

SWIRE PACIFIC LIMITED
太古股份有限公司

Audit Committee - Terms of Reference
(Amended and restated with effect from 14th March 2024)

Establishment

1. The Audit Committee (the “Committee”) was established on 1st October 1998 pursuant to Article 127 of the Company’s Articles of Association.

Membership

2. The Committee shall be appointed by the Board from amongst the non-executive directors of the Company and shall consist of not less than three members, a majority of whom should be independent. A quorum shall be two members.
3. The chairman of the Committee shall be appointed by the Board and shall be an independent non-executive director.
4. A former partner of the Company’s existing auditing firm shall be prohibited from acting as a member of the Committee for a period of two years from the date of the person ceasing:
 - (a) to be a partner of the firm; or
 - (b) to have any financial interest in the firm,whichever is later.

Attendance at meetings

5. The Finance Director, the Group Head of Internal Audit and a representative of the external auditor shall normally attend meetings. Others may be invited to attend. However, at least twice a year the Committee shall meet with the external auditor without executive Board members present.
6. The Company Secretary or Deputy Secretary shall be the secretary of the Committee and shall keep full minutes of Committee meetings. Draft and final versions of minutes of meetings shall be sent to all committee members for their comment and records, within a reasonable time after the meeting.

Frequency of meetings

7. Meetings shall be held not less than twice a year. The external auditor may request a meeting if it considers that one is necessary.

Authority

8. The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
9. The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

Duties

10. The duties of the Committee shall be:

Relationship with the Company's auditors

- (a) to make recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- (c) to discuss with the external auditor before the audit commences the nature and scope of the audit and reporting obligations and ensure co-ordination where more than one audit firm is involved;
- (d) to develop and implement policy on engaging an external auditor to supply non-audit services and to report to the Board, identifying and making recommendations on any matters where action or improvement is needed;
- (e) to act as the key representative body for overseeing the Company's relations with the external auditor;

Review of the Company's financial information

- (f) to monitor the integrity of the Company's financial statements, annual report and accounts and half-year report, and to review significant financial reporting judgments contained in them before submission to the Board, focusing particularly on:
 - (i) any changes in accounting policies and practices;
 - (ii) major judgmental areas;
 - (iii) significant adjustments resulting from the audit;
 - (iv) the going concern assumptions and any qualifications;

- (v) compliance with accounting standards; and
- (vi) compliance with the Listing Rules and legal requirements in relation to financial reporting;
- (g) regarding (f) above, (i) to liaise with the Board and senior management and (ii) to consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts and to give due consideration to any matters that have been raised by the Finance Director, the Company Secretary or the auditor;
- (h) to discuss problems and reservations arising from the half-year review and annual audit, and any matters the auditor may wish to discuss (in the absence of management where necessary);
- (i) to review the Company's statement on internal control systems (where one is included in the annual report) prior to endorsement by the Board;

Oversight of the Company's financial reporting system, risk management, internal control systems and ESG (Environmental, Social and Governance) matters

- (j) to review the Company's financial controls, risk management and internal control systems;
- (k) to discuss the risk management and internal control systems with management and to ensure that management has performed its duty to have effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting function;
- (l) to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- (m) to discuss the governance and oversight of ESG operating and external reporting matters, as well as assessment and management of material environmental and social risks. This discussion should include the adequacy of resources, staff qualifications, experience, training programmes and budget of the Company's ESG performance and external reporting function;
- (n) to ensure co-ordination between the internal and external auditors, to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company and is free from management or other restrictions, and to review and monitor its effectiveness;
- (o) to review the group's financial, accounting and ESG-related policies and practices;

- (p) to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response, and to ensure that the Board provides a timely response to the issues raised in the external auditor's management letter;
- (q) to review and, where appropriate, recommend to the Board for approval the Company's report and other related documents;
- (r) to report to the Board on the matters which fall within these terms of reference;
- (s) to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
- (t) to consider other topics, as defined by the Board;

Corporate governance functions

- (u) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- (v) to review and monitor the training and continuous professional development of directors and senior management;
- (w) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (x) to develop, review and monitor the code of conduct applicable to employees and directors; and
- (y) to review the Company's compliance with the Corporate Governance Code set out in Appendix C1 to the Listing Rules and disclosure in the Corporate Governance Report.

Reporting procedures

11. The Committee should report to the Board, identifying any matters in respect of which it considers that action or improvement is needed, and making recommendations as to the steps to be taken.
12. The secretary shall circulate the minutes of meetings and reports of the Committee to all members of the Board within a reasonable time.

Last updated: 14th March 2024