

SOLUTIONS INSURANCE BROKERS INCORPORATED CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

Purpose and Responsibility

The Audit Committee (the Committee) reports to the Board of Directors (The Board) of Solutions Insurance Brokers Incorporated (the Company or the Firm).

The Committee's primary purpose is to assist the Board in fulfilling its responsibilities concerning internal control. With the Governance and Nominations Committee, the Audit Committee also assists the Board in fulfilling its corporate governance responsibilities.

The Committee has direct responsibility for periodically evaluating Management's handling of internal controls.

The Committee, in coordination with the Company's Treasurer, is also responsible for managing the relationship with the External Auditor.

The Committee has the primary responsibility for ensuring the quality of financial reporting.

The Committee has direct responsibility for overseeing the Company's compliance with laws and regulations.

The Committee is also responsible for reviewing reports concerning internal controls, compliance or financial reporting as may be required by the Board especially for inclusion in the Company's annual proxy statement, and performing such other tasks that are consistent with this Charter.

Definitions

"Executive" means the President, who is also the Chief Executive Officer of the Company as well as any employee who is a Principal or Equity Principal of the firm.

"Independent Director" is any member of the Board of Directors who is considered independent under the Governance Code of the Philippine Securities and Exchange Commission.

"Management" includes all the members of the Company's Management Committee, which currently includes the President, the Treasurer and all Equity Principals.

Membership and Qualifications

The Board of Directors shall appoint the members of the Audit Committee of the Board in the first board meeting following the Annual General Meeting of Shareholders. The term of this appointment shall be for one year.

The Committee shall consist of at least two (2) directors, both of whom must be “independent” in accordance with the governance code of the Philippine Securities and Exchange Commission.

Meetings, Structure and Procedures

The Committee shall meet at least twice a year. One Committee member shall serve as the Committee Chair and the Board shall determine which member shall be the Chair.

The Committee will meet at such times and places as determined by the Chair, or as may be requested by any Committee members, upon three (3) days notice to each member personally, by mail or by written telecommunication.

In addition, the Committee shall meet at such other times as it deems necessary or desirable to fulfill its responsibilities.

The agenda of each Committee meeting will be prepared under the direction of the Chair and, whenever practicable, circulated to the other Committee member prior to the meeting date. The Chair will preside, when present, at all Committee meetings.

A majority of the Committee shall constitute a quorum. Any action required or permitted to be taken at any Committee meeting may be taken without a meeting if all members of the Committee consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Committee. Members of the Committee may participate in a Committee meeting by conference via telephone or similar communications equipment whereby all persons participating in the meeting can hear each other, and participation in a meeting by these means shall constitute presence in person at the meeting.

Committee meetings by electronic communication shall also be acceptable provided all discussions that form part of such meeting are seen by all members who are identified as attending such a meeting and provided that agreements and pertinent discussions supporting such agreements are prepared in minute format, circulated and approved. All members participating in this form and approving the minutes shall be considered present in such a meeting.

Minutes shall be prepared for all meetings of the Committee to document the Committee's discharge of its responsibilities. The minutes shall be circulated in draft form to all Committee members, and shall be approved as presented or as modified at a subsequent Committee meeting.

Authority and Responsibilities

The responsibilities of the Audit Committee are:

Evaluate Management's handling of internal controls

1. Assess whether Management is setting the appropriate tone at the top by communicating the importance of the management of risks.
2. Inquire from Management major or significant risks or exposures of the Company and how are these risks being managed.
3. Assess whether Management is setting the appropriate “control culture” by communicating the importance of internal controls.
4. Review the overall effectiveness of the internal control framework and consider whether Management has implemented the recommendations made by external auditors.
5. Consider how Management is held accountable for the protection and appropriate use of resources.
6. Understand the internal control systems that Management has and/or will implement. In connection with this, the Audit Committee shall request Management to disclose (1) any significant deficiencies and/or weaknesses in the design or operation of internal controls over operations and financial reporting; and (2) any fraud or unauthorized transactions or dysfunctional behavior, whether or not material, involving management or employees, especially those who have a significant role in internal controls.
7. Receive from and discuss with Management report on court cases filed against the Company and its impact or potential impact to the operation, finances and reputation of the Company.
8. Receive from and discuss with Management disclosure on any significant penalties and fines from legal or regulatory bodies as well as significant operating losses arising from fraud and other dysfunctional behavior, the writing off of assets, management inefficiency and erroneous decisions.
9. Evaluate the need for and appropriateness of the size and structure of an independent internal audit function.

