

METRO PACIFIC INVESTMENTS CORPORATION INTERNAL AUDIT CHARTER

Introduction

The Internal Audit Charter establishes the organizational status of the Internal Audit function in Metro Pacific Investments Corporation (the "MPIC"), its mandate from the Board of Directors through the Audit Committee ("Committee"), including its oversight role to the Internal Audit function of MPIC's Subsidiaries and Affiliates ("The Group"). Significant changes to the mandate will be discussed with the Audit Committee and Senior Management. The mandate specifies the authority, role, and responsibilities of the Internal Audit function, including scope of work and types of internal audit services.

The Internal Audit Charter shall be approved by the Audit Committee of the Board of Directors as part of their oversight function. It shall be reviewed annually and subjected to the same approval process for any revisions or changes thereto.

Policy Statement

It is the policy of MPIC to establish and support an Internal Audit function as a fundamental part of its Corporate Governance practices.

Role

The internal audit activity is established by the Board of Directors (the "Board"). The internal audit activity's responsibilities are defined by the Board as part of their oversight role.

Purpose, Mission and Vision

The purpose of the Internal Audit Department is to provide independent and objective assurance and advisory services that enhance organizational effectiveness, support strategic objectives, and drive sustainable value across MPIC, Subsidiaries and Affiliates.

Internal auditing strengthens the Group's ability to create, protect, and sustain value by providing the Board of Directors, through the Audit Committee, and Management with independent, risk-based, and objective assurance, advice, insight and foresight.

Internal auditing enhances the Group's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

Internal auditing is most effective when:

- Internal auditing is performed by competent professionals in conformance

with The IIA's Global Internal Audit Standards ("GIAS"), which are set in the public interest.

- The Internal Audit function is independently positioned with direct accountability to the Board of Directors, through the Audit Committee.
- Internal auditors are free from undue influence and committed to making objective assessments.

The mission of Internal Audit is to partner with the organization to provide proactive, risk-based insights and objective assurance that strengthens governance, improves controls, and supports achievement of strategic objectives.

The vision of Internal Audit is to be a valued business partner and trusted advisor, providing proactive insights and objective assurance that strengthens the Group's strategic decision-making and drives sustainable value.

Authority

MPIC's Board grants the Internal Audit function the mandate to provide the Board and senior management with objective assurance, advice, insight, and foresight. The Internal Audit Department's authority is created by its direct reporting relationship to the Board, through the Audit Committee. The Board authorizes the Internal Audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
- Obtain assistance from the necessary personnel in units within MPIC, Subsidiaries and Affiliates where they perform audits, as well as other specialized services from within or outside the MPIC, Subsidiaries and Affiliates to complete internal audit services.

Scope and Types of Internal Audit Services

The scope of internal audit services covers the entire breadth of the organization, including all of the Group's activities, assets, and personnel. The scope of internal audit activities also encompasses but is not limited to examination and evaluation of the adequacy and effectiveness of the Group's governance, risk management, and internal controls.

- Full Coverage: Audit of key processes of MPIC, Subsidiaries and Affiliates as well as new and emerging business units without Internal Audit function.
- Oversight Role: Oversight and coordination with subsidiaries and affiliates with Internal Audit function to ensure alignment of internal audit methodologies and coverage of most critical risks for the Group.

Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of Group's strategic objectives are appropriately identified and managed.
- The actions of the Group's officers, directors, management, employees, and contractors or other relevant parties comply with Group's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programs are consistent with established goals and objectives.
- Operations and programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the Group.
- The integrity of information and the means used to identify, measure, analyze, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

Internal Audit Department, in the course of conducting its engagements, may identify opportunities for improving management control, profitability and image of MPIC, Subsidiaries and Affiliates. The Internal Audit Department shall communicate these to an appropriate level of management.

Assurance Services

Assurance services are intended to provide confidence about governance, risk management, and control processes to the organization's stakeholders, especially the Board, Senior Management, and the Management of the activity under review. Through assurance services, Internal Auditors provide objective assessment of the differences between the existing condition of an activity under review and a set of evaluation criteria. Internal Auditors evaluate the differences to determine whether there are reportable findings and to provide a conclusion about the engagement results, including reporting when processes are effective. These include the reviewing the:

- Overall effectiveness and efficiency of the governance, control environment and the risk management process,
- Compliance with policies, laws, rules and regulations
- Safeguarding of assets and
- Reasonableness of financial information, in conjunction with the external / independent auditors' activities.

