

AUDIT COMMITTEE CHARTER

(26 January 2022)

Cocogen Insurance, Inc.

COCOGEN INSURANCE, INC.

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AUDIT COMMITTEE CHARTER

ORGANIZATIONAL PRINCIPLES

Purpose

The purpose of the Audit Committee is to provide a structured, systematic oversight of COCOGEN's governance, risk management, and internal control practices that are in line with international and Philippine best practices and conform to all legislative and regulatory requirements. The Committee assists the Board and Management by providing advice and guidance on the adequacy of the Company's initiatives for:

- Values and ethics.
- Governance structure.
- Risk management.
- Internal control framework.
- Oversight of the internal audit activity, external auditors, and other providers of assurance.
- Financial statements and public accountability reporting.

In broad terms, the Audit Committee reviews each of the items noted above and provides the Board with independent advice and guidance regarding the adequacy and effectiveness of Management's practices and potential improvements to those practices.

Authority

The Audit Committee Charter sets out the authority of the Audit Committee to carry out the responsibilities established for it by the Board as articulated within the Audit Committee Charter.

In discharging its responsibilities, the Audit Committee will have unrestricted access to members of Management, employees, and relevant information it considers necessary to discharge its duties. The Committee also will have unrestricted access to records, data, and reports. If access to requested documents is denied due to legal or confidentiality reasons, the Audit Committee and/or Head of Internal Audit (HIA) will follow a prescribed, Board approved mechanism for resolution of the matter.

The Audit Committee shall ensure that the internal auditors have free and full access to all Company's records, properties, and personnel relevant to the internal audit activity, and that the internal audit activity is free from interference in determining the scope of internal audit examinations, performing audit work, and communicating results of the audit. *(Based on SEC Memorandum Circular no. 6 series of 2009 on the revised code of Corporate Governance)*

Documents and information given to internal auditors during a periodic review will be handled in the same prudent and confidential manner as by those employees normally accountable for them.

The Audit Committee is entitled to receive any explanatory information that it deems necessary to discharge its responsibilities. The Audit Committee and each of its members shall have separate and independent access to the Management as and when they consider necessary. Management is obliged to supply the Audit Committee with adequate, complete, and reliable information in a timely manner, in order to enable it to make informed decisions. The Company's Management and staff should cooperate with Audit Committee requests.

The Audit Committee may engage independent counsel and/or other advisors it deems necessary to carry out its duties.

The Audit Committee is empowered to:

- Appoint, compensate, and oversee all audit and non-audit services performed by auditors, including the work of any registered public accounting firm employed by the Company.
- Resolve any disagreements between Management and the external auditor regarding financial reporting and other matters.
- Preapprove all auditing and non-audit services performed by auditors.

Composition

The Audit Committee will consist of at least three appropriately qualified non-executive members. Subject to availability of the candidates and to the extent reasonably practicable in the circumstances, majority of the members shall be an independent Director and should collectively possess sufficient knowledge of audit, accounting, finance, specific industry knowledge, IT, law, governance, risk, and control. In order to be considered an independent Director, the audit committee member must pass the relevant definition of independent director as prescribed by the Insurance Commission. *(Based on IC Circular 2018-36 on the Rules on number of Seats, qualifications, and term limits of independent directors)*

Chairman of the Audit Committee

The Board will designate the Chairman of the Audit Committee and Appointment of Committee members and shall serve until their successors are duly elected and qualified. The Chairman of the Audit Committee should be an independent Director and should not be the chairman of the Board or of any other committees. *(Based on SEC Memorandum Circular no. 6 series of 2009 on the revised code of Corporate Governance and the ASEA Corporate Governance Scorecard)*

Terms of Office

The Independent Director/s of the Audit Committee shall serve for a maximum cumulative term of nine (9) years.

After serving the maximum period, the independent Director shall be perpetually barred from any re-election but may continue therein as a non-independent director.

However if COCOGEN desires to continue the services of Independent Directors who had already served their maximum term limit, COCOGEN will submit to the Insurance Commission a formal written justification and must secure the majority of the shareholders' approval during its annual meeting.

Each appointed Committee member will be subjected to annual reconfirmation and maybe changed by the Board at any time, with or without cause. Continuance of Audit Committee members will be reviewed annually.

(Based on IC Circular 2018-36 on the Rules on number of Seats, qualifications, and term limits of independent directors)

Quorum

The quorum for the Audit Committee will be a majority of the members, and where available one of whom shall be an independent Director.

OPERATIONAL PRINCIPLES

Audit Committee Values

The Audit Committee will conduct itself in accordance with the code of values and ethics of the Company. The Audit Committee expects that Management and staff of the organization will adhere to these requirements.

