



**AUDIT AND RISK
COMMITTEE CHARTER**

The Board of Directors (Board) of Roxas Holdings, Inc. (Company) hereby adopts this Charter of the Audit and Risk Committee (Committee).

Section 1. PURPOSE OF THE COMMITTEE

The Committee shall assist the Board in fulfilling its oversight responsibilities on the Company's:

- a. accounting, financial reporting, disclosure processes, and internal controls;
- b. compliance with legal and regulatory requirements;
- c. overall risk management system, framework, policies and profile; and
- d. internal and external auditors.

Section 2. COMMITTEE STRUCTURE

2.1 Composition

- a. The Committee shall consist of at least three (3) voting Directors who preferably have accounting and finance backgrounds, one (1) of whom must be an independent director and another with audit experience.
- b. The Board shall designate one (1) member of the Committee as its Chairman who shall be an independent director.
- c. The Board may appoint one (1) or more persons to serve as advisor(s) to the Committee (Advisor). Advisors shall have the right to attend and speak at any meeting of the Committee, but shall have no right to vote in respect of any action of the Committee.

2.2 Term

The Board shall appoint the members of the Committee at its annual organizational meeting and each member shall serve upon his election until the next organizational meeting of the Board, unless removed or replaced by the Board.

The Board shall take into account succession planning for the Chairman and other members of the Committee in the appointment of independent directors. It shall also ensure that there is an established training and succession plan that is regularly reviewed and updated.

2.3 Vacancy

Any vacancy in the Committee caused by the death, resignation, or disqualification of any member, or by any other cause, may be filled by the Board. The member elected to fill the vacancy shall hold office for the remainder of the term, or until his successor shall have been duly elected and qualified.

2.4 Qualifications and Disqualifications

The Chairman and the Members of the Committee shall possess all of the qualifications and have none of the disqualifications for membership in the Board as provided for in the By-Laws and the Revised Manual on Corporate Governance of the Company, the Corporation Code, the Securities Regulation Code, and other relevant laws. In addition, the Chairman or the Member of the Committee who is an independent director must meet the independence criteria under applicable law or regulation or as determined by the Board or the Nomination, Election and Governance Committee of the Company.

Each member shall be financially literate. The Chairman shall have accounting or related financial management expertise with a good understanding of the generally accepted accounting principles (GAAP). At least one (1) member of the Committee must be an audit committee financial expert or one who, through education and experience, has the following attributes as determined by the Board:

- (i) an understanding of the GAAP and financial statements;
- (ii) an ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;
- (iii) experience in preparing or auditing or reviewing or analyzing financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and level of complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience in actively supervising one or more persons engaged in such activities;
- (iv) an understanding of internal controls and procedures for financial reporting; and
- (v) an understanding of audit committee functions.

The person with the accounting or related financial management expertise and the audit committee financial expert may be one and the same person.

The Committee members shall have a practical understanding of the business of the Company or should have a previous business experience.

2.5 Training and Education

The members of the Committee shall attend seminars on corporate governance conducted by duly recognized private or government entities.

Section 3. POWERS, DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

- 3.1 The Committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible in order to best react to changing conditions and circumstances. The Committee will take appropriate actions to monitor the overall corporate "tone" for quality financial reporting, sound business risk practices and ethical behavior.

- 3.2 The following shall be the principal powers, duties and responsibilities of the Committee. These matters are set forth as a guide with the understanding that the Committee may supplement them as appropriate:

3.2.1 General

- a. Develop and maintain free and open means of communication among the Board, the Company's external and internal auditors, chief risk officer, and management;
- b. Perform any other activities as the Committee deems appropriate, or as requested by the Board, consistent with this Charter, the Company's By-Laws and applicable law;
- c. Maintain and update, as appropriate, this Charter, which will be published on the Company's website; and
- d. Report regularly to the Board.

