



INTERNAL AUDIT CHARTER

I. Purpose:

The **Internal Audit (IA)** function of **PHB Holdings Corporation** (the "Company") is established to support the **Audit and Risk Management Committee** (the "Committee") in its oversight responsibility to the **Board of Directors** (the "Board") of the company and strengthen the organization's ability to protect, create and sustain value by providing the Committee and Management with independent, risk-based and objective assurance, advice, insight, and foresight.

It shall assist the company accomplish its objectives and improve operations through a systematic, disciplined and risk-based approach to examine, evaluate and improve the effectiveness of governance, risk management and control processes of the company.

This IA Charter which contains the purpose, authority, and responsibilities of internal audit shall be reviewed at least annually for any proposed enhancements or revisions as may be deemed necessary, and approved by the Board of Directors through the Committee.

II. Compliance and Professionalism

The IA function shall abide by its purpose statement and comply with the mandatory elements of the International Professional Practices Framework issued by the Institute of Internal Auditors (IIA) which includes the Global Internal Audit Standards (the "Standards") and topical requirements.

Additionally, the IA function will adhere to the company's values and Code of Ethics and Business Disclosure, relevant policies and procedures of the company/function and other supplemental standards issued by regulatory authorities and government agencies. IA shall be guided by industry best practices and established frameworks for evaluating internal controls. IA shall maintain data privacy and confidentiality of information.

III. Authority

The IA function is created by its **direct reporting relationship** to the Audit and Risk Management Committee which allows for unrestricted access to the Committee. The Committee authorizes the IA function to:

- have full or complete, free, direct, and unrestricted access to any and all of the company's functions, data, records, information, systems, properties, and personnel in the discharge of its responsibilities. Internal audit will maintain strict accountability for confidentiality and safeguarding records and information obtained.
- request and allocate sufficient resources such as budget, staffing, tools, etc. relevant to its function. Management must provide adequate resources to enable IA to perform its work effectively.
- set the frequencies, select subject and test methodology, determine scope of work, utilize appropriate tools, apply relevant techniques, and issue communications to accomplish the function's objectives.
- elicit adequate, factual, and timely response, information, and/or reports from Management with regards to audit reports, requests, or inquiries submitted.
- receive or be promptly informed of any information related to fraud or suspected cases of criminal nature, as well as significant changes in the risk management systems, policies and processes.
- obtain assistance from any personnel of the company and other specialized services from within or outside the company to complete its engagements. All employees at all levels of operations are requested to provide the necessary support, assistance, and cooperation to the IA activity in fulfilling its roles and responsibilities.

IV. Organization and Board Oversight

To establish the independence of the IA function, the Chief Audit Executive (CAE) or equivalent/designee will report **functionally** to the Audit and Risk Management Committee and **administratively** to the President. This will enable the IA function to perform its services and responsibilities objectively and bring matters directly to senior management and the Committee, when necessary, without any interference from management.

To ensure that the IA function has sufficient authority to fulfill its duties, the Committee will:

- Periodically review with CAE and endorse for Board approval the internal audit charter which includes IA's mandate and types of services provided.
- Approve the risk-based and dynamic internal audit plan.
- Approve the internal audit budget and its resource plan and expenses.
- Review and provide inputs to senior management on the CAE's performance.
- Approve decisions regarding the appointment, transfer and/or removal of the CAE.
- Approve the remuneration of the CAE.
- Receive communications from the CAE about IA's performance relative to its plan and other matters.
- Ensure a quality assurance and improvement program has been established and review the results annually.
- Make appropriate inquiries of management and the CAE to determine whether there is inappropriate scope or resource limitations.
- Ensure the CAE has unrestricted access to and communicates and interacts directly with the Committee including in private meetings without senior management present

The CAE will communicate and interact directly with the Committee including in executive sessions and between Committee meetings as appropriate.

V. Independence and Objectivity

The CAE shall ensure that the IA activity will remain free from all conditions or interference by any element in the organization that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication to permit maintenance of a necessary independent and objective mental attitude.

