



**AIA Singapore Private Limited**  
(“AIAS” or the “Company”)

**Audit Committee**  
**Terms of Reference**

AIAS Restricted and Proprietary Information  
(Internal and Authorized Use Only)

Issued by: Board of AIA Singapore Private Limited

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## Definitions

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

<b>AIA Singapore Group</b>	means the Company, its subsidiaries and branch.
<b>Associate</b>	means the same meaning as under Regulation 3 (1) of Insurance (Corporate Governance) Regulations 2013 (as amended from time to time).
<b>Audit Committee</b>	means the audit committee established by resolution of the Board in accordance with clause 2 of these Terms.
<b>Board</b>	means the board of directors of the Company.
<b>Company</b>	means AIA Singapore Private Limited.
<b>Company Secretary</b>	means the company secretary of the Company.
<b>Directors</b>	mean the members of the Board.
<b>Executive Director</b>	means a Director who is concurrently an executive officer.
<b>Regulations</b>	mean the Insurance (Corporate Governance) Regulations 2013 (as amended from time to time).
<b>Chief Financial Officer</b>	means the senior officer of the Company responsible for financial management as appointed by the Board from time to time.
<b>Head of Internal Audit</b>	means the senior officer of the Company responsible for internal audit as approved by the Audit Committee from time to time.
<b>Management</b>	means any persons discharging an executive management role within the Company.
<b>Related Party</b>	in relation to the Company means any of its associates, subsidiaries or branch, its ultimate holding company or any subsidiary of its ultimate holding company.
<b>Related Party Transaction</b>	means a transfer of resources or obligations between related parties, regardless of whether a price is charged. Related party transactions

include transactions with related parties and director and director- related entities.

**Shareholder(s)**

mean the shareholder(s) of the Company.

**Subsidiary**

means the same meaning as in Section 5 of the Companies Act.

**Constitution**

2. The Audit Committee was established by resolutions of the Board to take effect on 1 Jan 2012.

**Membership**

3. The members of the Audit Committee shall be appointed by the Board from among the Directors who are independent from management and business relationships with the Company (as defined in the Regulations) and shall consist of not less than three members, a majority of whom shall be independent non-executive Directors and at least two of whom (including the Chairman of the Audit Committee) shall have appropriate professional qualifications or accounting or related financial management expertise or experience. The quorum for meetings of the Audit Committee shall be two members of whom at least one shall be an independent non-executive Director.
4. The chairman of the Audit Committee shall be appointed by the Board and shall be an independent non-executive Director.
5. If a member of the Audit Committee for any reason ceases to be a member with the result that the number of members is reduced to below three, the Board shall appoint such number of new members having such qualifications to meet the requirements of the Regulations.
6. A former partner or director of the Company's existing auditing firm or auditing corporation shall be prohibited from acting as a member of the Audit Committee:
  - (a) within a period of two years commencing on the date of his ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case,
  - (b) for as long as he has any financial interest in the auditing firm or auditing corporation.

### **Attendance at Meetings**

7. The Chief Financial Officer, the Head of Internal Audit and a representative of the external auditor shall normally attend meetings of the Audit Committee. At least once a year the Audit Committee shall meet with the external and internal auditors separately without the Executive Directors or senior Management being present. The Audit Committee is also able to meet separately with any member of Management or anyone else they may wish to see.

### **Frequency and Conduct of Meetings**

8. Meetings of the Audit Committee shall be held not less than four times a year. The Audit Committee shall meet with the external and internal auditors respectively, in each case without the presence of Management, at least annually. The external and internal auditors may request a meeting if they consider that one is necessary. In addition, the chairman of the Audit Committee shall call a meeting of the Audit Committee if so requested by any member of the Audit Committee or the chairman of the Board.
9. An agenda and accompanying meeting papers should be sent in full to all members of the Audit Committee in a timely manner and at least 1 week before the intended date of a meeting of the Audit Committee (or such other period as agreed by its members).
10. Management is obliged to supply the Audit Committee with adequate information in a timely manner, in order to enable it to make informed decisions. The information supplied must be complete and reliable. Where a member of the Audit Committee requires more information than is provided by Management, the relevant member of the Audit Committee should make additional necessary enquiries. Each member of the Audit Committee shall have separate and independent access to the Management.
- 10A. Matters arising at any meeting shall be decided by a majority of votes.

A resolution in writing signed or approved by a majority of all the members of the Audit Committee shall be as effective for all purposes as a resolution of the members of the Audit Committee passed at a meeting duly convened, held and constituted.

### **Authority**

11. 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 any employee and all employees are directed to co-operate with any request made by the Audit Committee.
12. The Audit Committee is authorised by the Board to obtain outside independent professional advice and to secure the attendance of outsiders with relevant

experience and expertise if it considers this necessary. The Audit Committee shall be provided with sufficient resources to discharge its duties. The Audit Committee shall be responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any external party who advises the Audit Committee.