Advisory Services

The Internal Audit activity is advisory in nature and are generally performed at the specific request of an internal engagement client as approved by the Audit Committee. These are intended to add value and improve the organization's risk management and control processes without the internal auditors assuming management responsibility. These include, but not limited to the following:

- Performing advisory, training and monitoring services related to readiness and compliance with the required self-assessments and certifications regarding internal controls over financial reporting.
- Fact finding and verification services requiring independent and objective perspective from outside of the requesting department.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the Internal Audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

The performance of advisory services will take the following into consideration:

- Acceptance of advisory services will depend on the competency of the internal auditors, urgency and perceived risk to the Group.
- Advisory services which impact the completion of the approved annual audit plan shall require an approval from the Audit Committee.
- The Internal Audit function may provide assurance services where it had previously performed advisory services, provided the nature of the advisory did not impair the Department's objectivity, and individual objectivity is managed when assigning resources to the engagement. When potential impairment exist, it must be disclosed to the party requesting the services before accepting the engagement.

Accountability

The Chief Audit Executive (CAE) in the discharge of his/her duties shall be accountable to management and the Audit Committee to:

- Provide annually an assessment on the adequacy and effectiveness of MPIC's, Subsidiaries' and Affiliates' processes for controlling its activities and managing its risks in the areas set forth under the mission and scope of work.
- Report significant issues related to the processes for controlling the activities of the MPIC, Subsidiaries and Affiliates, including potential improvements to those processes and provide information concerning such as issues through resolutions.
- Provide information periodically on the status and results of the annual audit plan and the sufficiency of Internal Audit's resources.
- Coordinate with and provide oversight of other control and monitoring functions (risk management, compliance, security, legal, ethics, environmental, external audit).
- Coordinate with Management to support the internal audit mandate throughout MPIC, Subsidiaries and Affiliates and promote the authority granted to the Internal Audit function.
- Review this charter at least annually and obtain approval of the Board through the Audit Committee for any revisions as deemed appropriate or as required by regulatory external bodies.

Independence and Objectivity

The Internal Audit Department must be independent and objective in performing its work.

The work of the Internal Audit Department will remain free from interference by any element in the organization, including matters of audit selection, scope, procedures,

frequency, timing, or report content to permit maintenance of necessary independent and objective mental attitude.

The Chief Audit Executive must confirm to the Audit Committee at least annually the organizational independence of the Internal Audit function.

The Chief Audit Executive must discuss with the Audit Committee and Senior Management any current or proposed roles and responsibilities that may have impaired or have the potential to impair the Internal Audit function's independence, either in fact or appearance, including the types of safeguards to manage actual, potential, or perceived impairments.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. The Internal Audit Department is not authorized to:

- Assess specific operations of a unit or department in which an Internal Audit employee was previously part or responsible for in the last twelve months.
- Perform any operational duties for the Corporation or its affiliates.
- Draft and/or implement internal controls, develop procedures and install systems. The Internal Audit Department, may, however, be consulted on the adequacy of the related controls.
- Initiate or approve accounting transactions except those pertaining to the operation of Internal Audit.
- Direct the activities of any MPIC, Subsidiaries and Affiliates' employee that is not employed by the Internal Audit function, except to the extent such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

To provide for the independence of the Chief Audit Executive, s/he reports functionally to the Board through the Audit Committee to enable the Internal Audit function to fulfill its mandate, and administratively to the President and Chief Executive Officer or his designate in a manner outlined in the preceding section on Accountability. It will include as part of its reports to the Audit Committee a regular report on the internal audit personnel.

The Board through the Audit Committee will approve decisions regarding the appointment, replacement and remuneration of the Chief Audit Executive.

The Chief Audit Executive is the head of the Internal Audit Department and shall execute, oversee and be responsible for the internal audit activity of MPIC, Subsidiaries and Affiliates, including the portion that is outsourced to a third-party service provider or co-sourced with internal resources.

The Chief Audit Executive must abstain from assuming responsibility for processes beyond the Internal Audit function. In special cases where additional role is necessary, the Chief Audit Executive must seek approval from the Audit Committee and advise the Committee and Senior Management of the types of safeguards in place to manage the actual, potential, or perceived impairments of independence or objectivity.

Ethics and Professionalism

The Internal Audit Department is committed to upholding the highest standards of ethics and professionalism. Internal Auditors are expected to:

- Demonstrate integrity by performing their work with honesty and professional courage and by abiding and reporting violations to the legitimate and ethical expectations of the Group and any applicable laws and regulations;
- Maintain professional objectivity by applying an impartial and unbiased mindset when performing internal audit services and making decisions, and disclose promptly any impairment of objectivity in fact or in appearance;
- Apply, maintain, and continually develop the knowledge, skills, and abilities necessary to fulfill their roles and responsibilities successfully;
- Apply due professional care in planning and performing internal audit service through conformance to the GIAS, consideration of the nature, circumstances, and requirements of the work, and professional skepticism; and
- Maintain confidentiality through appropriate use and protection of information.

The Chief Audit Executive must maintain a work environment where internal auditors feel supported when expressing legitimate, evidence-based engagement results, whether favorable or unfavorable.

