



Philam Equitable Life Assurance Company, Inc.

Audit, RPT, and Risk Oversight Committee Charter

AIA Restricted and Proprietary Information

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I. Definitions

For the purposes of these Charter (these **Charter**):

Audit and RPT Committee means the Audit and RPT Committee established by resolution of the Board;

Board means the Board of Directors of the Company;

Company means Philam Equitable Life Assurance Company, Inc.

Directors mean the members of the Board;

Company Secretary means the Corporate Secretary of the Company;

Head of Internal Audit means the senior officer of the Company responsible for the internal audit as approved by this Committee from time to time;

Management means any persons discharging an executive management role within the Company;

Shareholders mean the shareholders of the Company

II. Constitution

The Audit and RPT Committee is established by resolutions of the Board, the members of which shall be appointed by the Board on an annual basis or from time to time as necessary.

III. Membership

1. The members of the Audit, RPT and Risk Oversight Committee (the "Committee") shall be appointed by the Board from among the Directors and shall consist of two (2) independent Directors, who shall preferably have appropriate professional qualifications or audit, accounting, risk, risk management, and finance experience. The quorum for meetings of the Committee shall be two members.
2. Each member of the Committee shall serve an initial term of one (1) year and may be re-appointed thereafter by the Board.
3. A former partner of the Company's existing audit firm shall be prohibited from acting as a member of the Committee for a period of two (2) years commencing on the date of his ceasing:
 - (a) to be a partner of the firm; or
 - (b) to have any financial interest in the firm;

whichever is later.

4. The Chairman of the Committee shall be appointed by the Board. The Chairman of the Committee shall not be the Chairman of the Board.

IV. Frequency of Meetings

5. The Committee should meet often enough to undertake its role effectively, and schedule to meet not less than twice (2) a year.
6. In addition, the Chairman of the Committee may call a meeting of the Committee if so requested by any member of the Committee, the Chairman of the Board or the external auditor of the Company.

V. Attendance at Meetings

7. The Committee may invite any members of Management and representatives of the external and internal auditors to attend the meetings.
8. At least twice a year, Committee may meet with the external and internal auditors separately without Management being present. The Committee may also meet separately with any member of Management or anyone else they may wish to meet.

VI. Conduct of Meetings

9. An agenda and accompanying meeting papers should be sent in full to all members of the Committee in a timely manner and at least three (3) business days before the intended date of a meeting of the Committee (or such other period as agreed by its members).
10. On a semi-annual basis, or as may be needed, the agenda of the Committee meetings shall regularly include, among others, the following:
 - i. Review of Financial Position;
 - ii. Internal Audit Report;
 - iii. Compliance Report;
 - iv. Related Party Transactions;
 - v. Risk Management Report and other Finance-related developments, if any.
 - vi. Update on non-audit services performed by external auditor, if any;
 - vii. Major Litigation Update;
 - viii. and hiring of external auditor's employees, if any.

The Committee shall also meet with the Board without the presence of the CEO or other management team members, and periodically meets with the head of the internal audit.

On an annual basis, the following items shall also be included in the agenda (the inclusion and timing of which shall vary as may be determined by the Committee or the Company Secretary):

- i. Audited Financial Statements for the Fiscal Year;
- ii. External Audit Report and External Audit Plan;
- iii. Internal Audit Plan;
- iv. Appointment of the External Auditor and Audit Fee for the Financial Year; Annual Tax Update;
- v. Review of the External Auditor's Independence, Objectivity and Effectiveness;
- vi. Review of the Audit and RPT Committee's Compliance with these Terms; and
- vii. Review of the Performance of the Head of Internal Audit, and Internal Audit Resources and Effectiveness;
- viii. Performance review of the Chief Risk Officer;
- ix. Review of the risk management framework based on entity risk assessment; and,
- x. Review of the Regulatory Framework and business environment with major impacts on the company.

