

ACEN CORPORATION Internal Audit Charter

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A. Internal Audit Charter

The Internal Audit Charter establishes the organizational status of the internal audit function in ACEN CORPORATION, its mandate from the Board of Directors through the Audit Committee including its purpose, authority, role, responsibility, reporting relationships, scope of work, types of services, and its oversight to the internal audit functions of ACEN CORPORATION's subsidiaries and affiliates. Significant changes to the mandate will be discussed with the Audit Committee and Senior Management.

The Internal Audit Charter shall be approved by the Audit Committee and the Board of Directors. It shall be reviewed annually and subjected to the same approval process for any revisions or changes thereto.

B. Policy Statement

It is the policy of ACEN CORPORATION to establish and support an internal audit function as a fundamental part of its Corporate Governance practices. The Internal Audit Department reports *functionally* to the Audit Committee of the Board of Directors, *administratively* to the Chief Executive Officer or his designate and a dotted line reporting to the Ayala Corporation Chief Audit Executive.

C. Mission

The Internal Audit Department aims to deliver an independent assessment of financial, regulatory and operational risks and control effectiveness through assurance and advisory services that supports the achievement of the organization's objectives and enhances shareholder value.

Internal Auditing strengthens organization's ability to create, protect, and sustain value by providing the Board of Directors, through the Audit Committee and Management with independent, risk-based, and objective assurance, advice, insight, and foresight.

D. Purpose of Internal Audit

General Audit

Internal Audit provides an independent and objective assurance, and **advisory** services within ACEN CORPORATION including subsidiaries and affiliates designed to add value and improve the organization's operations. Internal Audit shares the organization's common goal of creating and enhancing shareholder value. Internal Audit aims to assist all members of the organization accomplish their objectives by bringing a systematic and disciplined approach to evaluating and improving the effectiveness and efficiency of the Company's risk management, control, and governance process. To this end, Internal Audit furnishes Management and the Board of Directors, through the Audit Committee, with analyses, recommendations, advice and information concerning the activities reviewed.

Internal auditing contributes to an organization's overall stability and sustainability on:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

This, in turn, fosters public trust and confidence in the organization and the broader systems of which it is a part.

The Chief Audit Executive must discuss appropriate governance arrangements with the Audit Committee and Senior Management to enable the internal audit function to be effective. The discussions should focus on:

- Purpose of Internal Auditing
- Essential conditions outlined under each of the 2024 Institute of Internal Auditors (IIA)'s Global Internal Audit Standards (GIAS) governing the internal audit function.
- Potential impact on the effectiveness of the internal audit function if the support outlined in the essential conditions is not provided.

Assurance Services

The internal audit function provides reasonable and independent risk-based assurance on the following to help ensure that management enhances the value of the Company as it competes in an ever dynamic and increasingly competitive marketplace:

- Overall effectiveness of the governance, control environment and the risk management process including ethics programs
- Compliance with policies, laws, rules and regulations
- Safeguarding of assets
- Reasonableness of financial information, in conjunction with the external/independent auditors' activities
- Governance on information technology

Limited or reasonable assurance may also be provided depending on the nature, timing, and extent of procedures performed. Scope limitations will be discussed with management when identified, with the goal of achieving resolution. Conditions such as resource constraints or restrictions on access to personnel, facilities, data, and information, prevent internal auditors from performing the work as expected in the audit work program.

Internal auditors have the flexibility to make changes to the engagement objectives and scope when audit work identifies the need to do so as the engagement progresses.

Advisory Services

The internal audit function provides advisory and related client service activities, the nature and scope of which are agreed upon with the client and are intended to add value and improve the Company's operations. The advisory services may be performed at the request of the Board of Directors, Senior Management, or the Management of an activity. Examples of advisory

services, are the following:

- Advising on the design and implementation of new policies, processes, systems, and products
- Providing forensic services
- Providing training
- Facilitating discussion about risks and controls and assistance in risk management activities
- Providing recommendations and advice
- All other projects and reviews requested by the Audit Committee and Executive Management

When performing advisory services, internal audit function is expected to maintain objectivity by not taking on management responsibility.

