

	<h2>AUDIT COMMITTEE</h2>	Document No.: CC-AUC05C
		Effectivity Date: June 20, 2022

DESCRIPTION

I. Organization

The Audit Committee ("AC") was organized in 2016. The AC plays an important role in providing oversight of the governance, risk management, anti-money laundering compliance and internal control practices of all the companies under the P.J. Lhuillier group ("PJLGC").

The Charter which governs the work of the AC was established in March 2016. The Charter was reviewed and updated in June 2022.

II. Purpose

The purpose of the AC is to provide a structured, systematic oversight of the governance, risk management, anti-money laundering compliance, and internal control practices of all the companies under the PJLGC. The Committee assists the respective Boards and Management of these companies by providing advice and guidance on the adequacy of the organization's initiatives for:

- Values and ethics
- Governance structure
- Risk management
- Internal control framework
- Anti-money laundering compliance
- Oversight of the internal audit activity, external auditors, and other providers of assurance
- Financial statements and public accountability reporting

In broad terms, the AC reviews each of the items noted above and provides the Board with independent advice and guidance regarding the adequacy and effectiveness of Management's practices and potential improvements to those practices.

The Audit Committee is a Board-level Committee and is chaired by a member independent of the organization as designated by the Board of Directors. The Audit Services Division and Anti-Money Laundering Division report directly to the Audit Committee.

III. Authority

This Charter defines the authority of the AC to carry out the responsibilities established for it by the Board as articulated within the Audit Committee Charter.

In discharging its responsibilities, the AC will have unrestricted access to members of management, employees, and relevant information it considers necessary to discharge its duties. The Committee will also have unrestricted access to records, data, and reports, including customer information and their transaction records for anti-money laundering/ counter-terrorism financing purposes. If access to requested documents is denied due to legal or confidentiality reasons, the AC and/or the Head of Audit Services Division ("**ASD**") or Head of the Anti-Money Laundering Division ("**AML Division**"), as the case may be, will follow a prescribed Board-approved mechanism for resolution of the matter.

The AC is entitled to receive any explanation that it deems necessary to discharge its responsibilities. The organization's management and staff should cooperate with the AC.

The AC may engage independent counsel and/or other external advisors it deems necessary to carry out its duties.

The AC is empowered to:

- Appoint, compensate, and oversee all audit and non-audit services performed by auditors, including the work of any registered public accounting firm employed by the organization.

