



**AIA Group Limited**

**Terms of Reference for the Remuneration Committee**

AIA Restricted and Proprietary Information

Issued by : Board of AIA Group Limited  
Date : 16 August 2021  
Version : 5.0

## Definitions

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

**Articles** mean the articles of association of the Company.

**Board** means the board of directors of the Company.

**Company** means AIA Group Limited.

**Directors** mean the members of the Board.

**Executive Directors** mean the executive directors of the Company appointed by the Board from time to time.

**Group** means the Company and its subsidiaries and associated companies at the relevant time or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries and associated companies, the present subsidiaries and associated companies of the Company or the businesses operated by its present subsidiaries and associated companies or (as the case may be) its predecessor.

**Key Persons in Control Function (KPiCF)** mean the key person in control functions, being an individual who is responsible for the performance of one or more control functions for the Company, including risk management, financial control, compliance, internal audit and actuarial.

**Material Risk Takers (MRT)** mean the people whose duties or activities involve the assumption of material risk or the taking on of material exposures on behalf of the Company. They could be either individual employees or groups of employees whose activities in the aggregate may expose the insurer to material amounts of risks.

**Listing Rules** mean the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time).

**Remuneration Committee** means the remuneration committee established by the resolution of the Board in accordance with clause 4 of these Terms.

**Senior Management** means the senior executives of the Company determined by the Board from time to time as senior management of the Company.

**Shareholders** mean the shareholders of the Company.

2. The word “remuneration”, as used in these Terms, includes without limitation any salaries, bonuses, allowances, benefits (in cash or in kind), pension arrangements, reimbursements, compensation payments (including any compensation payable for loss or termination of office or appointment), incentive payments and share based payments.

### **Purpose**

3. The Remuneration Committee shall have the responsibility for (i) establishing and overseeing the implementation of the Group's overall remuneration policies, (ii) overseeing and approving the Company's equity-based remuneration plans, and (iii) determining specific remuneration for all directors, Senior Management, KPiCF and / or MRT of the Company.

### **Constitution**

4. The Remuneration Committee was established by resolutions of the Board on 1 September 2010.

### **Membership**

5. The members of the Remuneration Committee shall be appointed by the Board from time to time among the Directors. The Remuneration Committee members shall possess the necessary knowledge and expertise and be competent and able to exercise independent judgement on remuneration policies and practices and shall consist of not less than three members, a majority of whom shall be independent non-executive Directors. A quorum shall be two members of whom at least one shall be an independent non-executive Director. The Chairman of the Remuneration Committee shall be an independent non-executive Director appointed by the Board.
6. Each member of the Remuneration Committee shall disclose to the Remuneration Committee all such matters as require disclosure under the Articles including:
  - (a) any personal financial interest (other than as a Shareholder) in any matter to be decided by the Remuneration Committee; or
  - (b) any potential conflict of interest arising from a cross-directorship.

Any such member shall as required by the Articles abstain from voting on resolutions of the Remuneration Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions, and shall (if so required by the Board) resign from the Remuneration Committee.

### **Frequency and Conduct of Meetings**

7. Meetings shall be held at least once a year. The Chairman of the Remuneration Committee shall convene a meeting upon request by any member of the Remuneration Committee.
8. An agenda and accompanying meeting papers should be sent in full to all Directors in a timely manner and at least three days before the intended date of a meeting of the Remuneration Committee (or such other period as agreed by its members).
9. Senior Management is obliged to supply the Remuneration Committee with adequate information in a timely manner, in order to enable to make informed decisions. The information supplied must be complete and reliable. Where a Director requires more information than is volunteered by Senior Management, the relevant Director should make additional necessary enquiries. The Board and each Director shall have separate and independent access to Senior Management.

## Annual General Meetings

10. The Chairman of the Remuneration Committee shall attend the Company's annual general meetings and be available to respond to any Shareholders' questions on the Remuneration Committee's activities or in his / her absence, another member of the Remuneration Committee, or failing this, his / her duly appointed delegate.

## Authority

11. The Remuneration Committee is authorised by the Board to discharge its duties within these Terms. It is authorised to seek any remuneration information it requires from the Executive Directors and / or Senior Management who are directed to co-operate with the Remuneration Committee.
12. The Remuneration Committee is authorised by the Board to engage with and obtain advice from external independent remuneration consultants or advisors as needed. The Remuneration Committee should be exclusively responsible for establishing the selection criteria, selecting, appointing, and setting the terms of reference for any external remuneration consultant or advisor who advises the Remuneration Committee. The Remuneration Committee shall be provided with sufficient resources by the Company to discharge its duties.
13. In all cases, the Board retains ultimate responsibility for all matters delegated to the Remuneration Committee.