Acceptance of advisory engagements will depend on the competency of the internal auditors, urgency and perceived risk to the Company. The internal audit function may provide assurance services where it had previously performed advisory services, provided the nature of the advisory did not impair the Department's objectivity and that individual objectivity is managed when assigning resources to the engagement. When potential impairments exist, it must be disclosed to the party requesting the services before accepting the engagement. Advisory activities which impacts the completion of the approved annual audit plan shall require an approval from the Audit Committee.

E. Authority

In carrying out their duties and responsibilities, members of the internal audit function will have full, free and unrestricted access to all organizational activities, records, properties and personnel. It has neither direct responsibility for, nor authority over any part of the activities it reviews or the persons responsible for those activities.

The Board of Directors through the Audit Committee establishes and protects the internal audit function's independence and qualifications.

F. Ethics and Professionalism

Integrity, Objectivity, and Due Professional Care

The Internal Audit Department is committed to upholding the highest standards of ethics and professionalism. Members of the Internal Audit Department are expected to demonstrate integrity, honesty, professional courage, professional objectivity, and due professional care in all aspects of internal audit services.

Internal auditors must exhibit professional courage by communicating truthfully and taking appropriate action, even when confronted by dilemmas and difficult situations.

Internal auditors must have an impartial, unbiased attitude and avoid any conflict of interest and must not be unduly influenced by their own interests or the interests of others, including Senior Management or others in a position of authority, or by the political environment or other aspects of their surroundings. Internal auditors must be aware of and manage potential biases. If



independence or objectivity is impaired, the details of the impairment must be disclosed to appropriate parties. The nature of the disclosure will depend upon the impairment.

The Chief Audit Executive must maintain a work environment where internal auditors feel supported when expressing legitimate, evidence-based engagement results, whether favorable or unfavorable.

Confidentiality

The Internal Audit Department has the responsibility to abide by the laws, regulations, policies, and procedures related to confidentiality, information privacy, and information security that apply to the organization and internal audit function. Members of the Internal Auditor Department must manage the risk of exposing or disclosing information inadvertently and are aware of their responsibilities for protecting information acquired when performing internal audit services or as the result of professional relationships. The information obtained must not be used for personal gain or in a manner detrimental to legitimate and ethical objectives.

The Chief Audit Executive must ensure that the internal audit function and individuals assisting the internal audit function adhere to the same protection requirements including seeking the advice of Legal Counsel and/or Management as necessary before releasing final communications to parties outside the organization, unless otherwise required or restricted by laws and/or regulations.

Competence and Quality of Service

Members of the Internal Audit Department have the responsibility to maintain and continually develop their competencies to improve the effectiveness and quality of internal audit services. Pursue continuing professional development including education and training. Practicing internal auditors with professional internal audit certifications must follow the continuing professional education policies and fulfill the requirements applicable to their certifications.

The Chief Audit Executive must maintain and enhance the qualifications and competencies necessary to fulfill the roles and responsibilities expected. Communicate to the Board of Directors through the Audit Committee the necessary qualifications and competencies of a Chief Audit Executive that are necessary to manage the internal audit function by providing information and examples of common and leading qualifications and competencies.

G. Reporting and Working Relationships

Reporting Lines

The Chief Audit Executive reports functionally to the Board of Directors, through the Audit Committee, administratively, to the Chief Executive Officer or his designate and a dotted line to the Ayala Corporation Chief Audit Executive.

The Chief Audit Executive shall oversee and be responsible for the internal audit activity of the organization, including that portion that is outsourced to a third-party service provider or co-sourced with internal resources ensuring conformance with the GIAS. If

nonconformance with the GIAS affects the overall scope or operation of the internal audit function, the non-conformance and its impact must be disclosed by the Chief Audit Executive to the Board of Directors through the Audit Committee and Senior Management.

The Chief Audit Executive must abstain from assuming responsibility for processes beyond the internal audit function. In special cases where additional role is necessary, the Chief Audit Executive must advise the Audit Committee and Senior Management of the types of safeguards in place to manage actual, potential, or perceived impairments to independence or objectivity.

These roles that are beyond internal auditing, the responsibilities, nature of work, and established safeguards will be documented in the Internal Audit Charter. In case those areas of responsibility are subject to internal audit review, alternative processes to obtain assurance must be established, such as contracting with an objective, competent external assurance provider that reports independently to the Audit Committee.