## Duties

13. The duties of the Audit Committee shall include:

(A) Overseeing internal and external audit processes of AIA Singapore Group

(i) External Audit

- (a) developing and implementing policy on the appropriate criteria for the selection of the external auditor;
- (b) being primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor and on the remuneration and terms of engagement of the external auditor, and to consider any questions of resignation or dismissal of that auditor;
- (c) developing and implementing policy to regularly monitor and assess the knowledge, competence, independence and effectiveness of the external auditor;
- (d) annually reviewing and monitoring the external auditor's independence, objectivity and the effectiveness of the audit process in accordance with applicable standards;
- (e) (i) developing and implementing policy on the engagement of the external 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 and (ii) where the external auditor also supply a substantial volume of non-audit service to AIA Singapore Group, the Audit Committee should keep the nature and extent of such service under review, seeking to maintain objectivity;
- (f) discussing with the external auditor before the audit commences, the nature and scope of the audit and the reporting obligations, the approach to the reviewing the adequacy of internal controls relevant to the audit and ensure co-ordination where more than one audit firm is involved;
- (g) discussing problems and reservations arising from the interim and final audits, and any matters the external auditor may wish to discuss (in the absence of Management where necessary);

- (h) reviewing the external auditor's management letter (if issued), any material queries raised by the auditor to Management in respect of the accounting records, financial accounts or systems of control and Management's response;
  - (i) ensuring that Board will provide a timely response to the issues raised in the external auditor's management letter;
  - (j) acting as the key representative body for overseeing AIA Singapore Group's relationship with the external auditor;
  - (k) ensuring that the external auditor has unrestricted access to information and persons with AIA Singapore Group as necessary to conduct the audit;
  - (l) developing and implementing policy to review and monitor the implementation of recommendations by the external auditor.
- (ii) Internal Audit
- (a) ensuring co-ordination between the internal and external auditors, reviewing and monitoring the effectiveness of the internal audit function;
  - (b) ensuring that the internal audit function has adequate processes in place to ensure that recommendations raised in internal audit reports are dealt with in a timely manner;
  - (c) approving the appointment, remuneration and termination of the Head of Internal Audit;
  - (d) reviews the reasons for the resignation of Head of Internal Audit and shall delegate authority to any officers of the Company to discuss the reasons for the resignation or dismissal of the Head of Internal Audit with MAS;
  - (e) ensuring there are adequate policies and procedures relating to the appointment, termination and succession of the Head of Internal Audit;
  - (d) approving the budget of the internal audit function;
  - (e) ensuring that internal audit has unfettered access to all AIA Singapore Group's documents, records, properties and personnel, including access to the Audit Committee, the Board and senior management;

- (f) approving the annual audit plan and ensuring that the internal audit function is independent and adequately resourced and has appropriate standing within AIA Singapore Group.

(B) Review of financial information of AIA Singapore Group

- (a) monitoring integrity of AIA Singapore Group's financial statements, annual reports and accounts, half-year reports and, if prepared for publication, quarterly reports, and reviewing significant financial reporting issues and judgments contained in them. In this regard, in reviewing AIA Singapore Group's annual report and accounts, half-year reports and, if prepared for publication, quarterly reports before submission to the Board, the Audit Committee shall focus particularly on:
  - (i) any changes in accounting policies and practices;
  - (ii) major judgmental areas;
  - (iii) significant adjustments resulting from audit;
  - (iv) the going concern assumptions and any qualifications;
  - (v) compliance with internationally accepted accounting standards; and
  - (vi) compliance with any legal requirements in relation to financial reporting.
- (b) in respect of (B)(a) above:
  - (i) liaising with the Board and Management;
  - (ii) meeting, at least twice a year and more frequently if the Audit Committee thinks fit, with the AIA Singapore Group's auditors; and
  - (iii) considering any significant or unusual items that are, or may need to be, reflected in such financial statements, reports and accounts and giving due consideration to any matters that have been raised by AIA Singapore Group's staff responsible for the accounting and financial reporting function, compliance officer or auditors.

(C) Oversight of AIA Singapore Group's financial reporting system and internal control procedures

- (a) annually reviewing AIA Singapore Group's financial controls and the adequacy and effectiveness of internal controls and risk management systems;
- (b) discussing with Management any matters in relation to AIA Singapore Group's internal control system and ensuring that Management has discharged its duties in establishing and maintaining an effective internal control system including the

adequacy of resources, qualifications and experience of staff of AIA Singapore Group's accounting and financial reporting function, and their training programmes and budget;

- (c) reviewing arrangements by which employees of AIA Singapore Group may, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters and ensuring that proper arrangements are in place for the fair and independent investigation of such matters and for appropriate follow-up action;
- (d) reviewing AIA Singapore Group's financial and accounting policies and practices;
- (e) reviewing the scope and results of internal and external audits carried out in respect of the operations of AIA Singapore Group;
- (f) commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on AIA Singapore Group's operating results and / or financial position; and
- (g) considering any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and Management's response.

(D) Other responsibilities

- (a) review Related Party Transactions to ensure that they are undertaken on an arm's length basis;
- (b) review all conflict of interest matters referred to it;
- (c) annually review its Terms of Reference and its own effectiveness and recommend any necessary changes to the Board;
- (d) review and assess from time to time whether additional processes are required to be put in place to manage any material conflicts of interest within AIA Singapore Group and propose where appropriate, the relevant measures for management of such conflicts;
- (e) reporting to the Board on the matters set out in these Terms; and
- (f) considering any other matters, as referred to it by the Board.

14. The chairman of the Audit Committee shall be prepared to respond to any Shareholder(s)' question on the Audit Committee's activities or in his absence, another member of the Audit Committee, or failing this, his duly appointed delegate.

### **Reporting Procedures**

15. Full minutes of the Audit Committee's meetings shall be kept by a duly appointed secretary of the meeting (who should normally be the Company Secretary), and such minutes shall be available for inspection at any reasonable time on reasonable notice by any member of the Audit Committee.
16. Minutes of meetings of the Audit Committee shall record in sufficient detail the matters considered by the Audit Committee and decisions reached, including any concerns raised by members of the Audit Committee, members or dissenting views expressed. Draft and final versions of minutes of such meetings should be sent to all members of the Audit Committee for their comment and records respectively, in both cases within a reasonable time after such meetings.
17. 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.

### **Terms Available**

18. The Audit Committee shall make available these Terms on request thereby explaining its role and the authority delegated to it by the Board.