



MEGA RE INTERNATIONAL, INC.

AUDIT COMMITTEE CHARTER

Section 1. PURPOSE

The objective of the Audit Committee (“Committee”) is to assist the Board in achieving its oversight responsibility in line with the Company’s corporate governance processes in relation to the following:

- A. Quality and integrity of its financial statements including the supporting financial schedules and reports;
- B. Effectiveness of internal control systems;
- C. Independence in the performance of its internal and external auditors; and
- D. Compliance with accepted accounting and auditing standards, financial reporting, and other disclosure requirements as required by Insurance Commission and Securities and Exchange Commission and their related rules, regulations and/or circulars.

Section 2. DUTIES AND RESPONSIBILITIES

In order to implement the principle of checks and balances, the Committee shall have the following duties and responsibilities:

- A. To assist the Board in the performance of its oversight responsibility by ascertaining the accuracy of financial reporting, effectiveness and efficiency of internal control system, as well as the timeliness and completeness of regulatory compliance reports;
- B. To give recommendation for approval of the Company’s Internal Audit Charter that specifically defines the role of Internal Audit and the yearly Audit Plan including the appointment of the Head of Internal Audit;
- C. To ensure that the approved Internal Audit Charter is being implemented in relation with the company’s business operations;
- D. To provide recommendation for the appointment of an External Auditor based on the qualifications set forth by the Insurance Commission and its related circulars and issuances;

- E. To review the Interim and/or Annual Financial Statements before their endorsement to the Board for its approval, particularly on the following:
- (i). Any change/s in accounting policies and practices;
 - (ii). Areas where a considerable number of judgments were exercised;
 - (iii). Significant amendments resulting from the audit;
 - (iv). Going concern assumptions;
 - (v). Compliance with accounting standards; and
 - (vi). Compliance with tax, legal and regulatory requirements;
- F. To review the reports submitted by the Internal and External Auditors and make proper recommendation/s to the Board for their approval/ disapproval;
- G. To conduct oversight functions over the Internal and External Auditors to ensure their independence in the performance of their tasks.
- H. To submit recommendation to the Board in connection with the appointment, reappointment, removal, and including the fees of the External Auditor, that shall carry out an independent audit of financial statements of the Company; and
- I. To perform other tasks that may be requested by the Board.

Section 3. Committee Composition

- a. The Committee shall be composed of at least three (3) members but not more than five (5) members. The members of the Committee to include the Chairman, shall be appointed by the Board of Directors annually.
- b. The Chairman or any member of the Committee may be removed from office only by the Board of Directors.
- c. The Corporate Secretary shall provide the necessary staff support to the Committee upon its written request.

Section 4. Committee Procedures

A. Meetings

- (i). The Committee shall hold meetings at such times and places as it may consider appropriate provided that no less than two (2) meetings shall be held yearly.

(ii). Meetings of the Committee shall be presided by the Chairman of the Committee either on his own initiative to call a meeting or upon the request of a majority of its members.

(iii). Notice of meeting shall be in writing specifying the place, date and time and the corresponding subject matter/s to be discussed. The Corporate Secretary shall make sure that receipt of the notice by the members at least one (1) week from the intended date of meeting, except in case of urgency as may be determined by the Chairman of the committee.

(iv). Notice of a meeting of the Committee shall be deemed duly served upon a Member if it is given to him personally, in writing or orally, or sent to him via registered mail or through a private courier to his address, or e-mail address as provided by him to the Corporate Secretary.

(v). A majority of all the Members of the Committee shall constitute a quorum.

(vi). Owing to the exigency of the situation, Members of the Committee may participate in a meeting through tele-conference or videoconference.

(vii). Any resolution of the Committee where there is a quorum shall be passed upon by a majority vote of the members present at such meeting. Each member is counted as one (1) vote.

In case a Member has conflict of interest or he has material interest to the subject matter to be voted or resolved upon, such member shall be prohibited from casting his vote.

In case of a tie, the resolution shall be referred automatically to the Board constituted as a Committee of the Whole and majority of the Committee of the Whole constituting the quorum may be passed upon.

B. Minutes and Records

(i). The Committee shall appoint the Corporate Secretary or any deputized officer under the direct control and supervision of the Corporate Secretary who shall issue notices and agenda for the meetings; disseminate meeting materials, if necessary; prepare minutes of meetings of the Committee and keep books and records of the Committee.

(ii). The Committee shall cause records to be kept that pertain to the following:

- a. Appointment, removal and resignation of members of the Committee;
- b. All agenda and other documents of the Committee; and
- c. . Minutes of proceedings and meetings of the Committee.

(iii). Any such books and records shall be open for ocular inspection by a Member of the Committee upon reasonable prior notice during usual office hours and working day of the company.

(iv). The minutes of the meeting of the Committee that is duly signed by the Chairman of the Committee shall be deemed conclusive evidence of the proceedings and resolutions pertaining to such meeting.

(v). The Corporate Secretary shall see to it that the draft and final versions of the minutes of Committee meetings shall be sent to all its Members who attended such meeting for their comment and records, within a reasonable period of time after the meeting but in no case shall exceed more than thirty (30) days from such meeting.

Section 5. Remuneration of Members

Only per diem or allowances, as the case maybe, that is authorized and approved by the Board shall be given with respect to their presence at any meetings of the Committee.

Section 6. Committee Reports and Performance Evaluation

- A. The Committee shall report its activities to the Board on a regular basis including other matters that may be deemed necessary
- B. The Committee shall prepare its annual performance evaluation and set its goals and objectives for the following year which shall be subject for further review of the Board.

Section 7. Amendment, Alteration or Modification

This Charter may be subject to amendment, alteration or modification by the majority vote of the Board that constitutes a quorum called for the purpose.