HSBC HOLDINGS PLC
GROUP AUDIT COMMITTEE

Approved by the Board on 18 September 2025

Terms of Reference

1. Purpose

The Board of HSBC Holdings plc (the "Company") has delegated responsibility to the Group Audit Committee (the "Committee") for the oversight of matters relating to financial reporting and internal controls, in particular reviewing:

1.1 the integrity of the financial statements, formal announcements, and disclosures relating to financial performance;

1.2 the effectiveness of the Global Internal Audit function ("GIA") and the external auditor;

1.3 the effectiveness of internal control systems, subject to input from the Group Risk Committee; and

1.4 such other matters as may be referred to it by the Board of the Company.

2. Membership

The Committee (including the Chair) will comprise at least three members, all of whom shall be independent non-executive directors. The Committee shall include at least one member of the Group Risk Committee.

At least one member of the Committee will have recent and relevant financial experience. The Committee as a whole shall have competent knowledge of the financial services sector.

The Chair of the Committee shall be appointed by the Board.

3. Attendance

Only members have the right to attend Committee meetings. The Committee may invite any director, executive, independent auditor or other person to attend any meeting(s) of the Committee as it may from time to time consider desirable to assist the Committee

in the satisfaction of its responsibilities.

The Committee shall meet separately with the external auditor and with the Group Head of GIA at least twice per year without management present.

4. Meetings and quorum

The Committee shall meet with sufficient notice and with such frequency and at such times as it may determine. The quorum for meetings is two members, including the Chair (or his/her delegate from among the members).

The Secretary of the Committee will be nominated by the Group Chief People and Governance Officer.

5. Responsibility of the Chair

The Chair's role requires:

- Fostering an open, inclusive and, where appropriate, challenging discussion;
- Ensuring the Committee has the information necessary to perform its tasks and devote sufficient attention to the matters within its remit;
- Facilitating the running of the Committee to assist it in providing independent oversight of executive decisions;
- Acting as the whistleblowers' champion, with responsibility for the independence, autonomy and effectiveness of the Company's policies and procedures on whistleblowing, including the procedures for the protection of staff who raise concerns from detrimental treatment;
- Safeguarding the independence and overseeing the performance of GIA; and
- Reporting to the Board on the Committee's activities.

6. Areas of responsibility

6.1 Financial reporting and planning

6.1.1 Monitor and critically assess the integrity of financial statements of the Company, and any formal announcements and supplementary regulatory information relating to the Company's financial performance. Where appropriate, the Committee may delegate its responsibilities in relation to the review and approval for formal announcements and supplementary regulatory information relating to the Company's financial performance to the Disclosure Committee;

6.1.2 review, and consider changes to, significant accounting policies and disclosure practices;

6.1.3 review, and report to the Board on, significant accounting judgements and adjustments;

6.1.4 review the effectiveness of model risk management for financial reporting;

6.1.5 review and report to the Board on management's going concern assumptions and viability statement (in conjunction with the Group Risk Committee);

6.1.6 review compliance with applicable accounting standards, listing rules, corporate governance codes or standards and other relevant requirements relating to financial reporting and report to the Board on the Company's compliance;

6.1.7 review disclosure that describes the work of the Committee, including significant issues considered (and addressed) in relation to the financial statements and how the independence and effectiveness of the external audit process has been assessed;

6.1.8 review arrangements established by management for compliance with prudential regulatory financial reporting and best practice requirements, including requirements and recommendations of regulatory or supervisory bodies;

6.1.9 review matters as advised by GIA, any other function or the external auditor;

6.1.10 review any significant or unusual items that may need to be highlighted by the external auditor in disclosures;

6.1.11 review the adequacy of resources and expertise as well as succession planning for the Global Finance function (including Environmental, Social and Governance performance and reporting);

6.1.12 advise the Board that the annual report and accounts, taken as a whole, are fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;

6.1.13 review the annual financial resource plan, including annual budget, capital expenditure and business plans;

6.1.14 review comment letters from relevant audit regulatory authorities.

6.2 Internal Audit

6.2.1 Review and approve the GIA Charter annually;

6.2.2 oversee the work of GIA which reports functionally into the Chair of the Committee and to approve the appointment and removal of the Group Head of Internal Audit;

6.2.3 monitor and assess the effectiveness (including an external review every 5 years), performance, resourcing and independence of GIA, and satisfy itself there is appropriate co-ordination between GIA and the external auditor;

6.2.4 consider major findings of internal investigations and management's response;

6.2.5 approve the GIA internal audit plan (including material plan changes during the year) and budget, and confirm that it is aligned to the key risks of the business and includes evaluation of the effectiveness of the Global Finance function;

6.2.6 make appropriate inquiries of senior management and the Group Head of Internal Audit to determine whether any restrictions on GIA's scope, access, authority or resources limit the function's ability to carry out its responsibilities effectively.

