

MTR Corporation Limited

Risk Committee – Terms of Reference

1. Constitution

The Board of MTR Corporation Limited (the “**Company**”) has resolved to establish a committee of the Board known as the Risk Committee (the “**Committee**”).

2. Membership

- 2.1 The members of the Committee shall be appointed by the Board and shall consist of at least four non-executive directors, a majority of whom shall be independent non-executive directors of the Company.
- 2.2 The Chairman of the Committee shall be an independent non-executive director appointed by the Board.

3. Attendance at Meetings

- 3.1 If requested by the Committee, the Legal Director & Secretary, the General Manager–Governance & Risk Management, the Senior Manager–Enterprise Risk, the Head of Internal Audit and other members of the Executive Directorate shall attend meetings of the Committee.
- 3.2 At the discretion of the Committee, others (including other members of the Board, other members of the Executive Directorate, other officers or employees of the Company and other persons external to the Company) might be invited to attend meetings or parts of meetings.
- 3.3 In addition, if requested by the Chief Executive Officer, he and other members of the Executive Directorate shall be entitled to attend specified parts of meetings of the Committee.
- 3.4 The General Manager–Governance & Risk Management of the Company (or his/her delegate) shall be the Secretary of the Committee.

4. Quorum

The quorum necessary for the transaction of business of the Committee shall be three members of the Committee of which two must be independent non-executive director members. A duly convened meeting of the Committee at which a quorum is present shall

be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

5. Frequency of Meetings

Meetings will be held as frequently as the Committee considers appropriate but no less than once every quarter. The Chairman at his own discretion or any two members jointly can request a meeting of the Committee.

6. Notice of Meetings

Meetings shall be summoned by the Secretary of the Committee at the direction of the Chairman of the Committee. An agenda and accompanying papers shall be circulated to all members in a timely manner. Such papers and related materials shall be in a form and quality as will enable the Committee to make an informed decision on the matters placed before it.

7. Authority

7.1 The Committee is authorised by the Board to investigate any activity within its terms of reference. Its work is advisory to the Board. It is authorised to seek from the Company, the members of the Executive Directorate, employees and advisers any information it reasonably requires in order to perform its duties and, upon receipt of a request for such information, the Company and the members of the Executive Directorate, employees and advisers will use their reasonable endeavours to ensure that such information is provided promptly.

7.2 The Committee is not responsible for supervising the performance of any members of the Executive Directorate (nor mandated to do so) and is not required to become involved in day to day operations, management functions or decision making.

7.3 The Committee is authorised to obtain outside independent professional advice if it considers this necessary and to secure the attendance of external professional advisers at its meetings if it considers this necessary. The Company will pay for any expenses reasonably incurred.

8. Duties

The duties of the Committee shall be to:

- (a) review the Company's enterprise risk management framework, and the guidelines, policies and procedures for risk assessment and risk management;

- (b) review the Company's top 30 risks (including, without limitation, operational, service performance, regulatory, financial and organisational risks) and key emerging risks and the controls in place to mitigate such risks;
- (c) monitor the Company's risk profile, which may change as a result of changes in the Company's business or changes in the external environment;
- (d) conduct periodic "deep dive" reviews on selected key risk areas, as the Committee deems appropriate;
- (e) review the effectiveness of the enterprise risk management function, including staffing level and qualification; and
- (f) review the Company's crisis management arrangements.

9. Reporting Procedures

- 9.1 The members of the Committee shall cause minutes to be made of all resolutions and proceedings of the Committee including the names of all those present and in attendance at meetings of the Committee. Minutes of Committee meetings shall record in sufficient detail the matters considered by the Committee members and decisions reached, including any concerns raised by Committee members and dissenting views expressed.
- 9.2 The minutes of Committee meetings shall be circulated by the Secretary of the Committee (or his/her delegate) to all members of the Committee for their comments and record respectively, in both cases within a reasonable time after the Committee meeting is held. Such minutes shall also be available, if requested, to other members of the Board.

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This document is in English and Chinese. In case of any inconsistency, the English version shall prevail.