Internal auditors will demonstrate impartial and unbiased mental attitude in performing its services and making decisions and avoid any conflict of interest, bias, and undue influence. Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined and make balanced assessments of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments. Internal auditors shall disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the CAE, management, or others.

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

If independence or objectivity is impaired, in fact or appearance, the CAE will disclose to the Committee details of the potential impairment and the implications of such impairment or interference on the IA function's effectiveness and ability to fulfill its mandate. Impairment to organizational independence and individual objectivity may include, but is not limited to, a limiting governance structure, personal conflict of interest, limitations on scope, performance or communication of internal audit work and results, restrictions on access to records, personnel, and properties, and resource limitations, such as funding.

The CAE will confirm to the Committee, at least annually, the organizational independence of the IA activity.

VI. Scope of Services

IA shall provide independent, objective **assurance and advisory** function within the company. Internal auditors may provide limited or reasonable assurance, depending on the nature, timing, and extent of procedures performed.

Internal audit shall cover a wide spectrum of the organization, including all activities, assets, and personnel of the company. The scope of IA activities encompasses, but is not limited to, the objective examination and evaluation of the adequacy and effectiveness of the organization's governance, risk management, and internal controls.

IA may conduct advisory services, the nature and scope of which are agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Advisory may allow IA to identify opportunities to improve the effectiveness and efficiency of governance, risk management and control processes which will be communicated to appropriate levels of Management.

Internal auditors shall not perform services that may be presumed to impair independence and objectivity, such as:

- assessing operations for which they have responsibility within the previous year.
 - assuming management responsibilities such as performing operational duties of the company or its affiliates
 - initiating or approving transactions beyond those of the IA function.
 - directing the activities of any employee not assigned to IA, except in cases where such employees have been appropriately assigned or "seconded" as members or "guest auditors" of the audit team.
 - drafting, approving, and/or implementing business systems, procedures or other internal control systems.
- IA may, however, be consulted on the adequacy of the related controls relevant to the risks identified.

VII. Responsibilities

IA's roles and responsibilities include but are not limited to evaluating the following aspects of the organization:

- Risk exposures and the effectiveness of risk management and governance processes relevant to the achievement of the company's strategic objectives.
- Reliability and integrity of financial and management information and the means used to identify, measure, classify, and report such information.
- Processes and systems established and actions of management to ensure compliance with the policies, plans, procedures, laws, and regulations which could have a significant impact on the organization.
- The means of acquiring, utilizing and safeguarding of assets and, as appropriate, verifying the existence of such assets.
- The effectiveness and efficiency with which resources are employed.
- Operations or programs to ascertain if results are consistent with established goals objectives and that operations or programs are being carried out effectively, efficiently, ethically, and equitably.
- Performing consulting and advisory services related to governance, risk management and control as appropriate for the organization.
- The quality of performance of external auditors and the degree of coordination with internal audit.
- Specific operations or tasks at the request of the Committee or management, as appropriate.
- Conducting and/or assisting in the investigation of suspected fraudulent or unusual activities within the organization and notifying appropriate management and the Committee of the results.

VIII. Internal Audit Plan

At least annually, the CAE or equivalent/designee will submit to the Committee a risk-based internal audit plan for review and approval. The internal audit plan will consist of a work schedule as well as budget and resource requirements, including staffing proposals for the IA function for the next year. The CAE or designee will communicate the impact of resource limitations and significant interim changes to the Committee.

The internal audit plan will be developed based on a prioritization of the audit universe using a risk-based methodology, considering the organization's strategies, key business objectives, associated risk and exposures, governance, risk management and control processes, as well as inputs from senior management and the Committee, among others factors.

It is important that the CAE coordinates with the Chief Risk and Compliance Officer (CRCO) in developing the internal audit plan. This will ensure that the scope of the plan will focus on critical business risks that will not allow the Company to achieve its business objectives, making the process risk-based, process-focused.

The CAE or designee will review and adjust the plan, as necessary, in response to changes in the organization's business, risks, operations, programs, systems, and controls. The CAE shall also communicate any significant revisions to the internal audit plan and budget to the Committee through periodic activity reports.

