**THE PEOPLE'S INSURANCE COMPANY (GROUP) OF CHINA LIMITED**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 1339)**

# The People's Insurance Company (Group) of China Limited Terms of Reference for the Audit Committee of the Board

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## Chapter 1 General Provisions

**Article 1** In order to facilitate the corporate governance supervision system of The People's Insurance Company (Group) of China Limited (中國人民保險集團股份有限公司, hereinafter referred to as the" Company"), strengthen the supervisory duties of the Board of Directors over the Company's financial information, internal control, internal and external audit work, exercise supervision over the performance of directors and senior management, and safeguard the rights and interests of all Shareholders, the Audit Committee under the Board of Directors has been established and these Terms of Reference have been formulated in accordance with relevant laws and regulations, regulatory provisions, and self-regulatory rules such as the Rules Governing the Listing of Securities on the Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and the Guidelines for the Work of the Audit Committee of Listed Companies (hereinafter referred to as "the Self-Regulatory Rules"), the Articles of Association of The People's Insurance Company (Group) of China Limited (hereinafter referred to as the "Articles of Association"), and the Terms of Reference for the Board of Directors of The People's Insurance Company (Group) of China Limited (hereinafter referred to as the "Terms of Reference for the Board").

**Article 2** The Audit Committee is a specialized body set up by the Board of Directors according to the Articles of Association. Its main responsibilities are to review the Company's internal control system and its implementation, review and monitor the Company's internal audit system and its implementation, make recommendations on the appointment of an external auditor and oversee its relationship with the Company, review the Company's financial data, make judgments on the truthfulness, completeness and accuracy of financial information, and supervise the behavior of directors and senior management in the performance of their duties.

**Article 3** The Audit Committee shall report on its work to the Board of Directors or the shareholders' general meeting in accordance with relevant provisions based on its responsibilities.

## Chapter 2 Composition

**Article 4** The Audit Committee shall consist of directors who do not serve as senior management of the Company, with no less than three members, and independent directors shall constitute a majority. Employee directors may serve as members of the Audit Committee.

**Article 5** The Audit Committee members shall meet the qualification requirements of the securities regulatory authority in the places where the Company's shares are listed, possess professional knowledge, working experience in finance, auditing, accounting, or law, uphold high professional ethics, and commit sufficient time and energy to diligently and effectively fulfill the committee's work responsibilities.

At least one member of the independent non-executive directors shall be a professional in the accounting.

**Article 6** The Audit Committee shall have one chairman, who shall be served by an accounting professional among independent non-executive directors and be in charge of the committee's work. When the chairman is unable to perform his/her duties, these duties shall be performed by a member of the independent non-executive directors designated by the chairman. When the chairman does not designate a specific member, a member of the independent non-executive directors recommended by no less than half of the members shall perform the duties on his/her behalf.

**Article 7** The term of office of the Audit Committee shall be the same as that of the Board of Directors, and its members may be eligible for re-election or re-appointment upon the expiry of their term of office, but independent directors shall not serve for more than six consecutive years. Any member who ceases to be a director of the Company during his/her term of office shall automatically lose his/her membership in the committee.

If the resignation of a member of the Audit Committee results in the number of Audit Committee members falling below the statutory minimum or a shortage of accounting professionals, the original member should continue to perform his/her duties until a new member takes office.

**Article 8** When a member of the Audit Committee fails to meet the requirements specified in Articles 4 and 6 herein, the Board of Directors shall by means of announcement immediately explain the details and reasons of such irregularities according to the requirements of the securities regulatory authorities at the places where the Company's shares are listed, and shall satisfy the foregoing requirements within 60 days from the date of failing to meet those requirements.

**Article 9** Members of the Audit Committee shall continuously strengthen their learning and training in laws, accounting, and regulatory policies to steadily improve their ability to perform their duties.

## Chapter 3 Duties and Permissions

**Article 10** The principal duties and powers of the Audit Committee are as follows:

(1) review the financial information and disclosure of the Company, including sustainability related financial information disclosure;

(2) supervise and evaluate external audit work, propose the appointment or replacement of external audit firms; supervise sustainable information authentication work;

(3) supervise and evaluate internal audit work, responsible for coordinating internal and external auditors;

(4) supervise and evaluate the internal control of the Company;

(5) exercise the powers of the Board of Supervisors as stipulated in the Company Law;

(6) perform other duties as required by applicable laws and regulations, regulatory requirements, the Self-Regulatory Rules, and the Articles of Association, and other matters as authorized by the Board of Directors.