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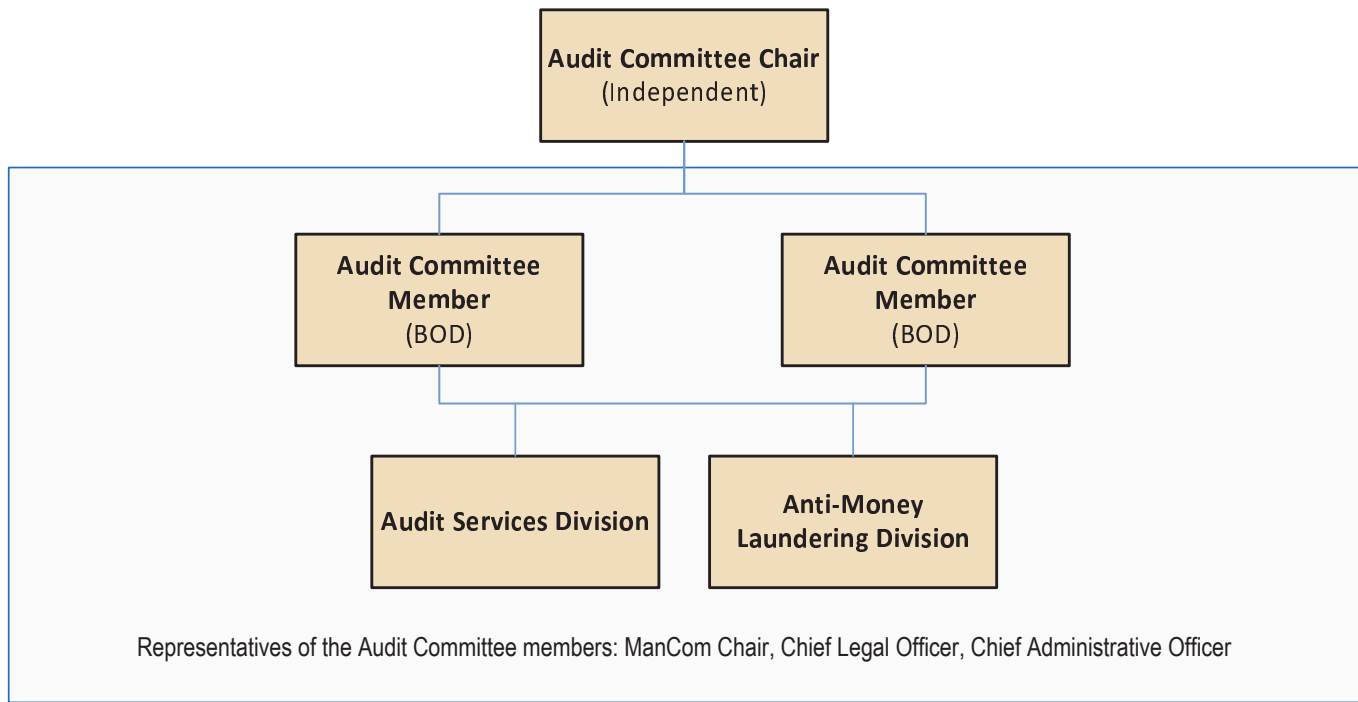
- Resolve any disagreements between management and the external auditor regarding financial reporting and other matters.
- Pre-approve all auditing and non-audit services performed by auditors.

The Internal Audit Division provides reasonable assurance to the Board, Management, and stockholders that the Company's organizational and procedural controls are effective and complied with. It also conducts special administrative investigations when required to do so.

BROAD FUNCTIONS	DUTIES AND RESPONSIBILITIES
1. Ensure effective oversight of internal and external audit functions	<ul style="list-style-type: none"> • Approve the audit universe • Approve the audit plan • Review and endorse selection of external auditors • Monitor performance of the Internal Audit Division.
2. Ensure transparency, integrity, accuracy and timely submission of audit reports.	<ul style="list-style-type: none"> • Review results of audit reports. • Ensure audit results are communicated in a timely manner
3. Influence proper and timely mitigation of identified critical business and regulatory risks resulting from the audit process.	<ul style="list-style-type: none"> • Monitor and review the Company's risk profile on a regular basis.
4. Ensure effective oversight of the organization's compliance to Anti-Money Laundering Act and regulations.	<ul style="list-style-type: none"> • Propose to the Board the implementation of such measures as may be inherent, necessary, implied or justified under the Money Laundering and Anti-Terrorism Prevention Program (MTPP) Manual.

COMPOSITION		
NAME	ROLE	FUNCTION
Audit Committee Chair	CHAIRMAN	<ol style="list-style-type: none"> 1. Convene and preside over Audit Committee meetings. 2. Provide regular reports to the Board of Directors. 3. Set deadlines for submission of plans, records and other information needed by the Audit Committee to carry out its function. 4. Call for a vote as needed.
Audit Committee Member	MEMBERS	<ol style="list-style-type: none"> 1. Attend the Audit Committee meetings 2. Perform duties as may be assigned by the Audit Committee Chairman 3. Decide on matters presented for votation.

