



CHARTER OF THE AUDIT COMMITTEE

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Charter of the Audit Committee

This Charter sets out the policies, responsibilities, and authority of the Audit Committee (the “Committee”) of Ayala Land, Inc. (the “Corporation”), including the procedures that shall guide the Committee in the performance of its functions. The Committee is part of the Board and is accountable to the Board for its performance.

It shall be reviewed by the Committee annually and any changes and/or revisions thereof shall take effect only upon approval of the Board.

1. Statement of Policy

It is the policy of the Corporation to constitute and maintain a Committee which shall provide assistance to the Board in fulfilling its oversight responsibility to the shareholders relating to:

- a. the integrity of the Corporation’s financial statements and the financial reporting process;
- b. the appointment, remuneration, qualifications, independence and performance of the Independent Auditors and the integrity of the audit process as a whole;
- c. the effectiveness and efficiency of the systems of internal control;
- d. the performance and leadership of the internal audit function;
- e. the Corporation’s compliance with applicable legal and regulatory requirements, contractual agreements, and industry guidelines; and
- f. the preparation of a year-end report of the Committee for approval of the Board and to be included in the annual report.

The Committee shall also oversee the implementation of the Corporation’s Business Integrity Program spearheaded by the Ethics Committee.

To fulfill this responsibility, the Committee shall maintain a free and open communication with the Corporation’s Independent Auditors, the Internal Auditors and the Management.

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention, with full access to all records, books of accounts, facilities and personnel of the Corporation and the power to retain outside counsel or other experts for this purpose.

2. Perspective

Corporate Governance is the system through which the shareholders, creditors and other stakeholders of the Corporation are assured that Management enhances the value of the organization.

The corporate governance structure of the Corporation defines the relationship of the Board of Directors, the Management and the Committee as follows:

- a. The Board is responsible to the shareholders in ensuring that value is created, protected, and sustained.
- b. Management is responsible to the Board in the day-to-day operations of the organization. This includes:
 - operating an effective risk management process;
 - maintaining a strong system of internal controls; and
 - preparing financial statements that reliably capture the results of the Corporation's operations and its financial condition
- c. The Committee assists the Board fulfill its responsibility for oversight of the Corporation's corporate governance processes.

This entails an understanding of the Corporation's business and industry in which it operates in general as well as understanding of the risks, control and financial reporting issues inherent to the Corporation.

To carry out its responsibilities, the Committee is assisted by the Management, the Internal Auditors and Independent Auditors. Independent auditors aid the Committee in ensuring the integrity of the financial statements. Internal Auditors help the Committee assess the controls that manage the risks and financial reporting issues identified through the continuous review of the effectiveness and efficiency of the organization's corporate governance, risk management and internal control processes.

3. Roles and Responsibilities

The Committee supports the corporate governance process through the provision of checks and balances. Specifically, it shall be responsible for the following:

3.1 Oversight on Risk Management and Internal Controls

- a. Coordinate with the Board Risk Oversight Committee and Related Party Transactions Committee for the review of financial statement, corporate governance, operational, legal and other related risks.
- b. Review internal control framework implemented by management for fraud prevention and detection including the ALI Group Business Integrity Program.
- c. On an annual basis, management, through the ALI Ethics Committee, shall assess the effectiveness of the Company's fraud framework and present the results of its assessment to the Committee, together with proposed improvement on the fraud policies and controls to be adopted to address any gaps noted from the review.

- d. Obtain management's assurance on the state of internal controls.
- e. Review the process for monitoring the compliance to all applicable laws and regulations pursuant to which the Company conducts its operations and business activities.

The Committee shall also be provided by management with reports on all cases of laws and regulations on an annual basis or more frequently, as necessary.

3.2 Oversight on Financial Reporting

- a. Review the financial statements and all related disclosures and reports certified by the CFO and released to the public and/or submitted to the SEC and for compliance with both the internal financial management handbook and pertinent accounting standards, including legal and regulatory requirements.
- b. Review the quarterly, half-year and annual financial statements before submission to the Board, focusing on:
 - impact of new accounting standards and interpretations;
 - changes in accounting policies and practices;
 - reasonableness of estimates, assumptions, and judgments;
 - alternative accounting treatments and major judgmental areas;
 - significant adjustments resulting from the audit;
 - unusual or complex transactions including all related party transactions;
 - going concern assumptions; and
 - compliance with accounting standards, tax, legal, and stock exchange requirements.
- c. Review and approve the management representation letter before submission to the Independent Auditor.
- d. Ensure that a transparent financial management system, supported by a Policies and Procedures Handbook that will be used by the entire organization, is established to ensure the integrity of internal control activities throughout the Corporation.
- e. Elevate to international standards the accounting and auditing processes, practices and methodologies.
- f. Ensure that actions and measures in case of finding of error or fraud in the financial statements and related disclosures are in place and followed.
- g. Communicate with legal counsel covering litigation, claims, contingencies or other significant legal issues that impact the financial statements.

