FWD Group Holdings Limited
Audit Committee
Terms of Reference

Definitions

1. For the purposes of these terms of reference ("**these Terms**"):

Audit Committee	means the Board committee established by resolution of the Board on these Terms.
Audit Committee Chairman	means the chairman of the Audit Committee.
Board	means the board of directors of the Company.
Company	means FWD Group Holdings Limited.
Director(s)	means the members of the Board.
Executive Committee Member(s)	means the Group CEO and his/her direct reports.
Group	means the Company and its subsidiaries.
Group CA	means the Group Chief Actuary of the Company.
Group CCO	means the Group Chief Compliance Officer of the Company.
Group CEO	means the Group Chief Executive Officer of the Company.
Group CFO	means the Group Chief Financial Officer of the Company.
Group CIA	means the Group Chief Internal Auditor of the Company.
Group CRO	means the Group Chief Risk Officer of the Company.
Group GC	means the Group General Counsel of the Company.
Independent Auditor	means the external auditor of the Company.
Listing Rules	means the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited.
M&A	means the memorandum of association and articles of association of the Company from time to time in force.
Risk Committee	means the risk committee established by resolution of the Board.
Shareholder(s)	means the shareholder(s) of the Company.

Objectives

2. The Audit Committee is established to independently review the effectiveness of the Company's financial reporting processes, risk management and internal control system. This includes:

   - Overseeing the integrity of financial statements and other financial disclosures;
   - Opining on the adequacy and effectiveness of risk management and the internal control system; and
   - Reviewing the ongoing effectiveness of the internal audit function.

Constitution and Authority

3. The Audit Committee was established by resolution of the Board on 19 February 2022.

4. The Audit Committee is authorised by the Board to investigate any activity within these Terms. It is authorised to seek any information it requires from the Directors, Executive Committee Members and/or other employees of the Group who are directed to co-operate with the Audit Committee.

5. The Audit Committee and each of its members (referred to as "**Members**") shall have separate and independent access to the Executive Committee Members as and when they consider necessary. Each of the Executive Committee Members is obliged to supply the Audit Committee with adequate, complete and reliable information in a timely manner, in order to enable it to make informed decisions.

6. The Audit Committee is authorised by the Board to obtain, at the Company's expense, external independent professional advice and to secure the attendance of third parties with relevant experience and expertise at meetings if it considers it necessary. The Audit Committee shall be provided with sufficient resources to discharge its duties. The Audit Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing, setting the terms of reference and where appropriate, assessing and monitoring independence and objectivity for any external party who directly advises the Audit Committee.

7. The Audit Committee may delegate to the Group CEO and/or any other person its authority under these Terms from time to time as it considers appropriate.

8. Upon the recommendation from the Audit Committee, the Audit Committee Chairman is authorised to approve the Group CIA's remuneration and terms of engagement, including their termination.

Membership

9. The Members shall be selected from the non-executive Directors from time to time and consist of not less than three Members, a majority of whom shall be independent non-executive Directors and at least one of whom shall be an independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise as required by the Listing Rules.

10. In normal circumstances, a former partner of the Company's existing auditing firm shall not be appointed as a member of the Audit Committee for a period of two years from the date of his or her ceasing:

    (a) to be a partner of the auditing firm; or

    (b) to have any financial interest in the firm,

    whichever is later.

11. The Audit Committee Chairman shall be appointed by the Board and shall be an independent non-executive Director. In the absence of the Audit Committee Chairman or an appointed deputy, the remaining Members shall elect one of themselves who is an independent non-executive Director present to chair the meeting. The Audit Committee Chairman should attend the annual general meeting to answer Shareholders' questions on the Audit Committee's activities or in his/her absence, another Member, or failing this, his/her duly appointed delegate.

12. Each Member shall disclose to the Audit Committee all matters that require disclosure under the M&A including:

    (a) any personal financial interest (other than as a Shareholder) in any matter to be decided by the Audit Committee; or

    (b) any potential conflict of interest arising from a cross-directorship.