IX. Reporting and Monitoring

The CAE or designee shall communicate to relevant management members the results of audit services and activities, including significant material issues and high-risk findings at the conclusion of each engagement, and periodically report to senior management and the Committee on IA's mandate, authority, and responsibility, as well it's performance relative to its plan. Reporting will also include significant risk exposures and control issues, including fraud risks, governance issues, other areas of focus that could interfere with the achievement of strategic objectives, as well as matters needed or requested by senior management and the Committee.

The CAE shall follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of IA services to the Committee and senior management periodically and for each engagement as appropriate. The CAE shall communicate to the Committee management's responses to risk that the IA function determines may be unacceptable or acceptance of a risk by management that is beyond the organization's risk appetite.

X. Quality Assurance and Improvement Program

The CAE will maintain a quality assurance and improvement program that covers all aspects of the IA activity. The program will include an evaluation of the IA activity's conformance with the applicable Standards and assesses the efficiency and effectiveness of the IA function towards achievement of its objectives and promotion of continuous improvement. If applicable, the program will assess compliance with laws/ and or regulations applicable to internal audit and include plans identified to address deficiencies and opportunities for improvement.

The CAE shall communicate annually to senior management and the Committee, IA's conformance to the Standards, results of internal assessments (which include ongoing monitoring and periodic self-assessment), as well as results of external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside the company. External assessor qualification must include at least one assessor who holds an active Certified Internal Auditor credential of the IIA.

XI. CAE Qualifications and Responsibilities

The CAE must be a Certified Public Accountant (CPA) or a Certified Internal Auditor (CIA). He/she must have at least five (5) years of experience as Auditor-In-Charge, Senior Audit Manager or Audit Manager in a public company or a company engaged in real estate, construction, leasing, property management or similar industry.

The CAE will perform the following:

Ethics and Professionalism

- Ensure that internal auditors conform to the Standards including principles of Ethics and Professionalism.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organization and be able to recognize conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organization.
- Report organizational behavior that is inconsistent with the organization’s ethical expectations, as described in applicable policies and procedures.
- Ensure that the IA function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Standards and fulfill the internal audit mandate.
- Continually develop competencies to improve the effectiveness and quality of IA services through education and training.

Objectivity

- Ensure that safeguards are in place to limit impairments to independence or objectivity. The CAE should gain an understanding of any proposed role that falls outside of internal auditing and must discuss with senior management and the Committee the reporting relationship, responsibilities, and expectations related to the role.
- Additionally, if the CAE has responsibilities in areas outside the IA activity that are subject to internal auditing, the provision of assurance would be outsourced to an objective, competent assurance provider that reports independently to the Committee, rather than the CAE.

Manage IA function effectively

- Ensure that the IA function continuously delivers its purpose as stated in this charter and meets the expectations of the Committee and the Board.
- Regularly review and update the IA Charter, manuals, policies and procedures, work programs, etc.
- Oversee and effectively manage the internal audit activities of the company, including outsourced activities.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Standards, laws and/or regulations.
- Identify and consider trends and emerging issues that could impact the company and communicate to the company and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure compliance to company’s relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Standards. Any such conflicts will be resolved or documented and communicated to the Committee and senior management.

Coordination and reliance

- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services to ensure proper coverage and minimize duplication of efforts.
- If the CAE cannot achieve an appropriate level of coordination, the CAE must communicate the issue to senior management and to the Committee, as necessary.

XII. Effectivity

This Charter shall be effective upon approval of the Audit and Risk Management Committee.

XIII. Revision and Approval History

Revision No.	Description	Effectivity Date
0	Initial adoption (using the Global Internal Audit Standards)	<2025 February 14>

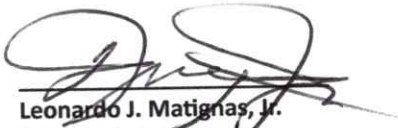
XIV. Approval

Approval requested by:

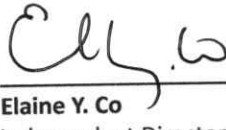


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Vice President – Internal Audit

Approved by the Audit and Risk Management Committee:



Leonardo J. Matigas, Jr.
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Member



William T. Lim
Director
Member

Date approved: <2025 February 14>

CC: President Karlu T. Say