**Article 11** The Audit Committee exercises the powers of the Board of Supervisors in accordance with the Company Law and other laws and regulations, regulatory requirements and Self-Regulatory Rules, mainly including:

(1) check the Company's finances;

(2) oversee the conduct of directors and senior management in the performance of their duties, and make recommendations for the dismissal of directors and senior management who violate laws, administrative regulations, the Articles of Association, or resolutions of the shareholders' general meeting;

(3) when the behavior of directors and senior management damages the interests of the Company, they are required to correct it;

(4) propose to convene an extraordinary meeting of the Board of Directors;

(5) propose to convene extraordinary shareholders' general meeting and convene and preside over the shareholders' general meeting when the Board of Directors fails to fulfill its legal duties of convening and presiding over the shareholders' general meeting;

(6) submit proposals to the shareholders' general meeting;

(7) accept shareholder requests and file lawsuits against directors or senior management who have caused losses to the Company by violating laws, administrative regulations, or the Articles of Association while performing company duties;

(8) other powers prescribed by state-owned financial asset regulatory administration, financial industry regulatory agencies, stock exchanges.

**Article 12** The following matters shall be submitted to the Board of Directors for review after obtaining the consent of more than half of all members of the Audit Committee:

(1) disclose financial information and internal control evaluation reports in financial accounting reports and periodic reports;

(2) appoint or dismiss accounting firms that undertake regular statutory audit services such as company financial reports;

(3) appoint or dismiss the Company's financial officer;

(4) changes in accounting policies, estimates, or significant accounting errors due to reasons other than changes in accounting standards;

(5) other matters stipulated by laws and regulations, regulatory requirements, Self-Regulatory Rules, and the Articles of Association.

The deliberation opinions adopted at the Audit Committee meeting must be submitted in writing to the Company's Board of Directors. If the Audit Committee provides deliberation opinions to the Board of Directors on matters within its scope of responsibilities, and the Board of Directors does not adopt them, the Company shall disclose the matter and fully explain the reasons.

**Article 13** The Audit Committee reviews the Company's annual audit report and other specific opinions, annual audited financial and accounting reports, other financial and accounting reports, sustainability reports, and related information disclosed to the public; provide opinions on the truthfulness, accuracy, and completeness of financial accounting reports, with a focus on significant accounting and auditing issues, important judgments, or significant adjustments arising from audits; pay special attention to the possibility of fraud, fraudulent behavior, and material misstatement related to financial accounting reports, changes in accounting policies and practices, reserved opinions, supervise the rectification of financial accounting report issues, and ensure compliance with financial information disclosure.

Members of the Audit Committee should communicate with the Company's Board of Directors and senior management, and hold at least two meetings annually with external audit firms regarding periodic reports to discuss significant or unusual matters reflected or to be reflected in the aforementioned reports and accounts, as well as other matters raised by internal finance, internal control personnel, or external audit firms.

**Article 14** The Audit Committee supervises the employment of external audit firms and performs the following duties:

(1) develop policies, procedures, and relevant internal control systems for selecting and appointing external audit firms based on the authorization of the Board of Directors;

(2) propose to initiate the relevant work of selecting and appointing external audit firms;

(3) review the selection documents, determine evaluation criteria and specific scoring standards, and supervise the selection process;

(4) review and decide on the appointing of external audit firms, provide recommendations on audit fees, and submit them to the Board of Directors for resolution;

(5) establish and implement policies for providing non-audit services to accounting firms;

(6) responsible for laws and regulations, regulatory requirements, Self-Regulatory Rules, and the Articles of Association, and other matters related to the selection and dismissal of external audit firms authorized by the Board of Directors.

The Audit Committee shall make recommendations to the Board of Directors on the employment or replacement of external audit firms, handle the resignation of external audit firms, review the audit fees and employment terms of external audit firms, and shall not be subject to undue influence from the Company's major shareholders, actual controllers, directors, and senior management.

Where the Board of Directors has disagreement on the appointment, resignation or dismissal of the external audit firms with the Audit Committee, the Audit Committee may give its opinion and the reason of disagreement in the annual reports of the Company.