Manage relationship with the External Auditor

1. Have the external auditor report directly to the Audit Committee.
2. Review the professional qualifications of the external auditor.
3. Receive from the Treasurer report and/or feedback on the performance of the external auditor, review such performance and endorse to the Nominations Committee external auditor’s appointment, reappointment or termination.
4. Endorse for approval of the Board of Directors the fee of the external auditor.
5. Discuss with Management and external auditors the annual audited financial statements and review, among other things, the following:

- Critical accounting policies and practices used in financial reporting and/or any changes thereto;
 - Quality and appropriateness of the accounting policies as well as the consistency of their application;
 - Required communications with the external auditors; and
 - Difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested documentation or information, any significant disagreements with Management, and communications between the audit team and the audit firm's office with respect to difficult auditing or accounting issues presented by the engagement.
6. Review and discuss the scope and plan of the external audit.
 7. Ensure that significant findings and recommendations made by the external auditors and management's proposed response are received, discussed and appropriately acted upon.
 8. Meet separately with external auditors to discuss any matters that the Committee or auditors believe should be discussed privately. Ensure that the external auditors have access to the Chairman of the Audit Committee when required.
 9. Review policies for the provision of non-audit services by the external auditor

Oversee compliance with laws and regulations

1. Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of Management's investigation of any fraudulent acts or non-compliance.
2. Review periodically with Management, Legal Counsel correspondences with regulators or government agencies or accrediting agencies, any and all material legal affairs and violation of laws and regulatory requirements and the steps taken to address these issues.
3. Review the findings of any examinations by regulatory or accrediting agencies.
4. Obtain regular updates from Management and legal counsel regarding compliance matters, i.e., new laws, regulations, professional and accreditation standards and changes, if any, and their effect on the Company's status, operations, reputation and financial position.
5. Require Management to ensure that all regulatory compliance matters have been considered in new policies, activities and the preparation of financial statements.

Ensure the quality of financial reporting

1. Regularly review the financial reporting process implemented by Management.

2. Review the audited financial statements.
3. Review Management's process for ensuring the transparency of the financial statements and the completeness and clarity of the disclosures.
4. Meet with Management and external auditors to review the financial statements, the key accounting policies used in the preparation of financial statements specifically those policies for which management is required to exercise discretion or judgment regarding the implementation, the reasonableness of such judgments and the results of the audit.
5. Discuss with the external auditor the alternative treatments of financial information within generally accepted accounting principles as well as the ramifications of the use of such alternative treatments.
6. Ensure that significant adjustments, unadjusted differences, disagreements with management and critical accounting policies and practice are discussed with the external auditor. Resolve disagreements between management and the external auditor.

Reporting Responsibilities

1. Regularly update the Board of Directors about Committee activities and make appropriate recommendations.
2. Ensure that the Board of Directors is aware of matters that may significantly impact on the affairs of the Company or its financial condition.
3. Prepare reports that may be required by law or requested by the Board of Directors.

At the point when it becomes necessary to establish an Internal Audit Group:

1. Review the independence, qualifications, activities, resources and structure of the internal audit function and ensure no unjustified restrictions or limitations are made and that it has adequate resources to fulfill its duties and responsibilities.
2. Review and concur with the appointment, reassignment, promotion or dismissal of the head of internal audit who shall report directly to the Audit Committee.
3. Review the effectiveness of the internal audit function and ensure that it has appropriate standing within the organization.
4. Meet separately with the head of internal audit to discuss any matters that the Committee or internal auditors believe should be discussed privately.
5. Ensure that significant findings and recommendations made by the internal auditors and Management's responses are received, discussed and appropriately acted on.

6. Review the proposed internal audit plan for the coming year and ensure that it addresses key areas of control.
7. Receive prior to each meeting a summary of findings from completed internal audits and the status of implementing related recommendations.
8. Receive a progress report on the internal audit plan with explanations for any deviations from the original plan.
9. Review periodically the internal audit charter for necessary changes.

The Committee shall exercise such power and take such actions as may be permitted or required to be taken by the Board in the exercise of its duties under this Charter.

The Committee should, at least annually, review and assess the adequacy of this Charter and conduct a performance evaluation of the Committee. The Committee shall recommend any proposed changes to the Board for approval.

General

The Committee is also charged with such other tasks and responsibilities as are consistent with this Charter, the governance code of the Securities and Exchange Commission and the rules and regulations promulgated by the Securities and Exchange Commission, and any other applicable laws and regulations.