



GINEBRA SAN MIGUEL INC.

CHARTER OF GINEBRA SAN MIGUEL GROUP AUDIT

POLICY

It is the policy of Ginebra San Miguel Inc. (hereinafter referred to as "GSMI" or the "Company") to maintain an Internal Auditing organization, hereinafter referred to as "Ginebra San Miguel Group Audit", to review and evaluate its Philippine and international operations, including those of its subsidiaries.

PURPOSE

Ginebra San Miguel Group Audit (GSMGA) shall provide independent, objective assurance and consulting services to add value and improve the operations of GSMI and its subsidiaries (hereinafter referred to as the "GSM Group"). It also helps each function or organization in the GSM Group accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

SCOPE OF WORK

The scope of work of GSMGA is to assist Management in determining whether the risk management, control, and governance processes within the GSM Group, as designed and represented by Management, are adequate and functioning in a manner to ensure that:

- Significant exposures to risks are appropriately identified and adequately managed.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.
- Employees' and Company's actions are in compliance with policies, standards, procedures, third-party agreements, and applicable laws and regulations.
- Resources are acquired economically, used efficiently, and adequately protected.
- Objectives and goals for operations or programs are achieved.
- Effectiveness, efficiency and continuous improvement are promoted in the Company's operating systems and processes.

RESPONSIBILITY AND AUTHORITY

GSMGA has the responsibility to:

- Develop a flexible annual audit plan using appropriate risk-based methodology and submit that plan to the Audit Committee for review and approval.
- Implement the approved annual audit plan and any special tasks or projects requested by Management and the Audit Committee.
- Communicate to Management and any other relevant parties the results of audit engagements and maintain a system to monitor the status of action plans committed to effectively address audit concerns.

- Submit and present quarterly progress reports to the Audit Committee summarizing the results of audit activities, including status of annual audit plan. As may be relevant, inform the Audit Committee of emerging trends and successful practices in the field of Internal Auditing.
- Maintain professional audit staff with sufficient knowledge, skills, experience and professional certifications to meet the requirements of this Charter.
- Participate in an advisory capacity on certain management activities, such as systems development or modifications, due diligence reviews, design of policies, procedures and systems and other related consulting services.
- Assist in or independently carry out investigation of significant suspected fraudulent activities within the Company and notify the Management and the Audit Committee of the results.
- Consider the scope of work of the external auditors, regulators, and/or internal Company functions, as appropriate, for the purpose of providing optimal audit coverage to the GSM Group at a reasonable overall cost.

The Group Audit Manager and staff of the GSMGA are authorized to:

- Have unrestricted access to all functions, records, property, information and personnel necessary in the course of their work at any location.
- 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 the units where audit is performed, as well as other specialized services from within or outside the GSM Group.


However, the Group Audit Manager and staff of the GSMGA have no authority to perform any operational duties for the Company or its subsidiaries and direct the activities of any employee from other departments / units of the GSM Group, except to the extent such employees have been assigned to assist the internal auditors. They also have no direct responsibility over the operating activities or functions it reviews. The work of GSMGA does not relieve operating / line personnel of their assigned responsibilities of implementing a system of internal control, risk management and governance processes in their own organizational units.

INDEPENDENCE

To provide for the independence of GSMGA, its personnel report to the Group Audit Manager, who reports functionally to the Audit Committee and administratively to the Company's President.

STANDARDS OF AUDIT PRACTICE

The Ginebra San Miguel Group Audit will conduct its activities in accordance with the *International Standards for the Professional Practice of Internal Auditing* of the Institute of Internal Auditors.


Minita V. Chico-Nazario
 Audit Committee - Chairperson


Bernard D. Marquez
 GSMI President