STRUCTURE



RULES AND REGULATIONS

I. Responsibilities

It is the responsibility of the AC to provide the Board with independent, objective advice on the adequacy of management's arrangements with respect to the following aspects of governance of the organization:

A. Values and Ethics

In line with the organization's values and ethics, the AC will:

- Review and assess the policies, procedures, and practices established by the governing body to monitor conformance with its code of conduct and ethical policies by all management and staff of the organization.
- Provide oversight of the mechanisms established by Management to establish and maintain high ethical standards for all employees of the organization.
- Review and provide advice on the systems and practices established by Management to monitor compliance with laws, regulations, policies, and standards of ethical conduct and identify any legal or ethical violations (actual or potential) and give advice on the course of corrective action.

B. Organizational Governance

The AC will review and provide advice on the governance process established and maintained within the organization and the procedures in place to ensure that they are operating as intended.

C. Risk Management

With respect to the organization's risk management practices, the AC will:

- Annually review the organization's risk profile.
- Obtain from the Head of ASD an annual report on management's implementation and maintenance of an appropriate enterprise-wide risk management process.
- Provide oversight on significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the board.
- Provide oversight of the adequacy of the combined assurance being provided.
- Review and provide advice on the risk management processes and procedures established and maintained by management to ensure that they are operating as intended.

D. Fraud

For the prevention and detection of fraud, the AC will:

- Oversee management's system for the prevention and deterrence of fraud.
- Ensure that appropriate action is taken against known perpetrators of fraud.
- Periodically review and validate with management and internal and external auditors if the entity has appropriate anti-fraud programs, proper controls in place to identify potential fraud.
- Ensure that investigations are undertaken if fraud is detected.

E. Control

With respect to the adequacy and effectiveness of the organization's controls in responding to risks, the AC will:

- Evaluate the effectiveness of the organization's governance and control framework, including information technology security
- Review and provide advice on the control of the organization as a whole and its individual units.
- Review reports on all matters of significance arising from work performed by other providers of financial and internal control assurance to senior management and the board.
- Obtain updates from the President/CEO or his authorized representative on status of recommended action based on audit findings.

F. Compliance

The AC will:

- 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.
- Review the observations and conclusions of internal and external auditors and the findings of any regulatory agencies.
- Obtain regular updates from management and the organization's legal counsel regarding compliance matters.

G. Compliance to Anti-Money Laundering Act and regulations

- Review, and endorse to the Board for approval, the organization's MTPP Manual documenting the policies and procedures of the organization's compliance with the Anti-Money Laundering Act (AMLA) and other regulations.
- Oversee the implementation of the MTPP.
- Review the MTPP Manual at least on an annual basis and recommend to the Board the adoption of a comprehensive and risk-based MTPP geared towards the promotion of high ethical and professional standards and the prevention of the organization from being

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used, intentionally or unintentionally, for money-laundering and terrorism financing.

- Note Suspicious Transactions (“STRs”) filed as approved by the AML Division Head.
- Note Covered Transactions Reports (“CTRs”) filed.
- Note reports on transactions disposed as false positive.
- Report to the Board significant developments, issues and concerns in the organization’s AML compliance as necessary.
- Update policies and procedures to ensure compliance with all applicable AML laws and regulations and management of AML risks.
- Approve changes in alert scenarios, rules, parameters, and thresholds in AML alert management and transaction monitoring systems.
- Review and approve the AML client risk profiling model and changes thereto.
- Review and recommend actions for AML critical issues.
- Review and approve annual group-wide AML compliance risk assessment.
- Review and approve the annual testing plan and changes thereto.
- Note results of Compliance Testing for AML.
- Oversee timely response and compliance to BSP/AMLC findings on regular or special examination in relation to AML.

II. Composition of the AC

Under the present circumstances and as recommended by the Board of Directors, the AC will consist of seven (7) members, composed of the following:

- One member who is independent of the organization who shall be designated as the Chairperson of the AC until such time that an independent director is appointed to the Board, in which case such independent director shall be the Chairperson of the AC. When there is more than one independent Directors, the Board shall appoint one of them to be the Chairperson of the AC, provided that he/she is not the chairperson of the Board of Directors or of any other Board-level committees.
- Two (2) members of the Board of Directors or their designated official representatives. When both the member of the Board of Directors and his representative are present during a meeting of the AC, the latter may not vote on matters presented forvotation.
- the Chair of the Management Committee
- the Chief Legal Counsel or Corporate Secretary
- the Chief Administrative Officer

The members should collectively possess sufficient knowledge of audit, finance, specific industry knowledge, IT, law, governance, risk, and control. Because the responsibilities of the audit committee evolve in response to regulatory, economic, and reporting developments, it is important to periodically re-evaluate members' competencies and the overall balance of skills on the committee in response to emerging needs.

