guidelines FAA-G10 - Switching of Designated Investment Products
14. MAS Representative Notification Framework