3.2.2 With Respect to Financial Reporting and System of Internal Controls

- a. 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;
- b. Review the reports submitted by the internal and external auditors;
- c. Review the quarterly, half-year and annual financial statements before their submission to the Board and appropriate government and regulatory agencies, with particular focus on the following matters:
 - i. Any change/s in accounting policies and practices;
 - ii. Significant accounting and reporting issues, including complex or unusual transactions, related company transactions, subsequent events and major judgmental areas, and recent professional and regulatory pronouncements, and their impact on the financial statements;
 - iii. Significant adjustments resulting from the audit;
 - iv. Going concern assumptions;
 - v. Compliance with accounting standards;
 - vi. Completeness, consistency and accuracy of disclosures of material information; and
 - vii. Compliance with tax, legal and regulatory requirements.
- d. Review the management representation letter before submission to the external auditor. The Committee shall recognize that management is responsible for the financial statements.
- e. Review and assess, on a quarterly basis, the correspondence between the Company and regulators regarding financial statement filings and disclosures;

- f. Review and discuss with management any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting, and any fraud, whether or not material, involving management or other employees who have a significant role in the internal control over financial reporting, and take appropriate actions in a timely manner to address the same;
- g. Coordinate, monitor and facilitate compliance with laws, rules and regulations and communicate to the legal counsel any litigation, claim, contingency or other significant legal issue that impact on the financial statements;
- h. Provide supervision to management in the formulation of the rules and procedures on financial reporting and internal control in accordance with the following guidelines:
 - i. The extent of the responsibility of management in the preparation of the financial statements of the Company with the corresponding delineation of the responsibilities that pertain to the external auditor shall be clearly explained;
 - ii. An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Company for the benefit of all stockholders and other stakeholders shall be maintained;
 - iii. On the basis of the approved audit plans, internal audit examinations shall cover at the minimum the evaluation of the adequacy and effectiveness of controls that cover the Company's governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets and compliance with contracts, laws, rules and regulations; and
 - iv. The Company shall consistently comply with the financial reporting requirements of the Securities and Exchange Commission (SEC).
- i. Monitor and evaluate the appropriateness of the policies addressing codes of conduct for the Board and employees, as set out in the Company's Code of Conduct;
- j. Monitor, evaluate, and discuss with internal and external audit the adequacy and effectiveness of the Company's internal control system, including the financial reporting control and information technology security, and any significant findings that have been reported to management including management's responses, and the progress of the related corrective action plans; and
- k. Formulate or review antifraud programs and controls implemented by management and discuss any identified or suspected fraud and illegal acts involving senior management and other employees.

3.2.3 With Respect to Risk Management

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- a. Provide oversight over management's activities in managing credit, market, liquidity, operational, legal and other risks of the Company. This function shall include regular receipt from management of information on risk exposures and risk management activities.
 - b. Discuss the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures;
 - c. Review and discuss risk management-related reports and issues raised by management, internal and external auditors, legal counsel and regulators that impact the Company's risk management framework;
 - d. Discuss the risks faced by the Company and those of its subsidiaries that may have potential impact on the Company's operations, and ensure that risk awareness culture is pervasive throughout the organization;
 - e. Review with senior management the Company's overall antifraud programs and controls;
 - f. Review the risk management infrastructure and culture to ensure that the relevant activities are aligned with the overall goals and strategies of the Company;
 - g. Review and recommend to management the Company's levels of risk appetite and risk tolerance, and risk exposure allocation for approval by the Board;
 - h. Review and discuss with management and the internal auditor and/or the external auditor and/or the chief risk officer:
 - i. the key policies and processes adopted by management with respect to risk identification, assessment and management, including risk of fraud;
 - ii. significant or major risk exposures, if any, and the plans or the steps taken or need to be taken by management to monitor and control such exposures;
 - iii. appropriateness of Business Continuity Plan and culture of risk-awareness implemented throughout the Company.
 - i. Review the Company's risk profile on an ongoing basis and re-evaluate the likelihood of occurrence, severity of impact of risk exposures, and any mitigating measures affecting those risks;
 - j. Ensure that the Enterprise Risk Management function of management is in place and operating effectively to identify, assess, monitor and manage risks;
 - k. Appoint and evaluate the qualifications and performance of the chief risk officer at least annually;