6.3 External Audit

6.3.1 Apply relevant HSBC policy and applicable Corporate Governance Code requirements in relation to the appointment and re-appointment (including remuneration, terms of engagement, audit partner rotation), or removal of the external auditor at the Annual General Meeting;

6.3.2 oversee the implementation by management of the HSBC Group policy on the engagement of the external auditor to supply non-audit services;

6.3.3 approve in advance the supply of any non-audit services by the external auditor: (a) considering the impact this may have on independence, (b) taking into account the relevant regulations and ethical guidance in this regard, (c) agreeing the terms of engagement and (d) the fees for any such services; and report to the Board on any improvement or action required;

6.3.4 review and monitor the external auditor's independence, objectivity and the quality and effectiveness of the audit;

6.3.5 review the external auditor's report on the progress of the audit, its management letter, any material queries raised by the external auditor to management (and their responses). Any material risk issues shall be referred to the Group Risk Committee, as appropriate;

6.3.6 discuss with the external auditor the approach, nature, and scope of their audit and reporting obligations throughout the audit process, including any significant accounting adjustments and auditing judgements or reservations;

6.3.7 oversee the implementation by management of the HSBC Group policy for the engagement of former employees and contractors of the external auditor.

6.4 Internal Controls

6.4.1 Review the effectiveness of the Group's internal controls, with input from the Board and relevant Board Committees on controls relevant to their respective responsibilities, including (i) how effectively management is embedding and maintaining a strong internal control environment, and (ii) (together with the Group Risk Committee where appropriate) actions to remediate controls which are identified as not operating effectively;

6.4.2 oversee the framework for, and outputs from, monitoring and assurance activities over the Group's internal controls including areas for enhancement;

6.4.3 consider any findings of major investigations of internal controls, management's response and the conclusions of any testing carried out by management, GIA or the external auditors;

6.4.4 review all significant deficiencies and material weaknesses in the design or operation of internal controls related to financial reporting, and associated remediation plans, and those relating to fraud (whether or not material) that involves management or other employees who have a significant role in the Group's affairs. Additionally, review the effectiveness of material controls in the control environment which are identified by management, GIA or the external auditors;

6.4.5 review, and recommend for approval by the Board, all internal control-related disclosures.

6.5 Whistleblowing

6.5.1 Oversee the Group's policies and procedures for capturing and responding to whistleblower concerns and ensuring confidentiality, protection and fair treatment of whistleblowers, reviewing the effectiveness of these arrangements annually;

6.5.2 routinely review reports arising from the operation of the whistleblowing policies and procedures and satisfy itself that arrangements are in place for the proportionate and independent investigation of such matters and for follow-up action;

6.6 Audit committees of the Company's Principal Subsidiaries

The Committee's responsibilities in relation to principal subsidiary companies are as follows:

6.6.1 To set the principles by which principal subsidiary company committees set their terms of reference, and review any material deviations notified to it.

6.6.2 To have responsibility for the oversight of audit within the Group, to work and liaise as necessary with the Group's principal subsidiaries and their audit committees (setting clear expectations for the latter). In exercising its responsibilities, the Committee will review reports submitted by the principal subsidiary chairs, including issues and other matters considered at their respective audit committees in relation to financial performance, financial/accounting-related issues and judgements, and the control environment.

7. <u>Operation of the Committee</u>

The Committee:

- Shall annually review these terms of reference and its own effectiveness as well as the quality of information it receives and recommend any necessary changes.
- Shall report to the Board on the matters set out in these terms of reference, how the Committee has discharged its responsibilities and will make recommendations on action needed to resolve concerns or make improvements.
- May request any information it considers appropriate from any of the audit committees of the Company's subsidiaries.
- Is authorised by the Board to engage special counsel, advisers, experts, or other

consultants and have access to such resources including employees as the Committee may consider appropriate.

- Shall give consideration to laws and regulations of all applicable jurisdictions and regulators.
- Shall work and liaise as necessary with all other Board committees (including to determine where there is an overlap or any gaps in responsibilities). The Committee's interaction with other relevant Boards and Committees of the Group will be reflected in the detailed plans and processes for the Committee which are developed on an ongoing basis throughout each calendar year.