

## **METRO PACIFIC INVESTMENTS CORPORATION**

### **AUDIT COMMITTEE CHARTER**

#### **Section 1. Basis and Purpose**

The Revised Manual on Corporate Governance (the "Governance Manual") of Metro Pacific Investments Corporation (the "Corporation") provides that its Board shall constitute, among others, an Audit Committee to assist it in good corporate governance.

The purpose of the Audit Committee (the "Committee") is to assist the Board of Directors in fulfilling its oversight responsibilities over the following:

- a. the Corporation's financial statements and reporting system;
- b. the Corporation's compliance to legal and regulatory requirements;
- c. the external auditor's qualifications, independence, and performance; and
- d. the performance of the Corporation's internal audit function and Internal Auditors.

To fulfill these oversight responsibilities, the Committee shall maintain regular, direct communication with the Company's external auditors, the internal auditors and the management of the Company.

#### **Section 2. Structure and Membership**

*2.1 Composition.* The members of the Committee shall be appointed by the Board of Directors. The Committee shall be composed of at least three (3) appropriately qualified members, the majority of whom, should be Directors of the Corporation.

The Chairman of the Audit Committee must be a member of the Committee and should not be the chairman of the Board or of any other committees.

The Board may appoint one or more persons to serve as advisor(s) ("Advisor") to the Committee. Advisors shall have the right to attend and speak at any meeting of the Committee but shall have no right to vote on any action of the Committee.

*2.2 Appointment.* The Chairman and members of the Committee shall be appointed by, and removed from office, only by the Board. In case of vacancy in the Committee, the Board shall appoint a new Committee member from among the directors. The Board, through the Committee, shall ensure that there is an established training and succession plan which is regularly reviewed and updated.

*2.3 Qualifications and Disqualifications.* In addition to the qualifications required for election as director of the Corporation provided under the Corporation's By-Laws and Governance Manual, the Members of the Committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting and

finance.

The Members shall be disqualified for any of the grounds for disqualification of a director provided under the Corporation's Governance Manual, the Corporation Code of the Philippines, Securities Regulation Code and its Implementing Rules and Regulations, and other relevant laws, rules and regulations of the Securities and Exchange Commission.

*2.4 Committee Secretary.* The Committee shall appoint a Committee Secretary who shall prepare the minutes of the meetings and keep the records of the Committee.

### **Section 3. Meetings and Procedures**

*3.1 Meetings Quorum and Voting.* The Committee shall meet at least once every quarter or more frequently as circumstances require. During these meetings, the Committee may meet privately with senior management, the external auditors, or as a Committee to discuss any matters that need to be discussed.

The time and place of the meetings and procedures at such meetings shall be determined by the Committee. A majority of the members of the Committee shall constitute a quorum provided an Independent Director is present (unless he has been duly notified but deliberately and without justifiable cause fails to attend the meeting).

The Committee shall maintain minutes or other records of its meetings and activities.

*3.2. Meeting through Teleconference, Video Conference or Similar Means.* Members and Advisors may participate in any meetings of the Committee through teleconference, video conference or other similar means, provided that all persons participating in the meeting can hear each other.

*3.3 Notices.* Notices of the meetings of the Committee shall be sent to the Members and Advisors by personal delivery, mail, facsimile, electronic mail or other similar means at least two (2) days prior to the meeting and specifying the place, date and time of the meeting, as well as the matters to be discussed during the meeting. For this purpose, the Committee Secretary shall obtain the addresses, facsimile numbers and electronic mail addresses of each Member and Advisor where notices of meetings may be sent.

*3.4 Minutes and Records.* The Committee Secretary shall maintain minutes or other records of its meetings and activities.

*3.5 Remuneration.* No fees or other remuneration shall be payable to the members and advisors of the Committee for services provided or attendance to Committee meetings, except fees or remuneration authorized and approved by the Board. No fees or compensation shall be paid directly or indirectly to any member of the committee as consultant or legal or financial Advisor or to such member's firm for such consulting or advisory services even if such member is not the actual service provider.