3.3 Oversight on Internal Audit

- a. Determine and discuss the appropriate internal audit mandate which consists

of authority, role, and responsibilities of the internal audit function.

- b. Discuss topics for inclusion in the Internal Audit Charter such as internal audit mandate, scope, and services to enable effective internal auditing, review and approve the same, subsequent revisions thereto, for approval of the Board. The Internal Audit Charter shall be periodically reviewed to consider standards affecting the internal audit profession such as the Global Internal Audit Standards (GIAS) issued by the Institute of Internal Auditors.
- c. Set up the internal audit function, and authorize the appointment of the Chief Audit Executive (CAE), including the requirements, qualifications, experience, and competencies necessary for CAE to fulfill its role. The Committee shall establish and identify the reporting line of the CAE so that the reporting levels allow the internal audit function to fulfill its mandate. The CAE shall report functionally to the Committee. The Committee, having appointed the CAE, shall also concur in his/her replacement, re-assignment or dismissal.
- d. Approve and periodically review the Strategic and Annual internal audit plans, budgets, and resources and any changes thereto, ensuring the appropriateness and sufficiency of the financial, human resources, and technological resources of the internal audit function in order to deliver its approved plans. The scope of internal audit services covers the review of the governance, risk management, and internal control processes of the organization to ensure that these key risk areas are reasonably managed:
 - Reliability and integrity of financial and operational information
 - Effectiveness and efficiency of operations and programs
 - Safeguarding of assets
 - Compliance with laws and/or regulations
- e. Meet periodically with the CAE in private to discuss significant and sensitive matters. Moreover, enable the CAE to bring matters to senior management and escalate to the board when necessary.
- f. Specify that internal audit should have unrestricted access to data, records, information, personnel, and physical properties. Additionally, inquire whether any restrictions exist that limit the internal audit function's ability to carry out its responsibilities.
- g. Review any current or proposed roles and responsibilities of the CAE that have the potential to impair the internal audit function's independence, either in fact or in appearance including the types of safeguards to manage actual, potential, or perceived impairments. When those areas handled by the CAE in a non-audit role capacity are subject to internal auditing, such audit must be carried out by a third-party service provider who must also report independently to the board.
- h. Review and approve the terms and conditions for any outsourcing and co-sourcing agreements of the internal audit function. The CAE shall oversee and be responsible for the internal audit activity that is outsourced to a third-party

service provider and co-sourced functions.

- i. Communicate the board's perspective on organizational strategies, objectives, and risks to assist the CAE with determining internal audit priorities and understand the effectiveness of the organization's governance, risk management, and control processes.
- j. Set expectations with the CAE for:
 - the frequency with which the board wants to receive communications from the CAE;
 - the criteria for determining which issues should be escalated to the board; and
 - the process for escalating matters of importance to the board.
- k. Discuss any disagreements with senior management or other stakeholders.
- l. Collaborate with senior management to ensure internal audit has sufficient resources.
 - Consider the impact of insufficient resources on the internal audit mandate and plan.
 - Engage with senior management and the CAE on a solution if resources are determined to be insufficient.
- m. Discuss the Quality Assurance Improvement Program (QAIP) with the CAE.
- n. At least annually, assess the effectiveness and efficiency of the internal audit function by:
 - reviewing the internal audit's performance objectives, including conformance with the Standards, laws, and regulations, ability to meet the internal audit mandate, and progress toward completion of the internal audit plan;
 - considering the results of internal audit's QAIP and the results of the External Quality Assurance (EQA) of the internal audit function; and
 - determining the extent to which internal audit's performance objectives are being met.
- o. Discuss EQA plans (including scope and frequency) to be conducted by an independent, qualified assessor or assessment team. Require receipt of the EQA or Self-Assessment with Independent Validation (SAIV) results directly from the assessor. Review and approve the CAE's action plans to address deficiencies and opportunities for improvement including timeline for action plan completion and monitor the CAE's progress.
- p. Review the internal audit's quarterly reports, ensuring that Management is taking appropriate corrective actions in a timely manner, including addressing governance, risk management, and internal control issues.

The report shall highlight the status and progress of internal audit engagements and initiatives in accordance with the audit plan approved by the Committee, as well as any unplanned projects, key control improvements,

including the status of the implementation of the agreed actions.

