



**MEDICAL DOCTORS, INC.
AUDIT & RISK COMMITTEE CHARTER**

I. Purpose

This Audit & Risk Committee (the “Committee”) Charter (the “Charter”) of Medical Doctors, Inc. (the “Corporation”) shall assist the Board of Directors (the “Board”) in fulfilling its oversight responsibilities for the financial reporting process, system of internal control, audit process and risk management process. The Committee shall ensure the integrity of the Corporation’s financial reporting processes, including ensuring the integrity of financial reports and other financial information provided by the Corporation to the public, governmental and/or regulatory bodies. The Committee shall also provide oversight over the Corporation’s Enterprise Risk Management System to ensure its functionality and effectiveness.

II. Composition

The Committee shall be composed of at least three (3) appropriately qualified non-executive directors, majority of whom shall be an independent director including the Chairperson. The Committee members shall be appointed by the Board at its annual organizational meeting, based on the director’s experience, capacity and resources to meaningfully carry out their functions; and each member shall serve upon election until the next organizational meeting of the Board, or until a successor is duly appointed, or until resignation or removal of such member. The Committee members may be removed or replaced by the Board in its discretion, and any vacancies in the Committee shall be filled by a majority vote of the Board. The Board of Directors or the Committee may appoint one or more persons to serve as advisor(s) to the Committee (as needed), including the Company’s Internal Auditor, Chief Finance Officer and Head of Quality Management Division. Advisors may be invited to attend and speak at any meeting of the Committee but shall have no right to vote in respect of any action by the Committee.

The Chairman or any member of the Committee may be removed from office only by the Board of Directors.

III. Key Responsibilities

III.1 The Committee shall have the following duties and responsibilities:

A. Internal Audit

1. Recommends the approval of the Internal Audit Charter (“IA Charter”), which formally defines the responsibilities, powers and authority of the Internal Audit Department (“IA Department”), the audit plan of the IA Department, as well as oversees the implementation of the IA Charter.



2. Through the IA Department, monitors and evaluates the adequacy and effectiveness of the Corporation'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 Corporation's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the Corporation's financial data, and (d) ensure compliance with applicable laws and regulations.
3. Oversees the IA Department, and recommends the appointment and removal of an IA head as well as his/her qualifications, and grounds for appointment and removal.
4. Establishes and identifies the reporting line of the Internal Auditor to enable him/her to properly fulfill his/her duties and responsibilities. The Internal Auditor shall directly report to the Audit Committee.

B. External Audit

1. Ensures there is an established process on the appointment, reappointment, removal, and fees of the External Auditor, subject to Board approval and ratified by the stockholders.
2. Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts.
3. 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 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 Corporation's Annual Report and Annual Corporate Governance Report.
4. Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Securities and Exchange Commission ("SEC"), who undertakes an independent audit of the Corporation, and provides an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders.

C. Financial Statements

1. Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:
 - a. Any change/s in accounting policies and practices



- b. Areas where a significant amount of judgment has been exercised
 - c. Significant adjustments resulting from the audit
 - d. Going concern assumptions
 - e. Compliance with accounting standards
 - f. Compliance with tax, legal and regulatory requirements
2. Reviews the disposition of the recommendations in the External Auditor's management letter
3. Monitors Management's responsiveness to the Internal Auditor's findings and recommendations.
4. Performs oversight functions over the Corporation's Internal and External Auditors and ensure their independence and unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions taking into consideration relevant Philippine professional and regulatory requirements.
5. Coordinates, monitors and facilitates compliance with laws, rules and regulations.

D. Internal Control

1. Consider the effectiveness of MDI's internal control system, with management's assurance that the Company's organizational and operational controls are adequate and effectively functioning including information technology security control.
2. Under the scope of external auditor's review of internal controls over financial reporting and obtain reports on significant findings and recommendations, together with Management responses.