If the non-audit responsibilities are temporary, assurance must be provided by an independent third party for the subsequent 12 months. The Chief Audit Executive must establish a plan to transition those responsibilities to management.

If the objectivity of the internal audit function and/or Chief Audit Executive is impaired in fact or appearance, the Chief Audit Executive must disclose the impairment to the Audit Committee to determine the appropriate actions to resolve the situation. Situations that may introduce impairments to independence include:

- The Chief Audit Executive lacks direct communication or interaction with the Audit Committee.
- Management attempts to limit the scope of the internal audit services that were previously approved by the Audit Committee and documented in the Internal Audit Charter.
- Management attempts to restrict access to the data, records, information, personnel, and physical properties required to perform the internal audit services.
- Management pressures internal auditors to suppress or change internal audit findings.
- The budget for the internal audit function is reduced to a level that leaves the function unable to fulfill its responsibilities as outlined in the Internal Audit Charter.
- An assurance engagement to be performed in a functional area for which the Chief Audit Executive is responsible, has oversight, or is able to exert significant influence.
- An assurance services related to an activity that is managed by a Senior Executive to which the Chief Audit Executive reports administratively.

The Chief Audit Executive will confirm to the Audit Committee, at least annually, the organizational independence of the internal audit function and adherence to GIAS requirements. Impairment to the objectivity of the internal auditor, as declared in the Company's Annual Disclosure and Insider Trading form shall likewise be reported.

Working Relationships

The internal audit function must maintain relationships and trusts with key stakeholders, including the Audit Committee of the Board of Directors, Senior Management, operational



management, regulators, internal and external assurance providers and other consultants. Communication with these stakeholders must be accurate, objective, clear, concise, constructive, complete, and timely.

Audit Committee

Internal Audit supports the Audit Committee in the effective discharge of the Committee's oversight role and responsibility. A functioning relationship between the Department and the Audit Committee is very vital. It is part of the Audit Committee's responsibility to work closely with the Chief Audit Executive to maintain an effective internal audit function within ACEN CORPORATION. In turn, part of the Internal Audit Department's responsibilities is to work with the Audit Committee to co-develop expectations, reporting requirements, frequency and escalation protocols, and provision of day-to-day assistance and secretariat support. A reporting protocol and process is defined and observed to ensure that the right information is provided at the appropriate time and effective interaction is achieved.

Management

The Internal Audit Department should seek to achieve an effective and objective working relationship with management at all times. The Department should always discharge its duties and responsibilities to provide value-adding activities to management, while at the same time exercising independence and objectivity. Reporting processes and protocols that ensure independence and objectivity should be observed at all times. Promote formal and informal communication between the internal audit function and relevant stakeholders to have mutual understanding of:

- Organizational interests and concerns
- Approaches for identifying and managing risks and providing assurance
- Roles and responsibilities of relevant parties and opportunities for collaboration
- Relevant regulatory requirements
- Significant organizational processes, including financial reporting

Process and Activity Owners

The process and activity owners provide the information on which the Internal Audit Department makes its evaluation, assessment and recommendations. Co-developing the expectations, discussing the audit objectives and methodology and observing reporting protocols should always form part of the Department's service delivery process to ensure an effective and objective working relationship with process and activity owners. Collectively, the work performed by the Department together with the process and activity owners, should provide value to management in terms of process controls assurance and improvement.

Compliance and Risk Management

The Internal Audit Department coordinates with the Compliance and Risk Management units to assist the Audit Committee in their oversight responsibility and to make an

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evaluation on the adequacy and effectiveness of the compliance and risk management systems.

Internal and External Assurance Providers

The Internal Audit Department should coordinate regularly with internal and external assurance providers to ensure effective use of audit resources, share knowledge and information, highlight gaps in coverage with key risks, minimize work duplication, and enhance overall provision of reasonable assurance by both the Internal Audit Department and Internal or External Assurance Provider.

If unable to achieve an appropriate level of coordination, the chief audit executive must raise any concerns with Senior Management and, if necessary, the Audit Committee.

