FWD Group Holdings Limited
Compensation Committee
Terms of Reference

Definitions

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

Board	means the board of directors of the Company.
Company	means FWD Group Holdings Limited.
Compensation Committee	means the board committee established by resolution of the Board on these Terms.
Director(s)	means the members of the Board.
Equity Incentive Plans	means the (i) FWD Share Award Plan and FWD Employee Share Purchase Plan adopted by the Company on 30 January 2022 and as updated from time to time, and (ii) any other share-based incentive plans of the Company from time to time.
Executive Committee Member(s)	means the Group CEO and his/her direct reports.
Group	means the Company and its subsidiaries.
Group CEO	means the Group Chief Executive Officer of the Company.
Group CHRO	means the Group Chief Human Resources Officer of the Company.
Key Person in Control Functions	means a key person in control functions within the meaning given in section 95A of the Insurance Ordinance (Cap. 41) of Hong Kong.
Listing Rules	means the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited.
M&A	means the memorandum of association and articles of association of the Company from time to time in force.

Material Risk Takers	means employees whose duties or activities involve the assumption of material risk or taking on material exposures on behalf of the Group. They could be either individual employees or groups of employees whose activities in the aggregate may expose the insurer to material amounts of risk.
Remuneration	means any form of remuneration paid to individuals employed or engaged by the Group and 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, share options, share award schemes, phantom share schemes and deferred bonus payments.
Shareholder(s)	means the shareholder(s) of the Company.

Objectives

2. The Compensation Committee is established to oversee the implementation of the appropriate Remuneration practices across the Group. This includes overseeing the:

   - Establishment of Remuneration policies and Remuneration practices aligned with the corporate culture, business objectives, risk appetite and long-term interests of the Group and its stakeholders, and recommending any changes to such policies to the Board;

   - Appropriateness of Remuneration for the Executive Committee Members, the Material Risk Takers and the Key Persons in Control Functions considering both performance and risk management;

   - Suitability of compensation payable to the Executive Committee Members for any loss or termination of office in accordance with contractual terms; and

   - Appropriateness of the compensation of the Directors, including the Remuneration of the chairman of the Board as well as indemnification and insurance matters.

Constitution and Authority

3. The Compensation Committee was established by resolution of the Board on 19 February 2022.

4. The Compensation 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 Directors, Executive Committee Members and/or other employees of the Group who are directed to co-operate with the Compensation Committee.

5. The Compensation Committee is authorised to review and grant awards to directors and any eligible participants as stipulated in the Equity Incentive Plans pursuant to and in accordance with the rules of the Equity Incentive Plans.

6. The Compensation Committee and each of its members (referred to as "**Members**") shall have separate and independent access to the Executive Committee Members as and when they consider necessary. Each of the Executive Committee Members is obliged to supply the Compensation Committee with adequate, complete and reliable information in a timely manner, in order to enable it to make informed decisions.

7. The Compensation Committee is authorised by the Board to obtain, at the Company's expense, external independent professional advice and to secure the attendance of third parties with relevant experience and expertise at meetings if it considers it necessary. The Compensation Committee shall be provided with sufficient resources to discharge its duties. The Compensation Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing, setting the terms of reference and where appropriate, assessing and monitoring independence and objectivity for any external Remuneration consultant who directly advises the Compensation Committee.

8. To the extent appropriate or permitted under the applicable laws, the Compensation Committee may delegate to the Group CEO and/or any other person its authority under these Terms from time to time as it considers appropriate, other than in respect of the Group CEO's own compensation package and recommendations regarding director compensation. In all cases, the Board retains ultimate responsibility for all matters delegated to the Compensation Committee.

Membership

9. The Members, including the chairman of the Compensation Committee (the "**Compensation Committee Chairman**"), shall be appointed by the Board from time to time from among the Directors.

10. The Compensation Committee shall consist of not less than three Members. The Compensation Committee Chairman shall be an independent non-executive Director and a majority of the Compensation Committee shall be independent non-executive Directors. Members shall be competent and be able to exercise independent judgement on the Remuneration policies and practices. The Compensation Committee Chairman should attend the annual general meeting to answer Shareholders' questions on the Compensation Committee's activities or in his/her absence, another Member, or failing this, his/her duly appointed delegate.

11. The Compensation Committee shall be aware of, and take into account, the Enterprise Risk Management and Compliance Framework in setting the Remuneration. One of the Members must be the chairman of the Risk Committee. The Compensation Committee shall work closely with other relevant committees such as the Risk Committee to assess the impact of the Remuneration policy on the risk-taking behavior of the Group.

12. Each Member shall disclose to the Compensation Committee all matters that require disclosure under the M&A including:

    (a) any personal financial interest (other than as a Shareholder) in any matter to be decided by the Compensation Committee; or

    (b) any potential conflict of interest arising from a cross-directorship.

13. Any such Member shall recuse himself or herself from deliberations and voting of the Compensation Committee when required or appropriate under applicable laws.

14. The Compensation Committee may form subcommittees composed of two or more of its Members for any purpose that the Compensation Committee deems appropriate and may delegate to such subcommittees such power and authority as the Compensation Committee deems appropriate.

Meetings

15. Meetings shall be held at least twice a year. The Compensation Committee Chairman shall convene a meeting upon request by any Member. A majority of the Compensation Committee shall constitute a quorum for the transaction of business and the act of a majority of those present at any meeting at which there is a quorum shall be the act of the Compensation Committee. In the case of an equality of votes, the Compensation Committee Chairman shall not have a second or casting vote.

16. The quorum for any subcommittee meeting shall be two Members unless otherwise provided and the act of a majority of those Members present at any meeting at which there is a quorum shall be the act of the subcommittee.

