



AUDIT COMMITTEE CHARTER

Section 1. PURPOSE

The Audit Committee (“Committee”) aims to assist the Board in fulfilling its oversight responsibility of the company’s corporate governance processes relating to the:

- A.** Quality and integrity of its financial statements including its supporting financial schedules and reports;
- B.** Effectiveness of its internal control systems;
- C.** Independence and performance of its internal and external auditors; and
- D.** Compliance with accounting and auditing standards, financial reporting, and other disclosure requirements as required by Insurance Commission and Securities and Exchange Commission and their related rules, regulations and/or circulars.

Section 2. DUTIES AND RESPONSIBILITIES

To adopt the principle of checks and balances, the Committee shall have the following duties and responsibilities:

- A.** To assist the Board in the performance of its oversight responsibility to determine the accuracy of financial reporting, effectiveness and efficiency of internal control system, and timeliness and completeness of regulatory compliance reports;
- B.** To make recommendation for the approval company’s Internal Audit Charter which specifically defines the role of an Internal Audit and the yearly Audit Plan as well as the appointment of the Head of Internal Audit;
- C.** To ensure that the approved Internal Audit Charter is being implemented in company’s business operations;
- D.** To make recommendation for the appointment of External Auditor based on the qualifications set forth by the Insurance Commission and its related circulars and issuances;
- E.** To review and approve the Interim and/or Annual Financial Statements before their submission to the Board for its approval, particularly on the following matters:

- (i). Any change/s in accounting policies and practices;
 - (ii). Areas where a significant amount of judgment has been exercised;
 - (iii). Significant adjustments resulting from the audit;
 - (iv). Going concern assumptions;
 - (v). Compliance with accounting standards; and
 - (vi). Compliance with tax, legal and regulatory requirements;
- F. To review the reports submitted by the Internal and External Auditors and make recommendation to the Board for its approval or disapproval of such reports;
- G. To conduct oversight functions over the Internal and External Auditors in ensuring the independence of Internal and External Auditors.
- H. To make recommendation to the Board for the appointment, reappointment, removal, and fees of the External Auditor, who undertakes an independent audit of financial statements; and
- I. To perform other activities that may be requested by the Board.

Section 3. Committee Composition

- a. The Committee shall be composed of at least three (3) members but not more than five (5) members. The members of the Committee including the Chairman, shall be appointed by the Board of Directors annually.
- b. The Chairman or any member of the Committee may be removed from office only by the Board of Directors.
- c. The Corporate Secretary shall provide the necessary staff support to the Committee upon its written request.

Section 4. Committee Procedures

A. Meetings

- (i). The Committee shall hold meetings at such times and places as it considers appropriate provided that no less than two (2) meetings shall be held yearly.

- (ii). Meetings of the Committee shall be presided by the Chairman of the Committee either upon his own initiative to call a meeting or upon the request of a majority of the members of the Committee.
- (iii). Notice of meeting shall be put in writing specifying the place, date and time and the corresponding agenda. The Corporate Secretary shall ensure receipt of the notice at least one (1) week of the intended date of meeting, except in case of urgency as may be determined by the Chairman of the committee.
- (iv). Notice of a meeting of the Committee shall be deemed duly served upon a Member if it is given to him personally, in writing or orally, or sent to him by registered mail or through a private courier to his address, e-mail address as provided by him to the Corporate Secretary.
- (v). A majority of all the Members of the Committee shall constitute a quorum.
- (vi). Members of the Committee may participate in a meeting of the Committee through tele-conference or video-conference.
- (vii). Any resolutions of the Committee constituting a quorum shall be passed upon by a majority votes of the members present at such meeting. Each member is counted as one (1) vote. In case of conflict of interest or he has material interest to the subject matter to be voted or resolved upon, such member shall be prohibited to cast his vote. In case of a tie, the resolution shall be automatically referred to the Board constituted as a Committee of the Whole and majority of the Committee of the Whole constituting the quorum may be passed upon.

B. Minutes and Records

- (i). The Committee shall appoint the Corporate Secretary or any deputized officer under the direct control and supervision of the Corporate Secretary who shall issue notices and agenda for the meetings; disseminate meeting materials, if necessary; prepare minutes of meetings of the Committee and keep books and records of the Committee.

- (ii).** The Committee shall cause records to be kept for the following:
 - a.** Appointment, removal and resignation of members of the Committee;
 - b.** All agenda and other documents of the Committee; and
 - c.** Minutes of proceedings and meetings of the Committee.
- (iii).** Any such books and records shall be open for ocular inspection by any Member of the Committee upon reasonable prior notice during usual office hours and working day of the company.
- (iv).** The minutes of the meeting of the Committee duly signed by the Chairman of the Committee shall be considered conclusive evidence of the proceedings and resolutions of such meeting.
- (v).** The Corporate Secretary shall ensure that the draft and final versions of the minutes of Committee meetings shall be sent to all Committee Members who attended the meeting, for their comment and records, within a reasonable period of time after the meeting but in no case shall exceed more than thirty (30) days from such meeting.

Section 5. Remuneration of Members

Only per diem or allowances authorized and approved by the Board shall be given with respect to their attendance at meetings of the Committee.

Section 6. Committee Reports and Performance Evaluation

- A.** The Committee shall report its activities to the Board on a regular basis and other matters as may deem it necessary.
- B.** The Committee shall prepare its annual performance evaluation and set its goals and objectives for the following year and subject for further review of the Board.

Section 7. Amendment, Alteration or Modification

This Charter shall be amended, altered or modified by the majority vote of the Board constituting a quorum called for the purpose.