FWD Group Holdings Limited
Risk Committee
Terms of Reference

Definitions

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

Asset Liability Management Committee ("ALMCO")	means a management committee appointed by the Group CEO in relation to the management of the Group's assets and liabilities.
Audit Committee	means the audit committee established by resolution of the Board.
Board	means the board of directors of the Company.
Company	means FWD Group Holdings Limited.
Company Secretary	means the company secretary of the Company.
Compensation Committee	means the compensation committee established by the Board.
Compliance and Operational Risk Committee ("CORC")	means a management committee appointed by the Group CEO in relation to the management of the Group's compliance and operational risks.
Country Entity	means any member of the Group that is regulated directly by a regulatory authority and carries out the Group's business at the local level.
Country Risk Committee	means a management or board committee appointed by the chief executive officer or board of a Country Entity to manage the risks of the relevant Country Entity.
Director(s)	means the members of the Board.
Enterprise Risk Management ("ERM") framework	means the framework approved by the Board from time to time for the governance and management of risk and compliance of the Group in line with the Risk Appetite.

ESG	means environmental, social and governance.
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 CCO	means the Group Chief Compliance Officer of the Company.
Group CRO	means the Group Chief Risk Officer of the Company.
M&A	means the memorandum of association and articles of association of the Company from time to time in force.
Risk Appetite	means, in general terms, the variability in results and the level of underlying risk that the Group is prepared to accept in the execution of its business strategy. In particular, quantitative and qualitative factors and events are considered by the Board in defining the desirable tolerance level of the Group in maintaining and developing its businesses within a defined boundary of volatility.
Risk Committee	means the Board committee established by resolution of the Board on these Terms.
Shareholder(s)	means the shareholder(s) of the Company.

Objectives

2. The Risk Committee is established to oversee the implementation of an effective ERM framework across the Company. This includes ensuring the:

- Adequacy and effectiveness of the ERM framework, overseeing any significant issues of non-compliance;
- Appropriateness of, and performance against, the Risk Appetite and key risk management policies;
- Completeness of the identification, measurement, monitoring and management of material risks (including ESG risks); and
- Suitability of risk quantification methodologies, risk and capital measures, models, stresses and scenarios used and their results.

Constitution and Authority

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

4. The Risk Committee is authorised by the Board to seek the risk management information it requires from the Directors, Executive Committee Members and/or other employees of the Group who are directed to co-operate with the Risk Committee.

5. The Risk Committee and each of its members (referred to as "**Members**") shall have separate and independent access to the ALMCO, CORC, and/or any of the Executive Committee Members or functional group heads as and when they consider necessary. Each of the ALMCO, CORC and Executive Committee Members is obliged to supply the Risk Committee with adequate, complete and reliable information in a timely manner, in order to enable it to make informed decisions.

6. The Risk 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 Risk Committee shall be provided with sufficient resources to discharge its duties. The Risk Committee should 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 risk management or actuarial consultant who directly advises the Risk Committee.

7. The Risk 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.

8. The Risk Committee oversees the establishment and operation of the risk management system independently and shall have full access to information provided by the Executive Committee Members, key person(s) in the risk management function or commonly the Group CRO, the Group CCO, and any other member of management it deems appropriate in order to carry out its responsibilities.

Membership

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

10. The Risk Committee shall consist of a minimum of three non-executive Directors, a majority of whom shall be independent non-executive Directors and at least one of whom shall have recent and relevant risk management experience. Members should collectively possess adequate knowledge and experience in risk management for discharging their responsibilities effectively.

11. Each Member shall disclose to the Risk 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 Risk Committee; or

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

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

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

Meetings

13. The Risk Committee should meet at least four times a year or more frequently as required to discharge its duties effectively. The quorum for meetings of the Risk Committee shall be three Members.

14. In addition, the Risk Committee Chairman shall convene a meeting upon request by any Member, the chairman of the Audit Committee or the chairman of the Board.

15. The quorum for any subcommittee meeting shall be two Members who are independent non-executive Directors 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.

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

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 Risk Committee (or such other period that is feasible or agreed to by its Members).

18. In the absence of the Risk Committee Chairman or an appointed deputy, the remaining Members present shall elect one of themselves to chair the meeting.