**Article 15** The Audit Committee supervises and evaluates external audit work, and oversees sustainable information authentication work.

The Audit Committee urges external audit and authentication institutions to act with integrity, diligence, independence, and objectivity in performing their duties effectively. They must strictly adhere to professional standards and industry self-regulatory norms, strictly implement internal control systems, verify and validate the Company's financial accounting reports, fulfill special attention obligations, and prudently express professional opinions.

The Audit Committee should discuss the nature and scope of the audit, as well as relevant reporting responsibilities, with external audit firms prior to the commencement of the audit work.

The Audit Committee shall focus on the Management Proposal issued by the external audit, any significant questions raised by the external audit regarding financial accounting reports or internal controls, and the responses provided by management, and urge the Board of Directors to respond promptly to the matters raised in the Management Proposal provided by the external audit firms to the management.

The Audit Committee shall submit to the Board of Directors an annual evaluation report on the performance of the hired external audit firms and a report on the Audit Committee 's supervision of the external audit firms.

**Article 16** The Audit Committee guides the internal audit work of the Company, supervises the quality of internal audit, and performs the following duties:

(1) guide and supervise the establishment and implementation of internal audit system, review the basic management system of internal audit and make recommendations to the Board of Directors;

(2) review the Company's annual internal audit work plan and budget;

(3) supervise the implementation of the Company's internal audit plan;

(4) guide the effective operation of internal auditors and ensuring that our Company has sufficient resources to maintain the operation of internal function;

(5) report to the Board of Directors on the progress, quality, and significant issues or clues discovered in the internal audit work;

(6) coordinate the relationship between internal auditors and external audit firms.

The work report of the internal auditors, audit findings, and the rectification situation must be reported to the Audit Committee.

The Audit Committee shall evaluate audit controller's performance and make recommendations to the Board of Directors and participates in the assessment of the audit controller.

**Article 17** The Audit Committee shall supervise and guide internal auditors to conduct special audits or inspections in accordance with relevant laws and regulations, issue audit or inspection reports, and submit them to the Audit Committee. If the Company is found to have illegal or irregular operations during audits and inspections, it shall promptly report to the regulatory authorities in accordance with regulations.

If the Audit Committee discovers clues of financial fraud or abnormal business operations in the daily performance of its duties, or becomes aware of significant negative public opinion and major media scrutiny concerning the Company, or receives explicit complaints and reports, it may require the Company to conduct self-examination, request internal auditors to conduct investigations, and if necessary, hire third-party intermediaries to assist with the work at the Company's expense.

**Article 18** The Audit Committee shall supervise and guide functional departments to carry out internal control inspections and evaluations, promotes the establishment of an effective internal control system, and supervises relevant functional departments to assess the risk situation of key areas and key links of the Company's internal control. The Audit Committee may regularly organize analysis and evaluation of opinions and inspection results, and any internal control deficiencies discovered during inspections should be reflected in the internal control evaluation report.

If the Company has significant internal control deficiencies, or is identified as having financial fraud, misappropriation of funds, or unauthorized guarantees, the Audit Committee shall urge the Company to carry out subsequent rectification and internal accountability work, urge the Company to formulate rectification plans and measures, and complete rectification within a specified period of time, establish a sound and strict internal accountability system.

**Article 19** The Audit Committee reports to the Board of Directors the results of its annual evaluation of the effectiveness of internal control and internal audit functions, ensuring compliance with relevant requirements for internal control and internal audit in laws and regulations, regulatory requirements, Self-Regulatory Rules, and the Articles of Association.

**Article 20** The Audit Committee supervises the compliance of directors and senior management with laws and regulations, regulatory requirements, Self-Regulatory Rules, and the Articles of Association, and their conduct in performing corporate duties.

If the Audit Committee discovers that directors or senior management violate laws and regulations, regulatory requirements, Self-Regulatory Rules, and the Articles of Association, it shall notify the Board of Directors or report to the shareholders' general meeting, or directly report to regulatory authorities.

In the process of fulfilling its supervisory duties, the Audit Committee may propose the dismissal of directors and senior management who violate laws and regulations, regulatory requirements, Self-Regulatory Rules, and the Articles of Association, or resolutions of the shareholders' general meeting.

The Audit Committee shall organize and carry out the evaluation of the performance of directors and senior management in accordance with laws, regulations, and regulatory requirements.

