



## **AIA Group Limited**

### **Board Charter**

AIA Restricted and Proprietary Information

Issued by : Board of AIA Group Limited  
Date : 18 November 2016  
Version : 4.0

## I. INTRODUCTION

This Charter sets out the roles and responsibilities of the board of directors (each a “**Director**” and together the “**Directors**” or the “**Board**”) of AIA Group Limited (the “**Company**”).

The Board is ultimately responsible for the sustainable performance of the Company and its subsidiaries and their branches (together, the “**Group**”), including the consistent achievement of business plans and compliance with statutory as well as corporate obligations.

The Board is also ultimately responsible for the development and implementation of the Group’s corporate governance practices.

In these matters the Board provides leadership to the Company through the Chief Executive Officer (the “**CEO**”).

While the Board assumes these responsibilities on behalf of the Company’s shareholders, the Directors recognize that other stakeholders including the Company’s customers, staff and, ultimately, the general public will benefit from effective commercial performance and enlightened governance processes.

In carrying out its responsibilities under this Charter, the Board will be cognizant of the requirements of all legislation, regulations and statutory standards. In particular these will include, but are not limited to, the provisions of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) that apply to the Company and its operations.

Where the Company considers them relevant and appropriate to its operations, it will also observe industry standards, codes and other formal requirements.

## II. ROLES AND RESPONSIBILITIES OF THE BOARD

### A. Powers

The Directors will exercise the powers of the Company as conferred on them by the Hong Kong Companies Ordinance, the Articles of Association of the Company, and any other relevant legislation.

### B. Delegation of Authority

The Board shall delegate authority to the CEO to act on behalf of the Board in the executive management of the Company. Any responsibilities not so delegated by the Board to the CEO remain the responsibility of the Board. The CEO shall make a report to the Board at each meeting on the performance of the business against its business plan; and on any other matters material to the Board’s appreciation of the Group’s position. In addition, the Board may establish Committees of the Board to assist it in meeting its responsibilities. Each such Committee of the Board shall be given delegated authority to enable it to obtain all information necessary to perform its functions effectively. Terms of reference for each such Committee of the Board will be approved by the Board to set out its role and responsibilities, to

determine matters relevant to its composition and administration and to deal with any other matters that the Board may consider necessary.

The system of delegation of authority to such Committees and the exercise of that authority is predicated on an assumption that the Board is kept appropriately and fully informed on all material issues. This means that appropriate and sufficiently detailed reports must be furnished at regular intervals in a form, timeframe and quality that enable the Board to discharge its duties effectively. The Board will therefore review the terms of the delegation of authorities not only in light of the affairs of the Group and the performance of its delegates from time to time, but also the quality of information it is receiving from the delegates.

The Board reserves the right to withdraw or change any delegation at any time.

### **C. The Role of the Board**

The Board's principal role is to govern, rather than manage, the Group, by ensuring that there is a proper governance framework in place to promote and protect the Group's interests for the benefit of its shareholders, and other stakeholders.

In addressing its responsibilities, the Board will be concerned with the matters listed below, taking account of the recommendations of the CEO as appropriate.

#### **1. Strategy and Management**

- 1.1 Responsibility for the overall management of the Group.
- 1.2 Determining the Group's long-term objectives and commercial strategy as a basis for management to develop enterprise strategies, annual business plans and budgets.
- 1.3 Approving of the annual operating and capital expenditure budgets and any material changes to them.
- 1.4 Reviewing performance in the light of the Group's strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- 1.5 Overseeing the Group's control and accountability systems.
- 1.6 Ensuring appropriate resources are available for the Group in the pursuit of its strategic objectives.
- 1.7 Ensuring the financial integrity of the Group, including:
  - monitoring the cash flow position;
  - monitoring performance of the prudential reserve and approving significant changes to reserve policy;
  - monitoring investment performance and approving significant changes to investment policy; and

- monitoring of the solvency requirement and capital adequacy requirement.

## **2. Structure and Capital**

2.1 Material changes relating to the Company's capital structure, including:

- reduction of share capital;
- share issues;
- share buybacks (including the use of treasury shares); and
- material changes in debt structure.

2.2 Major changes to the Group's corporate structure.

2.3 Any changes to the Company's listing status.

## **3. Financial Reporting and Controls**

3.1 Approving the preliminary announcements of the interim and final results.

3.2 Approving the interim and annual report and accounts.

3.3 Approving any significant changes in accounting policies or practices.

3.4 Determining the overall dividend policy to be followed and approving any interim and final dividend recommendations and any share dividend alternative.