19. Unless otherwise restricted by the M&A, all meetings of the Risk 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 Risk Committee or any subcommittee may act by unanimous written consent in lieu of a meeting.

20. Resolutions of Members arising at any meeting of the Risk Committee or any subcommittee shall be decided by a majority of votes of the Members present at a meeting at which there is a quorum. In the case of an equality of votes, the Risk Committee Chairman shall not have a second or casting vote.

Duties and Responsibilities

21. The duties and responsibilities of the Risk Committee shall include without limitation:

Enterprise Risk Management

(a) advising the Board on the Risk Appetite and key risk management policies;

(b) independently reviewing the identification, measurement, monitoring and management of material risks and any areas of material non-compliance with the ERM framework;

(c) regularly reporting to the Board on matters of risk management and escalating issues of importance when necessary;

(d) reviewing and advising, on case by case basis, at the request of the Board on the risks assessed by the first and/or second line of defense for material strategic decision requiring the Board approval;

(e) advising the Board in risk quantification that may include appropriately challenging or validating risk and capital measures and models, stresses and scenarios used and its results;

(f) advising the Board in reviewing the adequacy and effectiveness of the ERM framework;

(g) monitoring significant risk issues of the Group including deviations from or risk exposures exceeding the approved Risk Appetite, substantial change of the Group's risk profile and concentration, and discussing and formulating corresponding risk mitigation actions;

(h) supporting the Board and the senior management of the Company in embedding and maintaining a strong risk culture in relation to the management of risk;

(i) advising the Board on the review of the annual Own Risk and Solvency Assessment Report including reviewing the outcome of the Group's stress and scenario testing and management's responses to the results;

(j) advising the Board on the ERM framework and reviewing their effectiveness regularly including the allocation of resources for implementation;

(k) reviewing and approving compliance and risk policies and related contingency plans of the Group in accordance with the Risk Appetite and the ERM framework;

(l) overseeing the Group's overall compliance with the Risk Appetite, compliance and risk policies and the implementation of the ERM framework;

Coordination with Other Board Committees

(m) the Risk Committee Chairman shall coordinate with:

(i) the chairman of the Audit Committee to ensure that both the Risk Committee and the Audit Committee have received all information necessary to permit them to fulfil their duties and responsibilities with respect to risk assessment and risk management;

(ii) the chairman of the Compensation Committee to ensure that the Group's compensation and benefits arrangements are designed to provide appropriate incentives that are consistent with the overall interests of the Group's stakeholders without encouraging the Executive Committee Members and other management to take excessive risks. To ensure the Remuneration Policy has been taken into account of risks considerations, the Risk Committee Chairman must be a member of the Compensation Committee;

Corporate Governance

(n) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

(o) developing, reviewing and monitoring the Code of Ethics and Business Conduct to employees and Directors;

(p) assisting the Board with conducting a review of the effectiveness of the risk management and internal control systems at least annually;

(q) preparing reports summarising work completed during the year on how the Risk Committee met its responsibilities in its review of the risk management and internal control systems;

Others

(r) approving regulatory and supervisory reporting items as allowed or required by the Hong Kong Insurance Authority;

(s) undertaking or considering such other related tasks or topics as the chairman of the Board or the Board may from time to time entrust to it; and

(t) reporting to the Board on the matters set out in these Terms.

22. The Risk Committee is supported by the ALMCO and the CORC, which are the Group's management committees established to provide oversight of the Group's investments, strategic risks, financial and insurance risk, compliance and operational risk management. The ALMCO and the CORC shall determine investment, compliance and risk management strategies and carry out the relevant activities in line with the Risk Appetite and shall without delay report and escalate to the Risk Committee any significant risks or issues identified in the performance of their duties. The Group's risk management structure in which Risk Committee forms part is illustrated in Appendix 1 to these Terms.

23. Further, each of the Country Risk Committees formulates the Country Entity's own risk appetite and risk management strategies in line with the Risk Appetite, and each Country Entity's Chief Risk Officer reports to the Group CRO regularly on material risk issues of the relevant Country Entity. The Group CRO in turn shall without delay report and escalate to the Risk Committee any significant risks or issues identified.