The Committee, at its discretion, may include and discuss other business, as it deems necessary to perform its functions under these Terms.

11. Meetings of the Committee may be in person or held through video or teleconference, and all required actions of the Committee may be taken through such means provided such actions are approved by a quorum of the Committee following notice to each member of the Committee.
12. Management is obliged to supply the Committee with adequate information in a timely manner, in order to enable it to make informed decisions. The information supplied must be complete and reliable. Where a Director requires more information than is provided by Management, the relevant Director should make additional necessary enquiries. The Board and each Director shall have separate and independent access to the Management.

VII. Authority

13. The Committee is authorized by the Board to investigate any activity within these Terms. It is authorized to seek any information it requires from any employees and all employees are directed to co-operate with any request made by the Committee.
14. The Committee is authorized by the Board to obtain outside independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. The Committee shall be provided with sufficient resources to discharge its duties. It shall be responsible for

establishing the selection criteria, selecting, appointing and setting the terms of reference for any external party who advises the Committee.

VIII. Duties

15. As may be needed, the duties of the Committee shall include:

In general, the Committee coordinates, monitors and facilitates compliance with laws, rules and regulations.

Relationship with the Company's External Auditors

- (a) Being primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, duly accredited by the Insurance Commission and on the remuneration and terms of engagement of the external auditor, and to consider any questions of resignation or dismissal of that auditor. The appointment, reappointment and removal of the external auditors shall be based on fair and transparent criteria such as (i) core values, culture and high regard for excellence in audit quality; (ii) technical competence and expertise of auditing staff (iii) effectiveness of the audit process; and (iv) reliability and relevance of the external auditor's reports;
- (b) Performing oversight functions over the external auditor, and annually reviewing and monitoring the external auditor's technical competence, independence, objectivity and the overall effectiveness of the audit process in accordance with applicable standards, and rules, regulations and circulars issued by the regulators;
- (c) Developing and implementing policy on the engagement of an external auditor to supply non-audit services; evaluating the non-audit work, if any, and reporting to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken; The Committee shall disallow any non-audit work that will conflict with the external auditor's duty as such or may pose a threat to its independence. The non-audit work, if allowed, should be disclosed in the Company's Annual Report;
- (d) Discussing with the external auditor before the audit commences, the nature, scope and expenses of the audit and the reporting obligations; setting, or delegating the same to management, the compensation of the external auditor in relation to the scope of its audit; and ensuring co-ordination where more than one audit firm is involved;

- (e) Discussing problems and reservations arising from the interim and final audits, and any matters the external auditor may wish to discuss (in the absence of Management where necessary), and establishing a system of reporting where the external auditor can communicate directly to the Committee on a timely basis, as well as a system that addresses, in a timely and effective manner, any findings of fraud or error on the financial statements;
- (f) Reviewing the disposition of the recommendations in the External Auditor's management letter;

Relationship with the Company's Internal Auditors

- (g) Reviewing, endorsing the approval of the Internal Audit Charter and overseeing its implementation as well as organizing an internal audit department, and considering and approving the appointment and removal of an independent internal auditor and the terms and conditions of his engagement and removal;
- (h) Performing oversight functions over the Company's internal auditors, and ensuring that the internal and external auditors act independently from each other, and that both parties are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- (i) Reviewing the annual internal audit plan to ensure its conformity with the objectives of the Company. The plan shall include the audit scope, resources, and budget necessary to implement it. The Committee shall also review other reports and findings submitted by Internal Audit, and ensure that management action plans are in place and implemented to address the findings.
- (j) Through the Internal Audit (IA) Department, monitors and evaluates the adequacy and effectiveness of the corporation's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to (a) safeguard the company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, protect the accuracy and reliability of the company's financial data, and (d) ensure compliance with applicable laws and regulations;
- (k) Establishing and identifying the reporting line of the Internal Auditor, who shall functionally report directly to the Committee and shall be free from interference by outside parties, to enable him to properly fulfill his duties and responsibilities. The internal audit shall be independent and audits shall be done with impartiality and with due professional care.

