SECTION 1. INTRODUCTION

This Charter governs the operations of the Audit and Related Party Transactions Committee (the "Committee") and clearly defines its purpose, authority, composition, and responsibilities.

SECTION 2. PURPOSE

The Committee shall assist the board of directors (the "Board") of PHINMA Corporation (the "Company") in fulfilling its oversight responsibilities for the financial reporting process, the system of internal controls, the internal and external audit processes, and the Company's process for monitoring compliance with laws and regulations.

SECTION 3. AUTHORITY

The Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. Management and employees are to cooperate fully with the Committee members. The Committee is specifically empowered to:

- Recommend a registered public accounting firm to be engaged by the organization.
- Resolve any disagreements between management and the external auditor regarding financial reporting.
- Review and approve the annual internal audit plans and activities.
- Retain independent counsel, accountants, or others to advise the committee or assist in the conduct of an investigation.
- Seek any information it requires from employees – all of whom are directed to cooperate with the Committee's requests – or external parties.
- Meet with Company officers, external auditors, or outside counsel, as necessary.
- Expend organizational resources (like retain legal, accounting, or other consultants) whenever necessary to carry out its responsibilities.

SECTION 4. COMPOSITION

The Committee should be composed of at least three appropriately qualified nonexecutive directors, the majority of whom, including the Chairman is independent. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.

The members of the Committee, including the chair, shall be appointed by the Board on an annual basis. The Chairman of the Audit and RPT Committee should not be the chairman of the Board or of any other committee. Each member shall have adequate understanding of the Company's

business and industry in which it operates. The Committee shall ensure that sufficient training and education opportunities relevant to the effective discharge of its duties are available for all its members.

SECTION 5. MEETINGS

The Committee shall meet at least four times per year or more frequently as the circumstances require. All members of the Committee are expected to attend each meeting, in person or via tele- or video-conference.

The Committee may invite members of management, auditors, or others to attend meetings and provide pertinent information, as necessary, and may hold private meetings with auditors and executive sessions. The Committee conducts regular meetings and dialogues with the external audit team without anyone from management present. Also, the Committee conducts periodic meetings and dialogue with the Chief Audit Executive without anyone from management present.

Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials.

SECTION 6. RESPONSIBILITIES

The Committee shall obtain full board of directors' approval on the Audit and RPT Committee Charter and review and assess the Charter as conditions dictate and at least annually.

The Committee will carry out the following responsibilities:

6.1. Financial Statements

6.1.1. Check all financial reports including reports to SEC are in compliance with both the internal financial management systems and pertinent accounting standards, including financial reporting regulatory requirements.

6.1.2. Fair and balanced review of quarterly, half-year, and annual financial statements. The financial statements are the responsibility of management and are reviewed by the Committee before submission to the Board, focusing particularly on:

a. Appropriateness of accounting policies adopted by management.

b. Any change/s in accounting policies and practices and its impact on the financial statements.

c. Major judgmental areas.

d. Significant adjustments resulting from the audit.

e. Completeness, clarity, consistency, and accuracy of disclosures of material information including on subsequent events and related party transactions.

f. Going concern assumption.

g. Compliance with financial reporting standards.

h. Compliance with tax, legal, and stock exchange requirements.

6.1.3. Review the reasonableness of estimates, assumptions, and judgments made in connection with the preparation of the Company's financial statements.

6.1.4. Inquire about material errors and fraud, if any, and the sufficiency of risk controls, including actions or measures in case of a finding of error or fraud in financial reporting.

6.1.5. Review of unusual or complex transactions including all related party transactions.

6.1.6. Review and approve the management representation letter before submission to the external auditor.

6.1.7. Receive and review communications from legal counsel covering litigation, claims, contingencies, or other significant issues that impact financial statements.

6.1.8. Assess correspondence between the Company and regulators regarding financial statement filings and disclosures.

6.2. Internal Control

6.2.1. Obtain management's assurance on the state of internal controls.

6.2.2. Review reports and deliberate findings of internal and external auditors on their evaluation of internal controls and ensure that management is taking appropriate corrective actions, in a timely manner in addressing weaknesses in controls and reporting process.

6.2.3. Monitor and evaluate the adequacy and effectiveness of the Company's control environment including IT systems and functions.

6.2.4. Setting a framework for fraud prevention and detection including a whistle-blower program.

6.3. Internal Audit

6.3.1. Group Internal Audit (GIA)

a. Responsible for the setting-up of the Internal Audit and approval of the Internal Audit Charter.

b. Review and approve the annual internal audit plan, including the audit scope, frequency, and adequacy of resources, and respond to issues raised by the Chief Audit Executive. Ensure that internal audit examinations cover, at least, the evaluation of the adequacy and effectiveness of controls encompassing the

organization's governance, operations, information systems, effectiveness and efficiency of operations, safeguarding of assets, and compliance with laws, rules, regulations, and contracts.

c. Ensure that the internal auditors have free and full access to all the Company's records, properties, and personnel relevant to the internal audit activity and that the internal audit activity is free from interference in determining the scope of internal auditing examinations, performing work, and communicating results.

d. Obtain professional advice or hire special counsel or experts to provide the necessary assistance during engagements.

e. Ensure the quality of the auditing function by requiring adherence to professional standards and monitoring the performance of internal auditor in accordance with the International Standards for the Professional Practice of Internal Auditing (ISPPIA).

f. Review the annual internal audit report which includes among others, a summary of major findings from completed internal audits, the status of implementation of recommendations resulting from the internal audits, comparison of actual performance with the annual internal audit plan with explanations for any deviation from the original plan and a certification from the Group Internal Auditor that their activities were conducted in accordance with the ISPPIA.