13. Any such Member shall recuse himself or herself from deliberations and voting of the Audit Committee when required or appropriate under applicable laws.

14. The Audit Committee may form subcommittees composed of two or more of its Members who are independent non-executive Directors for any purpose that the Audit Committee deems appropriate and may delegate to such subcommittees such power and authority as the Audit Committee deems appropriate.

Meetings

15. Meetings shall be held not less than four times a year. The quorum for meetings of the Audit Committee shall be three Members, and the majority of the Members present at any meeting shall be independent non-executive Directors. The act of a majority of those present at any meeting at which there is a quorum shall be the act of the Audit Committee. In the case of an equality of votes, the Audit Committee Chairman shall not have a second or casting vote.

16. The quorum for any subcommittee meeting shall be two Members who are independent non-executive Directors and the act of a majority of those Members present at any meeting at which there is a quorum shall be the act of the subcommittee.

17. An agenda and accompanying meeting papers should be sent in full to all Members in a timely manner and generally at least one calendar week before the intended date of a meeting of the Audit Committee (or such other period that is feasible or agreed to by its Members).

18. Unless otherwise restricted by the M&A, all meetings of the Audit Committee or any subcommittee may be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting. In addition, unless otherwise restricted by the M&A, the Audit Committee or any subcommittee may act by unanimous written consent in lieu of a meeting.

19. The Audit Committee shall periodically meet separately with Executive Committee Members, the Independent Auditor, the Group CCO and the Group CIA to discuss any matters that the Audit Committee or each of these parties/officers believe would be appropriate to discuss privately.

20. The Audit Committee may invite to its meetings any Director, management of the Company, Independent Auditor or such other persons as it may deem appropriate in order to carry out its responsibilities. The Group CFO, the Group CRO, the Group CCO, the Group CA, the Group GC, the Group CIA and the Independent Auditor shall normally be invited to meetings of the Audit Committee.

Duties and Responsibilities

21. The duties and responsibilities of the Audit Committee shall include without limitation:

Review of the Company's financial information

(a) monitoring integrity of the Company's financial statements, annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgments contained in them. In this regard, in reviewing the Company's accounts, financial statements and reports before submission to the Board, the Audit Committee shall focus particularly on:

  (i) any material changes in accounting policies and practices;

  (ii) major judgmental areas;

  (iii) material off-balance sheet items;

  (iv) significant adjustments resulting from audit;

  (v) the going concern assumptions and any qualifications;

  (vi) compliance with accounting standards;

  (vii) reserve adequacy and reserving processes; and

  (viii) compliance with the Listing Rules and other applicable legal and regulatory requirements in relation to financial reporting;

(b) if required, taking the following actions in respect of (a) above:

  (i) liaising with the Company's Independent Auditor, the Board and Executive Committee Members;

  (ii) meeting, at least four times a year, with the Company's Independent Auditor;

(iii) considering any significant or unusual items that are, or may need to be, reflected in such accounts, financial statements and reports and giving due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, Group CCO or Independent Auditor; and

(iv) finalising, approving and releasing, as appropriate, the final financial statements (including annual and interim results), actuarial consultant's report, quarterly business updates and related press releases, provided that the Board has reviewed and approved near-final drafts of such documents and has been consulted any material changes since the near-final drafts (if relevant);

Internal Audit

(c) reviewing and approving the Company's internal audit charter and three-year audit workplan;

(d) ensuring appropriate procedures are established and adequate resources are provided for the Company's internal audit, and monitoring the Company's internal audit function to ensure it is carried out effectively;

(e) ensuring that internal audit has unfettered access to all the Company's documents, records, properties and personnel, including access to the Audit Committee, the Board and the Executive Committee Members;

(f) discussing the results of work and reported findings of the Company's internal audit;

(g) reviewing the adequacy of the processes put in place by the internal audit function to follow up on audit issues raised in internal audit reports in a timely manner;

(h) making recommendations to the Board on the appointment and removal of the Group CIA and to consider any issues arising from the foregoing;

