

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

OVERALL ROLE AND RESPONSIBILITY

The Audit Committee (“the Committee”) shall assist the Board of Directors in its oversight role with respect to financial information and audit functions by providing an independent review of the effectiveness of the financial reporting process and internal control system. The Committee shall report to the Board after each of its meetings a summary of its findings and specifically highlight significant issues that have arisen.

MEMBERSHIP

The audit committee shall be composed of at least three (3) members of the Board, at least one (1) of whom shall be an independent director. Each member shall have at least adequate understanding of the company’s financial management systems and environment.

STRUCTURE AND OPERATIONS

The affirmative vote of a majority of the members of the Committee participating in any meeting of the Committee is necessary for the adoption of any resolution. The Committee may create one or more sub-committees and may delegate, in its discretion, all or a portion of its duties and responsibilities to such persons or sub-committees as it deems appropriate.

The Committee shall meet quarterly. The Chair, any member of the Committee or the External Auditor may call a meeting by providing not less than fourteen (14) days advance notice to the members of the Committee. Meetings will be held in Manila and members may attend via teleconference. A quorum for a meeting is a majority of the members of the Committee, including one independent director.

The Committee may request attendance of any officer or employee of the Company and also of the External Auditor.

The External Auditor is to receive notice of every meeting and may attend and present at any of the meetings.

Minutes will be kept and the Committee shall report to the Board of Directors on its activities after each of its meetings.

SPECIFIC DUTIES

Oversight of the External Auditor

Review the performance of the External Auditor and recommend to the Board the appointment of the External Auditor.

Such review would include but not be limited to:

- a) Review of the qualifications, performance and independence of the External Auditor
- b) Review of estimated and actual fees; and
- c) Review of the engagement letter of the External Auditor and the scope and timing of the audit work.

Financial Reporting

- Review with the External Auditor the annual audited financial statements of the Company.
- Review with management and the External Auditor at least annually significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.
- Review with the External Auditor at least annually the effect of any regulatory and accounting changes.
- At its discretion, meet with the External Auditor to review any issues concerning the financial statements and their preparation.
- At the discretion of the Committee, meet with the Actuary of the Company to discuss the parts of the financial statements that the Actuary is responsible for.

Oversight of the Company's Internal Audit Function

- Review the scope and independence of the internal audit function.
- Review the internal audit plan for the Company, which includes the audit inventory and risk ratings.
- Review the periodic reports of the internal audit department on internal audit activities, the results of its audits and any problems encountered in their preparation.
- At the discretion of the Committee, meet with the local head of the internal audit function and management to discuss the effectiveness of the internal control procedures.

Oversight of the Company's Compliance and Risk Management Program

- Review, at least annually, reports prepared by management on the Company's Compliance Program.
- Review, at least annually, reports prepared by management on the Company's Risk Management Program.
- Review any investments or transactions that could adversely affect the well-being of the Company.
- Review reports on the periodic findings of regulators and management's response and observations thereon.