



# **AIG Philippines Insurance Inc. Audit and Related Transaction Committee Charter**

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## **1. Purpose**

- 1.1 The purpose of the Audit and Related Party Transaction (RPT) Committee (“**Committee**”) of the Board of Directors (“**Board**”) is to:
- a) Provide oversight over the Company’s internal and external auditors, and reviews by other functions;
  - b) Monitor, review and evaluate the effectiveness and adequacy of the Company’s internal control system;
  - c) Foster and encourage a corporate environment of strong fiscal accountability, high ethical standards and compliance with laws and regulations;
  - d) Ensure the integrity to the related party transactions.

## **2. Composition and Term of Office**

- a) The Committee shall be composed of at least three (3) members. The members of the Committee, including the Chairman, shall be elected by the Board. The Chairman shall be an independent director.
- b) The members of the Committee shall hold office until their successors are determined and qualified.
- c.) Each member shall have an adequate understanding of the insurance industry and its practices and the Company’s financial management systems.
- d.) All members shall be eligible for re-election.

## **3. Responsibilities**

- 3.1 The responsibilities of the Committees, among others, are as follows:
- a) To review the internal and external audit plans and related risk assessments



- b) To review reports and issues raised as a result of audits from:
  - i. Internal Audit – Financial & Operational Audits
  - ii. External Statutory Financial Audit – Internal Control Report
  - iii. Compliance
  - iv. Underwriting
  - v. Claims
  - vi. IT
  
- c) The Chairman shall ensure that proceedings and resolutions of the Committee are communicated to the Board.
  
- d) As an exercise of its oversight to the internal and external auditors and audits by other functions, to:
  - i. Ensure that all recommendations are implemented as agreed.
  - ii. Ensure that the internal auditors have free and full access to all Company records, properties and personnel during internal audit activity, and that said activity is free from interference to preserve the objectivity of the internal auditors.
  - iii. To evaluate and determine justification for non-audit work by the external auditors.
  - iv. Ensure that there is a well-designed internal control procedures and processes that will provide a system of checks and balances to (a) safeguard the company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the company's financial data, and (d) ensure compliance with applicable laws and regulations.
  - v. Meet the external auditor and discuss audit plans and approach ahead of the statutory audit each year
  
- e.) The Committee shall perform other activities related to this Charter as requested by the Board.
  
- f.) Review as it deems necessary its Charter and recommend changes, if any, to the Board.
  
- g.) Adopt a Related Party Transaction Policy.



- h.) Report to the Board on a regular basis, or as deemed necessary, the company's related party transaction and recommend further actions or plans, as necessary.

#### **4. Proceedings**

- a) The Committee shall meet on a quarterly basis, or as the committee deems necessary, to carry out its responsibilities.
- b) Any member of the Committee may request a meeting if they consider it necessary.
- c) The quorum necessary for the transaction of the business of the Committee shall be two.
- d) If, at any meeting, the Chairman is not present, the members present may choose one of the other members to be Chairman of the meeting.
- e) In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote.
- f) The Corporate Secretary should ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration of the issues.
- g) Minutes of meeting decisions with main discussion points of the Committee shall be recorded by the Corporate Secretary and circulated to all members of the Committee. The minutes are to be signed by the Chairman of the meeting and Corporate Secretary.
- h) The Chairman of the Committee shall report on the proceedings of the Committee to the Board.
- i) The Chairman of the Committee may invite any attendees to a meeting as he/she deems appropriate including any other directors, members of management or advisers.

#### **5. Authority**

5.1 The Committee shall have the following responsibilities:

- a) review at as it deems necessary its Charter and recommend changes, if any, to the Board;



- a) Investigate or cause to be investigated any matter within its scope of responsibility. The Board has mandated management and employees to cooperate fully with the Committee members.
- b) Recommend the appointment and removal of external auditors.
- c) Recommend resolutions of any disagreements between management and the external auditor regarding financial reporting.
- d) Hire independent advisers when necessary.