The Chief Audit Executive should develop a methodology for evaluating other providers of assurance and advisory services that includes a basis for relying upon their work. The evaluation should consider the providers' roles, responsibilities, organizational independence, competency, and objectivity, as well as the due professional care applied to their work.

Subsidiaries and Affiliates


The Internal Audit Department coordinates with the subsidiaries and affiliates' internal audit functions and serves as resource to the subsidiaries and affiliates' audit committees to ensure the sharing of best practices and standardization of internal audit practices within the Group.

Other Stakeholders

The Internal Audit Department may, at certain times, need to work with other parties within or outside the ACEN CORPORATION organization. For instance, the working relationships with the Compliance Officer on corporate governance issues and the Chief Risk Officer on enterprise-wide risk management process should be defined and observed at all times to ensure that effective coordination is achieved. The working relationship with outside consultants and other parties should be discussed with the Chief Executive Officer or his designate and with the Audit Committee Chairman.

H. Key Responsibilities

- The Chief Audit Executive is responsible for effectively managing the internal audit function in accordance with the Internal Audit Charter and GIAS. This responsibility includes strategic planning, obtaining and deploying required resources, building relationships, communicating with stakeholders, ensuring and enhancing the performance of the function. Such as:
 - Seeking approval from the Audit Committee the budget on human and financial resources necessary for the function's operation, including training and acquisition of

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technology and tools.

- Managing the financial resources
 - Implement a regular evaluation of the technology and pursue opportunities to improve effectiveness and efficiency
 - Establish an approach to recruit, develop, and retain internal auditors who are qualified to successfully implement the internal audit strategy and achieve the internal audit plan.
- Internal auditors must possess the knowledge, skills, and other competencies needed to perform their individual responsibilities. The internal audit function collectively must possess or obtain the knowledge, skills, and other competencies needed to perform its responsibilities.
 - Internal auditors must possess or develop knowledge of the IIA’s GIAS.
 - The Chief Audit Executive must establish and implement methodologies for engagement supervision, quality assurance, and the development of competencies. The extent of supervision required depends on the maturity of the internal audit function, the proficiency and experience of internal auditors, and the complexity of engagements. Supervision covers internal audit staff including other service providers engaged, if any. Maintain documented evidence of supervision and retained, according to the internal audit function’s established methodologies.
 - The Chief Audit Executive must ensure that the internal audit function collectively possesses the competencies to perform the internal audit services described in the Internal Audit Charter or must plan to obtain the necessary competencies. There's an appropriate and sufficient mix of knowledge, skills, abilities, and quantity of resources which are effectively deployed that optimizes the achievement of the internal audit plan. In the event the internal audit function collectively does not possess the competencies to perform requested services, contracting with an independent, external service provider should be considered.
 - Internal auditors must apply due care and skill expected of a reasonably prudent and competent internal auditor.
 - Internal auditors must develop an understanding of the activity under review to assess the relevant risks and identify the criteria that management uses to measure whether the activity is achieving its objectives. If an activity’s risk was already identified in past engagements, only a review and update of the past assessment update is necessary.
 - The Chief Audit Executive must ensure that the internal audit function has technology to support the internal audit and must be regularly evaluated to identify areas for improvement in effectiveness and efficiency.

General

- Review the effectiveness by which risks that may threaten the achievement of organizational and financial reporting objectives are identified and managed.

- Review the reliability and integrity of the financial reporting process and operating information and the business processes used to identify, measure, classify and report such information.
- Review annually the effectiveness of the Company's internal controls, including financial, operational, information technology, compliance controls, and risk management.
- Review crisis management, business continuity and disaster recovery plans and results of the annual testing.
- Review the effectiveness of management controls meant to ensure the economic and efficient utilization of resources and achieve the Company's corporate vision and objectives.
- Review the adequacy, existence and degree of adherence to Company policies, procedures and sound business practices.
- Appraise the adequacy of action taken by management in response to reported risk issues, control weaknesses and opportunities for improvement.

Audit Activities

Audit Strategy

- Develop and implement a strategy for the internal audit function that supports the strategic objectives and success of the organization and aligns with the expectations of the Board of Directors, Senior Management, and other key stakeholders. To ensure an effective internal audit strategy and plan is developed governance, risk management and control processes are considered.

