



iPeople, Inc.

A YGC Member

3rd Floor, Grepalife Bldg., 219 Sen. Gil J. Puyat Avenue, Makati City

iPeople, Inc. Audit Committee Charter

1. Overall Purpose / Objectives

The iPeople, Inc. ("iPeople" or the "Company") has formed an Audit Committee ("AudCom" or Committee). The AudCom shall perform oversight functions that are broadly categorized into the following responsibilities: oversight duties over the financial reporting process, risk management and internal controls, management and internal audit function, external audit activity.

The AudCom has adopted this Audit Committee Charter ("Charter") that contains among others, its purpose, membership, structure, operations, reporting process, resources and other relevant information pursuant to good corporate governance.

2. Structure and Operations

A. Membership

- The iPeople AudCom is composed of at least three (3) non-executive directors, whom all shall have auditing, accounting and finance backgrounds. Majority of whom shall be independent directors.
- The Chairman and the members of the AudCom will be appointed by the Board and subject to a plan of succession. The Chairman shall not be the Chairman of the Board or any other committees.
- The Chairman of the AudCom shall be an independent director.

B. Attendance at Meetings

- Meetings of the AudCom shall be held at least quarterly. The Chairman may call for a special meeting upon the recommendation of the Internal Audit or External Audit.
- A quorum for any meeting shall be two (2) members.
- The AudCom may invite such persons (e.g. members of the management team, the CEO, CFO, head of internal audit, external audit, and other resource persons) to its meetings, as it deems necessary.
- The proceedings of all meetings will be minuted.

3. Oversight Roles and Responsibilities

The AudCom, through the Internal Audit Department, as it deemed appropriate shall perform the following oversight roles and responsibilities:

A. Oversight on Risk Management and Internal Control

- Evaluate whether management is setting the appropriate "control culture" and risk awareness by communicating the importance of internal control and the management of risk.
- Obtain management's assurance of internal control and review compliance with internal control systems, including IT systems and functions, in consonance with statutory and regulatory requirements.
- Ensure that compliance with internal control recommendations made by internal and external auditors and regulating bodies have been implemented by management.
- Monitor the framework for fraud prevention and detection program established by management including, but not limited to, the whistleblower program.
- Evaluate sufficiency and effectiveness of risk management processes and policies.
- Assess how management develops contingency plans (i.e., business continuity plan) for processing financial information in the event of a systems breakdown.
- Perform oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the corporation, and crisis management.

B. Oversight on Financial Reporting and Disclosures

1.) General

- Assess the company's business and industry and consider areas of greatest financial risk and how management is managing these effectively.
- Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Recognize management's responsibility over financial statements preparation.

2.) Annual Financial Statements

- Review the annual financial statements and determine whether the report reflects appropriate accounting principles and is in accordance with the applicable Standards.
- Ensure reasonableness of estimates, assumptions, and judgements used in the preparation of financial statements, for example those involving valuation of assets and liabilities; warranty, product or environmental liability; litigation reserves, and other commitments and contingencies.

- Identify material errors and fraud, sufficiency or risk controls.
- Determine appropriate management action or measures in case of finding of error or fraud in financial reporting.
- Determine impact of new accounting standards and interpretations.
- Review the other sections of the annual report, particularly management commentary, before its release and consider whether the information is understandable, complete, clear and consistent with members' knowledge about the company and its operations, including accuracy of disclosures of material information and subsequent events.
- Ensure review and approval of management representation letter before submission to external auditor.
- Review communication with legal counsel covering litigation, claims, contingencies or other significant legal issues that impact the financial statements.
- Perform assessment of correspondence between the Company and regulators regarding financial statement filings and disclosures.

3.) Preliminary Announcements, Interim Financial Statements and Analyst's Briefings

- Ascertain how management develops and summarizes preliminary announcements, interim financial information and analysts' briefings; the extent of internal audit involvement; and the extent to which the external auditors review such information.
- Assess the fairness of the preliminary and interim statements and disclosures, and obtain explanations from management and internal and external auditors on whether:
 - Actual financial results for the interim period varied significantly from budgeted or projected results
 - Changes in financial ratios and relationships in the interim financial statements are consistent with changes in the company's operations and financing practices
 - Generally accepted accounting principles have been consistently applied
 - There are any actual or proposed changes in accounting or financial reporting practices
 - There are any significant or unusual events or transactions
 - The company's financial and operating controls are functioning effectively
 - The preliminary announcements and interim financial statements contain adequate and appropriate disclosures

C. Oversight on Management and Internal Audit

- Ensure compliance with International Standards on Professional Practice of Internal Auditing.
- Review the activities and organizational structure of the internal audit function, including the need to outsource certain international audit activities, and ensure that no unjustified restrictions or limitations are made.