## **Section 4. Functions and Responsibilities**

The Committee's specific duties and responsibilities are as follows:

### ***4.1 On External Auditors:***

- a) Review and evaluate the qualifications, performance and independence of the external auditors and the lead partner by obtaining statements from the auditors on relationships between the auditors and the company, including non-audit services, and discussing the relationships with the auditors.
- b) Select and appoint the external auditors and remove or replace the external auditors as it may deem necessary.
- c) Review the external auditors' proposed fees, audit scope and approach, including coordination of audit effort with Internal Audit, and their compliance with auditing standards.
- d) Review and approve, in consultation with the Chief Finance Officer and Chief Audit Executive, all audit and non-audit work services, if any, to be performed by the external auditor and the related fees to be paid for such services. Periodically review the non-audit fees paid to the external auditor in relation to the total fees paid to the auditor and to the Corporation's overall consultancy expenses. The Committee should 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, should be disclosed in the Corporation's Annual Report and Annual Corporate Governance Report.
- e) Ensure that the external auditor has unrestricted access to all records, properties and personnel to enable performance of the required audit.
- f) Ensure that the external auditor or the lead engagement, or handling partner having primary responsibility for the audit or review of the Corporation is rotated at least once every five (5) years.
- g) Review reports of the external auditors, where applicable, and ensure that management is taking appropriate corrective actions in a timely manner, including addressing control, governance and compliance issues.

### ***4.2 On Financial Statements:***

- a) Review and discuss with management and the external auditor the Corporation's quarterly, half-year, and annual financial statements before submission to the Board, focusing particularly on the following:
  - Critical accounting policies and practices to be used.
  - Major financial reporting issues and judgments made.
  - Significant adjustments resulting from the audit.

- Unusual or complex transactions.
  - Going concern assumptions.
  - Compliance with accounting standards.
  - Compliance with tax, legal, and stock exchange requirements.
- b) Review interim and annual financial reports, with management and the external auditors, before filing with regulators and consider whether these are complete and consistent with the information known to the Committee.
  - c) Evaluate relationship that senior management, financial management, external auditors, and internal auditors have to ensure accurate and timely financial reporting.
  - d) Resolve any disagreement between management and the external auditors regarding financial reporting.
  - e) Review and approve management representation letter before submission to external auditor, including disposition of the auditor's recommendations by the management thereafter.

#### *4.3 On Internal Audit Function:*

- a) Establish and discuss the appropriate internal audit mandate, which consists of the appropriate authority, role and responsibilities of the internal audit function.
- b) Review with management and the Chief Audit Executive the charter, scope, plans, activities, staffing, and organizational structure of the internal audit activity.
- c) Through the Internal Audit Department, monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system, integrity of financial reporting, and security of physical and information assets. Ensure that a well-designed internal control procedures and processes that will provide a system of checks and balances are 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.
- d) Set up the Internal Audit Department, and ensure there are no unjustified restrictions or limitations, and review and concur in the qualification criteria, including the appointment, re-assignment, replacement, or dismissal of the Chief Audit Executive. Require that the Chief Audit Executive be positioned at a level in the organization that enables internal audit services and responsibilities to be performed without interference from management.
- e) Review the significant issues raised in internal audit reports to management and management's responses and ensure appropriate

corrective actions are undertaken.

- f) Work with senior management to ensure the Internal Audit team is given full and unrestricted access to the data, records, information, physical properties and personnel relevant to and required by its function and that the internal audit activity shall be free from interference in determining its scope, performing its work and communicating its results subject to strict compliance with all the applicable policies of the Corporation and all applicable laws and regulations.
- g) Establish direct functional reporting of the Chief Audit Executive to the Audit Committee to allow it to effectively fulfill its responsibilities.
- h) Review and approve the terms and conditions for any outsourcing and co-sourcing agreements of the internal audit function. The Chief Audit Executive shall oversee and be responsible for the internal audit activity that is outsourced to a third-party service provider and co-sourced functions.
- i) On a regular basis, meet separately with the Chief Audit Executive to discuss any matters that the Committee or Internal Audit believes should be discussed privately.
- j) Ensure the independence and objectivity of the Internal Audit function:
  - Inquire whether any restrictions exist that limit the Internal Audit function's ability to carry out its responsibilities; and
  - Review any current or proposed roles and responsibilities of the Chief Audit Executive that have the potential to impair the internal audit function's independence, either in fact or in appearance, including the types of safeguards to manage the actual, potential, or perceived impairments. When those areas handled by the Chief Audit Executive in a non-audit role capacity are subject to internal auditing, such audit must be carried out by a third-party service provider who must also report independently to the Committee.
- k) Require the Chief Audit Executive to render to the Committee an annual report on Internal Audit's activities and performance relative to the audit plans and strategies approved by the Committee, including significant risk exposures and control issues, corporate governance issues, and other matters requested by the Committee or the Board.
- l) Ensure that the internal audit activities are conducted in conformance with the internal audit charter and the Global Internal Audit Standards ("GIAS"). As such, the Committee will:
  - Review the effectiveness of the internal audit function, including its budget and staffing;
  - Ensure the internal audit function continuously improves to reflect the updated principles of the GIA framework; and
  - Ensure that the internal audit function maintains a Quality