Audit Plan

- Submit for review and approval of the Audit Committee, an annual risk-based Internal Audit Plan defining the IA priorities, scope, and resource requirements that are consistent with the organization's goals, strategies, objectives, and risks. Coverage to include information technology governance, fraud risk, and the effectiveness of the organization's compliance and ethics programs. Input from the Board of Directors and Senior Management are also considered.
- Review and adjust the plan, as necessary. Adjustments to the plan, including interim changes, must be discussed with the Audit Committee and Senior Management. Significant changes must be approved by the Audit Committee.

Audit Execution

- Establish and document the objectives and scope for each engagement to articulate the purpose and describe the specific goals to be achieved, including those mandated

by laws and/or regulations. The engagement scope must establish the focus and boundaries by specifying the activities, locations, processes, systems, components, time period to be covered, and other elements including resource necessary to sufficiently achieve the engagement objectives. Any changes in the objectives and scope must be approved by the Chief Audit Executive.

- In planning the engagement, internal auditors must develop an adequate understanding by gathering reliable, relevant and sufficient information of the activity under review. Document and implement the engagement work program and perform analyses and evaluations to produce sufficient evidence to provide reasonable assurance and develop conclusions relevant to the activity under review.
- For assurance services, Internal auditors must identify criteria and assess the adequacy that management uses to measure whether the activity is achieving its objectives. While for advisory services, the identification of evaluation criteria may not be necessary, depending on the agreement with relevant stakeholders.
- Throughout the engagement, Internal auditors must communicate with management the objectives, scope, timing of the engagement, subsequent changes, including the result of the review. Communication must be accurate, objective, clear, concise, constructive, complete, and timely.

Audit Results and Communication

- For each engagement, internal auditors must develop a final communication that includes the engagement's objectives, scope, findings, recommendations, action plans, and conclusions. Individuals responsible for addressing the findings and the planned date of completion must also be specified. The actions taken, including satisfactory and positive performance from management must also be acknowledged.
- Internal auditors must ensure the final communication is reviewed and approved by the Chief Audit Executive before it is issued.
- Communicate results of internal audit services to the Audit Committee and Senior Management periodically and for each engagement as appropriate. The results of internal audit services can include engagement conclusions, themes such as effective practices or root causes, and conclusions at the level of the business unit or organization.
- If a final engagement communication contains a significant error or omission, it must be communicated with the corrected information promptly to all parties who received the original communication. Significance is determined according to criteria agreed upon with the Audit Committee.

Follow up of Action Plans

- Recommendations and Management Action Plans must be confirmed if implemented following an established methodology.

- If management has not progressed in implementing the actions according to the established completion dates, internal auditors must obtain and document an explanation from management and discuss the issue with the Chief Audit Executive. The Chief Audit Executive is responsible for determining whether Senior Management, by delay or inaction, has accepted a risk that exceeds the risk tolerance

Disagreements and Unacceptable Levels of Risks

- In cases when internal auditors and management do not agree on the engagement results, internal auditors must try to reach a mutual understanding of the issue. If mutual understanding cannot be reached, internal auditors are not obligated to change the engagement results unless there is a valid reason. Establish a methodology to allow both parties to express positions regarding the content of the final engagement and the reasons for any differences of opinion.
- Acceptance by Management of a level of risk that exceeds the organization's risk appetite or risk tolerance must be discussed with Senior Management. If left unresolved by Senior Management, the matter must be escalated to the Audit Committee.

Quality assurance and Improvement Program

- Internal Assessments - Establish a methodology for internal assessments that includes conducting periodic self-assessments and ongoing monitoring of the internal audit function's conformance with the GIAS and progress toward performance objectives.

Report the results of the internal quality assessment and improvement program annually to the Audit Committee and Senior Management.


- External Assessment - Ensure the independent external assessment team to be engaged have at least one team member holding an active Certified Internal Auditor designation, experience and knowledge of the GIAS, experience performing external quality assessments, with experience in the organization's industry or sector, and with no perceived or actual conflict of interest. The requirement for an external quality assessment may also be met through a self-assessment with independent validation.
- Report the results of the independent external assessment conducted at least once every five (5) years. Report to include:
 - Conformance with the GIAS and achievement of performance objectives
 - If applicable, compliance with laws and/or regulations relevant to internal auditing
 - If applicable, plans to address the deficiencies and opportunities for improvement.

