



# AUDIT COMMITTEE CHARTER

## **1. POLICY OBJECTIVES AND PURPOSE**

1.1 The purpose of the audit committee is to:

1.1.1 Fulfill the legal obligations of APMCBI, in relation to audit committee as required Corporate Governance Code.

1.1.2 Assist the board to meet its responsibilities in respect of:

1.1.2.1 The effectiveness of the company's assurance functions and services, with particular focus on combined assurance arrangements, including external assurance service providers, internal audit and the finance function,

1.1.2.2 The quality and integrity of the company's external reports, including integrated reports and financial statements, and setting the direction for how assurance of these be approached and addressed,

1.1.2.3 The company's compliance with key, applicable legal and regulatory requirements as relating to financial reporting,

1.1.2.4 The quality and independence of the company's external auditors,

1.1.2.5 The performance of the company's internal audit function and the external auditors, and

1.1.2.6 The adequacy and effectiveness of internal control measures, accounting practices, risk management (as assisted by the risk committee), information systems and audit procedures.

## **2. MEMBERSHIP**

2.1 The audit committee will consist of two to five members with the majority of the members selected from the Board of Directors, and one may be selected from outside the organization. The Board or its nominating committee will appoint committee members and the committee chair. The Board should attempt to appoint committee members who are knowledgeable and experienced in fields related to Section 3 of APMCBI's Internal Audit Policy.

2.2 To the greatest extent possible, the audit committee shall be composed of a sufficient number of independent and non-executive board members. Further, the chief executive officer, chief financial officer and/or treasurer, or officers holding equivalent positions, shall not be appointed as members of the audit committee.

2.3 The Board has the power to re-organize committee membership, thus, in case of vacancy the Board of Directors may appoint the replacement in accordance with the APMCBI mandated Policy.

- 2.4 All members of the committee have relevant background, knowledge, skills, and /or experience in the areas of accounting, auditing and finance. Should there be no Director with the required experience, skills or background, the Director will undergo the relevant trainings accredited by the Securities and Exchange Commission or continuing education courses on accounting, auditing and finance provided by reputable universities in the Philippines.

### **3. AUTHORITY**

- 3.1 The audit committee shall have explicit authority to investigate any matter within its terms of reference, full access to and cooperation by management and full discretion to invite any director or executive officer to attend its meetings, and adequate resources to enable it to effectively discharge its functions.
- 3.2 The audit committee shall ensure that a review of the effectiveness of the organization's internal controls, including financial, operational and compliance controls, and risk management, is conducted at least annually.

### **4. DUTIES AND RESPONSIBILITIES**

- 4.1 It shall be responsible for the setting up of the internal audit department and for the appointment of the internal auditor as well as the independent external auditor who shall both report directly to the Audit Committee. It shall monitor and evaluate the adequacy and effectiveness of the internal control system.
- 4.2 Review and approve the audit scope and frequency. It shall receive key audit reports, and ensure that senior management is taking necessary corrective actions in a timely manner to address the weaknesses, non-compliance with policies, laws and regulations and other issues identified by auditors.
- 4.3 Explicit authority to investigate any matter within its terms of reference, full access to and cooperation by management and full discretion to invite any director or executive officer to attend its meetings, and adequate resources to enable it to effectively discharge its functions. The audit committee shall ensure that a review of the effectiveness of the institution's internal controls, including financial, operational and compliance controls, and risk management, is conducted at least annually.

4.4 Establish and maintain mechanisms by which officers and staff shall, in confidence, raise concerns about possible improprieties or malpractices in matters of financial reporting, internal control, auditing or other issues to persons or entities that have the power to take corrective action. It shall ensure that arrangements are in place for the independent investigation, appropriate follow-up action, and subsequent resolution of complaints.

4.5 To recommend the appointment and removal of the company's external director.

## **5. MEETING AND ACCESS**

5.1 The Committee shall meet on the 2nd Friday of every month;

5.2 Meet periodically with the management, internal audit and external auditors, together or separately as the committee may see fit; and

5.3 Report on the Committee's activities regularly to the Board.

## **6. VOTING AND QUORUM**

6.1 Majority of the members of the Committee shall constitute a quorum; each member is allowed to vote for matters brought to the attention of the committee for action. Every decision of at least a majority of the Committee members present at a meeting at which there is a quorum shall be valid, unless a specific number of votes is required by existing laws and regulations.

## **7. APPROVALS**

7.1 Approvals by the Committee may be made at or during its meetings or through circulation to all members of the Committee.

## **8. CHARTER REVIEW**

8.1 The Board shall review and assess the adequacy of this charter annually or as needed.