**Article 21** The Audit Committee shall propose to the Board of Directors to convene an extraordinary shareholders' general meeting in writing. The Board of Directors shall provide written feedback on whether to agree or disagree to convene an extraordinary shareholders' general meeting within ten days after receiving the proposal in accordance with laws and regulations and the Articles of Association.

If the Board of Directors agrees to convene an extraordinary shareholders' general meeting, a notice of convening the shareholders' general meeting shall be issued within five days after the resolution of Board of Directors is made. Any changes to the original proposal in the notice shall be subject to the approval of the Audit Committee. The extraordinary shareholders' general meeting shall be convened within two months from the date proposed by the Audit Committee.

**Article 22** The Audit Committee shall convene and preside over the shareholders' general meeting when the Board of Directors fails to fulfill its legal duties of convening and presiding over the shareholders' general meeting.

If the Audit Committee decides to convene a shareholders' general meeting on its own, it shall notify the Board of Directors in writing and file a record with the stock exchanges. The Audit Committee shall submit relevant supporting materials to the stock exchanges when issuing notices of shareholders' general meetings and announcements of shareholders' general meeting resolutions.

The shareholders' general meeting convened by the Audit Committee shall be presided over by the convener of the Audit Committee. When the convener of the Audit Committee is unable or fails to perform their duties, a member of the Audit Committee elected by a majority of the Audit Committee members shall preside over the meeting.

The shareholders' general meeting convened by the Audit Committee shall be cooperated by the Board of Directors and secretary to the board, and the Board of Directors shall provide the shareholder register on the date of equity registration. If the Board of Directors does not provide a shareholder register, the convener may apply to the securities registration and settlement institution for obtaining it by presenting therelevant announcement of the shareholders' general meeting notice. The shareholder register obtained by the convener shall not be used for any purpose other than convening a shareholders' general meeting.

The necessary expenses for the shareholders' general meeting convened by the Audit Committee shall be borne by the Company.

**Article 23** If directors or senior management other than members of the Audit Committee violate laws, administrative regulations, or the provisions of the Articles of Association while performing their duties and cause losses to the Company, the Audit Committee has the right to accept written requests from shareholders who individually or jointly hold more than 1% of the Company's shares for more than 180 consecutive days to bring an action at the people's court. If members of the Audit Committee violate laws, administrative regulations, or the provisions of the Articles of Association while performing their duties, causing losses to the Company, the aforementioned shareholders may request the Board in writing to bring an action at the people's court.

If the Audit Committee or the Board refuses or fails to bring an action within 30 days after receiving the request of the shareholder in writing as stipulated in preceding paragraph, or the situation is so urgent that if an action is not initiated promptly the Company will suffer irremediable damages, the shareholders as stipulated in preceding paragraph have the right to bring an action at the people's court directly in its own name for the benefit of the Company.

## Chapter 4 Guarantees for the Performance of Duties

**Article 24** When a decision is to be made by the Audit Committee in respect of audit matters, the secretary to the Board of Directors shall be responsible for preliminary preparations and coordinating the management of the Company in timely submission to the Audit Committee of the following required materials:

(1) financial reports of the Company, sustainability reports, internal control evaluation reports, etc.;

(2) work reports of internal auditors;

(3) contracts and related work reports from external audit and authentication agencies;

(4) disclosure of information of the Company to the public;

(5) audit and authentication reports issued by internal and external auditors, as well as authentication agencies;

(6) other relevant information as requested by the Audit Committee.

**Article 25** The Audit Committee shall report the related matters to the Board of Directors in time after accepting and deal withing internal and external complaints or warnings regarding internal controls and finance of the Company. In addition, the Audit Committee may carry out fair and independent investigations as well as taking appropriate actions regarding such relevant matters; The Audit Committee may conduct investigations when it finds abnormalities in the Company's operations; if necessary, it may engage an accounting firm or other firm to assist in its work at the Company's expense.

**Article 26** The Audit Committee may require directors and senior management to submit reports on the performance of their duties; Directors and senior management shall truthfully provide relevant information and materials, and shall not obstruct the exercise of powers by the Audit Committee or its members.

As needed, the Audit Committee may conduct interviews with directors and senior management, and may appoint representatives to attend meetings related to the Company's operations and management.

**Article 27** The Company shall provide necessary working conditions and sufficient resource support for the Audit Committee, and the reasonable expenses required for the Audit Committee to perform its duties shall be borne by the Company.

