

*The Audit and Governance Committee (AGC)*

***Report on Committee Activities for 2009***

The AGC duties pertain to assisting the Board in fulfilling its oversight responsibility as regards the Company's integrity of financial reporting process, effectiveness and soundness of internal audit control environment, adequacy of internal and external audit functions, and compliance with rules, policies, laws, regulations, contracts and the code of conduct.

For 2009, the following are the significant accomplishments of the AGC:

- a. **On financial reporting**, by reviewing with Management and discussing with the external auditor the annual and quarterly financial statements and endorsed the same for Board approval.
- b. **On Internal Control Environment**, by monitoring its effectiveness through the review of the external auditor's comments, exercising functional responsibility over the Internal Audit Department and the Compliance Office, and receiving reports on work done in assessing key control exponents, improvements of company policies and processes, as well as promoting a culture of integrity and ethical values of the Company.
- c. **On External and Internal Audit**, by reviewing the overall scope of the external auditor's audit plan, as well as management's evaluation on the external auditor's performance for the previous year, ensuring all the time that independence is maintained, the scope of work is sufficient, and the resources are adequate.
- d. **On Corporate Governance and Compliance**, by monitoring compliance with laws, rules and regulations, and taking steps to strengthen the governance framework such as: endorsement of changes to the Corporate Governance Manual to align it with regulatory requirements, corporate policies and best practices; providing oversight in the completion of the Corporate Governance Improvement Project between EDC and AIM; ensuring that all directors comply with the corporate governance training requirements; endorsing the conduct of an annual evaluation of the Board's performance; and, approval of recommendations to enhance the company's participation in the Corporate Governance Scorecard of the ICD, SEC and PSE.