

Maxicare

Audit Committee Charter

ISO Standard: ISO 9001	Information Classification: Level 0 - Public
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HANDLING GUIDELINES

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REVIEW SCHEDULE

- ☐ At least once every two years and/or as deemed necessary.

Revision No.	Date	Summary of Revisions
01	11 Nov 2024	<p>Revisions are made to align with the other charters and updates on the by-law for Maxicare Healthcare Corp such as:</p> <ul style="list-style-type: none"> 2.2 Composition - Patterned in the bylaws on the rule of equal representation, Article V(a) paragraph 2 (page 10) to reflect equal representation of directors, with two (2) members from JE Holdings, Inc. ("JE") and two (2) members from Pin-An Holdings Corporation ("Pin-An") 3.1 Meetings - Consistent with the other charters (e.g Board of Risk Oversight Committee and Corporate Governance) for the "written consent". 3.3 Quorum - Aligned with Bylaw to consider the "qualified majority" rule "A quorum at any Committee meeting shall consist of a majority of its members, with one (1) representative from JE and one (1) representative from Pin-An." <p>3.1 Meetings - frequency was changed from monthly to quarterly</p> <p>The charter was also revised to present in more concise manner and shall be read in conjunction with the Revised Corporation Code, the Insurance Commission Circular Letters, Maxicare's By-laws, Annual Corporate Governance Report and Corporate Governance Manual, when and as applicable. Thus, deleting the following provisions:</p> <ul style="list-style-type: none"> II. Definition of Terms VIII Compliance Functions XI Functional and Secretariat

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MAXICARE HEALTHCARE CORPORATION

AUDIT COMMITTEE CHARTER

This Audit Committee Charter (the “Charter”) defines the purpose, membership qualifications, structure, duties, and responsibilities of the Audit Committee (the “Committee”) of Maxicare Healthcare Corporation (the “Company”), as well as the procedures that govern its operations and conduct.

This Charter shall be read in conjunction with the Revised Corporation Code, the Insurance Commission Circular Letters, Maxicare’s By-laws, Annual Corporate Governance Report and Corporate Governance Manual, when and as applicable.

1. PURPOSE AND AUTHORITY

The Board establishes the Committee to provide assistance in fulfilling the Board’s oversight over Company’s financial statements and financial reporting process; adequacy and effectiveness of the internal control system and compliance with the applicable laws, rules and regulations. The Committee is also responsible for the appointment, remuneration, qualifications, independence, and performance of the external auditors and the integrity of the audit process as a whole; and oversight on the performance of the internal audit function.

The Committee is empowered by the Board to investigate any matter within its scope of responsibility, with full access to all records, books of accounts, facilities and personnel of the Corporation, and to retain independent professional advice from third parties for this purpose without need for the Board’s prior approval.

In performing its oversight function, the Committee is further authorized to:

- A. Review the appointment, compensation, and work of the independent public accountants engaged by the Corporation;
- B. Resolve any disagreements between the Management and the external auditor regarding financial reporting;
- C. Direct the internal audit function;
- D. Review all reports issued by the internal and external auditors of the Corporation;
- E. Pre-approve all auditing and non-audit services of the external auditors;
- F. Seek any information it requires from external parties or employees of the Corporation; and
- G. Meet with the Corporation’s officers, internal auditors, external auditors, or outside counsel, as often as necessary, to discuss any issues arising from the audit process.

2. ORGANIZATION

2.1. Reporting Responsibilities

To keep the Board apprised on the results of the Committee’s activities, the chairperson of the Committee shall submit a report every year to the Chairman of the Board. The chairperson of the Committee shall also submit and present an annual report to the Board during its first meeting following the immediate fiscal year.

2.2. Composition

The Committee shall consist of at least four (4) members of the Board of Directors, who shall all be Non Executive Directors, majority of whom shall be independent directors. Provided that there is equal representation of directors, with two (2) members recommended for appointment by JE Holdings, Inc. ("JE") and two (2) members recommended for appointment by Pin-An Holdings Corporation ("Pin-An"). Provided further, that recommendations for appointment shall not by themselves be construed as compromising or invalidating the independent status of any independent director, unless other reasons exist for their disqualification as such.

2.3. Committee Members Qualifications

Each member of the Committee shall have the qualifications and none of the disqualifications of a Director, as set out in the Revised Corporation Code, By-laws, Insurance Commission Rules and the Corporate Governance Manual. The Board shall ensure that the members of the Committee are appropriately qualified to discharge their responsibilities.

2.4. Committee Chairmanship

The Board of Directors ("Board") shall appoint the Committee Chairperson. The Committee Chairperson shall preside in all meetings of the Committee. In his absence, the members present shall elect from among themselves one member to preside over the particular meeting. The Chairman of the Committee should be an independent director, and should not be the chairman of the Board or any other committee.

2.5. Committee Advisers

The Board may retain, at its discretion, independent advisers to assist the Committee in the fulfillment of its duties and responsibilities. The advisers shall provide impartial advice to aid in decision-making processes.

3. STRUCTURE AND OPERATIONS

3.1. Meetings

The Committee shall hold meetings quarterly, or as may be necessary to fulfill its responsibilities. The chairperson may call for a special meeting at his own instance, upon the recommendation of Management, or upon the request of the Head of the Internal Audit Department or External Auditor.

