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| **AUDIT COMMITTEE CHARTER** | Version No: |
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**Section 1: PURPOSE**

Jackstones, Inc. (“Corporation”) is committed to fulfilling its duties and responsibilities to the public as well as demonstrating its utmost dedication in following the laws, rules, and regulations governing it. In pursuing such goals, the Corporation strives to measure up to the standards provided under the Code of Corporate Governance to ensure its integrity, transparency, and proper governance in the conduct of its affairs.

The purpose of the Audit Committee Charter (“Charter”) is to provide an enhanced oversight capability over the Corporation’s financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations. The Charter ensures that systems and processes are designed to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets.

The Policy shall provide the purpose, structure, and the duties and responsibilities of the Audit Committee.

**Section 2: ORGANIZATION**

1. **Composition –** The Audit Committee (“Committee”) shall be composed of at least three (3) appropriately qualified non-executive directors, majority of whom, including the Chairman, must be Independent Directors. The Board of Directors shall be responsible in appointing the members of the Committee.
2. **Qualification –** The Board of Directors shall appoint members of the Committee based on such qualifications as they deem necessary and in compliance with the applicable rules and regulations promulgated by the relevant government authorities such as, but not limited to, the Securities and Exchange Commission (“SEC”).

The Chairman of the Audit Committee should not be the Chairman of any other committee and of the Board of Directors.

All members must have related audit experience or at least adequate background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.

**Section 3: DUTIES AND RESPONSIBILITIES**

The Committee has, among others, such duties and responsibilities:

1. General oversight, implementation, review, and monitoring function:
2. Periodically review the Policy in order to preempt any internal and external factors that would have a possible effect on the company. The Audit Committee shall recommend to the Board any revisions on the Audit Committee Charter for the proper approval of the members of the Board;
3. Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:
	1. Any change/s in accounting policies and practices;
	2. Areas where a significant amount of judgment has been exercised;
	3. Significant adjustments resulting from the audit;
	4. Going concern assumptions;
	5. Compliance with accounting standards;
	6. Compliance with tax, legal and regulatory requirements; and
	7. Related Party Transactions.
4. Check all financial reports against its compliance with both the internal financial management handbook/guidelines and pertinent accounting standards, including regulatory requirements;
5. Investigate any matter brought to the Committee’s attention. In the exercise of such function, the Committee has full powers to access all records, books of accounts, facilities, officers, and all such personnel of the Corporation;
6. Prepare the necessary reports to the Board on the reviews conducted on a Committee’s activities and issues in relation to the Corporation’s financial statements, the effectiveness of internal controls and procedures in a given Committee, the performance of each Committee vis-à-vis the policies and procedures currently in place, and the Corporation’s compliance with such legal, regulatory, or corporate governance requirements.
7. Performs oversight functions over the corporation’s Internal and External Auditors. It ensures the independence that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions; and
8. Provide appropriate and open communication avenues among the external auditors, independent internal auditor (if applicable), the Management, and the Board.
9. Approval, oversight, and implementation duties related to Internal Audit such as, but not limited to, the following:
10. Recommends the approval of the Internal Audit Charter, which formally defines the role of Internal Audit and the plan as well as oversees the implementation of the Internal Audit Charter;
11. Through the Internal Audit Department, monitor and evaluate the adequacy and effectiveness of the corporation’s internal control system, integrity of financial reporting, and security of physical and information assets. The Audit Committee shall design such internal control procedures and processes that would provide a system of checks and balances in order to:
	1. Safeguard the company’s resources and ensure their effective utilization;
	2. Prevent occurrence of fraud and other irregularities;
	3. Protect the accuracy and reliability of the company’s financial data; and
	4. Ensure compliance with applicable laws and regulations.
12. Oversees the Internal Audit Department, and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit Committee shall also approve the terms and conditions for outsourcing internal audit services;
13. Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, the Internal Auditor should directly report to the Audit Committee;
14. Reviews and monitors Management’s responsiveness to the Internal Auditor’s findings and recommendations;
15. Selection, appointment, oversight, assessment, and removal of the Corporation’s External Auditor. Such duties include, but not limited to, the following:
16. Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the SEC, who undertakes an independent audit of the corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders. The removal of the External Auditor shall be properly disclosed to the public through such means such as, but not limited to, reports submitted to the SEC or through the company’s website.
17. Prior to the commencement of an audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
18. Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the corporation’s overall consultancy expenses. The committee should 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 corporation’s Annual Report and Annual Corporate Governance Report;
19. Reviews the disposition of the recommendations in the External Auditor’s management letter;
20. Resolve disputes and possible conflicts between the Management and the External Auditors with regard to the financial reports;
21. Assess the integrity and independence of external auditors;
22. Exercise effective oversight to review and monitor the external auditor’s independence and objectivity; and
23. Exercise effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.
24. Unless and until the Corporation decides to create and establish a Board Risk Oversight Committee and a Related Party Transactions Committee, the Audit Committee shall perform the functions of the said committees, in line with the Corporation’s Policies and Procedures in Relation to Risk Management and the Policies and Procedures on Related Party Transactions, respectively.
25. Perform such other functions related to this Charter and as may be requested by the Board. Such other functions shall include, but not limited to, confirming that the members of the Committee are observing the provisions in this Charter and evaluation on the committee’s and individual members’ performance based on best practices provided under the relevant laws, rules, and regulations, on the provisions of the Code of Corporate Governance for Publicly Listed Companies, and the ASEAN Corporate Governance Scorecard.

**Section 4: MEETINGS AND REPORTS**

1. **Meetings –** The Committee shall agree on its own schedule of meeting dates, place, and agendas for each particular meeting in advance.

The Committee may invite members of management, auditors, or other persons to attend meetings and provide pertinent information on matters that the Committee deems is necessary in fulfilling its duties and responsibilities.

The Committee shall meet the Board at least every quarter without the presence of the Chief Executive Officer or other management team members, and periodically meets with the head of the internal audit, if applicable.

In all such meetings, the agenda of the meeting and the materials to be presented to the meeting shall be provided in advance to the members of the Committee.

1. **Reporting Procedures –** In order to inform the Board of its activities, issues, recommendations, or any matter that it deems necessary, the Committee shall prepare and submit a report for such matters to be discussed with the Board. The members of the Committee shall also prepare to present such report to the Board on the matters contained therein.

**Section 5: EFFECTIVITY**

The Charter shall take effect upon approval of the Board of Directors.