Assurance Improvement Program that covers all aspects of the internal audit activity.

#### *4.4 On Risk Management and Internal Controls:*

- a) Review with the Corporation's management and the auditors their findings on the adequacy and effectiveness of internal controls and their recommendations for improving the internal control environment, including financial, operational, compliance, information technology security and controls and suggested audit steps adopted considering the material control deficiencies noted.
- b) Coordinate with the Risk Management Committee for the review of financial statement, corporate governance, operational, legal and other related risks.
- c) For any awareness or knowledge of any suspected fraud or irregularity, or suspected infringement of any laws or regulations of any regulatory authority, which has or is likely to have a material impact on the Corporation's operating results or financial position, the Committee must discuss such matter with the external auditor, and, at an appropriate time, report the matter to the Board.
- d) Ensure the Company's risk management and internal control processes incorporate strategic initiatives, cybersecurity, health and safety, sustainability, business resilience, and reputation considerations.
- e) Communicate the Board's perspective on organizational strategies, objectives, and risks to assist the Chief Audit Executive with determining the internal audit priorities.

#### *4.5 On Compliance.*

- a) Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
- b) Review the findings of any examinations by regulatory agencies and any auditor observations.
- c) Review the Corporation's code of conduct and the process for communicating the code of conduct to company personnel, and for monitoring compliance therewith.
- d) Obtain regular updates from management and company legal counsel regarding compliance matters.
- e) Establish and review procedures for receipt, retention, and treatment of complaints received by the organization regarding accounting, internal controls, and auditing matters, including procedures for confidential,

anonymous submission of concerns by employees regarding accounting and auditing matters.

#### *4.6 On Reporting.*

Report regularly to the Board of Directors about committee activities, issues, and any related recommendations. The Committee must submit and present an Annual Audit Committee Report to the full Board during its first meeting following the immediate calendar year which shall be included in the Corporation's Annual Report.

#### *4.7 Other Responsibilities.*

The Audit Committee shall likewise undertake such duties and responsibilities as may be provided by the Corporation's Articles of Incorporation, Bylaws and Revised Manual on Corporate Governance such as the following:

- a) Perform other activities related to this charter as requested by the Board of Directors, including review of all material related party transactions of the Corporation.
- b) Institute and oversee special investigations as needed.
- c) Review and assess the adequacy of the Committee charter annually, endorse to the Board for approval of proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
- d) Confirm annually that all responsibilities outlined in this charter have been carried out.
- e) Evaluate the Committee's and individual members' performance on a regular basis.

### **Section 5. Powers of the Committee**

The Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

- a) Retain external legal counsel, accountants, or other advisors to advise the Committee or assist in the conduct of an investigation.
- b) Seek information it requires from employees – all of whom are directed to cooperate with the Committee's requests – or external parties.
- c) Appoint or replace the external auditors and pre-approve all auditing and non-auditing services (including the fees and terms thereof) to be provided by independent auditors.
- d) Meet with Company Officers, external auditors or outside counsel, as necessary.
- e) Obtain appropriate funding and resources necessary to carry out its duties and responsibilities.

## **Section 6. Review, Amendment, Repeal and Alteration**

This Charter is interim and important provisions herein have been set to comply with SEC Memorandum Circular No. 19 on the Revised Code of Corporate Governance. This shall be periodically reviewed by the Audit Committee and amended as necessary subject to the approval of the Board of Directors.



**Reviewed by:**



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**Mr. Pedro O. Roxas**  
**Chairman, Audit Committee**

**Approved by:**



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**Mr. Manuel V. Pangilinan**  
**Chairman of the Board**

Date approved: March 12, 2025