

**TERMS OF REFERENCE OF THE AUDIT
COMMITTEE UNDER THE BOARD OF DIRECTORS
OF
CHINA PETROLEUM & CHEMICAL CORPORATION**

**Reviewed and adopted by the 19th Meeting of the 8th Session
of the Board on 26 October 2023**

Chapter 1 General Provisions

- Article 1** These Terms of Reference (the “**Terms**”) are established by China Petroleum & Chemical Corporation (the “**Company**”) for the Audit Committee under its board of directors (the “**Committee**”) in accordance with the relevant laws, regulations and normative documents including the Articles of Association of China Petroleum & Chemical Corporation (the “**Articles**”), the *Code of Governance for Listed Companies* published by the China Securities Regulatory Commission and other relevant laws, regulations and normative documents, and the relevant securities regulations of the jurisdictions where the Company is listed as well as the Company’s actual conditions, in order to set down the composition, responsibilities and rules of procedure of the Committee.
- Article 2** The Committee is an internal committee specifically set up by and responsible to the board of directors of the Company.

Chapter 2 Composition

- Article 3** The Committee shall comprise of a minimum of three members and shall satisfy the requirements of the domestic and overseas securities regulatory rules of the jurisdictions where the Company is listed for the composition of the Committee and the qualifications of its members.
- The Committee shall have one chairman, who shall be an independent director of the Company and an accounting professional as required by the securities regulations.
- Article 4** The members of the Committee shall satisfy the following requirements:
- (1) Familiar with the relevant domestic and overseas laws and regulations, and understand the business, operating management, organizational structure, and management systems of the Company.
 - (2) Having knowledge of finance, accounting, auditing, surveillance or macro-economy, etc. There shall be at least one member that has expertise in accounting as required by the securities regulations.
 - (3) Having strong ability to make comprehensive analysis and judgment and capable of dealing with complicated financial and operational issues.
 - (4) Strictly adhering to the law, proactively performing their duties and safeguarding the rights and interests of the Company and its shareholders in accordance with applicable laws and regulations and the Articles.
 - (5) Maintaining the business secrets of the Company confidential and refraining from abusing their powers for personal gains.
 - (6) A former partner of the Company’s existing auditing firm should be prohibited from acting as a member of the Committee for a period of two years from the date of his ceasing: (a) to be a partner of the firm; or (b) to have any financial interest in the firm, whichever is the later.

- Article 5** The Committee shall have one secretary, who is responsible for assisting with the work and communicating with the board of directors. The Committee shall establish an administrative office responsible for undertaking its daily business.
- Article 6** Members of the Committee shall either be nominated by the chairman of the board of directors of the Company, more than half of the independent directors, or one third of all the directors. The appointment shall be made by the board of directors of the Company.
- Article 7** Members of the Committee shall serve for the same term as the directors of the Company. Any member of the Committee who ceases to be a director of the Company shall become automatically disqualified from the Committee and the Company shall, if necessary, appoint a replacement to fill in the vacancy caused by such disqualification pursuant to articles above.
- Article 8** The Committee may, if needed, engage advisory members who provide professional advices as requested by the Committee.

Chapter 3 Duties and Responsibilities

- Article 9** The Committee is responsible for fulfilling various duties and responsibilities (including but not limited to the scope of duties and responsibilities stipulated in this chapter) delegated by the domestic and overseas security regulatory authorities and fulfilling such other duties and responsibilities delegated by the board of directors.
- Article 10** The Committee is responsible for reviewing the appointment or removal of the finance head and submitting it to the board of directors for consideration.
- Article 11** The Committee is responsible for the appointment, reappointment and removal of the external auditor and giving advice on the audit remuneration:
- (1) To formulate the selection policies, procedures and relevant internal control systems of the external auditor responsible for the audit of the Company's financial and accounting reports, review the selection documents, determine the evaluation elements and specific scoring standards, and supervise the selection process, in accordance with the authorization from the board of directors.
 - (2) To propose to start the selection or replacement and relevant works, review the audit remuneration, and submit the opinions to the board of directors for consideration.
- Article 12** The Committee is responsible for supervising and assessing the external audit work, mainly including:
- (1) To review and monitor the external auditor's independence, objectivity and the effectiveness of the audit process in accordance with applicable standards.
 - (2) To discuss with the external auditor about the nature, scope of the audit and its audit responsibility before the audit commences.

