

AUDIT COMMITTEE



Terms of Reference

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PURPOSE

The Audit Committee facilitates the external and internal audit of the organization for the Board to obtain independent information about the organization's activities.

The Audit Committee shall also drive positive change and promote a systematic, disciplined approach to improve the effectiveness of risk management, control, reporting and governance processes by examining the periodical reports and recommendations supplied by control functions, including Risk Management and Compliance to ensure all recommendations are properly addressed in a timely manner.

FUNCTIONS

1. Provides oversight of the institutions internal and external auditors.
2. Monitor and evaluate the adequacy and effectiveness of the internal control system of the company.
3. Review of financial information and financial information system.
4. In relation to Risk Management and Compliance, the Committee shall include the following duties:
 - a. Examine and provide comments on presentation made by Risk Management Function and advise the Board of Director on the Company's risk appetite, review the adequacy and effectiveness of risk management policies, risk framework and material risk on a regular basis.
 - b. Have access to information provided by the senior management of the Company and key person(s) in the Risk Management function as well as key person(s) in other control function(s) subject to conditions which may reasonably be imposed on the advice of legal counsel.
 - c. Oversees the establishment and operation of the risk management system and Compliance functions independently;
 - d. Provide a brief on the development of the risk management system and any results and actions recommended as a result of risk assessments, in particular, focusing on:
 - e. Risk appetite, risk profile and forward-looking assessments; and
 - f. Monitors the effective implementation of the relevant Group Risk Policies and the adequacy of the main policies, procedures and processes in order to strike an appropriate balance of returns and risks that the Company is willing and able to take;
 - g. Monitor the implementation and recommendations issued by the Committee;
 - h. Ensuring sufficient resources are in place for risk management and compliance;
 - i. Provide a forum for compliance or planning for compliance with all internal and external regulatory provisions, guidelines and recommendations, focusing on:



- i. Issues raised by Insurance Commission of the Philippines or IVASS1;
 - ii. Sanctions and/or penalties received on account of acts of non-compliance;
 - iii. Cases and allegations related to ethics and conduct; and
 - iv. Findings from compliance checks and assessments.
- j. At least once a year, examines the reports prepared by the Compliance function and approves the annual plan of activities, its budget and staffing; and
- k. Address escalations of issues and other matters, where applicable.

CONSTITUTION

The Audit Committee was established in the Board Meeting dated 04 July 2016. The member of which shall be appointed by the Board from time to time.

MEMBERSHIP

1. The Audit Committee shall be comprised of independent board members, preferably with accounting and finance experience.
2. The Committee shall be at least three (3) members. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman of the Board, Chief Executive, Finance Director, other directors, the heads of risk, compliance and internal audit and representatives from the finance function may be invited to attend all or part of any meeting as and when appropriate.
3. The external auditors will be invited to attend meetings of the Committee on a regular basis.

QUORUM

The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

FREQUENCY OF MEETING

1. The Audit Committee should meet often enough to undertake its role effectively, and schedule to meet not less than twice a year.
2. A meeting shall be held as soon as practicable upon request for such meeting by company's external or internal auditor.



NOTICE OF MEETING

1. Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any of its members or at the request of external or internal auditors if they consider it necessary.
2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, in reasonable time before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

MINUTES OF THE MEETING

1. The Secretary of the Committee shall minute the proceedings and resolutions of all meetings of the committee, including recording the names of those present and in attendance.
2. The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflict of interest and minute them accordingly.
3. Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, to all members of the Board.

REPORTING RESPONSIBILITY

1. The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. In reporting to the Board on how it has discharged its responsibilities the Committee shall include:
 - (a) the significant issues that the Committee considered in relation to the financial statements, and how these issues were addressed;
 - (b) the Committee's assessment of the effectiveness of the external audit process and its recommendation on the appointment or reappointment of the external auditor;
 - (c) the outcome of the review carried out of the effectiveness of the framework that is used to monitor the internal controls and risk management systems of the Company;
 - (d) confirmation that the Committee has carried out a robust assessment of the principal risks facing the Company, a description of those risks and an explanation as to how they are being managed or mitigated;
 - (e) taking into account the Company's current position and principal risks, the Committee's assessment of the prospects of the Company, how it has carried out that assessment. over what period and why that period is considered to be appropriate. The Committee should also state whether or not it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of the assessment drawing the Board's attention to any qualifications or assumptions as necessary;
 - (f) any other issues on which the Board has requested the Committee's opinion; and



(g) its views where, following its review, the Committee is not satisfied with any aspect of the proposed financial reporting by the Company.

2. Where relevant, the Committee will report through the management to the boards of the regulated entities on areas of business risk or exposure highlighted by the Committee's work together with recommendations if appropriate of actions that should be taken.
3. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

TERMS AVAILABLE

The Committee shall make available to shareholders these Terms of Reference providing a copy to shareholders on request.