- q. Institute special investigations as necessary and, if appropriate, hire special counsel or experts to provide the required assistance.

The Group Internal Audit (GIA) of the Corporation shall support the Audit Committee in the rendition of its functions.

3.4 Oversight on Independent Audit

- a. Review the performance and recommend to the Board for ratification by the shareholders the appointment, retention or discharge, and fixing of the remuneration of the Independent Auditors.

In case of resignation, dismissal or cessation from service of an Independent Auditor, ensure that there is a process for reporting in the annual and current reports and disclosing to the regulators and the public through the Corporation's website, the reasons for cessation from service and the date thereof, of an Independent Auditor. Said report shall include a discussion of any disagreement with said former Independent Auditor on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which if not resolved to the satisfaction of the former auditor, would have caused making reference to the subject matter of the disagreement in connection with its report.

A preliminary copy of the said report shall be given by the Corporation to the Independent Auditor before its submission.

- b. Approve the audit services rendered by the Independent Auditor to ensure that these do not impair the Independent Auditor's independence. The approval of the audit-related and non-audit services of the Independent Auditor is delegated to Management (refer to ALI's Policy on Audit, Audit-Related and Non-Audit Services (NAS) Awarded to Independent Auditors). The amount of both audit and non-audit work of Independent Auditors shall be disclosed in the annual report and Annual Corporate Governance Report.
- c. Conduct an assessment of the Independent Auditor's independence and professional qualifications and competence on an annual basis and ensure that a rotation process is observed in the engagement of Independent Auditor in accordance with the requirements prescribed by applicable laws and regulations.
- d. Review and pre-approve the Independent Auditor's plans one month before the conduct of independent audit to understand the basis for their risk assessment and financial statement materiality, including the scope and frequency of the audit and their compliance with auditing standards
- e. Discuss with the Independent Auditors, before the audit commences, the nature and scope of the audit, and ensure cooperation when more than one (1) professional service firm is needed.

- f. Monitor the coordination of efforts between the Independent and Internal Auditors.
- g. Review the reports of the Independent Auditors and regulatory agencies, where applicable, and ensure that Management is taking appropriate corrective actions in a timely manner, including addressing governance, risk management, control, and compliance issues.
- h. Conduct a separate meeting in executive session, with the Independent Auditors to discuss any matter that the Committee or Independent Auditors believe should be discussed privately, including the results of the audit, year-end financial statements, the quality of management, financial and accounting controls.
- i. Ensure that the Independent Auditors have free and full access to all the Corporation's records, properties, information systems and personnel relevant to and required by their function.
- j. Review with the Independent Auditor any disagreements, problems or difficulties, including any restrictions on the scope of the Independent Auditor's activities or on access to requested information and any significant disagreements with Management. The review may also include discussion of any proposed accounting adjustments that were "passed" or not recorded.
- k. Review the Independent Auditor's evaluation of internal accounting controls. Independent Auditors shall provide feedback to the Audit Committee on their observations of internal control weaknesses arising from statutory financial audits. Independent Auditors should highlight findings which are disputed by Management or where Management has not agreed to implement remedial actions that would rectify the identified weaknesses.

4. Membership

- a. The Board shall appoint the members of the Audit Committee at its annual organizational meeting and each member shall serve upon his election until the next organizational meeting of the Board, unless removed or replaced by the Board. The Board, through the Committee, shall ensure that there is an established training and succession plan which is regularly reviewed and updated.
- b. The Committee shall consist of three (3) directors entirely non-executive, majority of whom shall be independent directors.
- c. An independent director shall chair the Committee and shall be responsible for ensuring the effective interaction among Committee members, Management, and the Internal and Independent Auditors.
- d. Each member shall have an adequate understanding of accounting and auditing in general and of the Corporation's financial management systems and environment in

particular. At least one (1) member should have auditing experience and accounting expertise. The Committee shall also have a clear understanding of how sustainability factors can impact the company's financial statements.

- e. The Chairman of the Audit Committee should not be the chairman of the Board or of any other committees.