Responsibility

The Internal Audit Department will report on the following:

- Results of audit plans and activities at least quarterly to the Audit Committee;
- List of significant measurement goals to be approved at the start of the year by the Audit Committee and results thereof;
- Status completion of its audit plans, the reasons if not completed, and the unscheduled audit activities performed;
- Emerging trends and successful practices in internal auditing locally and worldwide; and
- Annual confirmation on the organizational independence of Internal Audit function.

General

- Develop a flexible annual audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by management, and submit that plan as well as periodic updates thereto to the Audit Committee for review and approval.
- Implement the annual audit plan, as approved, including any special tasks or projects requested by management and the Audit Committee.
- Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation and/or expansion.
- Assist in the investigation of significant suspected fraudulent activities within MPIC, Subsidiaries and Affiliates and notify management and the Audit Committee of the results.
- Maintain a professional audit team with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter.
- Consider the scope of work of the internal and external assurance and

consulting service providers, as appropriate, for the purpose of providing optimal audit coverage to MPIC, Subsidiaries and Affiliates at a reasonable overall cost.

- Review the reliability and integrity of the financial reporting process and operating information and the business processes used to identify, measure, classify and report such information.
- Ensure that there is an appropriate mechanism in place for employee concerns or complaints on questionable accounting or auditing matters and notify Audit Committee of the status and disposition of reported complaints.
- Appraise the adequacy of action taken by management in response to reported risk issues, control weaknesses and opportunities for improvement.
- Coordinate with the subsidiaries and affiliates' Internal Audit functions and serve as a resource to the subsidiaries and affiliates' audit committees to ensure the sharing of best practices and standardization of internal audit practices within the Group.
- Establish and sustain a quality assurance and improvement program for Internal Audit, including the establishment and updating of policies and procedures, to guide the internal audit organization, by which the CAE assures the operation of internal auditing activities, and communicate the results of ongoing internal assessments and external assessments conducted at least every five years.

Corporate Governance

- Provide assistance to the Audit Committee in the discharge of the Committee's oversight function with regard to corporate governance. Such activities include establishing the communication process to discuss with the Audit Committee issues and controls affecting the financial reporting and risk management processes, compliance with laws and regulations and internal controls.
- Coordinate with the Compliance Officer in ensuring that the provisions of the corporate governance manual of MPIC, Subsidiaries and Affiliates are appropriately and adequately complied with.
- Report to the Audit Committee and the Compliance Officer recommended improvements identified in the ethics-related programs and activities of MPIC, Subsidiaries and Affiliates resulting from the regular course of internal audit reviews.
- Update the Audit Committee and Senior Management on developments and emerging trends and issues in corporate governance, especially in areas directly affecting their roles and responsibilities.
- Deliver specific requirements from the Internal Audit activity, as specified in corporate governance manual of MPIC, as follows:
 - Establish a risk-based internal audit plan, including policies and procedures, to determine the priorities of the internal audit activity, consistent with MPIC's goals;
 - Communicate the internal audit plans and resource requirements, including significant interim changes and impact of limitations on financial, human, and technological resources, to senior management and the Audit Committee for review and approval;
 - Report periodically to the Audit Committee on the internal audit activity's performance relative to its plan;
 - Assist in the investigations arising from whistleblower disclosures; and
 - Present findings and recommendations to the Audit Committee and

give advice to senior management and the Board on how to improve internal processes.

Enterprise-Wide Risk Management

- Review the adequacy of the risk management policy and compliance thereto.
- Review the effectiveness of the risk management process and risk mitigation strategies designed by the risk owners.
- Participate in the risk assessment workshops and other activities of the Risk Management team.

Professionalism and Standards of Internal Audit Practice

The Internal Audit and its activities will adhere to the Global Internal Audit Standards ("Standards"), Global Guidance and Topical Requirements of the Institute of Internal Auditors' International Professional Practices Framework ("IPPF"). The CAE will report periodically to Senior Management and the Board through the Audit Committee regarding the Internal Audit's conformance to the IPPF, including requirements on the Code of Ethics and the Standards.

Approval and Effectivity

This Internal Audit Charter was adopted by the resolutions of the Board of Directors on August 9, 2012 and updated August 3, 2015. Further revisions were approved by the Audit Committee on February 19, 2020, March 7, 2022 and March 4, 2024 and took effect immediately upon such approval.

Approved by:



Mr. Pedro O. Roxas
Chairman, Audit Committee



Mr. Artemio V. Panganiban
Member, Audit Committee



Mr. Francisco C. Sebastian
Member, Audit Committee



Ms. June Cheryl Cabal - Revilla
Member, Audit Committee



Mr. Iwami Yoshitoshi
Member, Audit Committee

Date approved: 10 March 2025