## **4. Risk**

4.1 Approving adequate risk management and internal compliance and control policy and procedures and the monitoring and review of their effectiveness.

4.2 Approving any matters materially affecting the Group's overall reputation, including its brand and values.

4.3 Ensuring systems exist to enable the Group to comply with all statutory and regulatory requirements and ethical standards.

4.4 Ensuring that staff are fully aware of and comply with the AIA Code of Conduct.

4.5 Overseeing major litigation.

## **5. Contracts**

5.1 Overseeing major capital projects, investments, acquisitions and disposals.

- 5.2 Approving contracts which are material strategically or by reason of size, entered into by the Company or any subsidiary whether in the ordinary course of business or otherwise.

## **6. Communication**

- 6.1 Approving resolutions and corresponding documentation to be put forward to shareholders at a general meeting.
- 6.2 Approving all circulars and listing particulars.
- 6.3 Approving announcements in compliance with the requirements of any stock exchange upon which the Company's securities are listed together with any other applicable laws, ordinances, codes and rules.
- 6.4 Ensuring the timely disclosure of the information and transactions to the appropriate parties, as required by the Listing Rules and other applicable laws, ordinances, codes and rules.
- 6.5 Ensuring the timely reporting and the accuracy of the Company's annual report, interim report, other announcements and summaries that are required to be produced.

## **7. Board Membership and Other Appointments**

- 7.1 Following recommendations from the Nomination Committee, changing the structure, size and composition of the Board (including appointments and removals).
- 7.2 Approving chairmanship and membership of Board Committees.
- 7.3 Appointing or removing the CEO.
- 7.4 Appointing, reappointing or removing the external auditor to be put to shareholders for approval, following the recommendation of the Audit Committee.
- 7.5 Appointing or removing the Company Secretary.

## **8. Remuneration**

- 8.1 Following recommendations from the Remuneration Committee (as appropriate) in connection with:
  - Determining the remuneration policy for such person as shall be nominated as Senior Management (as defined in the terms of reference of the Remuneration Committee) which shall be separate from the Directors' fees (as referred to below).
  - Approving the introduction of new share incentive plans or major changes to existing plans.
- 8.2 Determining the Directors' fees payable to Directors for their services as Directors.

## **9. Delegation of Authority**

- 9.1 Approving the division of responsibilities between the Chairman and the CEO.
- 9.2 Approving the primary written delegations of authority for expenditure.
- 9.3 Delegating responsibility for the overall management and profit performance of the Group, including all operational and administrative matters, to the CEO.
- 9.4 Approving terms of reference of Board Committees that set out their roles and responsibilities, as well as determining matters relevant to their composition and administration and any other matters that the Board may consider necessary.
- 9.5 Receiving minutes and/or reports from Board Committees.

## **10. Corporate Governance Matters**

- 10.1 Undertaking a formal and rigorous review annually and externally facilitated reviews as appropriate of its own performance, and that of its Committees and individual Directors.
- 10.2 Determining the independence of non-executive Directors.
- 10.3 Receiving reports on the views of the Company's shareholders.
- 10.4 Overseeing corporate governance matters including development, implementation and monitoring of corporate governance policies.
- 10.5 Reviewing the Group's compliance with the Corporate Governance Code of the Listing Rules and disclosure in the Corporate Governance Report.

## **11. Others**

- 11.1 Making political donations.
- 11.2 Approving the levels of Directors' and Officers' liability insurance and indemnification of Directors.
- 11.3 Approving major changes to the rules of the Group's pension schemes involving significant additional costs, or change of trustees or major changes to the investment strategy.
- 11.4 Ensuring the provision of a safe working environment for staff.
- 11.5 Deciding on any matter that is in excess of the discretions or limits that have been delegated from time to time to the CEO.
- 11.6 Reviewing on a continuing basis the executive succession planning and executive development activities.

11.7 Approving matters reserved for the Board.

**III. ROLES AND RESPONSIBILITIES OF THE CHAIRMAN OF THE BOARD**

The Directors may elect a Chairman of the Board.

The Chairman of the Board plays a critical role on the Board, leading the Board in its responsibilities for the business and affairs of the Company and oversight of management. In performing this role, the Chairman of the Board must work with the other Directors, the CEO, other senior management and the shareholders.

