

MANDATE

To assist the board of directors in fulfilling its oversight functions of monitoring compliance with laws, rules and regulations of the corporate processes which includes the management reporting process, the internal control system, risk management system and the audit process.

AUTHORITY

The Audit Committee has authority to conduct or authorized investigations into any matters within its scope of responsibility. It is empowered to:

- Approve all auditing and non-auditing services of the Internal Audit Department.
- Seek any information it requires from employees all of who are directed to cooperate with the committee's requests.
- Meet with corporate officers, COA Auditor or outside counsel, as necessary.

FUNCTIONS

The Audit Committee shall carry out the following functions:

- a. Provide oversight of the internal audit functions. The oversight activities shall include:
 - Review and approve the internal audit charter;
 - Review and approve the annual internal audit plan;
 - Review audit results;
 - Approve the conduct of non-audit services of the Internal Audit Department as requested by management;
 - Approve the appointment and removal of the internal auditors of the Internal Audit Department;
 - Ensure that the internal auditors shall have free and full access to all the corporation's records, properties and personnel relevant to the internal audit activity;
 - Ensure that the Internal Audit Department should be free from interference in determining the scope of internal audit examinations, performing work and communicating results;
- b. Evaluate the adequacy and effectiveness of CIAC's internal control and risk management systems.
- c. Review operations or programs to ascertain whether results are consistent with established objectives and goals.
- d. Evaluate the quality of performance of departments, offices or individuals in carrying out their assigned responsibilities.
- e. Review COA annual audit report including audit memorandum and ensure that management is taking appropriate actions in a timely manner.



- f. Review legal and regulatory matters that may have a material impact on the financial statements, related CIAC's compliance to policies, programs and reports received from regulatory agencies.
- g. Ensure that identified irregularities in the CIAC's operations are thoroughly investigated and that recommended corrective and/or punitive actions are taken.
- h. Reporting responsibilities:
 - Report to the Board about committee activities, issues and related recommendations, as the Committee may deem appropriate.
 - Report annually to the stockholders, describing the committee's composition, responsibilities and how they were discharged and any other information including no-audit services undertaken by the internal auditors.
- i. Other functions:
 - Provide an open avenue of communication between internal auditor, COA Auditor and the board of directors.
 - Review any other reports that the corporation issues that relate to committee responsibilities.
 - Perform other activities related to this charter and as requested by the board of directors.
 - Review and assess the adequacy of the committee charter annually, requesting board approval for proposed changes, if any.

COMPOSITION AND TERM OF OFFICE

The Audit Committee shall consist of at least three (3) Board members preferably with accounting and finance background, one member shall be an independent director. The members shall be appointed by the Board of Directors for a term of one (1) year, unless otherwise, extended. The Audit Committee shall be composed of the following:

- Chairman - Chairman of the Board
- Members - 1 independent director and 1 dependent director

Any vacancy occurring in the Audit Committee shall be filled by the appointment of the Chairman of the Board.

A member of the Audit Committee may be removed only by a majority vote of the members of the Board present in the meeting called for the purpose.

MEETING AND REMUNERATION

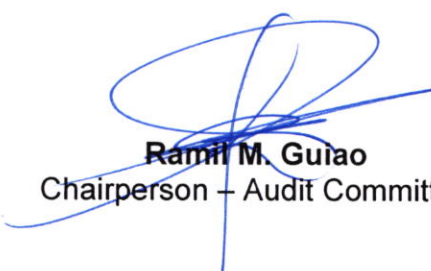
The Audit Committee shall hold meeting at the convenient time and place, adopt rules of proceedings considered appropriate and necessary. The audit Committee

shall meet a least once in a month with authority to convene additional meetings, as circumstances require and entitle to reasonable per diem as approved by the Board.

SECRETARIAT

A representative fro, the CIAC Internal Audit Department shall be assigned to act as the Secretary of the Audit Committee. He/She shall be responsible in taking the minutes of meetings and coordinate with the Office of the Board Secretarial in the discharge of his/her functions and entitle to per diem similar to those granted to Board Committee Secretariat.

The CIAC Internal Audit Department shall provide technical and administrative support to the Audit Committee. The head of the Internal Audit Department or his duly authorized representative shall act as resource person for every meeting as requested.



Ramil M. Guiao
Chairperson – Audit Committee



Jose Ma. J. Fernandez
Member – Audit Committee



Alipio F. Fernandez Jr.
Member – Audit Committee