Corporate Governance

- Provide assistance to the Audit Committee in the discharge of the Committee's oversight function with regard to corporate governance. Such activities include establishing the

communication process to discuss with the Audit Committee issues and controls affecting the financial reporting and risk management processes, compliance with laws and regulations and internal controls.

- Coordinate with the Compliance Officer in ensuring that the provisions of ACEN CORPORATION's corporate governance manual are appropriately and adequately complied with.
- Report to the Audit Committee and the Compliance Officer recommended improvements identified in the company's ethics-related programs and activities resulting from the regular course of internal audit reviews.
- Update the Audit Committee and Senior Management on developments and emerging trends and issues in corporate governance (local and international), especially in areas directly affecting their roles and responsibilities.
- Document the internal audit methodologies, policies and standard operating procedures in an Internal Audit Manual and integrated into the appropriate internal audit management software.
- Deliver the specific requirements from the internal audit activity, as specified in ACEN CORPORATION's corporate governance manual, as follows:
 - Evaluate and provide reasonable assurance that risk management, internal control and governance systems are functioning as intended and will enable the company's strategy, objectives and goals to be met.
 - Maintain adequate documentation to support the engagement results and conclusions communicated timely with the key stakeholders, relevant business units, Senior Management and the Audit Committee.
 - Submit periodic reports to the Audit Committee on the status of the internal audit activity, accomplishments, key findings and recommendations.
 - Annually, the Chief Audit Executive must report the results of the internal quality assessment and improvement program to the Audit Committee and Senior Management.
 - When completed, report the results of the independent external assessment conducted at least once every five years.
 - Assist in the investigations arising from whistleblower disclosures. Retain independent counsel, professional experts or others to assist in the conduct of an investigation, as necessary.
 - Render an Internal Audit Annual Report to the Audit Committee on the Department's activity, purpose, authority, responsibility, and performance; such annual report should contain the results of the review of the risk management process and significant exposures, as well as a report on governance issues.
 - Render a report to the Audit Committee that ACEN CORPORATION's internal audit activity for the given year has been performed in accordance with the 2024 Institute of Internal Auditors (IIA)'s Global Internal Audit Standards (GIAS).

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Enterprise-Wide Risk Management

- Review the adequacy of the risk management policy and compliance thereto.
- Assess the maturity of the organization’s risk management processes, including identifying whether the organization has defined its risk appetite and implemented a risk management strategy and/or framework.
- Understand the Board of Directors and Senior Management perspectives and priorities related to the organization’s risk management.
- Review the effectiveness of the risk management process and risk mitigation strategies designed by the risk owners.
- Participate in risk assessment workshops and other activities of the Risk Management Unit.
- Review recently completed risk assessments and related communications issued by Senior and Operational Management, those charged with risk management, external auditors, regulators, and other internal and external providers of assurance services.

Other Activities

The Internal Audit Department will conduct such other activities as may be requested by the Audit Committee, the Chairman of the Board, the Chief Executive Office, and other members of Senior Management, with certain requests of the latter subject to further clearance from the Audit Committee depending on the materiality of such requests.

The Internal Audit Department is, however, not authorized to or responsible for:


- Performing any operational duties or be involved in the day-to-day internal checking systems of the operational business units.
- Initiating or approving accounting transactions external to the internal audit function.
- Directing the activities of any business unit employees not assigned to the Internal Audit Department
- Drafting and/or implementing business system procedures or other internal control systems. The Internal Audit Department may, however, be consulted on the adequacy of the related controls.

I. Compliance with Professional Standards

Internal Audit Department will undertake its work in accordance with the 2024 Institute of Internal Auditors (IIA)'s Global Internal Audit Standards (GIAS).

The Internal Audit Department shall provide professional development opportunities to keep members informed about improvements and current developments in the standards and techniques.

J. Alignment with Corporate Policies

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The Internal Audit Charter is also aligned with the Company's Code of Conduct and Ethics and the requirements of Philippine Regulation Commission and other regulatory bodies.