Communications

The Audit Committee expects that all communication with Management and staff of the organization as well as with any external assurance providers will be direct, open, and complete.

Work Plan

The Audit Committee Chairman will collaborate with Senior Management and the Head of Internal Audit (HIA) to establish a work plan to ensure that the responsibilities of the Audit Committee are scheduled and will be carried out.

Meeting Agenda

The Chairman will establish agendas for Audit Committee meetings in consultation with Audit Committee members, Senior Management, and the HIA.

Information Requirements

The Audit Committee will establish and communicate its requirements for information, which will include the nature, extent, and timing of information. Information will be provided to the Audit Committee at least one week prior to each Audit Committee meeting.

On instances that the report/s cannot be delivered prior to the meeting, the Head of Internal Audit shall inform the Audit Committee of such.

Executive Sessions

The Audit Committee will schedule, and hold if necessary, a private session with the Chief Executive Officer (CEO), the HIA, external assurance providers, and with any other officials that the Audit Committee may deem appropriate at each of its meetings.

Preparation and Attendance

Audit Committee Members are obligated to prepare for and participate in Committee meetings.

Conflict(s) of Interest

Audit Committee Members should adhere to the Company's code of conduct and any values and ethics established by the Company. It is the responsibility of Audit Committee members to disclose any conflict of interest or appearance of a conflict of interest to the Committee. No member of the Committee may vote on any matter in which he, directly or indirectly, has a material interest.

A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the corporation, or stands to acquire or gain financial advantage at the expense of the corporation.

(Based on SEC Memorandum Circular no. 6 series of 2009 on the revised code of Corporate Governance)

Orientation and Training

Audit Committee members will receive formal orientation training on the purpose and mandate of the Committee and on the Company's objectives. A process of continuing education will be established.

OPERATIONAL PROCEDURES

Meetings

The Audit Committee will meet at least four times annually or more frequently as the Committee deems necessary. The time frame between Audit Committee meetings should not exceed four months.

The Committee Chairman shall conduct and chair at each meeting of the Committee. In the absence of the Committee Chairman, the members of the Committee may designate a Chairman by majority vote of the Committee membership. The Committee, in its discretion, may invite members of Management, employee, independent external auditors, external counsels, consultants, advisers or others to attend its meetings (or portion thereof) and provide pertinent information, as necessary.

Members of the Audit Committee will be considered to participate in a meeting by means of a conference call or similar communications equipment wherein all persons participating can hear each other.

The Audit Committee shall also periodically meet separately with the external auditor, the HIA, without other Directors and management being present.

Any resolution or decision of the Audit Committee shall require the vote of at least a majority of the members present at a meeting. In case of deadlock, the Audit Committee shall elevate the matter to the Chairman of the Board of Directors for his resolution.

Minutes

Minutes will be prepared in accordance with applicable law, regulation, bylaw, policy, procedure, and/or other applicable requirements. Meeting minutes will be provided in draft format at least two weeks after the audit committee meeting.

Full minutes of the meetings of the Audit Committee shall be kept by a duly appointed secretary of the meeting (who should normally be the Company Secretary), and such minutes shall be made available for inspection at any reasonable time on reasonable notice by any Director.

Minutes of the meetings of the Audit Committee shall record in sufficient detail the matters considered by the Audit Committee and decisions reached, including any concerns raised by Directors, members or dissenting views expressed. Draft and final versions of the minutes of such meetings should be sent to all members of the Audit Committee for their comment and records respectively, in both cases within a reasonable time after such meetings.

Secretariat Services

The HIA or another appropriate designee will facilitate and coordinate meetings as well as provide ancillary support to the Committee, as time and resources permit.

Responsibilities

It is the responsibility of the Audit Committee to provide the Board with independent, objective advice on the adequacy of management's arrangements with respect to the following aspects of the management of the Company:

Values and Ethics

To obtain reasonable assurance with respect to the Company's values and ethics practices, the Audit Committee will:

- Review and assess the policies, procedures, and practices established by the governing body, the Insurance Commission, to monitor conformance with its code of conduct and ethical policies by all managers and staff of the Company.
- Provide oversight of the mechanisms established by Management to establish and maintain high ethical standards for all of the managers and staff of the Company.
- Review and provide advice on the systems and practices established by Management to monitor compliance with laws, regulations, policies, and standards of ethical conduct and identify and deal with any legal or ethical violations.

Organizational Governance

To obtain reasonable assurance with respect to the Company's governance process, the Audit Committee will review and provide advice on the governance process established and maintained within the Company and the procedures in place to ensure that they are operating as intended.