IMPORTANT NOTE: The composition of the AC will be reviewed periodically by the Board and necessary changes to conform with the standards and policies of governing bodies as the *Bangko Sentralng Pilipinas* (“BSP”), and other regulatory agencies will be instituted accordingly.

A. The Chair of the AC

The Chair shall preside at meetings of the AC and shall have the authority to convene meetings. In the absence of the Chair at a duly-convened meeting, the other members of the Committee shall select a temporary substitute from among themselves to act as Chair at that meeting.

B. Terms of Office

The term of office for an AC member is two (2) years. Continuance of committee members will be reviewed annually. To ensure continuity of the AC’s work, the appointment of members, shall as far as practicable, be arranged and scheduled at different periods.

The terms of office of the independent member may be limited by defining the number of terms their contracts or appointments can be renewed.

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The Board can establish these limits and be specifically defined.

C. Remuneration of Chairman of AC and Independent Members

The Chairman of the AC and independent members of the committee will be given honoraria for each meeting, the amount of which will be as approved by the Board

III. Operational Principles

A. Audit Committee Values

The AC will conduct itself in accordance with the code of values and ethics of the organization and the governing regulatory authorities (e.g., BSP and SEC).

1. Communications

All communications of the AC with management of the organization as well as with any external assurance providers will be direct, open, and complete.

2. Work Plan

The AC chair will collaborate with senior management and the Head of ASD to establish a work plan to ensure that the responsibilities of the AC are scheduled and will be carried out.

3. Executive Sessions

The AC will schedule, and hold if necessary, a private session with the chief executive officer (CEO), the Head of ASD, external assurance providers, and with any other officials that the AC may deem appropriate at each of its meetings.

B. Conflict(s) of Interest

AC members should adhere to the organization's code of conduct and any values and ethics established by the organization. It is the responsibility of AC members to disclose any conflict of interest or appearance of a conflict of interest to the committee. If there is any question as to whether AC member(s) should recuse themselves from a vote, the AC should vote to determine whether the member should recuse himself or herself.

C. Orientation and Training


AC members will receive formal orientation training on the purpose and mandate of the committee and on the organization's objectives. A process of continuing education will be established.

IV. Operational Procedures

A. Meetings

The AC will meet at least four (4) times annually or more frequently as the committee deems necessary. Members of the AC may participate in a meeting via telephone conference or other communications equipment (videoconferencing) at which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person for purpose of determining quorum.

1. Meeting Agenda

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The Chair will establish agenda for AC meetings, in consultation with AC members, senior management and the Head of ASD and AML Division.

2. Information Requirements

The AC will establish and communicate its requirements for information, which will include the nature, scope and timing of information. Information will be provided to the AC at least one (1) week prior to each AC meeting.

3. Minutes

Minutes will be prepared in accordance with applicable law, regulation, by-laws, policy, procedure, and/or other applicable requirements. Meeting minutes will be provided in draft format at least one (1) week after the audit committee meeting.

4. Required Attendance and Preparation

The Heads of ASD and AML Division and designated AC members are required to attend all AC meetings. AC members are obligated to prepare for and participate in committee meetings.

5. Quorum

The quorum for the AC will be a majority of the members. The AC shall act on the affirmative vote of a majority of the members present at a meeting at which a quorum is present. Without a meeting, the AC may act by majority consent (written or through electronic mail) of all the members.