Action required or permitted to be taken by the Committee may be taken without or in lieu of a meeting by written consents, identical in content, setting out the action taken and signed by all the members of the Committee. The written consents shall have the same effect as a unanimous vote and may be made in electronic counterparts to cover consents given through separate emails and/or iterations in proposals until the final, ultimate consent is given. The written consents shall be documented as minutes of action.

3.2. Notice of Meetings

Written or personal notice of the Committee meeting shall be sent to each member and advisor not less than three (3) days prior the meeting date; Provided, that failure to send the required notice, or any irregularity therein, shall not affect the validity of such meeting or any proceeding thereat if all the members and advisors of the Committee are present at such meeting.

3.3. Quorum

A quorum at any Committee meeting shall consist of a majority of its members, with one (1) director recommended for appointment by JE and one (1) director recommended for appointment by Pin-An.

3.4. Records of Meetings

The Committee, through the Office of the Corporate Secretary, shall ensure that it maintains appropriate records (e.g., minutes of meetings, minutes of action or summary of matters reviewed and decisions taken).

3.5. Other Attendees

Where necessary or desirable, the Committee may invite other members of the Board or officers of Maxicare to attend its meetings and may engage outside advisors to act as consultants to the Committee.

4. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee are as follows:

4.1. Financial Reporting and Disclosures

It shall review the annual audited financial statements before their submission to the Board for approval with a particular focus on the following matters:

- change in accounting policies and practices;
- areas where a significant amount of judgment had been exercised;
- significant adjustments resulting from the audit;
- going concern assumptions;
- compliance with accounting standards and practices; and
- compliance with tax, legal, and regulatory requirements.

4.2. Internal Audit

- 4.2.1. It shall Oversee the Internal Audit Department, and recommend the appointment and/or grounds for approval of the Internal Audit Head. The Audit Committee shall also approve the terms and conditions for the outsourcing of Internal Audit services if applicable;
- 4.2.2. It shall review and approve the annual audit plan prepared by the internal auditors, including any subsequent revisions thereto. The annual internal audit plan shall include the audit scope, resources and budget necessary to implement it.

- 4.2.3. It shall review significant findings and recommendations of the internal auditors, Management's response thereto, and any difficulties encountered by the internal auditors.
- 4.2.4. It shall ensure that the internal auditors have free and full access to all records, properties, and personnel relevant to the internal audit activity and that the internal audit activity should be free from any undue interference in determining the scope of internal auditing examinations, performing its work, and communication of its results. It shall also establish and identify the reporting line of the internal auditor to enable him/her to properly fulfill his/her duties and responsibilities.
- 4.2.5. It shall meet periodically with the internal auditors to discuss the results of audit work and the implications of the audit findings on the overall quality of internal control and procedures within the organization.
- 4.2.6. On a regular basis, meet separately with the head of the Internal Audit Department to discuss any matter that the Committee or internal auditors believe should be discussed privately.
- 4.2.7. It shall review the effectiveness of the internal audit function, including compliance with International Standards on Professional Practice of Internal Auditing. It shall assess the adequacy of the internal audit function in terms of its resources, the scope of its work, its liaison with external audit and other bodies, its reporting arrangements, and any independence-related issue.

4.3. External Audit

- 4.3.1. It shall review and evaluate the qualifications, performance, and independence of the external auditors, and recommend their appointment, retention, or discharge, including the fixing of their remuneration, to the Board.
- 4.3.2. It shall review and approve the nature and scope of the audit and non-audit services of the external auditors, including the scope, audit resources, fees, and reporting obligations before the audit commences. It shall disallow any non-audit work that will conflict with the external auditors' duties or may pose a threat to their independence.
- 4.3.3. It shall obtain the objective assurance from the external auditors that the conduct of the audit, including their independence and the manner of preparation of the Corporation's financial statements comply with applicable PSA and the regulations and requirements of the regulatory authorities.
- 4.3.4. Regularly, meet separately with the external auditors to discuss any matters that the Committee or the external auditors believe should be discussed privately.

4.4. Internal Controls

- 4.4.1. Through the Internal Audit, it shall monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system, the integrity of financial reporting and security of physical and information assets.
- 4.4.2. It shall assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal controls, audit process, and monitoring of compliance with applicable laws, rules, and regulations.

5. REVIEW AND PERFORMANCE EVALUATION

5.1. Review of the Charter

The Board of Directors shall review and assess the adequacy of this Charter every two years and/or as deemed necessary. This Charter will be kept in the office of the Corporate Secretary and will be available for inspection by the Directors and the stockholders during regular business hours.

5.2. Performance Evaluation

- 5.2.1. As a body, evaluate its performance by filling up a self-assessment questionnaire that shall benchmark its practices against the expectation set out in this Charter.
- 5.2.2. Obtain and subject itself to an independent assessment by the Board relative to its performance in accordance with the expectations set out in this Charter.
- 5.2.3. Based on the results of the assessments, the Committee shall formulate and implement plans to improve its performance. Such plans shall include the identification of relevant training needs intended to keep the Committee members up-to-date with corporate governance best practices, accounting and auditing standards, as well as specific areas of concern; and regularly review the status of implementation of such plans for improvement.

6. REMUNERATION

No fees or other remuneration shall be payable to the Committee members and advisors in respect of their services provided in connection with the Committee or respect of their attendance at Committee meetings, save for such fees or remuneration authorized and approved by the Board for such purposes.

7. AMENDMENT

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.