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- l. Establish and identify the reporting line of the chief risk officer to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Committee and administratively to the Chief Executive Officer of the Company.
 - m. Discuss with the chief risk officer the Company's risk management structure, risk issues and mitigation strategies and its overall effectiveness;
 - n. Review the results of the annual risk assessment done by the chief risk officer. The assessment shall include material financial and non-financial risks that impact on the Company and its subsidiaries and the corresponding measures in addressing such risks.
 - o. Evaluate the risk assessment report submitted by the chief risk officer on a quarterly basis. The report shall include existing and emerging risks at the Company and its subsidiaries, and the related risk mitigation strategies and action plans of management.

3.2.4 With Respect to Internal Audit

- a. Perform oversight functions over the Company's internal auditors. It shall ensure that the internal and external auditors act independently from each other and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- b. Review and approve 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.
- c. Review the organization of the internal audit department and consider the appointment of an independent internal auditor and the terms and conditions of his engagement and removal;
- d. Review and approve proposals to outsource any internal audit activities;
- e. Review and evaluate the qualifications and performance of the internal auditor at least annually;
- f. Review the effectiveness of internal audit function, including compliance with the International Standards for the Professional Practice of Internal Auditing;
- g. Review the reports prepared by the internal audit team;
- h. Establish and identify the reporting line of the internal auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Committee and administratively to the Chief Executive Officer of the Company. It shall ensure that, in the performance of the work of the internal auditor, he shall be free from interference by outside parties.

- i. Conduct an annual review, and if deemed appropriate, cause an update, of the charter of the internal audit.

3.2.5 With Respect to External Audit

- a. Perform oversight functions over the Company's external auditors. It shall ensure that the internal and external auditors act independently from each other and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions.
- b. 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 (1) audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- c. Review the reports submitted by the external auditor;
- d. 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, shall be disclosed in the Company's annual report.
- e. Review and evaluate the independence, professional qualifications, competence and performance of the external auditor at least annually, and recommend to the Board the appointment or discharge of the external auditor;
- f. Review and discuss key staffing and lead audit partner rotation plans;
- g. Review and timely discuss with the external auditor its report on critical policies, alternative treatments, observations on internal controls, audit adjustments, independence, limitations on the audit work set by management, and other material issues that would affect the audit and financial reporting;
- h. Discuss and resolve disagreements between management and the external auditor regarding financial reporting; and
- i. Obtain from the external auditor assurance that the audit was conducted in a manner consistent with certain procedures to be followed in any audit of financial statements required under the applicable rules of the relevant stock exchange, the SEC and other regulatory bodies.

- 3.3 The Chairman of the Committee shall issue certifications on critical compliance issues.

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- 3.4 The findings and recommendations of the Committee shall be submitted to the Board for approval.
- 3.5 The Committee shall have the resources and authorities appropriate to discharge its responsibilities, including the authority to engage external auditors for special audits, reviews and other procedures and to retain and obtain advice from external counsel and other experts or consultants as it deems appropriate without need for Board approval.
- 3.6 The Chairman of the Committee and/or any of its Members shall meet separately with management, the internal auditor and/or external auditor and/or chief risk officer of the Company, to discuss any matter that the Committee or any of the foregoing persons believe should be discussed privately. The Committee may also request any officer, executive or employee of the Company or the Company's outside counsel or the external auditor or third party consultants to attend a meeting of the Committee or to meet with any Member, advisor or consultant of the Committee.
- 3.7 As may be requested by the Committee, functional specialists within the Company shall provide technical support on subject matters relevant to the purposes of the Committee.
- 3.8 The Committee shall be guided by the Company's mission and vision in the fulfillment of its functions.

