



Internal Audit Charter (August 2023)

1. Introduction

This charter describes the mission, independence and objectivity, scope and responsibilities, authority and accountability of the Internal Audit Department of Philtown Properties, Inc.

This charter shall be periodically reviewed and assessed to ensure that the purpose, authority, and responsibilities of Internal Audit are met. Any modifications of this charter shall be subject to the approval of the Audit Committee.

2. Understanding the Internal Audit Function

Internal Audit is an independent and objective activity that has as its mission: The systematic evaluation of corporate processes to improve the effectiveness of control, governance, and risk management.

For Philtown Properties, Inc. the Internal Audit Function shall be performed by the Internal Audit Officer and staff subject to supervision of the Audit Committee.

3. Authority

The Internal Audit Officer and its staffing are authorized to full and free access to any and all of the company's records, physical properties, and personnel pertinent to carrying out any audit. Strict accountability for confidentiality is assured.

4. Organization

The Internal Audit Officer shall functionally report to the Audit Committee and administratively to the President/CEO. Additionally, he/she shall be the Secretariat of the Audit Committee.

The Board through the Audit Committee shall:

- Approve the Internal Audit Charter
- Approve the Internal Audit Plan/s
- Review and approve the Annual Financial Statements of the Firm prior to Finalization
- Approve the Internal Audit budget and resource requirements

5. Independence and Objectivity

The Internal Audit activity will remain free from any interference by any element in the company.

The Internal Audit Officer and staff will have no direct operational responsibility and authority over any of the activities audited. 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.

Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.

6. Scope of Work

The scope of the work of internal audit includes the review of company procedures to ensure —

- safeguarding of assets
- policies, standard procedures, and controls are adequately documented
- significant financial, managerial, and operating information are accurate, reliable, and timely
- employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations.

Some audit areas that can be prioritized are the following: production and construction systems; property and inventory systems; sales and marketing systems; and documentation of information technology systems.

7. Responsibility

The Internal Audit Officer shall have the primary responsibility to —

- Plan the Audit for the period defined
- Perform the Audit with his/her staff
- Write the Audit Report specifying needed improvements as required

All of these is subject to approval of the Audit Committee including as appropriate any special tasks or projects as requested by the management and the Audit Committee.

The funds, staffing, and resources required to ensure that the responsibilities herein are met shall be provided for subject to the Audit Committee's and the Board's approval.

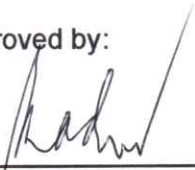
8. Reporting and Monitoring

A written report will be prepared and issued by the Internal Audit Officer following the completion of each internal audit undertaken to include management's response and corrective action/s taken or to be taken.

These report/s shall be distributed as appropriate to include the Audit Committee and the Board.

It is expected that the Internal Audit function shall ensure as best possible that the corporation is financially viable, properly managed, and constantly improved so as to protect and enhance the interests of the shareholders.

Approved by:



Mariou O. Adea
Chairman of the Audit Committee

Noted by:



Ernest Fritz D. Server
President



Lauro B. Ramos
Member



Alfredo B. Parungao
Member/Chairman of the Board of Directors