

INTER-OFFICE MEMORANDUM No. 02

TO : ALL DEPARTMENT HEADS

DATE : April 29, 2019

SUBJECT : **CREATION OF INTERNAL RISK CONTROLS AND AUDIT
COMMITTEE**

Pursuant to the provisions of IC Circular Letter No. 2018-48 and company's risk management programs, there is hereby created an Internal Controls and Audit Committee.

The following officers are hereby named members thereof:

- | | | |
|-------------------------------|---|----------|
| 1. Ms. Jinky Martinez | - | Chairman |
| 2. Ms. Katrina Garcia | - | Member |
| 3. Ms. Jazmin Joy Ann Quijano | - | Member |

The Committee shall directly report to the Board of Directors (BOD) and shall have the following duties and responsibilities in so far as internal controls are concerned, to wit:

Establish internal controls to ensure compliance by the company with its Anti-Money Laundering (AML) and Counter-Financing of Terrorism (CFT) obligations and prevention of all risk in all forms under the regulatory provisions of Insurance Commission.

Duties and responsibilities shall include the following:

- Conduct internal audits and risk assessment for the company;
- Examination of the accuracy of customer identification information, covered and suspicious transaction reports and all other records pertaining to the company's compliance and obligations;
- Develop a written plan defining the strategies and plan for managing and controlling the major risks.
- Identify practical strategies to reduce the chance of harm and failure or minimize losses if the risks become real.

- Communicate the risk management plan and loss control procedures to affected parties.
- Conduct regular discussions on current risk exposure based on regular management reports and direct concerned units or offices on how to reduce these risks.
- Conduct periodic review and evaluation of the company's risk management as well as the sufficiency and degree of its adherence to compliance measures.
- Review and evaluate the steps that management has taken to monitor and control risk exposures to ensure its continued relevance, comprehensiveness and effectiveness.
- Revisit strategies, look for emerging or changing exposures and stay abreast of developments that might affect the likelihood of harm or loss.
- Report regularly to the Board of Directors of The Risk Manager's over-all risk exposure, actions taken to reduce the risks, and recommend further action or plans as necessary.
- In case of an **Outsource Internal Audit** is needed Risk Management or Audit Officer shall be in-charge of assigning officer to oversight the audit activity and be responsible for managing the fully outsource internal audit according to set guidelines and protocols as approved by the BOD.
- To perform all other duties and tasks as maybe assigned to it from time to time.

The results of the internal audit shall be timely and directly communicated to the BOD, Senior Management, and Compliance Officer. Moreover, the audit results relative to AML/CFT compliance and all risks of the company shall be made promptly available to the Insurance Commission during the compliance checking.

Please be guided accordingly.



DR. JOSE ENRIQUE DE LAS PENAS
President