6. Secretariat Services

The Head of ASD (or another appropriate designee) will facilitate and coordinate meetings as well as provide ancillary support to the AC, as time and resources permit.

B. Oversight of the Internal Audit Activity and External Assurance Providers and Anti-Money Laundering Activity

1. Internal Audit Activity

The AC will provide oversight related to:

a. Internal Audit Charter and Resources

- Review and approve the internal audit charter at least annually. The charter should be reviewed to ensure that it accurately reflects the internal audit activity's purpose, authority, and responsibility, consistent with the mandatory guidance of the IIA's International Professional Practices Framework and the scope and nature of assurance and consulting services, as well as changes in the financial, risk management, and governance processes of the organization and reflects developments in the professional practice of internal auditing.
- Advise the Board about the status of requested resources to achieve the internal audit plan. Evaluate whether any additional resources are needed permanently or should be provided through outsourcing.

b. ASD Head's Performance

- Advise the board regarding the qualifications and recruitment, appointment, and removal of the Head of ASD.
- Provide input to management related to evaluating the performance of the Head of ASD.
- Recommend to management or the governing body the appropriate compensation of the Head of ASD.

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c. Internal Audit Strategy and Plan

- Review and provide input on the internal audit activity's strategic plan, objectives, performance measures, and results.
- Review and approve proposed risk-based internal audit plan and make recommendations concerning internal audit projects.
- Review and approve the internal audit plan and engagement work program, including reviewing internal audit resources necessary to achieve the plan.
- Review the internal audit activity's performance relative to its audit plan.

d. Internal Audit Engagement and Follow Up

- Review internal audit reports and other communications to management.
- Review and track management's action plans to address the results of internal audit engagements.
- Review and advise management on the results of any special investigations.
- Inquire of the Head of ASD whether any internal audit engagements or non-audit engagements have been completed but not reported to the committee; if so, inquire whether any matters of significance arose from such work.
- Inquire of the Head of ASD whether any evidence of fraud has been identified during internal audit engagements and evaluate what additional actions, if any, should be taken.

e. Standards Conformance

- Ensure that the internal audit activity conforms with standards defined by governing authorities and internal audit organization.
- Ensure that the internal audit activity has a quality assurance and improvement program and that the results of these periodic assessments are presented to the audit committee.
- Ensure that the internal audit activity has an external quality assurance review every five years.
- Review the results of the independent external quality assurance review and monitor the implementation of the internal audit activity's action plans to address any recommendations.
- Advise the Board about any recommendations for the continuous improvement of the internal audit activity.

2. External Auditors

The AC will meet with the external assurance providers during the planning phase of the engagement, the presentation of the audited financial statements, and the discussion of the results of engagements and recommendations for management.

The AC will:

- Review the external auditors' proposed audit scope and approach, including coordination of audit effort with the internal audit activity.
- Review the performance of the external auditors, and exercise final approval on the appointment or discharge of the auditors.
- Obtain statements from the external auditors about their relationships with the organization, including non-audit services performed in the past, to review and confirm their independence.
- Have regularly scheduled exclusive meetings with external auditors to discuss any sensitive matters.
- Monitor management's progress on recommended action plans by External Auditors.

3. Financial Statements and Public Accountability Reporting

The AC is responsible for oversight of the independent audit of the company's financial statements, including but not limited to overseeing

the resolution of audit findings in areas such as internal control, legal, regulatory compliance, and ethics.

The AC will:

- Review with management and the external auditors the results of audit engagements, including any difficulties encountered.
- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Review the annual financial statements, and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles.
- Review other sections of the annual report and related regulatory filings and consider the accuracy and completeness of the information before it is released.
- Review with management and the external auditors all matters required to be communicated to the audit committee under generally accepted external auditing standards.
- Understand strategies, assumptions and estimates that management has made in preparing financial statements, budgets, and investment plans.
- Understand how management develops interim financial information and the nature and extent of internal and external auditor involvement in the process.
- Review interim financial reports with management and external auditors before filing with regulators, and consider whether they are complete and consistent with the information known to committee members.