5. Meetings and Schedule of Activities

- a. To provide a systematic guide for the discharge of its responsibilities, the Committee will agree on an annual calendar/schedule of activities that shall determine the agenda for each meeting subject to adjustments and/or revisions as needed. The CAE will ensure that the schedule is carried as planned. Refer to Annex A for the Audit Committee Agenda.
- b. The Committee shall meet at least quarterly. The quarterly meetings shall be held prior to the meeting of the Board. In cases when there is a need for special meetings to take up any critical items that would need approval in between the quarterly meetings, it shall be up to the CAE to propose such meeting and for the Chairman of the Committee to call for a special meeting or just allow the routing of the covering paper.
- c. The agenda for the meetings will be developed by the CAE based on the agreed calendar of activities and inputs from the Committee members, subject to the approval of the Chairman. The quarterly meetings will include the review and discussion of the quarterly or year-end financial statements, the related disclosures and other reportorial requirements, and updates on internal audit activities. Committee materials shall be distributed to all members at least five (5) business days prior to each Audit Committee meeting.
- d. The President/Chief Executive Officer and the CFO may be requested to attend Committee meetings. As and when appropriate, the Committee may require other members of Management to be present at the meetings. External subject experts, such as the appointed Independent Auditors and other consultants, may also be invited to the meetings.
- e. The Committee shall meet with the Internal and the Independent Auditors in executive session at least once a year.

6. Reporting Procedures

To keep the Board apprised of the results of the Committee's activities, the Chairman of the Committee shall submit an Audit Committee report every quarter to the Chairman of the Board and shall be ready to present the report to the Board during its meeting for the quarter.

The Committee Chairman will also submit and present an annual Audit Committee report to the Board during its first meeting in the immediately succeeding calendar year which shall be included in the

Corporation's Annual Report.

7. Performance Evaluation and Continuous Improvement

To ensure that the Committee continues to fulfill its responsibilities in accordance with global leading practices and in compliance with the Manual on Corporate Governance and other relevant regulatory requirements, the Committee shall conduct an assessment of its performance at least annually. The entire assessment process should be documented and should form part of the records of the Corporation. In this regard, the Committee shall:

- a. As a body, evaluate its performance by filling out a self-assessment questionnaire that shall benchmark its practices against the expectations set out in this Charter. The Committee shall review the questionnaire at least annually to make sure it is consistent with best practices.
- b. Based on the results of the self-assessment, formulate and implement plans to improve its performance. These shall include the identification of relevant training needs intended to keep the members up-to-date with corporate governance leading practices, accounting and auditing standards, risks and controls, as well as specific areas of concern (e.g., emerging risks).
- c. Semi-annually, review the status of implementation of such plans for improvement.

A feedback mechanism shall be in place to receive comments from Management, Internal Auditor, General Counsel and Independent Auditor. Such mechanism shall facilitate dialogue within the organization about possible ways to improve its performance.

The results of the above assessment shall be validated by the Corporation's Compliance Officer.

The Committee shall obtain and subject itself to an independent assessment by the Board relative to its performance in accordance with expectations set out in this Charter and the discharge of its responsibilities as specified in the Committee's Calendar of Activities.

8. Functional and Secretariat Support

The ALI GIA shall support the Committee in the rendition of its functions, specifically:

- a. ALI GIA shall provide all the secretariat support to the Committee.
- b. The CAE shall attend all the Committee meetings.
- c. ALI GIA shall keep all minutes of the meetings, recorded and prepared by the designated Secretary to the meeting and make these available for inspection by any member of the Committee or the Board, as and when requested.

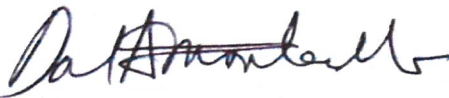
- d. ALI GIA shall review all papers for submission to the Committee, including any proposals from Management before these are submitted to the Committee for approval. If there are unresolved differences in opinion on any proposal between the proponent and ALI GIA, these shall be highlighted to the Committee for consideration and decision.

Document Information

Initial Issue Date December 2005
Previous Revision Date February 13, 2024
Version No. (9) Revised November 6, 2024

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Date Approved: November 6, 2024

Annex A. Audit Committee Agenda

Agenda	Feb	May	Aug	Nov
For Approval				
Minutes of the Meeting	√	√	√	√
Audited Financial Statements	√			
Quarterly Financial and Operating Results	√	√	√	√
Management Representation Letter	√			
Appointment of Independent Auditor	√			
Report of the Audit Committee to the Board	√			
Proposed Amendment to the Audit Committee and Internal Audit Charters	√			
External Audit Plan including confirmation of Independence			√	
Strategic and Annual Internal Audit Plans, including revisions thereto	√	√	√	√
Audit Committee Meeting Schedules				√
For Information				
Confirmation of Internal Audit Independence	√			
Quarterly Internal Audit Reports	√	√	√	√
Full Year Internal Audit Performance Reports	√			
Status of Agreed Management Actions	√	√	√	√
Update on Material Legal Cases				√
Ethics Committee Report	√		√	
Interim Results of External Audit				√
Matters Arising from the Previous Meeting	√	√	√	√
External Quality Assurance (EQA) Review (every 5 years)			√	
Other Matters				
Executive Session with External Auditor				√