




# **AYALA CORPORATION**

## **INTERNAL AUDIT CHARTER**

**Approved by the Audit & Risk Committee in 2006**

**Revisions Approved by the Audit & Risk Committee in 5 March 2015**

**Revisions Approved by the Audit Committee in 9 November 2017**

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	SECTION NAME		REVISION DATE <b>MARCH 2015 OCTOBER 2017</b>
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#### A. Internal Audit Charter

The Internal Audit Charter establishes the organizational status of the Internal Audit function in Ayala Corporation, including its purpose, authority, responsibility and reporting relationships, and its oversight to the internal audit functions of Ayala Corporation's subsidiaries and affiliates.

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

#### B. Policy Statement

It is the policy of Ayala Corporation to establish and support an Internal Audit function as a fundamental part of its Corporate Governance practices. The Internal Audit Department reports *functionally* to the Audit Committee of the Board of Directors and *administratively* to the President and Chief Operating Officer or his designate.

#### C. Purpose


##### General Audit

Internal Audit provides an independent and objective **assurance** and **consulting** services within Ayala Corporation, and shares the organization's common goal of creating and enhancing shareholder value. Internal Audit aims to assist all members of the organization accomplish their objectives by bringing a systematic and disciplined approach to evaluating and improving the effectiveness and efficiency of the Company's risk management, control, and governance process. To this end, Internal Audit furnishes Management and the Board of Directors, through the Audit Committee, with analyses, recommendations, advice and information concerning the activities reviewed.

##### Assurance Services

The Internal Audit activity provides reasonable and independent risk-based assurance on the following to help ensure that management enhances the value of the Company as it competes in an ever dynamic and increasingly competitive marketplace:

- Overall effectiveness of the governance, control environment and the risk management process

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- Compliance with policies, laws, rules and regulations
- Safeguarding of assets
- Reasonableness of financial information, in conjunction with the external/independent auditors' activities

Consulting Services

The Internal Audit activity at Ayala Corporation shall provide advisory and related client service activities, the nature and scope of which are agreed upon with the client and are intended to add value and improve the Company's operations. Examples of consulting services, are the following:

- Assistance in risk management activities
- Providing recommendations and advice
- All other projects and reviews requested by the Audit Committee and Executive Management

Acceptance of consulting engagements will depend on the competency of the internal auditors, urgency and perceived risk to the Company. Consulting activities which impacts the completion of the approved annual audit plan shall require an approval from the Audit Committee.

**D. Authority**

In carrying out their duties and responsibilities, members of the Internal Audit function will have full, free and unrestricted access to all organizational activities, records, properties and personnel. It has neither direct responsibility for, nor authority over any part of the activities it reviews or the persons responsible for those activities.

**E. Reporting and Working Relationships**

Reporting Lines

The Chief Audit Executive reports functionally to the Board of Directors, through the Audit Committee, and administratively, to the President and Chief Operating Officer or his designate.