Review of financial information of the Company

- (l) monitoring the integrity of the Company's financial statements, annual reports and accounts, half-year reports and, if prepared, quarterly reports, and reviewing significant financial reporting judgments contained in them. In this regard, in reviewing the Company's annual reports and accounts, half-year reports and, if prepared, quarterly reports before submission to the Board, the Committee shall focus particularly on:
 - (i) any changes in accounting policies and practices;
 - (ii) major judgmental areas;
 - (iii) significant adjustments resulting from audit;
 - (iv) the going concern assumptions and any qualifications;
 - (v) compliance with accounting standards; and
 - (vi) compliance with any tax, legal, and regulatory requirements in relation to financial reporting;

- (m) in respect of (f) above:
 - (i) liaising with the Board and Management;
 - (ii) meeting, at least twice a year and more frequently if the Committee thinks fit, with the Company's auditors; and
 - (iii) considering any significant or unusual items that are, or may need to be, reflected in such financial statements, reports and accounts and giving due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors;

Oversight of the Company's financial reporting system and internal control procedures

- (n) reviewing the Company's financial controls, internal control, information technology security and risk management systems;

- (o) discussing with Management any matters in relation to the Company's internal control system and ensuring that Management has discharged its duties in establishing and maintaining an effective internal control system including

the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programs and budget;

- (p) considering any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and Management's response;
- (q) ensuring co-ordination between the internal and external auditors, ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company, and reviewing and monitoring the effectiveness of the internal audit function;
- (r) reviewing the Company's financial and accounting policies and practices;
- (s) reviewing the external auditor's management letter, any material queries raised by the auditor to Management in respect of the accounting records, financial accounts or systems of control and Management's response;
- (t) ensuring that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (u) reporting to the Board on the matters set out in these Terms;
- (v) reviewing arrangements by which employees of the Company may, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters and ensuring that proper arrangements are in place for the fair and independent investigation of such matters and for appropriate follow-up action;
- (w) acting as the key representative body for overseeing the Company's relationship with the external auditor;
- (x) overseeing compliance with applicable law and regulatory policy with respect to the Company's operations; and
- (y) considering any other topics, as defined by the Board.

Related Party Transactions

- (z) assisting the Board of Directors in carrying out its responsibilities pertaining to related party transactions, particularly in ensuring that all transactions with

related parties are handled in a sound and prudent manner, with integrity, and in compliance with applicable laws and regulations, in order to protect the interest of the Company, its shareholders, policyholders, clients, creditors and other stakeholders;

- (aa) evaluating on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs, and changes in relationships shall be reflected in the relevant reports to the Board and regulators;
- (bb) evaluating all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances, and that no corporate or business resources of the Company are misappropriated or misapplied; and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Committee shall take into account, among others, the following: i. The related party's relationship to the Company and interest in the transactions; ii. The material facts of the proposed RPT, including the proposed aggregate value of such transaction; iii. The benefits to the Company of the proposed RPT; iv. The availability of other sources of comparable products or services; or v. An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Company shall have in place an effective price discovery system and have exercised due diligence in determining a fair price for RPTs;

All RPTs that are considered material, including write-off of material exposures, based on the Company's Internal RPT Policy, shall be endorsed by the Committee to the Board of Directors for approval and to the stockholders of the Company for confirmation, during the annual stockholders' meeting. Any renewal or material changes in the terms and conditions of RPTs shall also be endorsed by the Committee to the Board of Directors for approval;

- (cc) ensuring that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Company's RPT exposures, and policies on conflicts of interest or potential conflicts of interests. The disclosure shall include information on the approach to managing material conflicts of interest that are inconsistent with such policies; and conflicts that could arise as a result of the Company's affiliation or transactions with other related parties;

- (dd) reporting to the Board of Directors on a regular basis, the status and aggregate exposure to each related party as well as the total amount of exposures to all related parties;
- (ee) ensuring that transactions with related parties, including write-off of exposures, are subject to periodic independent review or audit process; and
- (ff) overseeing implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including the periodic review of RPT policies and procedures.