- (3) To develop and implement policy on engaging an external auditor to provide non-audit services, if necessary. The Committee should report to the board, identifying and making recommendations on any matters where action or improvement is needed.
- (4) To urge the external auditor to be honest and trustworthy, diligent and responsible, strictly abide by business rules and industry self-discipline standards, strictly implement the internal control system, verify the Company's financial and accounting reports, perform special care obligations, and prudently express professional opinions.
- (5) To submit an assessment report on the performance of duties by the external auditor and a report on the performance of supervisory duties performed by the Committee to the board of directors each year.

Article 13 The Committee shall review the Company's financial information and its disclosure, mainly including:

- (1) To monitor the process of preparing the Company's quarterly, interim and annual financial and accounting reports.
- (2) To review the Company's quarterly, interim and annual financial and accounting reports for their truthfulness, accuracy and completeness. Close attention should be given to:
 - i. To review the significant accounting and audit problems in the Company's financial and accounting reports, study the significant or unusual items that are, or may need to be, reflected in the financial and accounting reports, and give due consideration to any matters that have been raised by the Company's accounting and finance department, compliance department or external auditor.
 - ii. To review whether there are any changes in accounting policies and estimates during the reporting period, review the changes in accounting policies and accounting estimates or correction of significant accounting mistakes for reasons other than changes in accounting standards, which shall be subject to the consideration by the board of directors.
 - iii. To review the significant judgmental matters involved in the financial and accounting reports.
 - iv. To review the significant adjustments resulting from audit by the external auditor.
 - v. To review the assumptions with regards to the Company's sustainable operation or any qualified opinions.
 - vi. To review compliance with accounting standards, the securities regulations of the jurisdictions where the Company is listed and the relevant legal requirements.

- (3) To discuss queries raised by the external auditor resulting from auditing the Company's interim and annual financial and accounting reports.
- (4) To review the external auditor's audit statement or management letter to the management, and queries raised to the management in respect of the Company's finance or internal control and ensure the relevant feedback from the Company's management could be reviewed in a timely manner.
- (5) To communicate with the board of directors and senior management in respect of the Company's financial reports on a regular basis. The Committee must meet, at least twice a year, with the Company's external auditor.

Article 14 The Committee shall coordinate the work and communication between the Company's management, the audit department and relevant departments and the external auditor, and shall be responsible for monitoring the relationship between the Company and the external auditor.

Article 15 The Committee shall review the Company's financial policies, internal auditing system, and internal control system and risk management system, including:

- (1) To review the Company's financial and accounting policies and practice.
- (2) To discuss and evaluate the effectiveness of risk management and the internal control system with the management. This discussion should include the adequacy of resources, staff qualifications and experience, training programs and budget in relation to the Company's accounting and financial reporting function.
- (3) Proactively or upon the authorization of the board of directors, to study major investigation findings on risk management and internal control and management's solutions to these findings.

Article 16 The Committee shall supervise and evaluate the internal auditing of the Company, mainly including:

- (1) To guide and supervise the implementation of the internal audit system.
- (2) To review the Company's annual internal auditing plan and internal auditing report and to supervise the implementation of the Company's internal auditing plan.
- (3) To debrief reports on the implementation of the internal auditing plan and the problems found in the internal auditing on a quarterly basis.
- (4) To ensure that the audit department of the Company is adequately resourced.
- (5) To review and supervise the effectiveness of the audit department of the Company and to report to the board of directors the progress and quality of the internal auditing and significant issues identified.

- (6) To supervise the internal audit department of the Company to inspect the following matters at least once every six months and issue an inspection report to the Committee: (i) the implementation of major events such as the use of proceeds raised by the Company, provision of guarantees, connected transactions, securities investment and derivative commodity transactions, provision of financial assistance, purchase or sale of assets, external investment, etc.; (ii) the Company's transactions involving large amounts of funds and fund transactions with directors, supervisors, senior management, controlling shareholders, actual controllers and their related parties.

The Committee shall issue a written assessment opinion on the effectiveness of the Company's internal control based on the internal audit report and relevant information submitted by the internal audit department and report to the board of directors.

Article 17 The Committee shall entertain, settle and keep in confidence complaints or anonymous tip-offs against the potential misconducts in relation to accounting, audit, internal control, etc., allowing the Company to investigate into the relevant matters in an independent and fair manner and take corresponding measures.