## Duties

14. The duties of the Remuneration Committee shall include:
  - (a) reviewing and / or making recommendations to the Board on the Company's remuneration policy for the Executive Directors, Senior Management, the KPiCF and / or the MRT, and the establishment of a formal and transparent procedure for developing such remuneration policy;
  - (b) reviewing and determining the specific remuneration of Executive Directors, Senior Management, the KPiCF and / or the MRT in accordance with Article 92 of the Articles. The Remuneration Committee shall consider factors including the Company's strategy, the regulatory environment, the corporate culture and risk framework, remuneration paid by comparable companies, internal equity, time commitment and responsibilities of the Executive Directors, Senior Management, the KPiCF and / or the MRT, and any other factors considered relevant;
  - (c) making recommendations to the Board on the remuneration of non-executive Directors (which shall comprise Directors' fees as provided by Article 91 of the Articles);
  - (d) reviewing and assessing the remuneration framework and relevant policies to ensure that they do not encourage excessive risk taking and do not misalign the interests of the Company's stakeholders;
  - (e) working closely with other relevant committees, such as, the Risk Committee, to assess the impact of the remuneration framework and relevant remuneration policies on risk-taking behaviours and ensure they do not encourage excessive risk taking;

- (f) reviewing and approving any performance-based remuneration offered by the Company with reference to corporate goals and objectives resolved by the Board from time to time;
  - (g) reviewing and approving the compensation payable to Executive Directors Senior Management, the KPiCF and / or the MRT in connection with any loss or termination of their office or appointment in order to ensure that such compensation is determined in accordance with the relevant contractual terms and that such compensation is otherwise fair and not excessive;
  - (h) reviewing and approving compensation related to dismissal or removal of Executive Directors, Senior Management, the KPiCF and / or the MRT for misconduct in order to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;
  - (i) ensuring that no Executive Director or any of his/her associates is involved in deciding his/her own remuneration; and
  - (j) advising the Shareholders on how to vote with respect to any service contracts of the Directors that require Shareholders' approval under the Listing Rules.
15. In carrying out its duties under these Terms, the Remuneration Committee should:
- (a) consult the Chairman of the Board and the Group Chief Executive and President about their proposals relating to the remuneration of the Executive Directors and / or Senior Management and have access to professional advice if considered necessary;
  - (b) provide the remuneration needed to attract, retain and motivate Executive Directors and / or Senior Management of the quality required, but avoid paying more than is necessary for this purpose;
  - (c) consider appropriate remuneration structure, which should include components of fixed and variable remuneration and deferred remuneration for an appropriate period taking into account individual and group performances and risks;
  - (d) judge where to position Group remuneration relative to other companies. They should be aware what comparable companies are paying and should take account of relative performance;
  - (e) be sensitive to all stakeholders and the wider scene, including pay and employment conditions within the Group and elsewhere, especially when determining annual salary increases;
  - (f) ensure that the performance related elements of remuneration form a significant proportion of the total remuneration of Executive Directors and / or Senior Management and are designed to align their interests with those of Shareholders and to give them incentives to perform at the highest levels; and
  - (g) ensure that all company plans, policies and actions relating to remuneration comply with relevant rules and regulations, including that share options offered by the Company to its Executive Directors and / or Senior Management (if any) are in accordance with Chapter 17 of the Listing Rules, as applicable.

16. Without prejudice to the generality of the Terms set out above, the Remuneration Committee shall:
- (a) operate the Company's share option schemes (if any) or other incentives schemes (if any). It shall recommend to the Board the total aggregate amount of any grants to employees (with the specific grants to individuals to be at the discretion of the Board) and make amendments to the terms of such schemes (subject to the provisions of the schemes);
  - (b) liaise with the trustee of any employee share scheme, which is created by the Company for the benefit of employees, Executive Directors and / or Senior Management;
  - (c) revise, finalise, execute, and / or issue all necessary documents, and / or take any and all such further actions as are reasonably necessary to give effect to any incentive scheme awards as approved by the Board, including but not limited to grants under any approved share scheme;
  - (d) review the terms of Executive Directors' service contracts from time to time; and
  - (e) advise the Board in relation to the preparation of the Board's remuneration report (if any) to Shareholders.

### **Reporting Procedures**

17. Minutes of the Remuneration Committee's meetings shall be kept by a duly appointed secretary of the meeting and such minutes shall be available for inspection at any reasonable time on reasonable notice by any Director.

Minutes of meetings of the Remuneration Committee shall record in sufficient detail the matters considered by the Remuneration Committee and decisions reached, including any concerns raised by Directors and members or dissenting views expressed. Draft and final versions of minutes of such meetings should be sent to all members of the Remuneration Committee for their comment and records respectively, in both cases within a reasonable time after such meetings.

18. Without prejudice to the generality of the duties of the Remuneration Committee set out in these Terms, the Remuneration 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**

19. The Remuneration Committee shall make available these Terms on request and by inclusion on the Company's website, thereby explaining its role and the authority delegated to it by the Board.