(i) making recommendations to the Audit Committee Chairman on the Group CIA's remuneration, terms of engagement and termination;

Relationship with the Company's Independent Auditor

(j) making recommendations to the Board on the selection, appointment, reappointment and removal of the Independent Auditor, and to approve its remuneration and terms of engagement, and any questions of Independent Auditor's resignation or dismissal;

(k) assessing and monitoring the Independent Auditor's qualifications, independence and objectivity, its performance and the effectiveness of the audit process in accordance with applicable auditing standards;

(l) overseeing the Company's relationship with the Independent Auditor;

(m) discussing and approving the nature and scope of the external audit and reporting obligations before audit commences, and ensuring co-ordination where more than one audit firm is involved;

(n) discussing significant problems, reservations and findings arising from the audit process, and any matters the Independent Auditor may wish to discuss (in the absence of management where necessary);

(o) developing and implementing policies regarding, and approving and overseeing the engagement of an Independent Auditor to supply non-audit services and reporting 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;

Oversight of the Company's financial reporting systems, risk management and internal control systems

(p) reviewing and evaluating the Company's standards, policies and procedures for accounting, financial reporting and financial planning and any major change to them;

(q) reviewing and evaluating the adequacy and efficacy of the Company's budgetary and financial control, internal control and risk management systems;

(r) considering any findings of major investigations on risk management and internal control matters as delegated by the Board or on its own initiative and Executive Committee Members' response;

(s) discussing the risk management and internal control systems with the Executive Committee Members to ensure that the Executive Committee Members have 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 and financial reporting function;

(t) ensuring co-ordination between the internal audit function and Independent Auditor, ensuring that the internal audit function is adequately resourced and has appropriate standing within the Group, and reviewing and monitoring the effectiveness of the internal audit function;

(u) reviewing any management letter and material queries raised by the Independent Auditor to management in respect of the accounting records, financial accounts or systems of control and management's response and ensuring that the issues raised are responded in a timely manner;

(v) coordinating with the chairman of the Risk Committee to help ensure that both the Risk Committee and the Audit Committee have received all information necessary to permit them to fulfil their duties and responsibilities with respect to risk assessment and risk management;

(w) ensuring there are appropriate whistle-blowing procedures for the Company's employees and those who deal with the Company (e.g., customers and suppliers) to report, in confidence, any possible improprieties in financial reporting, internal control or other matters, and ensuring the Company has proper arrangements in place for fair and independent investigation of and follow-up actions for such matters;

(x) ensuring that major regulatory developments and potential impacts upon the Company are identified and managed appropriately by management;

(y) reporting to the Board on the matters set out in these Terms; and

(z) considering any other topics as defined by the Board.

Review and Reporting Procedures

22. In the event the Board disagrees with the Audit Committee's view on the selection, appointment, resignation or dismissal of the Independent Auditor, the Audit Committee shall provide a statement explaining its recommendations and also the reason(s) why the Board has taken a different view to the Company for inclusion in the Corporate Governance Report issued by the Company in accordance with Appendix C1 of the Listing Rules.

23. Full minutes of the Audit Committee's meetings shall be kept by a duly appointed secretary of the meeting, and such minutes shall be made available for inspection at any reasonable time on reasonable notice by any Director.

24. Minutes of the Audit Committee's meetings shall record in sufficient detail the matters considered by the Audit Committee and decisions reached, including any concerns raised by Directors and Members or dissenting views expressed. Draft and final versions of the minutes of such meetings should be sent to all Members for their comment and records, in both cases within a reasonable time after such meetings.

25. Without prejudice to the generality of the duties of the Audit Committee set out in these Terms, the Audit Committee shall report back to the Board and keep the Board fully informed of its decisions and recommendations, unless there are legal or regulatory restrictions on its ability to do so.

26. The Audit Committee shall make available these Terms on request and by inclusion on the websites of the Company and The Stock Exchange of Hong Kong Limited in order to explain its role and the authority delegated to it by the Board.

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