

SYNERGY GRID & DEVELOPMENT PHILS., INC.
AUDIT AND RISK COMMITTEE CHARTER
(Amended)

I. INTRODUCTION

The Audit and Risk Committee was constituted by the Board of Directors pursuant to the provisions of the Manual on Corporate Governance of the Company (“CG Manual”).

This Audit and Risk Committee Charter (“Charter”) sets out the composition, functions and responsibilities of the Committee and the rules of procedure that will guide the functions of the Committee.

II. PURPOSE

The Audit and Risk Committee is a standing committee of the Board of Directors constituted for the purpose of enhancing the Board of Directors’ oversight capability over the company’s financial reporting, internal control system, enterprise risk management systems, internal and external audit processes, and compliance with applicable laws and regulations.

III. COMPOSITION

The Audit and Risk Committee shall be composed of at least three (3) appropriately qualified nonexecutive directors, the majority of whom, including the Chairman, shall be independent.

The Chairperson shall be an independent director and shall not be the Chairperson of the Board of Directors or of any other board committee.

Each member of the committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing, and Finance.

The Board of Directors will appoint the members of the Audit and Risk Committee at the organizational board meeting that follows each annual stockholders’ meeting or at any earlier time as the Board of Directors may deem necessary.

The Corporate Secretary of the Company is the secretary of the Audit and Risk Committee.

The Audit and Risk Committee may appoint one or more persons to act as advisor to the committee who may attend the meetings of the committee but shall have no right to vote.

IV. MEETINGS; COMMITTEE APPROVALS

The Audit and Risk Committee shall meet at such times and places as it considers appropriate. The Chairperson may call a meeting at any time as needed.

All committee members are expected to attend each meeting, in person or via tele- or video-conference. The meetings are limited to the committee members and whoever is authorized by the Audit and Risk Committee to attend. In the absence of the Chairperson during any meeting, a chairperson for the meeting shall be designated by the members present.

As necessary, the Audit and Risk Committee will invite members of management and organization staff or any independent adviser to provide pertinent information or data.

The Audit and Risk Committee, through the corporate secretary, distributes the notice, the agenda and the appropriate committee materials at least two one (2) days before any meeting so the members can intelligently review the various matters raised.

A majority of the members of the Audit and Risk Committee shall constitute a quorum for the transaction of the committee's business.

The Audit and Risk Committee shall act only on the affirmative vote of a majority of its members at a meeting or, to the extent allowed by law, by unanimous written consent of the members.

The Audit and Risk Committee is advised to meet with the Board of Directors at least every quarter without the presence of the Chief Executive Officer or other management team members.

V. DUTIES AND RESPONSIBILITIES

The Audit and Risk Committee shall perform the following duties and responsibilities, among others:

- A. Recommend the approval the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;



- B. Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances shall be in place in order to (a) safeguard the company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the company's financial data, and (d) ensure compliance with applicable laws and regulations;
- C. Oversee the Internal Audit functions, and recommend the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit and Risk Committee shall also approve the terms and conditions for outsourcing internal audit services;
- D. Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he shall directly report to the Audit and Risk Committee;
- E. Review and monitor Management's responsiveness to the Internal Auditor's findings and recommendations;
- F. Prior to the commencement of the audit, discuss with the External Auditor the nature, scope and expenses of the audit, and ensure the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- G. Evaluate and determine the non-audit work, if any, of the External Auditor, and periodically review the non-audit fees paid to the External Auditor in relation to the total fees paid to him 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 and Annual Corporate Governance Report;
- H. Review and approve the Interim 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
 - Areas where a significant amount of judgment has been exercised
 - Significant adjustments resulting from the audit
 - Going concern assumptions
 - Compliance with accounting standards
 - Compliance with tax, legal and regulatory requirements



- I. Review the disposition of the recommendations in the External Auditor's management letter;
- J. Perform oversight functions over the Company's Internal and External Auditors. It shall ensure the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- K. Coordinate, monitor and facilitate compliance with laws, rules and regulations;
- L. Recommend to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the Company, and provides an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders.
- M. Develop a formal enterprise risk management plan which contains the following elements: (a) common language or register of risks, (b) well-defined risk management goals, objectives 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;
- N. Oversee the implementation of the enterprise risk management plan and conduct regular discussions on the Company's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned units or offices are addressing and managing these risks;
- O. Evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. This Committee shall revisit defined risk management strategies, look for emerging or changing material exposures, and stay abreast of significant developments that seriously impact the likelihood of harm or loss;

VI. ACCESS TO INFORMATION AND RESOURCES

The Audit and Risk Committee shall be granted reasonably free and full access to the records, data, and properties of the Company and information from directors, officers, employees, or external parties that may be relevant in the discharge of its functions, duties, and responsibilities. It shall also be provided with the resources necessary for the purpose of fulfilling its duties and responsibilities under this Charter.



VII. REPORTING PROCEDURES

The Chairperson of the Audit and Risk Committee, or in his absence, the member elected by the members present in a meeting, shall report at the meeting of the Board of Directors the decisions and recommendations made by the Audit and Risk Committee following each committee meeting.

The Audit Committee shall prepare an annual report of its activities for inclusion in the Company's annual report.

VIII. PERFORMANCE EVALUATION; CHARTER REVISION

The Audit and Risk Committee shall periodically assess its effectiveness by comparing its performance with the requirements of this Charter and the CG Manual to ensure compliance with this Charter, the CG Manual, and best practice. The assessment will also form the basis for the formulation of objectives and plans for the improvement of the Committee's performance.

The Audit and Risk Committee may likewise be subject to an independent assessment by the Board of Directors.

The Audit and Risk Committee shall also review and assess the adequacy of this Charter annually or as conditions dictate to ensure that this Charter is continuously aligned and consistent with the objectives and responsibilities of the Board of Directors. It shall recommend any modifications to this Charter as deemed appropriate and obtain the approval of the Board of Directors for any such modifications.