Risk Management

To obtain reasonable assurance with respect to the Company's risk management practices, the Audit Committee will:

- Review the Company's risk profile.
- Obtain from the HIA an annual report on Management's implementation and maintenance of an appropriate enterprise wide risk management process.
- Provide oversight on significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by Senior Management and the Board.
- Provide oversight of the adequacy of the combined assurance being provided.
- Review and provide advice on the risk management processes established and maintained by Management and the procedures in place to ensure that they are operating as intended.

Fraud

To obtain reasonable assurance with respect to the Company's procedures for the prevention and detection of fraud, the Audit Committee will:

- Oversee Management's arrangements for the prevention and deterrence of fraud.
- Ensure that appropriate action is taken against known perpetrators of fraud.
- Challenge Management and internal and external auditors to ensure that the entity has appropriate antifraud programs and controls in place to identify potential fraud and ensure that investigations are undertaken if fraud is detected

Control

To obtain reasonable assurance with respect to the adequacy and effectiveness of the Company's controls in responding to risks within the organization's governance, operations and information systems, the Audit Committee will:

- Consider the effectiveness of the Company's control framework, including information technology security and control.
- Review and provide advice on the control of the Company as a whole and its individual units.
- Receive reports on all matters of significance arising from work performed by other providers of financial and internal control assurance to Senior Management and the Board.
- Overseeing the senior management in establishing and maintaining an adequate, effective and efficient internal control framework. It ensures that systems and processes are designed to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets.

Compliance

The Audit Committee will:

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of Management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
- Provide an appropriate confidential mechanism for whistleblowers to report information on improper conduct and practices without fear of harassment or threat of retaliation.
- Review the observations and conclusions of internal and external auditors and the findings of any regulatory agencies.
- Review the process for communicating the code of conduct to the Company's personnel and for monitoring compliance.
- Obtain regular updates from Management and the Company's legal counsel regarding compliance matters.

OVERSIGHT OF THE INTERNAL AUDIT AND OTHER PROVIDERS

Internal Audit

To obtain reasonable assurance with respect to work of the internal audit activity, the Audit Committee will provide oversight related to:

Internal Audit Charter and Resources

- Review and approve the internal audit charter at least annually. The charter should be reviewed to ensure that it accurately reflects the internal audit activity's purpose, authority, and responsibility, consistent with the mandatory guidance of The IIA's International Professional Practices Framework and the scope and nature of assurance and consulting services, as well as changes in the financial, risk management, and governance processes of the Company and reflects developments in the professional practice of internal auditing.
- Advise the Board about increases and decreases to the requested resources to achieve the internal audit plan. Evaluate whether any additional resources are needed permanently or should be provided through outsourcing.

HIA Performance

- Advise the Board regarding the qualifications and recruitment, appointment, and removal of the HIA.
- Provide input to Management related to evaluating the performance of the HIA.
- Recommend to Management or the governing body the appropriate remuneration and terms of engagement with the HIA, and to consider any issues arising from the foregoing.

Internal Audit Strategy and Plan

- Review and approve proposed risk-based internal audit plan and make recommendations concerning internal audit projects and resources necessary to achieve the plan.
- Review the internal audit activity's performance relative to its audit plan.

Internal Audit Engagement and Follow Up

- Review internal audit reports and other communications to Management.
- Review and track Management's action plans to address the results of internal audit engagements.
- Elevate to the President and/or CEO the summary of outstanding action items covering engagement conducted by the Internal Audit department.
- Review and advise Management on the results of any special investigations.
- Inquire of the HIA whether any internal audit engagements or non-audit engagements have been completed but not reported to the Committee; if so, inquire whether any matters of significance arose from such work.
- Inquire of the HIA whether any evidence of fraud has been identified during internal audit engagements and evaluate what additional actions, if any, should be taken.

Standards Conformance

- Inquire of the HIA about steps taken to ensure that the internal audit activity conforms with the IIA's *International Standards for the Professional Practice of Internal Auditing (Standards)*.
- Ensure that the internal audit activity has a quality assurance and improvement program and that the results of these periodic assessments are presented to the Audit Committee.
- Ensure that the internal audit activity has an external quality assurance review every five years.
- Review the results of the independent external quality assurance review and monitor the implementation of the internal audit activity's action plans to address any recommendations.
- Advise the Board about any recommendations for the continuous improvement of the internal audit activity.

External Auditors

To obtain reasonable assurance with respect to work of the external assurance providers, the Audit Committee will meet with the external assurance providers during the planning phase of the engagement, the presentation of the audited financial statements, and the discussion of the results of engagements and recommendations for Management.

