



GINEBRA SAN MIGUEL INC.

CHARTER OF GINEBRA SAN MIGUEL GROUP AUDIT

POLICY

It is the policy of Ginebra San Miguel Inc. (GSMI or the "Company") to maintain an Internal Auditing activity (the "Ginebra San Miguel Group Audit", or "GSMGA"), to provide independent and objective assurance & consulting services designed to add value and improve the operations of the Company and its subsidiaries (the "GSM Group").

ROLE

GSMGA shall assist the GSM Group in accomplishing its goals and objectives by bringing a systematic and disciplined approach to evaluate and improve the adequacy and effectiveness of GSM Group's risk management, control, and governance processes.

AUTHORITY

GSMGA, with strict accountability for confidentiality and safeguarding records and information, is authorized and granted full, free and unrestricted access to any and all of the GSM Group's records, physical properties, and personnel pertinent to carrying out any engagement. All employees are requested to assist GSMGA in fulfilling its roles and responsibilities. GSMGA will also have free and unrestricted access to the Board of Directors of Company (the "Board").

INDEPENDENCE AND OBJECTIVITY

GSMGA will remain free from interference on matters of audit selection, scope, procedures, frequency, timing or report content to permit maintenance of a necessary independent and objective mental attitude.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair the internal auditor's judgment.

Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. Internal auditors will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

Internal auditors report to the Chief Audit Executive or Internal Audit Group Head or Group Audit Manager (the "CAE"), who will report functionally to the Audit and Risk Oversight Committee, and administratively to the President and the General Manager of the Company.

The CAE will confirm to the Board, at least annually, the organizational independence of the internal audit activity.

RESPONSIBILITY

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organization's governance, risk management, and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives. This includes:

- Evaluating the reliability and integrity of information and the means used to identify, measure, classify, and report such information.
- Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the organization.
- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets, including the effectiveness and efficiency with which resources are employed.
- Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals, and whether the operations or programs are being carried out as planned.
- Monitoring and evaluating the effectiveness of the organization's risk management and governance processes.
- Performing consulting and advisory services related to governance, risk management and control as appropriate for the organization.
- Reporting periodically on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan.
- Reporting significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the Board or Management.
- Assisting in, or independently carrying out validation of suspected fraudulent activities within the Company and notify the Management and the Audit and Risk Oversight Committee of the results.
- Considering the scope of work of the external auditors, regulators, and/or internal Company functions, as appropriate, for the purpose of providing optimal audit coverage at a reasonable overall cost.
- Maintaining professional internal auditors and staff with sufficient knowledge, skills, experience and professional certifications to meet the requirements of this Charter.
- Evaluating specific operations at the request of the Board and/or Management, as appropriate.

STANDARDS OF PROFESSIONAL PRACTICE

GSMGA will govern itself by adherence to The Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (the "Standards"). The Institute of Internal Auditors' Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, GSMGA will adhere to GSM Group's relevant policies and procedures and the internal audit activity's standard operating procedures manual.

INTERNAL AUDIT PLAN

At least annually, the CAE will submit to the Audit and Risk Oversight Committee an internal audit plan for review and approval. The internal audit plan will consist of a work schedule as well as budget and resource requirements for the next year.

The internal audit plan will be developed based on a prioritization of the audit universe using a risk-based methodology, including input of Senior Management, Audit and Risk Oversight Committee and the Board. The CAE will review and adjust the plan, as necessary, in response to changes in the GSM Group's business, risks, operations, programs, systems and controls. Any significant deviation from the approved audit plan will be communicated to Senior Management and the Audit and Risk Oversight Committee through periodic reports.

REPORTING AND MONITORING

A written report will be prepared and issued by the CAE following the conclusion of each internal audit engagement and will be distributed as appropriate. Significant internal audit results will also be communicated to the Audit and Risk Oversight Committee.

GSMGA will be responsible for appropriate follow-up on engagement findings and recommendations. All significant findings will remain in an open issues file until cleared.

The CAE will periodically report to Senior Management and the Audit and Risk Oversight Committee on the internal audit activity's purpose, authority and responsibility, as well as performance relative to its plan. Reporting will also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by Senior Management, Audit and Risk Oversight Committee or the Board.

QUALITY ASSURANCE AND IMPROVEMENT PROGRAM (QAIP)

GSMGA will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the internal audit activity's conformance with the Definition of Internal Auditing and the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

The CAE will communicate to Senior Management and the Audit and Risk Oversight Committee on the internal audit activity's quality assurance and improvement program, including results of ongoing internal assessments, and external assessments conducted at least every five years.

Amended and Approved this 8th day of August 2018.

(Original Signed)
RAMON S. ANG
President

(Original Signed)
EMMANUEL B. MACALALAG
General Manager

(Original Signed)
MINITA V. CHICO-NAZARIO
Chairman
Audit and Risk Oversight Committee

(Original Signed)
ISADORA A. PAPICA
Group Audit Manager/ Chief Audit Executive