Review and Reporting Procedures

24. Full minutes of the Risk Committee meetings shall be kept by a duly appointed secretary of the meeting (who should normally be the Company Secretary or their nominee), and such minutes shall be made available for inspection at any reasonable time on reasonable notice by any Director.

25. Minutes of the Risk Committee meetings shall record in sufficient detail the matters considered by the Risk 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.

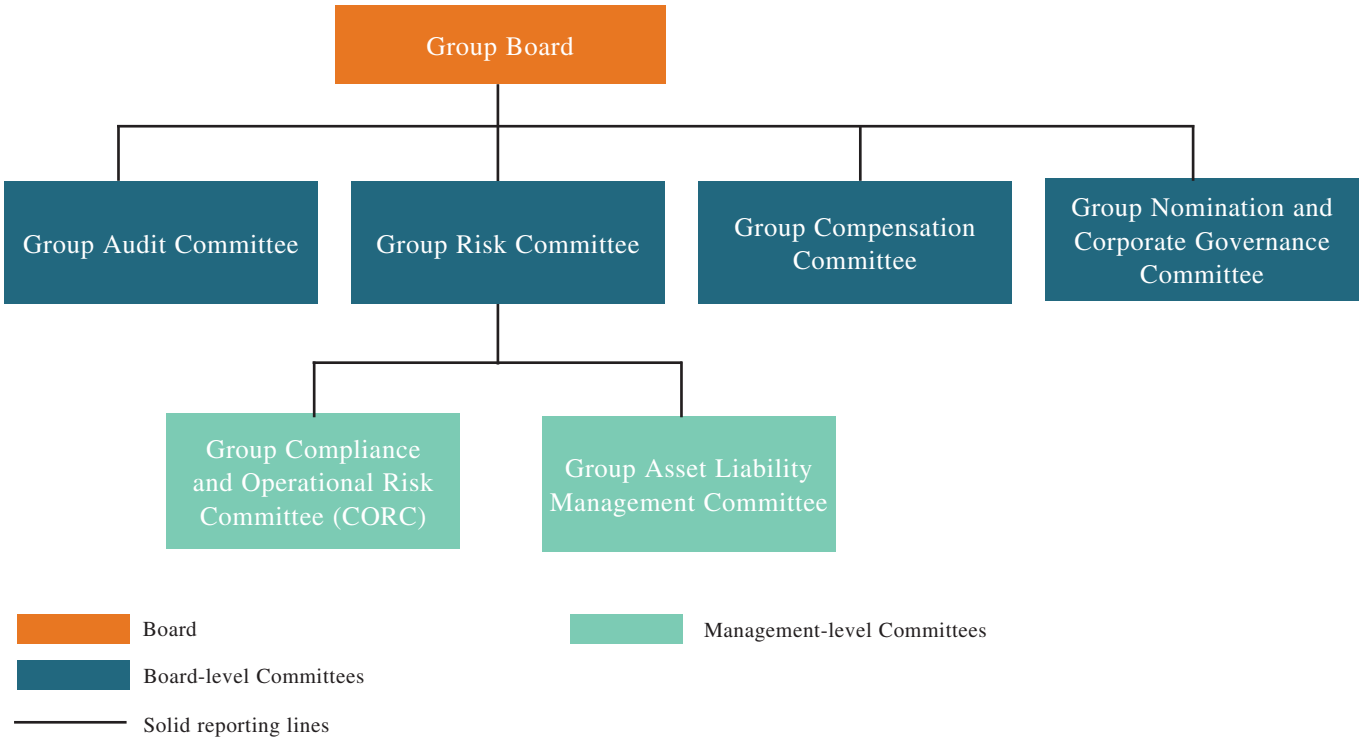
26. The Risk Committee shall make available these Terms on request and by inclusion on the websites of the Company and The Stock Exchange of Hong Kong Limited in order to explain its role and the authority delegated to it by the Board.

27. Without prejudice to the generality of the duties of the Risk Committee set out in these Terms, the Risk 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.

28. In addition to their day-to-day management reporting line, the Group CRO and the Group CCO have direct reporting lines to the Risk Committee Chairman on matters within the Risk Committee's scope.

Appendix 1

The Group's Governance Structure



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