- Approve the strategic and operational plans based on the Annual Internal Audit Plan by the Internal Audit.
- Review the qualifications of the Head of Internal Audit and other internal audit personnel and concur on their appointment, replacement, reassignment or dismissal and assess their performance.
- Review the effectiveness of the internal audit function; 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 and its reporting arrangements and any independence related issue.
- Ensure that the internal audit reporting process is operating as planned.
- Meet periodically with the internal audit to discuss the results of audit work and the implications of audit findings on the overall quality of internal control and procedures within the organization.
- Hold special meeting with the Head of Internal Audit to discuss any matters that the committee or auditors believe should be discussed privately.
- Ensure that significant findings and recommendations made by the internal auditors are received and discussed on a timely basis.
- Ensure that management responds to recommendations by the internal auditors.

D. Oversight on External Audit

- Assess the independence and professional qualifications and competence of the external auditor including reviewing the range of services provided in the context of all consulting services bought by the company.
- Ensure observance of engagement and rotation process of external auditor or firm.
- Review proposed audit scope and approach and fees and ensure that no unjustified restrictions or limitations have been placed on the scope.
- Perform assessment of non-audit services.
- Evaluate performance of the external auditors and make recommendations to the Board regarding the reappointment and/or replacement of the external auditors.
- Establish management competence regarding financial reporting responsibilities including aggressiveness and reasonableness of decisions.
- Ensure compliance of external auditor with auditing standards.
- Meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.
- Ensure that significant findings and recommendation made by the external auditors are received and discussed on a timely basis. These include critical policies, alternative treatments, observations on internal controls, audit adjustments, independence, limitations

on the audit work set by management, and other material issues that affect the audit and financial reporting.

E. Compliance with Laws and Regulations

- Review the effectiveness of the management system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any fraudulent acts, accounting irregularities or non-compliance.
- Obtain regular updates from management and the company's legal counsel regarding compliance matters.
- Assess whether all regulatory compliance matters have been considered in the preparation of the financial statements.
- Review the findings of any examinations by regulatory agencies.

F. Compliance with the Company's Code of Conduct

- Ascertain that the code of conduct is in writing and that arrangements are made for all employees to be aware of it. If the company has no existing code of conduct, determine that steps are taken by management and as appropriate, approved by the board to establish a formal written code of conduct.
- Evaluate whether management is setting the appropriate feedback system "tone at the top" (the attitudes and behavior of the board usually set the tone for corporate behavior) by communicating the importance of the code of conduct and the guidelines for acceptable behavior.
- Ascertain that the process / program for monitoring compliance with the code of conduct is taken by management.
- Obtain regular updates from management regarding compliance issues.

G. Related Party Transactions (RPT) Review

- Evaluate on an ongoing basis, existing relations between and among businesses and counterparties.
- Evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement). In evaluating RPTs, the Committee takes into account, among others, the following:
 - The related party's relationship to the company and interest in the transaction;
 - The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
 - The benefits to the corporation of the proposed RPT;
 - The availability of other sources of comparable products or services; and

- An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances.
- Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the company's RPT exposures, and policies on conflicts of interest or potential conflicts of interest.
- Report to the Board of Directors on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties.
- Ensure that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process.
- Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.

H. Reporting Responsibilities

- Regularly update the board about committee activities and make appropriate recommendations whenever necessary.
- Ensure that the board is aware of matters which may significantly impact the financial condition or affairs of the business.

I. Other Responsibilities

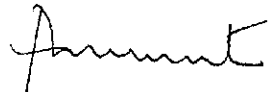
The Board authorizes the AudCom, within the scope of its responsibilities to:

- Perform other oversight functions as requested by the board.
- If necessary, require and institute special investigations, and if appropriate, hire special counsel or experts to assist.
- Seek any information it requires from:
- Obtain outside legal or other professional advice on certain critical compliance issues for purposes of getting certifications and reporting to the Board.
- Assess its own performance on a regular basis through a self-assessment worksheet.
- Update knowledge and understanding on new or recent development concerning matters relevant to AudCom's functions and responsibilities.
- Adopt a rating system for its overall level of compliance based on certain parameters as mandated by the applicable code (please see Annex A).
- Review and update the charter, receive approval of changes from the board.

4. EFFECTIVE DATE

This Charter shall take effect upon approval of the Audit Committee and replaces all previous Charters.


AUDIT COMMITTEE:



Cesar A. Buenaventura
Chairman



Renato C. Valencia
Member



Medel T. Nera
Member