Section 4. COMMITTEE PROCEDURES

4.1 Meetings

- a. The Committee shall hold meetings at such times and places as it considers appropriate, but not less than quarterly.
- b. Meetings of the Committee shall be convened by the Chairman of the Committee as and when he considers appropriate or upon the request of a majority of the Members of the Committee.
- c. A Committee meeting shall be convened upon notice in writing at least three (3) days prior to the meeting and specifying the place, date and time of the meeting and the matters to be discussed at the meeting.
- d. Notwithstanding that a meeting is called by shorter notice, it shall be deemed to have been duly convened if it is so agreed by the Members present in the meeting at which there is a quorum. A Member may consent to short notice and may waive notice of any meeting of the Committee and such waiver may be retrospective.
- e. Each Member/Advisor shall give to the Secretary of the Committee an address, an email address, and a facsimile number for the service of notices of meetings of the Committee.

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- f. Notice of a meeting of the Committee shall be deemed to be duly served upon a Member/Advisor if it is given to him personally, or sent to him by mail or email or facsimile transmission, to his address, email address, or facsimile number, as appropriate, given by him to the Secretary of the Committee in accordance with the immediately preceding paragraph.
 - g. The quorum for a meeting of the Committee shall be at least a majority of the Members present throughout the meeting.
 - h. Resolutions at a meeting of the Committee at which there is a quorum shall be passed by a simple majority of votes of the Members present at such meeting.
 - i. Each Member, including the Chairman of the Committee, shall have one (1) vote.
 - j. In case of an equality of votes, the Chairman of the Committee shall not have a second or casting vote.
 - k. A resolution in writing signed by a majority of the Members of the Committee shall be as valid and effective for all purposes as a resolution of the Committee passed at a meeting of the Committee duly convened, held and constituted.
 - l. Members and Advisors of the Committee may participate in a meeting of the Committee through teleconference or video conference by means of which all persons participating in the meeting can hear each other.

4.2 Escalation

If the Committee decides to take any action to which any Member objects, such Member shall have the right, by notice in writing to the Chairman of the Committee within ten (10) days after such meeting, to require the Committee to reconsider its decision in a separate meeting. If, after such reconsideration, any Member objects to the action which the Committee has decided to take at the second Committee meeting, then said Member shall be entitled, by notice in writing to the Board (together with any relevant supporting materials) within ten (10) days from the date of the second Committee meeting, to require the particular matter to be considered and finally decided by the Board at its next scheduled meeting, the decision of which is final and binding. Any action proposed to be taken by the Committee which is the subject of the foregoing procedures shall be held in abeyance, and shall be deemed for all purposes not to have been taken, during the pendency of such procedures.

4.3 Minutes and Records

- a. The Corporate Secretary or the Assistant Corporate Secretary or his designated representative shall act as secretary for the meetings of the Committee. He shall prepare the minutes of meetings of the Committee and keep records of the Committee.

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- b. The Committee shall cause records to be kept for the following:
 - i. appointments and resignations of the Members/Advisors;
 - ii. all agenda and other documents sent to the Members/Advisors; and
 - iii. minutes of proceedings and meetings of the Committee.
 - c. Any such records shall be open for inspection by any Member/Advisor upon reasonable prior notice during usual office hours of the Company.
 - d. Minutes of any meeting of the Committee, if signed by the Chairman of such meeting, or by the Chairman of the next succeeding meeting, shall be conclusive evidence of the proceedings and resolutions of such meeting.

Section 5. REMUNERATION OF MEMBERS/ADVISORS

No fees or other remuneration shall be payable to the Members/Advisors of the Committee in respect of their services provided in connection with the Committee or in respect of their attendance at meetings of the Committee, save and except fees or remuneration authorized and approved by the Board for such purposes. In the case of a Member who is an independent director, no fees or compensation shall be paid directly or indirectly to such Member or his firm for consultancy or advisory services rendered directly by the Member or indirectly through his firm even if such Member is not the actual service provider. However, this prohibition shall not apply to ordinary compensation paid to such Member or his firm in respect of any other supplier or other business relationship or transaction that the Board has determined to be at arm's length terms and immaterial for purposes of its basic Member's independence analysis.

Section 6. PERFORMANCE EVALUATION

The Committee shall undertake an annual assessment of its performance based, at the minimum, on the parameters prescribed by the SEC and on other relevant regulatory issuances. The results of the assessment shall be validated by the Company's compliance officer and reported to the Board (Refer to Exhibit 1: Performance Evaluation Rating for the rating scale.).