17. An agenda and accompanying meeting papers should be sent in full to all Members in a timely manner and generally at least one calendar week before the intended date of a meeting of the Compensation Committee (or such other period that is feasible or agreed to by its Members).

18. Unless otherwise restricted by the M&A, all meetings of the Compensation Committee or any subcommittee 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. In addition, unless otherwise restricted by the M&A, the Compensation Committee or any subcommittee may act by unanimous written consent in lieu of a meeting.

19. All non-management Directors that are not Members may attend meetings of the Compensation Committee but must not vote. Additionally, the Compensation Committee may invite to its meetings any Director, management of the Company and such other persons as it deems appropriate in order to carry out its responsibilities. The Compensation Committee may also exclude from its meetings any persons it may deem appropriate in order to carry out its responsibilities.

Duties and Responsibilities

20. The duties and responsibilities of the Compensation Committee shall include without limitation:

    (a) reviewing and making recommendations to the Board on the Company's principles, policies and structure for Executive Committee Members, Key Persons in Control Functions and, Material Risk Takers (the "**FWD Remuneration Policy**") and Remuneration of the Directors (the "**Directors' Remuneration Policy**") and ensuring both policies, (together, the "**Remuneration Policies**") are in line with applicable requirements, including those as set out in the Listing Rules, the Corporate Governance for Supervised Groups (Module G) of the Guideline on Group Supervision issued by the Hong Kong Insurance Authority, and good corporate governance practice;

    (b) ensuring that there are formal and transparent procedures for implementing and developing the Remuneration Policies;

    (c) evaluating existing and making recommendations to the Board on the establishment of new short- or long-term compensation, salary adjustment, Equity Incentive Plans in line with the Company's business strategies;

(d) reviewing and determining on the existing and new Remuneration packages of all Executive Committee Members, Key Persons in Control Functions and Material Risk Takers, taking into consideration factors such as:

(i) the relevant Remuneration Policy;

(ii) salaries paid by comparable companies;

(iii) time commitment and their responsibilities;

(iv) Remuneration levels within the Group;

(v) desirability of performance-based Remuneration packages; and

(vi) for performance-based Remuneration, business goals and objectives resolved by the Board from time to time;

(e) reviewing and approving the compensation payable to Executive Committee Members 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 for the Company;

(f) reviewing and approving compensation arrangements relating to dismissal or removal of Directors, Executive Committee Members, Key Persons in Control Functions and Material Risk Takers for misconduct in order to ensure that such arrangements are determined in accordance with the relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;

(g) ensuring proper framework is in place to govern the Equity Incentive Plans within the limit approved and make recommendations to the Shareholders and/or the Board, as the case may be, for grants of share options and/or award of shares pursuant to the terms of the Equity Incentive Plans. Equity-based Remuneration with performance-related elements will generally not be granted to independent non-executive Directors as this may lead to bias in their decision-making and compromise their objectivity and independence;

(h) reviewing and approving matters relating to the Equity Incentive Plans;

(i) reviewing and approving the terms of the service contracts or appointment letters of the Directors and Executive Committee Members, and to the extent applicable pursuant to the terms of such service contracts or appointment letters, supervising the ongoing implementation of such service contracts or appointment letters;

(j) advising the Board in relation to the preparation of the Board's Remuneration report (if any) to the Shareholders;

(k) reviewing and approving the Group's travel policy and policy on expense reimbursements for the Directors and Executive Committee Members;

(l) reviewing and approving the compensation of executive Directors and Executive Committee Members, and reviewing and recommending to the full Board the compensation for non-executive Directors, including the remuneration of the chairman of the Board, as well as Director's and officer's indemnification and insurance matters; and

(m) ensuring that no Director or Executive Committee Member or any of his or her associates is involved in determining and approving such individual's remuneration.

21. In carrying out its duties and responsibilities under these Terms, the Compensation Committee should:

(a) consult the chairman of the Board and the Group CEO (or if the Group CEO is not appointed, the Group CHRO) about their proposals relating to the Remuneration of the Directors and Executive Committee Members (except for their own Remuneration) and have access to independent professional advice if considered necessary;

(b) coordinate with the chairman of the Risk Committee to ensure that the Group's compensation and benefits arrangements are designed to provide incentives that are consistent with the interests of the Company's stakeholders but do not encourage Executive Committee Members, Key Persons in Control Functions and Material Risk Takers to take excessive risks;

(c) provide the packages needed to attract, retain and motivate Director, Executive Committee Members and Key Persons in Control Functions of the quality required, but avoid paying more than is necessary for this purpose;

(d) consider the remuneration offered by comparable companies for similar roles and performance;

(e) be sensitive to the wider scene, including pay and employment conditions within the Group and elsewhere, consider factors such as Remuneration packages and employment conditions elsewhere in the broader Group, and to evaluate and benchmark against Remuneration in the different functions, zones and business units;

(f) ensure that the performance-related elements of Remuneration linking rewards to corporate and individual performance form a significant proportion of the total Remuneration package of the Directors and Executive Committee Members, Key Persons in Control Functions and Material Risk Takers and are designed to align their interests with those of Shareholders and promote a complete assessment of risk-adjusted performance, 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 shares or 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.

Review and Reporting Procedures

22. Full minutes of the Compensation Committee meetings shall be kept by a duly appointed secretary of the meeting, and such minutes shall be made available for inspection at any reasonable time on reasonable notice by any Director.

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

24. Without prejudice to the generality of the duties of the Compensation Committee set out in these Terms, the Compensation 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.

25. The Compensation Committee shall make available these Terms on request and by inclusion on the websites of the Company and The Stock Exchange of Hong Kong Limited in order to explain its role and the authority delegated to it by the Board.

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