4. Oversight of the AML Division

- Advise the Board regarding the qualifications and recruitment, appointment, and removal of the Head of AML Division.
- Provide input to management related to evaluating the performance of the Head of AML Division.
- Recommend to management or the governing body the appropriate compensation of the Head of AML Division.
- Oversee that the AML Division ensures compliance by all responsible officers and employees with the Anti-Money Laundering Act, its implementing rules and regulations, AML regulations of the BSP and the organizations' MTPP.

5. Other Responsibilities

In addition, the AC will:

- Perform other activities related to this charter as requested by the Board of Directors.
- Carry out and oversee special investigations as needed.
- Annually evaluate its performance and that of its individual members.

6. Reporting on Audit Committee Performance

The AC will report to the Board annually or more frequently as it deems necessary, summarizing the Committee's activities and recommendations. The report may be delivered during an AC meeting attended by the Board or during a regularly scheduled meeting of the Board.

The report should include:

- A summary of the work the AC performed to fully discharge its responsibilities during the preceding year.
- A summary of management's progress in addressing the results of internal and external audit engagement reports.
- An overall assessment of management's risk, control, and compliance processes, including details of any significant emerging risks or legislative changes impacting the governing organization.

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- Information required, if any, by new or emerging corporate governance developments.
- Significant trends in auditing and assurance processes and use of technology in assisting the Board in its oversight responsibilities and in formulating business strategies and program;

The AC may report to the governing body at any time regarding any other matter it deems of sufficient importance.

V. Regulations

1. Quorum is majority of the members, including the Chair. In the absence of the Chair at a duly-convened meeting, the other members of the AC shall select a temporary substitute from among themselves to act as Chair at that meeting.
2. At the minimum, the committee shall be convened once every quarter.
3. Non-attendance to a committee meeting must be communicated to the chair five (5) working days before meeting schedule.
4. An officer of the Audit Services Division will be assigned to record and release the minutes of meeting (MOM).
5. By default, only members of the committee shall be given access to its documented output such as reports and MOMs. Access for non-members shall be subject to approval of the chair.
6. The agenda of the meeting shall, at the minimum, be released five (5) working days before schedule of meeting.
7. Copies of presentations and other supporting documents about matters to be discussed should be sent to all committee members three (3) working days before the schedule of the meeting.
8. All resolutions and decisions shall be documented and signed by all Committee members.

PERFORMANCE MEASURES

- Conduct of meetings according to schedule.
- 75% attendance rate for all members.

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REVISION HISTORY

Revision	Description of Change	Originator	Release Date
A	Initial release.	Ergilio S. Ong	March 2, 2016
B	The structure of the Audit Committee was expanded to include the AML Division in its oversight.	Atty. Maria Rosario E. Ereño	October 10, 2019
C	<ul style="list-style-type: none"> Added a provision expressly defining the coverage of all the PJLGC entities under the AC's authority and oversight, particularly on its unrestricted access to their records, data and reports. Amendment on the composition of the AC. 	Atty. Maria Rosario E. Ereño	June 20, 2022

SIGNATORIES

	Name	Position, Group/Division	Signature/Date
Prepared by:	Kathleen Joy P. Bie	Business Process Officer	 11/15/2022
Reviewed by:	Andre D. Lhuillier	Audit Committee Member (Board Member)	 11/17/2022
	Ergilio S. Ong	Audit Committee Member (ManCom Chair)	 11/15/2022
	Atty. Maria Rosario E. Ereño	Audit Committee Member (Chief Legal Officer)	 11/15/2022
	Jo-Ann Y. Tacorda	Audit Committee Member (Chief Administrative Officer)	 11/14/2022
Endorsed by:	Jose F. Balderama	Audit Committee Chair	 11/15/2022
Approved by:	Jean Henri D. Lhuillier	President and Chief Executive Officer	 11/24/22