

**AXA ASIA PACIFIC HOLDINGS LIMITED**  
**THE NATIONAL MUTUAL LIFE ASSOCIATION OF AUSTRALASIA LIMITED**  
**BOARD CAPITAL AND INSURANCE COMMITTEE**  
**TERMS OF REFERENCE**

**1. Purpose**

The purpose of the Board Capital and Insurance Committee ('BCI') is to assist the Board of Directors in fulfilling its governance and oversight responsibilities in relation to the management of capital and insurance risk, including the management of financial soundness, product pricing, crediting and bonus rates on participating business and reinsurance.

The Committee shall consider management reports in detail, approve, where such authority has been delegated by the Board and is permissible under relevant legislation, and make recommendations to the Boards of AXA Asia Pacific Holdings Limited ('AXA APH'), The National Mutual Life Association of Australasia Limited ('NMLA'), and other relevant subsidiary Boards.

The Board has established a number of standing committees to assist in its effective operation. Where appropriate, the responsibilities of the Committee will be coordinated with the responsibilities of other committees.

The role of the Committee in no way reduces the responsibility of the Board under relevant laws and regulations in respect of governance and oversight of AXA APH and NMLA.

**2. Scope**

These terms of reference apply to all insurance and subsidiary companies of the AXA APH Group in Australia and New Zealand, Hong Kong, and Asia (ex Hong Kong) that:

- accept insurance risk;
- issue investment, superannuation or similar contracts as part of the normal course of business.

**3. Authority**

The Committee has authority to:

- retain outside consultants and advisers to advise the Committee;
- seek any information it requires from management and employees of the AXA APH Group – all of whom are directed to co-operate with the Committee's requests – or external parties engaged on behalf of the Committee;
- meet with the officers of the AXA APH Group or advisers, as necessary.

**Approved 26 August 2009.**

#### **4. Composition**

The Committee should comprise of at least three and no more than six non-executive Directors of AXA APH and NMLA. The Boards of AXA APH and NMLA will appoint members and the Committee Chairman. The Committee Chairman and the majority of the members of the Committee shall be independent non-executive Directors.

An independent Director is a non-executive director who is not a member of management and who is free of any business or other relationship that would materially interfere with – or could reasonably be perceived to materially interfere with – the independent exercise of their judgement.

When determining the independent status of a Director, the Board should consider whether the Director:

- is a substantial shareholder of AXA APH or an officer of, or otherwise associated directly with, a substantial shareholder of AXA APH;
- is employed or has previously been employed in an executive capacity by AXA APH or the AXA APH Group, and there has not been a period of at least three (3) years between ceasing to hold any such employment and serving on the Board;
- has within the last three (3) years been a principal of a material professional adviser or a material consultant to AXA APH or the AXA APH Group, or an employee materially associated with the service provided;
- is a material supplier or customer of AXA APH, the AXA APH Group or any AXA APH subsidiary, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has a material contractual relationship with AXA APH, the AXA APH Group or any AXA APH subsidiary other than as a Director of AXA APH and NMLA.

Any Director may attend any meeting of the Committee after giving notice to the Chairman.

The membership can be varied from time to time at the discretion of the Board of AXA APH or NMLA.

The Group Chief Executive Officer, Group Chief Financial Officer and Group Chief Actuary will normally attend meetings. The Group Chief Financial Officer, Group Chief Actuary, Chief Actuary for AXA China Region and the Asian Regional Chief Financial Officer, will upon request, have direct access to the Chairman of the Committee.

#### **5. Meetings**

The Committee will meet at least twice a year, with authority to convene additional meetings as circumstances require. Meetings may be held and resolutions passed by means of conference call or similar communications equipment or any other technology or process by means of which Board meetings may be held and resolutions passed under the relevant provisions of the Company's Constitution and relevant legislation.

The Committee may require members of management, advisers or others to attend meetings and provide information as it deems desirable. It can hold private meetings with advisers and meetings with management and/or staff members.

A quorum of any meeting will be two members, one of whom must be an independent Director as defined under these Terms of Reference.

Meeting agenda will be prepared and provided in advance to members along with appropriate papers. Minutes will be prepared, approved by the Committee and circulated to the AXA APH and NMLA Board, where appropriate.

## **6. Responsibilities**

The Committee's responsibilities include:

- reviewing financial condition reports on the insurance subsidiaries of AXA APH;
- reviewing reports on the financial and capital position of non-insurance subsidiaries of AXA APH;
- reviewing and approving the policy and principles in use for product pricing, including the value of new business and noting significant pricing decisions made;
- reviewing and approving the principles in use for determining crediting and bonus rates on participating business;
- reviewing and approving AXA APH Group reinsurance arrangements;
- reviewing and approving, at least triennially, the AXA APH reinsurance strategy;
- reviewing and approving policy and principles used in setting target surplus;
- reviewing and approving other functions relating to capital and insurance risk, notably with regard to AXA APH Group capital methodologies, policies and procedures.

Unless noted otherwise, these responsibilities are performed at least annually.

## **7. Reporting responsibilities**

The Committee shall:

- verbally report to the Board on Committee activities after each Committee meeting;
- circulate minutes of all Committee meetings to the Board;
- report annually to shareholders, describing the Committee's composition and responsibilities and how these responsibilities were discharged.

## **8. Secretary**

The Company Secretary shall be the Secretary of the Committee.

## **9. Subsidiary responsibilities**

Responsibility for approving changes in policy/accepting reports rests with the Board of AXA APH and the relevant subsidiaries' Boards. Application of the principles is the responsibility of Management.

Nothing in these terms of reference affects any obligation of:

- any subsidiary of the AXA APH Group;
- the directors of any subsidiary;
- the holder of any licence or authority, or
- any trustee

to approve changes in policy/accept reports of that subsidiary, licensed or authorised entity or trust in order to comply with any applicable law or regulation in the conduct of its business.

## **10. Other responsibilities**

The Committee shall:

- perform other activities related to these terms of reference as requested by the Board and
- review and assess the adequacy of these terms of reference annually, requesting Board approval for proposed changes.