

INTERNAL AUDIT CHARTER
(Revision No. 4)

MISSION AND SCOPE OF WORK

The mission of the Internal Audit Department is to provide independent, objective assurance and consulting services designed to add value and improve the Company's operations. It will help the Company accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.

Assurance Services

The nature and scope of assurance services involve the objective assessment of evidence to provide an independent opinion or conclusions regarding the Company's governance, risk management, and control processes. Assurance services may include financial, operations, compliance to regulations, Company policies and guidelines and information systems reviews.

Consulting Services

Consulting services are advisory and related client service activities, the nature and scope of which are generally performed at the specific request of an engagement client. Consulting services are intended to add value and improve an organization's governance, risk management, and control processes without the internal auditor assuming management responsibility. Consulting services may include advisory, facilitation, training or giving counsels or advice to Management.

The scope of work of the Internal Audit Department is to determine whether the Company's network of risk management, control, and governance processes, as designed and represented by the management, is adequate and functioning in a manner to ensure:

- Employees' actions comply with policies, standards, procedures, and applicable laws and regulations.
- Resources are acquired economically, used efficiently, and adequately protected.
- Programs, plans, and objectives of the Company are achieved.
- Quality and continuous improvement are fostered in the Company's control process.
- Significant financial, managerial, and operating information are accurate, reliable, and timely.
- Significant legislative or regulatory issues affecting the Company are recognized and addressed appropriately.
- Risks management of the Company is in place.
- Interaction with the various governance groups occurs as needed.

Opportunities for improving management control, profitability, and the Company's image may be identified during audits. It should be communicated to the appropriate level of management.

ACCOUNTABILITY

The Internal Audit Head, in the discharge of his/her duties, shall be accountable to management and the Audit Committee to:

- Provide an annual assessment on the adequacy and effectiveness of the Company's processes for controlling its activities and managing its risks.
- Report significant issues related to the processes for controlling the activities of the Company including potential improvements to those processes, and provide information concerning such issues through audit reports/recommendations to management and to the Audit Committee.
- Periodically provide information on the status and results of the annual plan.
- Report the sufficiency of internal audit department resources.

INDEPENDENCE

Independence is essential for effective operation of the auditing function. It is the policy of the Company that all auditing activities shall remain free of influence by any of its organizational elements. To provide for the independence of the Internal Audit Department, its personnel will report to the Internal Audit Head, who reports functionally to the Audit Committee and administratively to the President and Chief Executive Officer.

RESPONSIBILITY

The Internal Audit Head and staff of the Internal Audit Department have the responsibility to:

- 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 to the Audit Committee for review and approval.
- Implement the annual audit plan, as approved, including as appropriate any special tasks or projects requested by management and the Audit Committee.
- Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this charter.
- Evaluate and assess significant new or changing processes, operations, and control processes coincident with the development, implementation, and/or expansion of the organizational departments of the Company.

- Issue periodic reports to the Audit Committee and management summarizing results of audit activities.
- Assist in the investigation of significant suspected fraudulent activities within the Company and notify management and the Audit Committee of the results.
- Keep the Audit Committee informed of emerging trends and successful practices in internal auditing.

AUTHORITY

The Internal Audit Head and staff of the Internal Audit Department are authorized to:

- Have unrestricted access to all functions, records, properties, and personnel necessary to the conduct of a comprehensive program of operational and financial audit.
- Have full and free access to the Audit Committee.
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.
- Obtain the necessary assistance of personnel in other departments of the Company where they will perform audits, as well as other specialized services from within or outside the Company.

The Internal Audit Head and staff of the Internal Audit Department are not authorized to:

- Initiate or approve accounting transactions external to the Internal Audit Department.
- Direct the activities of any Company employee not employed by the Internal Audit Department, except to the extent such employees have been appropriately assigned to assist the internal auditors.

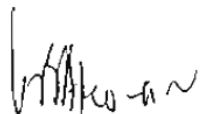
STANDARDS OF AUDIT PRACTICE

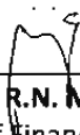
The Internal Audit Department will adhere to The Institute of Internal Auditors' mandatory guidance including the *Code of Ethics for Internal Auditors*, the *International Standards for the Professional Practice of Internal Auditing*, and the *Definition of Internal Auditing*.

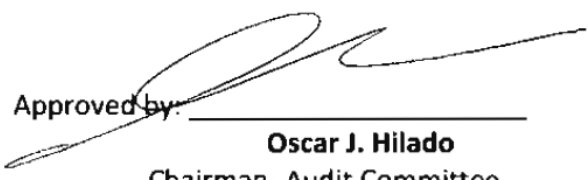
REVIEW POLICY

The Internal Audit Head shall periodically review whether the mission, scope of work, responsibility and authority, as defined in this charter, continue to be adequate to enable the Internal Audit Department to accomplish its objectives. Any revisions thereto shall be presented to the Audit Committee for approval.

Revision 3

Recommended by: 
G.B. Ateban

Endorsed by: 
R.N. Migrino
Chief Finance Officer

Approved by: 
Oscar J. Hilado
Chairman- Audit Committee

Revision 4

Endorsed by:

Geraldine B. Ateo-an

Internal Audit Head

Recommended by:

Eulalio B. Austin, Jr.

**President and Chief Executive
Officer**

Approved by:

Oscar J. Hilado

Audit Committee Chairman