E. Risk Management

1. Develop a formal ERM plan which contains the following elements: (a) common language or register of risks (b) well-defined risk management goals and objectives, (c) uniform processes of assessing risks and developing strategies to manage prioritized risks, (d) designing and implementing risk management strategies and (e) continuing assessment to improve risk strategies, processes and measures.
2. Oversees the implementation of the ERM plan through a Management Risk Oversight Committee. The Audit and Risk Committee conducts regular discussions on the company's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned unit or offices are addressing these risks.
3. Evaluates the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The Audit and Risk Committee revisits defined risk management strategies, looks for emerging or changing material



exposures, and keeps abreast of significant development that seriously impact the likelihood of harm or loss.

4. Advises the Board on its risk appetite levels and risks tolerance limits.
5. Reviews at least annually the company's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and major events which may have occurred in the company.
6. Assesses the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of the corporation and its stakeholders.
7. Oversees the Management's activities in managing credit market, liquidity, operational, legal and other risk exposures of the corporation. This function includes regularly receiving information on risk exposures and risk management activities from Management and
8. Reports to the Board on a regular basis, or as deemed necessary, the company's material risk exposures, the actions taken to reduce the risks and recommends further action or plans, as necessary.

F. Other duties and responsibilities

1. Approves the terms and conditions for outsourcing internal audit services.
2. Evaluates on an ongoing basis existing relations between and among business and counterparties to ensure that all related parties are continuously identifies, Related Party Transactions ("RPT") are monitored, the Related Party Registry is updated to capture subsequent changes in relationships with counterparties.
3. Meets internally and with the Board at least once every quarter without the presence of the CEO or other Management team members, and periodically meets with the head of the IA; and
4. Performs other duties and responsibilities as the Committee may deem appropriate within the scope of its primary functions or as may be delegated by the Board.

IV. Meetings

The Committee shall meet as often as its members may deem necessary and appropriate in order to perform its functions, at least every quarter in a year at a time and place determined by its Chairman, together with the CEO or other Management team members. If deemed necessary, the Committee may allot time for a discussion among its members only, in the absence of the CEO or other Management team.



The quorum necessary for the transactions of business shall be a majority of the total Committee membership. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretion vested in or exercisable by the Committee.

The Committee shall appoint a Secretariat who shall issue notices and agenda for the meetings; disseminate meeting materials, if necessary; prepare minutes of the meetings of the Committee and keep books and records of the Committee. Any such books and records shall be open for inspection by any Member of the Committee upon reasonable prior notice during business hours of the Corporation.

The Committee shall report matters or issues which require immediate attention and resolution by the Board and make such recommendations with respect thereto which the Committee deems necessary or appropriate.

V. Resources of the Committee

The Committee may request that any Director, Corporate Officer or employee of the Corporation or other persons whose advice and counsel are sought by the Committee to attend any of its meetings to provide such pertinent information as the Committee may require.

The Committee has the sole authority to appoint, retain and terminate, as it deems necessary or appropriate, any legal advisor or other consultants, including search firms or other professionals to advise and assist the Committee in fulfilling its duties and responsibilities. The Committee shall approve the fees to be paid as well as the terms of engagement.

VI. Remuneration of Members

No fees or other remuneration shall be payable to the Members 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, except the per diem or remuneration authorized and approved by the Board of any fees or remuneration to such Member/Advisor that would otherwise be entitled to in his capacity as consultant, advisor or employee of the Corporation.

VII. Performance Assessment

The Committee shall conduct an annual self-assessment of its performance, including the performance of its individual Members. The assessment shall be prepared to compare the performance of the Committee with the requirements of its Charter, and to set forth the goals and objectives of the Committee for the ensuing year and include any recommendation to the Board on any improvement to the Charter deemed necessary by the Committee.



VIII. Amendments

This Charter shall not be amended, altered or varied unless such amendment, alteration or variation shall have been approved by resolutions of the Board.

IX. Effectivity

This Charter shall take effect immediately upon approval by the Board and shall apply prospectively.

Date of Approval by the Board: MAY 27 2022

Certified by:


Atty. German Q. Lichauco II
Corporate Secretary