Oversight of the Company's Enterprise Risk Management System

(ee) reviewing the company's enterprise risk management (ERM) framework, policies, and procedures to ensure its functionality and effectiveness.

(ff) overseeing the implementation of the enterprise risk management plan which must contain the following elements: (a) common language or register of risks, (b) well-defined risk management goals, objectives and oversight, (c) uniform processes of assessing risks and developing strategies to manage prioritized risks, (d) designing and implementing risk management strategies, and (e) continuing assessments to improve risk strategies, processes and measures;

(gg) conducting regular discussions on the company's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned units or offices are addressing and managing these risks;

(hh) evaluating the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The Committee revisits defined risk management strategies, looks for emerging or changing material exposures, and stays abreast of significant developments that seriously impact the likelihood of harm or loss;

(ii) As needed, Advises the Board on the Company's risk appetite levels and risk tolerance limits;

(jj) reviewing at least annually, or as needed, the company's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the company;

(kk) assessing the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence. Priority areas of

concern are those risks that are the most likely to occur and to impact the performance and stability of the corporation and its stakeholders;

(ll) providing oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the corporation. This function includes regularly receiving information on risk exposures and risk management activities from Management; and,

(mm) reports to the Board on a regular basis, or as deemed necessary, the company's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary.

IX. Reporting Procedures

16. Full minutes of the Committee's meetings shall be kept by the Company Secretary or a duly appointed secretary of the meeting, and such minutes shall be available for inspection at any reasonable time on reasonable notice by any Director.
17. Minutes of meetings of the Committee shall record in sufficient detail the matters considered by the Committee and decisions reached, including any concerns raised by Directors, members or dissenting views expressed. Draft and final versions of minutes of such meetings should be sent to all members of the Committee for their comment and records respectively, in both cases within a reasonable time after such meetings.
18. Without prejudice to the generality of the duties of the Committee set out in these Terms, the Committee shall report back to the Board and keep the Board fully informed of its decisions and recommendations and of any material issues regarding conflicts of interest, misconduct, anomalies or material defects in the internal control systems and violations of laws relating to the Company's operations, unless there are legal or regulatory restrictions on its ability to do.
19. The members of the Committee shall disclose to the Committee whether they directly, indirectly or on behalf of third parties, have a financial interest in any transaction or matter affecting the Company. Any member who has personal interest in the transaction shall abstain from the discussion, approval, and management of such transaction or matter affecting the Company.
20. To ensure that the Committee continues to fulfill its responsibilities in accordance with best practices and in compliance with the Code of Corporate Governance and other relevant regulatory requirements, the Committee shall conduct an assessment of its performance at least annually or if needed.

10. Performance Evaluation

1. Management Evaluation:

As may be needed, the Annual Performance Evaluation Survey is being conducted by the Committee to determine the overall performance and effectiveness of the Head of Internal Audit, the Head of Compliance, and the Chief Risk Officer of the Company.

In evaluating them, each Committee member shall determine the effectiveness of performance of the Head of Internal Audit, Head of Compliance and the Chief Risk Officer and their contribution towards the achievement of adequate and effective internal control system and enterprise risk management framework as well as consistent compliance with all legal and regulatory requirements.

2. Committee Evaluation

As may be needed, the Board may conduct an annual assessment of the Committee's performance including it's the Committee's Chairman. Every three (3) years, the assessment may be supported by an external facilitator.

In evaluating the Committee, each member shall rate the overall performance of the Committee, its effectiveness, the quality of information received by each member, and the effectiveness of the discussion towards achieving the Committee's duties and responsibilities under the Charter.

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