The Committee shall formulate a feedback mechanism to receive comments from management, internal and external auditors, chief risk officer, and general counsel, to facilitate dialogue within the organization about possible ways to improve its performance.

Based on its self-assessment and the comments received, the Committee shall formulate and implement plans to improve its performance. These shall include the identification of relevant training needs intended to keep the members up-to-date with corporate governance best practices, accounting and auditing standards, as well as specific areas of concern.

The entire assessment process shall be documented and shall form part of the records of the Company that may be examined by the SEC from time to time.

Section 7. EXTERNAL AUDITOR

- 7.1 After consultations with the Committee, the Board shall recommend to the stockholders an external auditor duly accredited by the SEC who shall undertake an independent audit of the Company and shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders.
- 7.2 The external auditor shall not at the same time provide internal audit services to the Company.
- 7.3 Non-audit work may be given to the external auditor, provided it does not conflict with his duties as an independent auditor, or does not pose a threat to his independence.
- 7.4 The external auditor shall be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the Company, shall be changed with the same frequency.
- 7.5 If the external auditor resigns, is dismissed or ceases to perform his services, the reason/s for, and the date of effectivity of, such action shall be reported in the Company's annual and current reports. The report shall include a discussion of any disagreement between him and the Company on accounting principles or practices, financial disclosures of audit procedures which the former auditor and the Company failed to resolve satisfactorily. A preliminary copy of the said report shall be given by the Company to the external auditor before its submission.
- 7.6 If the external auditor believes that any statement made in an annual report, information statement or any report filed with the SEC or any regulatory body during the period of his engagement is incorrect or incomplete, he shall give his comments or views on the matter in the said reports.
- 7.7 The external auditor shall report directly to the Committee. The Committee has the direct responsibility for the setting of compensation of the external auditor.

Section 8. INTERNAL AUDITOR

- 8.1 The Company shall have in place an independent internal audit function which shall be performed by an internal auditor or a group of internal auditors through which the Board, management and stockholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate and faithfully complied with.
- 8.2 The internal auditor shall submit to the Committee and the management an annual report on the internal audit department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the Committee. The annual report shall include significant risk exposures, control issues and such other matters as may be needed or requested by the Board and management. The internal auditor shall certify that he conducts his activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If

he does not, he shall disclose to the Board and management the reasons why he has not fully complied with the said standards.

- 8.3 The internal auditor shall attend all Committee meetings, except when justifiable causes prevent him from doing so.

Section 9. CHIEF RISK OFFICER

- 9.1 The chief risk officer shall help the Committee identify various risks and exposures of the Company through periodic assessment and implementation of risk mitigation strategies and controls. He shall discuss with the Committee the risk management structure, risk issues and mitigation strategies and its overall effectiveness.
- 9.2 The chief risk officer shall perform an annual risk assessment and present the results thereof to the Committee. The assessment shall include material financial and non-financial risks that impact on the Company and its subsidiaries and the corresponding measures in addressing such risks.
- 9.3 The chief risk officer shall submit to the Committee, on a quarterly basis, a risk assessment report which shall include existing and emerging risks at the Company and its subsidiaries, and the related risk mitigation strategies and action plans of management.
- 9.4 The chief risk officer shall attend all Committee meetings, except when justifiable causes prevent him from doing so.

Section 10. AMENDMENT

The Committee shall periodically review and reassess the adequacy of this Charter and recommend any proposed changes to the Board. This Charter shall not be amended, altered or varied unless such amendment, alteration or variation shall have been approved by a resolution of the Board.

Section 10. EFFECTIVITY

This Charter shall take effect upon approval by the Board.

Exhibit 1: Performance Evaluation Rating

Rating	Description (As to compliance with the Audit and Risk Committee Charter)
1-2	Poor
3-4	Satisfactory
5-6	Very Satisfactory
7-8	Outstanding
9-10	Excellent