

STRONGHOLD INSURANCE COMPANY INC.

INTERNAL AUDIT CHARTER

1. INTRODUCTION

This Internal Audit Charter herein referred to as "the Charter" defines the role of the Internal Auditor(s) of Stronghold Insurance Company Inc. "the Corporation" and formalizes the establishment of an independent internal audit function of the Corporation, including its purpose, authority, responsibility and reporting relationships.

The Charter shall be subject to the approval of the Audit Committee and the Corporation's Board of Directors. It shall be reviewed annually and subjected to the same approval process for any revisions or changes thereto.

2. POLICY STATEMENT

It is the policy of the Corporation to establish and support an independent internal audit function as an essential part of its Corporate Governance practices.

In carrying out their duties and responsibilities, the Internal Auditor and members of Internal Audit will have full, free and unrestricted access to all organizational activities, records, property and personnel of the Corporation.

3. PURPOSE AND OBJECTIVES

Internal Audit is an independent objective assurance and consulting activity designed to add value and enhance the operations of the Corporation. It shall help the organization achieve its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

The objective(s) of the Internal Audit shall be as follows:

- a. The Internal Audit provides an independent assurance to the Audit Committee and Management that the organization's risk management activities and internal control structure are functioning effectively and efficiently, and that there is proper compliance with established policies and procedures.
- b. The Internal Audit shall provide advisory services that are recommendatory in nature which are intended to add value and improve the organization's governance, risk management, and control processes without assuming management's responsibility. All consulting services are subject to the approval of the Audit Committee.

4. AUTHORITY

Internal Audit who will reports to the Audit Committee or the board directly shall have full authority on the following:

- a. Complete and unrestricted access to records, personnel and physical properties relevant to the performance of engagements.
- b. Delegate duties, allocate resources, determine scope of works, and select required techniques to accomplish its objectives.
- c. Obtain necessary assistance of personnel in audited units and other specialized services within or outside of the organization.

Internal Audit has neither direct responsibility for, nor authority over, any part of the activities it reviews or the persons responsible for those activities.

Barbara L. ...

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Sonia M. ...

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5. INDEPENDENCE AND OBJECTIVITY

Internal Audit will remain to be free from interference from Management on matters of audit selection, scope, procedures, frequency, timing, and reporting.

The Internal Auditor and members of Internal Audit will have no operational responsibility or authority over any of the activities being audited. Accordingly, they will not implement internal controls, design or develop procedures, install systems, prepare records or engage in any other activities that may impair their judgment.

Members of Internal Audit must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. The Members shall endeavor to make a balanced assessment of all relevant circumstances and should not be unduly influenced by their own personal biases or interests or those of others in making judgments.

The Internal Auditor shall be responsible for Internal Audit (including that portion that is outsourced to a third-party service provider), and shall report functionally to the Audit Committee. For administrative purposes only, the Internal Auditor shall report to the President & General Manager.

6. RESPONSIBILITY

The scope of the internal audit function comprises, but is not limited to, the examination and review of the adequacy and effectiveness of the Corporation's risk management, governance and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the organization's specified goals and objectives. The following are, among others, the key responsibilities of Internal Audit:

- Evaluate the internal control systems established by Management to ensure compliance with company policies, plans, procedures, laws and regulations which could have a significant impact on the organization;
- Review the reliability and integrity of financial and operational information and the methods employed to identify measure, classify and report such information;
- Review the system of safeguarding assets and, as appropriate, verifying the existence of assets, including the effective and efficient employment of the resources;
- Review operations or programs to ascertain whether the results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned;
- Assist in, or independently carry out, the validation of suspected fraudulent activities;
- Evaluate specific operations and/or processes, at the instance of the Board of Directors and/or Management, as appropriate;
- Promote and maintain professionalism of the members of Internal Audit who are possessed with sufficient knowledge, skills, experiences, and professional certifications to meet the requirement of this Charter;

7. KEY ROLES AND RESPONSIBILITIES OF THE INTERNAL AUDITOR

The following are the primary responsibilities of the Internal Auditor:

- Periodically reviews this Charter and presents changes, revisions or supplements to it to senior Management and to the Committee for their respective approval
- Formulates an internal audit plan, including policies and procedures, to determine the priorities of the internal audit activity, consistent with the organization's goal;
- Spearheads the performance of the activities of Internal Audit to ensure it added value to the organization;
- Presents findings to senior Management and the Committee and, where appropriate, gives recommendations and advice to senior Management and the Board on how to improve internal processes;
- Reviews with the Committee audit findings and the status of process-improvement activities undertaken by Management.

- Submits to the Committee an annual report on the activities of the internal audit group, including significant risk exposures and control issues, governance issues, and other matters requested by the Committee.

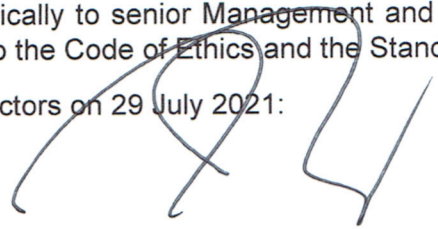
8. STANDARDS FOR THE PROFESSIONAL PRACTICE OF INTERNAL AUDITING

The Internal Audit activity will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing (Standards), and the Definition of Internal Auditing. The Internal Auditor will report periodically to senior Management and to the Committee regarding the Internal Audit's conformance to the Code of Ethics and the Standards

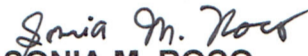
Approved by the Audit Committee and the Board of Directors on 29 July 2021:



DAVID C. MERCADO
Chairman of the Board



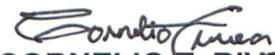
ROMULO I. DELOS REYES, JR.
President and General Manager



SONIA M. ROCO
Audit Committee



NOEL G. MERCADO
Audit Committee



CORNELIO T. RIVERA
Audit Committee

Attested By:



ATTY. FLORENTINO H. GARCÉS
Corporate Secretary