



THE AUDIT COMMITTEE CHARTER

Approved by the Board of Directors on 8 August 2014

1. Purpose

The purpose of the Audit Committee of the Board of Directors (“Board”) is to:

- (a) Provide oversight over the Company’s internal and external auditors;
- (b) Monitor, review and evaluate the effectiveness and adequacy of the Company’s internal control system; and
- (c) Foster and encourage a corporate environment of strong fiscal accountability, high ethical standards and compliance with laws and regulations.

2. Composition and Term of Office

- 2.1 The Committee shall be composed of at least three (3) members, majority of whom shall be independent directors. The members of the Committee, including the Chairman, shall be elected by the Board. The Chairman shall be an independent director.
- 2.2 The members of the Committee shall hold office until their successors are determined and qualified.
- 2.3 Each member shall have an adequate understanding of the insurance industry and its practices and the Company’s financial management systems.
- 2.4 At least one (1) of the independent directors shall have an accounting experience or qualification.
- 2.5 All members shall be eligible for re-election.

3. Authority

- 3.1 The Committee is authorized by the Board to:

- (a) Investigate or cause to be investigated any matter within its scope of responsibility. The Board has mandated management and employees to cooperate fully with the Committee members.
- (b) Recommend the appointment and removal of external auditors.
- (c) Recommend resolutions of any disagreements between management and the external auditor regarding financial reporting.
- (d) Monitor the system of internal controls and corporate compliance with laws, regulations and code of ethics, specifically when it relates to mandates by the Insurance Commission.
- (e) Serve as direct channel of communication to the Board for the internal auditors, compliance officers, and general counsel.
- (f) Hire independent advisers when necessary.

4. Responsibilities

4.1 The responsibilities of the Committees, among others, are as follows:

- (a) To review the annual financial statements and recommend their approval to the Board.
- (b) To inform the Board of any change in accounting policies and practices, significant adjustments arising from the audit compliance with tax, legal and other regulatory requirements.
- (c) To perform oversight financial management to assist the Board. It shall also monitor and evaluate the adequacy and effectiveness of the Company's internal control system.
- (d) The Chairman shall ensure that proceedings and resolutions of the Committee are communicated to the Board.
- (e) As an exercise of its oversight to the internal and external auditors, to:

- i. Ensure that recommendations affecting the internal control system are adequately addressed by the Company's management.
 - ii. Ensure that the internal auditors have free and full access to all Company records, properties and personnel during internal audit activity, and that said activity is free from interference to preserve the objectivity of the internal auditors.
 - iii. To evaluate and determine justification for non-audit work by the external auditors and review the propriety of the non-audit work fees.
- (f) To elevate to international standards the accounting and auditing processes, practices and methodologies.
- (g) To ensure that corporate independence shall be maintained so as not to compromise the interests of policyholders, claimants, creditors, minority shareholders and other stakeholders. Controlling or substantial interest shall be disclosed to the Board, and the latter shall ensure compliance with the provisions of the Insurance Code on Holding Companies.
- (h) The Committee shall perform other activities related to this Charter as requested by the Board.

5. Meetings

- 5.1. The Committee shall meet at least four (4) times during the year or as often as may be necessary.
- 5.2. The Committee may invite members from the management, external and/or internal auditors or other resource persons to attend the meeting and provide pertinent information as necessary.
- 5.3. Meeting agenda will be prepared and provided at least five (5) days in advance and minutes of the meetings will be furnished to all those present.
- 5.4. The Committee, through the Corporate Secretary or her authorized representative, shall keep the minutes of all its proceedings.

- 5.5. The minutes shall be signed by the Chairman of the Committee and the Corporate Secretary and shall be made available prior to the next meeting and approved therein.

6. Review of Charter

The Committee shall periodically review this Charter and assess its adequacy. The Committee shall recommend any proposed amendments to the Board for approval.