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6.3.2.Chief Audit Executive (CAE)

a. Evaluate the qualifications of the Chief Audit Executive. Recommend to the Board the appointment, replacement, reassignment, or dismissal of the Chief Audit Executive.

b. Assess the performance of the Chief Audit Executive.

c. Require the Chief Audit Executive to render to the Committee and senior management an annual report on the internal audit's activity, purpose, authority, independence, responsibility, and performance relative to the approved annual audit plan.

d. Require the Chief Audit Executive to periodically report to the Committee as may be necessary.

e. Require the Chief Executive Officer and the Chief Audit Executive to attest in writing, at least annually, that a sound internal audit, control, and compliance system is in place and working effectively.

6.4. External Audit

6.4.1. Review and evaluate the qualifications, performance, integrity, objectivity, independence, and audit fees of the external auditor. Review and monitor the external auditor's suitability and effectiveness on an annual basis. Recommend to the Board the audit fees and the external auditor who will be endorsed to the stockholders for selection and appointment.

6.4.2. Ensure that the external auditor primarily responsible for the audit of the company's financial account is rotated at least once every five years.

6.4.3. Discuss with the external auditor before the audit commences the nature and scope of the audit, and ensure coordination where more than one audit form is involved.

6.4.4. Pre-approve audit plans, scope, and frequency before the conduct of the external audit.

6.4.5. Evaluate and approve non-audit work by external audit and keep under review the non-audit fees paid to the external auditor both in relation to their significance to the auditor's annual income and in relation to the company's total expenditure on consultancy. Fees paid for non-audit services should not outweigh the fees paid for audit services. The non-audit work should be disclosed in the annual report.

6.4.6. Review with the external auditor any problems, disagreements or difficulties the auditor may have encountered during the course of their audit and any management letter provided by the auditor and the company's actions in response to that letter.

6.4.7. Evaluate management's competence regarding financial reporting responsibilities including aggressiveness and reasonableness of decisions.

6.4.8. Ensure quality of audit by requiring the external auditors' compliance with relevant Philippine professional and regulatory requirements.

6.4.9. Inquire and review completeness and timeliness of communications from external auditors regarding critical policies, alternative treatments, observations on internal controls, audit adjustments, independence, limitations on the audit work set by the management, and other material issues that affect the audit and financial reporting.

6.4.10. Review with management and the external auditor at the completion of the annual examination:

a. The company's annual financial statements and related footnotes

b. The external auditor's audit of the financial statements and his or her report thereon

c. Any significant changes required in the external auditor's plan

d. Any serious difficulties or disputes with management encountered during the course of the audit

6.4.11. Ensure that the external auditor is credible, competent, and has the ability to understand complex related party transactions, their counterparties, and the valuations of such transactions.

6.4.12. Ensures that the external auditor has adequate quality control procedures.

6.4.13. For the removal of the external auditor, the reasons for removal or change should be disclosed to the regulators and the public through the company website and required disclosures.

6.5. Related Party Transaction (RPT)

6.5.1. Review and endorse to the Board all material related party transactions of the Company in accordance to the PHINMA Related Party Transactions Policy, provisions of the Revised Corporation code of the Philippines, SEC issuances and other related laws.

6.5.2. Evaluate on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured.

6.5.3. Ensure that related parties, RPTs, and changes in relationships are reflected in relevant reports to regulators/supervisors.

6.5.4. Evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the Corporation are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Committee shall take into account, among others, the following:

a. The related party's relationship to the Company and interest in the transaction.

b. The material facts of the proposed RPT, including the proposed aggregate value of such transaction.

c. The benefits to the Company of the proposed RPT.

d. The availability of other resources of comparable products or services.

e. An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances.

6.5.5. Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Company's RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure shall include information on the approach to managing material conflicts of interest that are inconsistent with policies and conflicts that could arise as a result of the Corporation's affiliation or transactions with other related parties.

6.5.6. Report to the Board of Directors on a regular basis, RPTs and changes in relationships, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties taking into consideration the materiality threshold set by the Company.

6.5.7. Ensure that transactions with related parties, including the write-off of exposures, are subject to a periodic independent review or audit process.

6.5.8. Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.

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6.6. Compliance

6.6.1. Review the Company's system to monitor compliance with the Code of Business Conduct and Ethics through the Integrity Assurance Program.

6.6.2. Responsible for coordinating, monitoring, and facilitating compliance with existing laws, rules, and regulations.

6.7. Reporting Responsibilities

6.7.1. Periodically report to the Board about Committee activities, issues, and related recommendations. Issue certifications on critical compliance issues.

6.7.2. Provide an open avenue of communication between the internal audit, the external auditors, and the Board.

6.7.3. Review any other reports of the Company issues that relate to the Committee's responsibilities.

6.8. Evaluation of the Performance

6.8.1. Periodically assess the Committee's effectiveness by comparing its performance with the requirement of this Charter and report to the Board the results of its assessment.

6.9. Other Responsibilities

6.9.1. Perform other activities related to this charter as requested by the Board.

6.9.2. Institute and oversee special investigations as needed.

SECTION 7. REVIEW OF CHARTER

The Charter shall be periodically reviewed and assessed for its adequacy. The Committee shall recommend the proposed amendments to the Board for approval.

SECTION 8. ADOPTION AND EFFECTIVITY OF THE CHARTER

This Charter was proposed and endorsed by the Audit and Related Party Transactions Committee on November 4, 2020 and subsequently approved by the Board of Directors through a Board Resolution on November 5, 2020.

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