The office of the Board of Directors shall be responsible for the daily work of the Audit Committee, including liaison work, meeting organization, material preparation, and archive management. It is also responsible for the communication and coordination between the Audit Committee and relevant departments of the Company The relevant departments shall provide support and cooperate accordingly.

The office of the Board of Directors assists the Audit Committee in carrying out daily supervision in accordance with its supervisory responsibilities, and regularly submits issues and clues discovered during supervision to the Audit Committee.

## Chapter 5 Terms of Reference

**Article 28** The Audit Committee shall hold at least one meeting every quarter. In principle, all meetings of the Audit Committee shall be held prior to regular Board Meetings. Notice shall be given to all members at least five working days prior to the meetings, but such notice period may be waived with consent of more than half of all members.

**Article 29** An extraordinary meeting shall be convened as the chairman deems it necessary or as proposed by two or more members. Notice shall be given to all members at least three working days prior to the extraordinary meeting, but such notice period may be waived with the written consent of more than half of all members.

**Article 30** Materials for meeting shall be dispatched together with the notice of meeting. Members shall read materials for the meeting in detail before the meeting commences.

**Article 31** In principle, all meetings shall be convened by way of onsite meetings and shall be held only if no less than two thirds of all members are present. Meetings may be convened by way of written resolutions, provided that all members are able to fully express their opinions.

**Article 32** For meetings convened by written resolutions, proposals are served to members individually or circulated among the members for them to make resolution.

**Article 33** A meeting shall be convened and presided over by the chairman. Where the chairman is unable to preside over such meeting, he/she may appoint another member with independent nonexecutive directorship to preside over the meeting. Where the chairman fails to make such appointment, an independent non-executive director shall be elected by no less than half of all members to preside over the meeting.

**Article 34** The members shall attend the meeting in person. Where a member is unable to attend a meeting for any reason, he/she may appoint another member by a written power of attorney to attend the meeting on his/her behalf. The power of attorney shall set out the name of the proxy, subject matters of representation, permissions and the valid period, with the signature or seal of the appointer.

Members attending the meeting as proxy for others shall submit the written power of attorney before the meeting and exercise their rights within the scope of authorization. If a member appoints another member to attend the meeting on his/her behalf, the legal responsibility of the decision made by the appointee within the scope of authorization shall be borne by the appointer independently.

**Article 35** Votings in the Audit Committee meeting may be conducted by a show of hands, voice vote or open ballot. Each member shall have one vote. Resolutions of the meeting must be passed by more than half of all members.

**Article 36** Where the Audit Committee thinks necessary, it may invite the directors, senior management and related department officers of the Company to attend the meeting. The list of such attendees shall gain prior approval of the chairman.

**Article 37** Full records shall be taken for the Audit Committee's meetings. The draft and final records shall be circulated to all members within a reasonable period after the meetings. All members are entitled to request their explanatory statements to be stated in the draft records. The final records shall be kept by the members. Members attending the meetings shall sign on the final records. The Office of the Board of Directors is responsible for preparing minutes based on the records. Minutes and final records with the signature of all members attending the meetings shall be kept as permanent company filings by the office of the Board of Directors.

**Article 38** The chairman shall report to the Board of Directors on the deliberations of research proposals, relevant opinions and suggestions, and voting results at the Audit Committee meeting.

**Article 39** Members of the Audit Committee and other persons attending the meetings shall keep confidential all matters discussed at the meetings. Unauthorized disclosure of the relevant information is prohibited.

## Chapter 6 Supplementary Provisions

**Article 40** In these Terms of Reference, the meaning of "no less than" includes the number itself, while "more than" excludes the number itself.

**Article 41** These Terms of Reference shall be considered and approved by the Board of Directors.

**Article 42** These Terms of Reference shall be published on the websites of the relevant securities regulatory authorities at the places where the shares of the Company are listed, as well as the Company's website.

**Article 43** For any matters that are not covered in these Terms of Reference, or in the case of any contradictions between these Terms of Reference and the provisions of the relevant laws and regulations, regulatory requirements, Self-Regulatory Rules, and the Articles of Association and Terms of Reference for the Board, the provisions of relevant laws and regulations, regulatory requirements, Self-Regulatory Rules, the Articles of Association and Terms of Reference for the Board shall prevail.