Article 18 The Committee shall maintain a high degree of caution and attention in relation to the following matters relating to the external auditor:

- (1) Change of external auditor after the balance sheet date until the issuance of the annual report, change of external auditor for two consecutive years, or change of external auditor for multiple times in the same year.
- (2) The proposed external auditor has been subject to multiple administrative penalties due to its quality of practice in the past three years or is under investigation for multiple audit projects.
- (3) The original audit team that is proposed to engage is transferred to another external auditor.
- (4) The remuneration during the selection period has changed significantly compared with that of the previous year, or the transaction price of the selection is significantly lower than the benchmark price.
- (5) The external auditor failed to substantively rotate the audit project partners and signed certified public accountants as required.

Article 19 The Committee shall report its work to the board of directors of the Company on a regular basis.

Article 20 The chairman of the Committee shall perform the following obligations and responsibilities:

- (1) To convene and preside over the meetings of the Committee.
- (2) To take charge of the daily business of the Committee.

- (3) To review, finalize and sign the reports and other important documents of the Committee.
- (4) To examine the implementation of the resolutions and proposals of the Committee.
- (5) To report its work to the board of directors of the Company on behalf of the Committee.
- (6) To fulfill such other duties and responsibilities as assigned to the chairman of the Committee.

If the chairman is unable or fails to perform his duties, an independent director member of the Committee appointed by the chairman shall perform his duties. If the appointment fails, an independent director member of the Committee jointly proposed by more than half of the members shall perform his duties.

Chapter 4 Rules of Procedure

Article 21 The Committee shall hold at least one meeting each quarter to discuss about internal auditing plan and debrief the Company's financial and audit department as well as review the quarterly report, interim report and annual report.

The Committee may, if needed, hold extraordinary meetings. When two or more members of the Committee propose or when the chairman of the Committee deems necessary, the Committee may hold an extraordinary meeting.

Article 22 The Committee shall hold the meeting. The chairman of the Committee shall convene the meeting and issue notice of the meeting. Notice of the meeting, the meeting agenda and the relevant meeting documents shall be sent to all the Committee members by the Company at least five days before the date of the meeting. Subject to the consents of all the Committee members, the foregoing requirement of the notification period may be waived.

Article 23 A meeting of the Committee shall be held with the attendance of two-thirds or more of the members of the Committee. Members of the Committee shall attend the Committee meetings in person and give express opinions on the matters considered at the meetings. Where a member is unable to attend a Committee meeting in person for any reason, he/she may sign a power of attorney to appoint another member of the Committee as the proxy to attend and give opinions at such meeting on his/her behalf. The power of attorney shall set out the scope of authorization and validity of the time limit of the proxy. Each member of the Committee may act as the proxy of only one other member.

Article 24 Any of the opinions provided by the Committee to the board of directors shall be subject to the approval of more than half of all the members of the Committee. In the event that the Committee is unable to form a valid opinion on a certain matter due to the abstaining of any of its members, such matter shall be considered directly by the board of directors.

Article 25 Minutes should be produced for Committee meetings. Draft and final versions of minutes of the meetings should be sent to all Committee members for their comments and records, respectively, within a reasonable time after the meeting.

Chapter 5 Guarantee for the Committee's Performance

Article 26 The senior management and relevant departments of the Company shall actively provide such necessary information and documents as required by the Committee in a cooperative and supportive manner. In particular, the financial department shall provide financial reports, reports on operation of funds and other financial information to the Committee on a regular basis, keep the Committee informed of significant business activities timely, actively cooperate with the work of the Committee and pay attention to the proposals and requirements raised by the Committee.

Article 27 The Committee's fund shall be covered by the budget of the Company and shall be guaranteed to be sufficient. The Committee may, if necessary, engage intermediaries, legal counsels, certified public accountants ("CPAs"), auditors and other professional parties to provide professional advice at the reasonable cost of the Company.

Chapter 6 Supplementary Provisions

Article 28 The Terms shall be interpreted by the Committee.

Article 29 In the case of any conflict between these Terms and applicable laws, regulations, relevant regulatory documents and securities regulations of the jurisdictions where the Company is listed adopted from time to time, the latter shall prevail.

Article 30 The establishment and amendments of these Terms shall come into effect upon the approval of board of directors of the Company.