



PHILAM GROUP OF COMPANIES

Charter and Composition of Local Risk Management Committee

Philamlife Board Approval:

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For approval : ERM and BRC**

REVISION HISTORY/DOCUMENT RELEASE INFORMATION

Version	Release date	Remarks
V1	14 June 2009	Draft presented to the ERM Committee.
V2	22 July 2009	Draft approved by the Board of Directors.
V3	14 December 2009	The frequency of the meeting of the ERM Committee was changed from quarterly to bimonthly to align with the AIA charter.
V4	14 May 2012	Reflects new structure with the Board Risk Committee and the two sub-committees – Financial Risk Management Committee and Operational Risk Management Committee
V5	March 2015	Updated Section 10

Charter and Composition of Local Risk Management Committee

The Philam Group

1. The Philam Group Risk Management Committee (“RMC”) is an oversight committee that reports to the AIA Financial Risk Committee (FRC) and AIA Operational Risk Committee (ORC), with matrix reporting to the Board Risk Committee (BRC) of PhilamLife. It has the responsibility to ensure that at all times, the Philam Group (including local entities which comprise the Philam Group), have in place comprehensive and effective systems for risk management. Where applicable, RMC will report and provide information to the AIA risk management committees.

Scope and Duties

2. The RMC is authorized to carry out any activities within its objective and scope. The RMC is authorized to seek any information it may require for the purpose of carrying out its duties. The RMC is responsible for delegating the authorities granted by the AIA Risk Committees and the Philam Group senior management to individuals within their respective areas of responsibility, consistent with the risk appetite determined by the RMC. These authorities include underwriting and insurance risks, credit risks, liquidity risks and asset liability/market risks.
3. The RMC is responsible for oversight of the Philam Group’s:
 - 3.1. Risk governance structure, and the adequacy of resources for effective operation of its risk management and compliance frameworks;
 - 3.2. Risk management framework, including systems, policies and strategies, to ensure consistency with the Philam Group policies and local regulatory requirements. In particular, the RMC will:
 - 3.2.1. Oversee development and implementation of the Risk Management Strategy;
 - 3.2.2. Endorse risk management policies for the Philam Group;
 - 3.2.3. Monitor the effectiveness of the risk management framework.
 - 3.3. Compliance framework, including systems, policies and strategies, to ensure consistency with the Philam Group legal requirements and policies. In particular, the RMC will:
 - 3.3.1. Oversee development and implementation of the Compliance Strategy;
 - 3.3.2. Oversee development and implementation of compliance policies for the Philam Group including but not limited to the AIA Code of Conduct;
 - 3.3.3. Monitor effectiveness of the Compliance Strategy including compliance risk management, and compliance breach and issues reporting.
4. The RMC will receive reports from Audit function on:
 - 4.1. The effectiveness of statutory, GAAP and other related financial reporting;
 - 4.2. The effectiveness of management and internal controls.

5. The RMC will invite Philam Group's external auditor to the meeting of the RMC when reasonable and necessary.
6. The RMC will ensure that the Philam Group's policies for Risk Management reflect and support Philam Values.
7. Each year on behalf of the Philam Group, the RMC will undertake a review of the risk governance structure and risk management framework.
8. The RMC will ensure that adequate tools and resources are provided for the:
 - 8.1. Implementation of risk management frameworks;
 - 8.2. Meeting of risk management and compliance benchmarks;
 - 8.3. Implementation of specific programs or initiatives, and monitoring the progress of these.
9. The RMC will decide on the establishment of standing technical sub-committees or working groups, define their scope of work, and obtain regular reports from them on the results of their work.

Composition and Meetings

10. The President of Philamlife shall be the chair of the Philam Group's RMC. The RMC members shall comprise the following:
 - Other Philam group company presidents;
 - Head of Operations, IT, and BSM;
 - Chief Investments Officer;
 - Chief Finance Officer;
 - Chief Compliance Officer;
 - Head of Legal/General Counsel;
 - Chief Actuary;
 - Chief Agency Officer;
 - Chief Risk Officer
11. RMC Members are required to make it a priority to attend meetings of the RMC. In the event that a RMC member is unable to attend either in person or by conference call that member shall appoint an alternate from their functional area to attend on their behalf.
12. The Chair will designate another member of the RMC to chair the meeting in the event that the Chair is unable to attend.
13. A representative from the AIA Group office will participate in the RMC as a member. This member may delegate attendance to another Group office member in the event of not being able to attend RMC meetings.
14. Other function heads other than those listed in Section 10 may attend meetings from time to time as observers or contributors.
15. The Head of Internal Audit is invited to attend meetings as a contributor or observer.

16. The Corporate Secretary of the Philam Group will be responsible for the minutes of committee meetings, maintaining the original signed minutes and assisting the Chair in administering the business of the committee.
17. RMC will meet at least once every two months and the Chairman can call a special meeting whenever necessary.
18. At least five working days prior to any RMC meeting, the office of the Corporate Secretary shall circulate to the RMC members, the Agenda and any meeting papers for the meeting.
19. The quorum for RMC meetings is to be 75% of all appointed RMC members.
20. Each member shall be required to attend at least 75% of all meetings held in a year.

Committee Self-Assessment

21. The Committee shall conduct an annual self-assessment of its performance and report the results of such review to the AIA RMC and the Philam Group Audit Committee. The format of the self-assessment shall be determined by the Committee.
22. The Committee shall review this Charter on an annual basis and determine if any modifications to this Charter are appropriate, in which case it must provide a copy of any such modifications and amended Charter to the Audit Committee and AIA RMC.

Definitions:

23. **Philam Values:**
 - **People:** Develop diverse talent. Reward excellence.
 - **Customer Focus:** Anticipate their priorities. Exceed their expectations.
 - **Performance:** Be accountable. Manage risks. Deliver Philam's strength.
 - **Integrity:** Work honestly. Enhance Philam's reputation.
 - **Respect:** Value all colleagues. Collaborate with one another.
 - **Entrepreneurship:** Seize opportunities. Innovate for and with customers.
24. **Compliance Strategy:** A formally documented approach of the who, what and how of achieving compliance. This includes the approach to:
 - Ensuring appropriate market conduct,
 - Dealing with regulatory inspections, fines and other regulatory action
 - Developing behavioural compliance drivers, such as compliance awareness training, communications and other initiatives.
25. **Risk Management Framework** The Risk Management Framework is formally documented. It sets out the strategies adopted for the implementation of robust risk management practices across AIA entities. It:
 - Clarifies ownership of risk
 - Recognizes the importance of risk vs. reward calculations in all risk considerations
 - Articulates an explicit and functional risk appetite
 - Articulates risk assessments and control ratings
 - Adds value through enabling informed risk taking to optimize business outcomes

Local Risk Oversight Reporting Structure

26. The management and RMC reporting structure is set out diagrammatically in Annex A hereof.

ANNEX A

