

GMA HOLDINGS, INC.

Audit and Risk Management Committee

Under the Company's Revised Manual on Corporate Governance, the Audit and Risk Management Committee shall be composed of at least three (3) members of the Board, one (1) of whom shall be an independent director. Each member shall have adequate understanding at least or competence at most of the Company's financial management systems and environment.

The Board of Directors shall appoint an Independent Director as Committee Chairman. The Chairman of the Audit and Risk Management Committee should not be the Chairperson of the Board or of any other committees (Reco. 3.2).

Duties and Responsibilities

1. Check all financial reports against its compliance with both the internal financial management handbook and pertinent accounting standards, including regulatory requirements;
2. Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;
3. Perform oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Company, and crisis management;
4. Pre-approve all audit plans, scope and frequency one (1) month before the conduct of external audit;
5. Perform direct interface functions with the internal and external auditors;
6. Elevate to international standards the accounting and auditing processes, practices and methodologies;

7. Ensure the compliance of the Company with acceptable auditing and accounting standards and regulations;

8. An accountability statement that will specifically identify officers and/or personnel directly responsible for the accomplishment of such task;

9. Develop a transparent financial management system that will ensure the integrity of internal control activities throughout the Company through a step-by-step procedures and policies handbook that will be used by the entire organization;

10. Review the annual internal audit plan to ensure its conformity with the objectives of the Company. The plan shall include the audit scope, resources and budget necessary to implement it;

11. Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;

12. Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security;

13. Review the reports submitted by the internal and external auditors;

14. Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:

- Any change/s in accounting policies and practices
- Major judgmental areas
- Significant adjustments resulting from the audit
- Going concern assumptions
- Compliance with accounting standards
- Compliance with tax, legal and regulatory requirements;

15. Coordinate, monitor and facilitate compliance with laws, rules and regulations;

16. Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses. The Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Company's annual report;

17. Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities;

18. The Audit and Risk Management Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties;

19. Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting Related Party Transactions (RPTs) including a periodic review of RPT policies and procedures (Explan. (n) Reco.3.2).

The content of the RPT Policy shall be as follows:

- Identification of related parties;
- Coverage of RPT policy;
- Guidelines in ensuring arm's-length terms;
- Identification and prevention or management of potential or actual conflicts of interest which may arise;
- Adoption of materiality thresholds, as well as internal limits for individual and aggregate exposures;
- Approval of material RPTs based on the Company's materiality threshold;
- Disclosure requirement of material RPTs;
- Self-assessment and periodic review of policy; complied A & B of RPT Policy
- Whistle-blowing mechanisms; and
- Restitution of losses and other remedies for abusive RPTs (Explan., Reco. 2.6); and

20. Adopt a formal enterprise risk management plan which contains the following elements: (a) common language or register of risks, (b) well-defined risk management goals, objective and oversight, (c) uniform processes of assessing risks and developing strategies to manage prioritized risks, (d) designing and implementing risk management strategies, and (e) continuing assessments to improve risk strategies, processes and measures (Explan.(a), Reco. 3.4).