In performing this role, the Chairman of the Board will be concerned with the following matters:

- presiding over meetings of the Board;
- ensuring that all Directors are properly briefed on issues arising at Board meetings;
- ensuring that Directors receive adequate information in a timely manner;
- ensuring that strategies, business plans and other policy recommendations made to the Board by the CEO and his executive team receive competent but sympathetic and supportive scrutiny and appraisal by the Board;
- presiding over general meetings of the Company's shareholders;
- ensuring that appropriate steps are taken to provide effective communication with shareholders;
- ensuring that views of shareholders are communicated to the Board as a whole;
- ensuring good corporate governance practices and procedures are followed;
- taking a lead in ensuring that the Board acts in the best interests of the Company;
- encouraging all Directors to make full and active contributions to the Board's affairs;
- ensuring that the Board works effectively, discharges its responsibilities and discusses key issues in a timely manner;
- facilitating the effective contribution of the Directors and ensuring constructive relations among executive, non-executive and independent non-executive Directors;
- arranging, at least once a year, meetings comprising of all Directors other than the executive Directors; and
- providing leadership for the Board in its oversight of the executive management.

**IV. ROLES AND RESPONSIBILITIES OF THE CHIEF EXECUTIVE OFFICER**

**A. The Role of the CEO**

As mentioned in Section II above, the Board delegates authority to the CEO to act on behalf of the Board in the management of the Company.

The CEO is responsible to the Board for the overall management and profit performance of the Group, including all day-to-day operations and administration, within the framework of Company policies, reserved powers and routine reporting requirements.

Under the authority delegated by the Board, the CEO will be concerned with the following matters:

### **1. Strategy and Management**

- 1.1 Developing business plans, budgets and company strategies for recommendation to and consideration by the Board and, to the extent approved by the Board, implementing these plans, budgets and strategies.
- 1.2 Managing the Group's financial and other reporting mechanisms as well as its control and monitoring systems to ensure that these mechanisms and systems capture all relevant material information on a timely basis and are functioning effectively.
- 1.3 Managing, in collaboration with the Chairman of the Board as appropriate, the external public and shareholder information strategies of the Group.
- 1.4 Managing regulatory relationships across the Group's operations.

### **2. Risk**

- 2.1 Identifying and managing operational risks on a daily basis and, where those risks could have a material impact on the Company's businesses, formulating strategies for managing these risks for consideration by Board.
- 2.2 Communicating and implementing the policies and procedures approved by the Board and putting in place adequate controls to ensure that compliance occurs.
- 2.3 Ensuring the Group has an adequately resourced and effective internal audit and regulatory compliance functions.
- 2.4 Ensuring that the insurance programme for the Group is cost efficient in retention, management and protection against insurable risks.

### **3. Communication**

- 3.1 Ensuring that the Board and its various committees are provided with sufficient information on a timely basis in regard to the Group's business and, in particular, with respect to the Group's performance, financial condition, operating results and prospects, to enable the

Board and those committees to fulfill their governance responsibilities.

**4. Others**

- 4.1 Ensuring the provision of a safe working environment for staff.
- 4.2 Appointing, reviewing the performance of and removing senior executives.
- 4.3 Ensuring that staff are fully aware of and comply with appropriate codes of conduct.
- 4.4 Drawing up the agenda for each Board meeting taking into account, where appropriate, any matters proposed by the other Directors for inclusion in the agenda.
- 4.5 Reviewing and monitoring the training and continuous professional development of senior executives.

**B. Delegation of Authority**

The CEO is authorized to delegate the authority conferred on him as he deems appropriate.

**V. THE COMPANY SECRETARY**

The Company Secretary supports the effectiveness of the Board and its committees by:

- providing advice on all corporate governance matters;
- monitoring whether Board and Board Committee policies and procedures are followed;
- preparing a calendar of key corporate governance events and ensuring that significant requirements are met on time;
- coordinating the completion and dispatch of Board and Board Committee agendas and briefing papers in a form, timeframe and quality that enables the Directors to effectively discharge their duties; and
- ensuring a proper record is kept of Board and Board Committee deliberations and that Company registers are maintained.

**VI. REVIEW**

The Chairman of the Board will be the arbiter for interpretation and/or clarification of this Charter.

This Charter will be reviewed by the Board annually to ensure that it continues to reflect the requirements of the Company in the face of on-going changes in the operating environment.