The Audit Committee will:

- Perform oversight functions over the external auditors and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts.
- Review the external auditors' proposed audit scope and approach, including coordination of audit effort with the internal audit activity.
- Approve the nature and scope of the external audit and the external auditor's reporting obligations, and ensure coordination where more than one audit firm is involved
- Review annually the performance of the external auditors, and exercise final approval on the appointment, reappointment, resignation, or discharge of the auditors, its remuneration/fees and terms of engagement, and to consider any issues arising from the foregoing. For removal of the external auditor, the reasons for removal or change will be disclosed to the regulators and the public through the company website and required disclosures.
- If the external auditor resigns or communicates an intention to resign, the Audit Committee should follow-up on the reasons/explanations giving rise to such resignation and consider whether it needs to take any action in response to those reasons.
- Review and monitor the external auditor's technical competence, independence, objectivity, and overall effectiveness of the external audit process
- Obtain statements from the external auditors about their relationships with the organization including non-audit services performed in the past, and discuss the information with the external auditors to review and confirm their independence
- Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's annual report and Annual Corporate Governance Report
- Have regularly scheduled exclusive meetings to discuss any sensitive matters that the external auditors may wish to discuss (in the absence of Management where necessary)
- Monitor Management's progress on action plans.
To obtain reasonable assurance that management has acted on the results and recommendations of internal and external audit engagements, the Audit Committee will regularly review reports on the progress of implementing approved management action plans and audit recommendations resulting from completed audit engagements.

Financial Statements and Public Accountability Reporting

The Audit Committee is responsible for oversight of the independent audit of the Company's financial statements, including but not limited to overseeing the resolution of audit findings in areas such as internal control, legal, regulatory compliance, and ethics.

The Audit Committee will:

- Review with Management and the external auditors the results of audit engagements, including any difficulties encountered.
- Review significant accounting and reporting issues, including complex or unusual transactions, related party transactions, material off-balance sheet items, going

concern assumptions, highly judgmental areas, recent professional and regulatory pronouncements, and understand their impact on the financial statements.

- Review the interim and annual financial statements before they are submitted to the Board, and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles and practices.
- Review other sections of the annual report and related regulatory filings and consider the accuracy and completeness of the information before it is released.
- Review with Management and the external auditors all matters required to be communicated to the Audit Committee under generally accepted external auditing standards.
- Review the disposition of the recommendation in the external auditor's management letter.
- Resolve any disagreements between Management, the external auditor or internal auditor regarding financial reporting.
- Understand strategies, assumptions and estimates that Management has made in preparing financial statements, budgets, and investment plans.
- Understand how Management develops interim financial information and the nature and extent of internal and external auditor involvement in the process.
- Review interim financial reports with Management and external auditors before filing with regulators, and consider whether they are complete and consistent with the information known to Committee members.

Reporting Procedures

Without prejudice to the generality of the duties of the Audit Committee set out in these Terms, The Audit Committee shall report back to the Board and keep the Board fully informed of its activities, decisions, and recommendations. The report may be delivered during an Audit Committee meeting attended by the Board or during a regularly scheduled meeting of the Board.

The report should include:

- A summary of the work the Audit Committee performed to fully discharge its responsibilities during the preceding year
- A summary of Management's progress in addressing the results of internal and external audit engagement reports.
- An overall assessment of Management's risk, control, and compliance processes, including details of any significant emerging risks or legislative changes impacting the governing organization.
- Details of meetings, including the number of meetings held during the relevant period and the number of meetings each member attended.
- Provide information required, if any, by new or emerging corporate governance developments.
- The Committee may report to the Board at any time regarding any other matter it deems of sufficient importance.

Other Responsibilities

In addition, the Audit Committee will:

- Review and assess the adequacy and effectiveness of this charter annually and request for Board approval for proposed changes.
- Perform other activities related to this charter as requested by the Board.

- Institute and oversee special investigations as needed.
- Assess and evaluate, at least annually, its performance and that of its individual members.
- Endorse for approval to the Board the Internal Audit Department Charter and any appropriate changes to it.

Reliance on Information Provided

In adopting this Audit Committee Charter, the Board of Directors acknowledges that the Audit Committee members are not employees of COCOGEN and are not providing any expert or special assurance as to COCOGEN's financial statements or any professional certification as to the independent external auditor's work or auditing standards. Each member of the Audit Committee shall be entitled to rely on the integrity of those persons and firms within and outside COCOGEN that have provided information to the Audit Committee and the accuracy and completeness of the financial and other information provided to the Audit Committee by such persons or firms in the absence of actual knowledge to the contrary.

Cocogen Insurance, Inc.
Audit Committee Charter

Approval/Signatures

President and Chief Executive Officer

Date

Audit Committee Chairman

Date

Chairman of the Board

Date