



AUDIT COMMITTEE REPORT TO THE BOARD OF DIRECTORS FOR THE YEAR ENDED DECEMBER 31, 2021

The Audit Committee Charter defines the ultimate responsibility of the Audit Committee for policies and practices relating to integrity of the financial and regulatory reporting of the Company. It assists the Board in fulfilling its oversight functions with respect to:

- (a) support the Board of Directors in meeting its responsibilities to shareholders;
- (b) enhance the independence of the external auditor;
- (c) facilitate effective communications between management and the external auditor and provide a link between the external auditor and the Board of Directors;
- (d) Increase the credibility and objectivity of the Company's financial reports and public disclosure.

In 2021, the Audit Committee accomplished the following in compliance with its Charter:

1. The members of the Audit Committee are composed of two (2) Independent Directors and one (1) Non-executive director.
2. The Chairman of the Audit Committee is an Independent Director.
3. The Committee convened four (4) meetings in 2021.
4. The Committee had an executive meeting with the external and internal auditors.
5. Recommended the appointment of the external auditors to the Board.
6. Reviewed the external auditor's audit plans, fees and schedules and any related services proposals
7. Reviewed and pre-approved the non-audit services provided to the Company by its internal/external auditor prior to Board approval.

8. Ensured that the external auditor met the rotation requirements for handling partners pursuant to SRC Rule 68(3)(b)(iv) and SEC Memorandum Circular No. 8 Series of 2003.
9. Reviewed and discussed with the management and external auditors the consolidated financial statements ended December 31, 2020 including audit and accounting issues of the Company's subsidiaries, material transactions with related parties, accounting policies, and audit results prior to recommendation to Board for approval and to dissemination to stockholders and the public.
10. Assessed the integrity and independence of external auditors and exercising effective oversight in reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process
11. Reviewed and discussed the external auditor's audit plans for the year ending December 31, 2021, which focus on (1) engagement team, (2) audit services, (3) audit plans, (4) areas of audit emphasis, (5) ethics and interdependence, and (6) regulatory updates.
12. Reviewed and discussed the internal auditor's plans for the year ending December 31, 2021, which include (1) review of internal audit mandate (2) business development, (3) financial consolidation and reporting, (4) treasury and cash disbursement, and (5) governance, risk and compliance,
13. Reviewed the 2020 audit assessment results.
14. The Committee reviewed the adequacy and effectiveness of the internal control and risk management system based on its assessment, from the reports provided by internal and external auditors, and from management's assessment of internal controls.
15. Reviewed and discussed with the management the quarterly financial reports which include changes in accounting policies and practices, significant adjustments resulting from the audit, compliance with accounting standards, material transactions and accounting issues of the Company's subsidiaries.
16. Reviewed the Management Discussion and Analysis of the annual and quarterly financial statements prior to public disclosures.
17. Reviewed the propriety of related party transactions (RPTs) and the required reporting disclosures, considered the terms are on arm's length and fair to the Company; determined if the significant RPTs were in the best interests of the company and the shareholders; whether the RPT met the prescribed threshold set in Company's policy and by the Securities and Exchange Commission (SEC).
18. The Committee Chairman and members attended the Annual Stockholders' Meeting on May 18, 2021.

Signed on February 24, 2022.

A handwritten signature in black ink, appearing to read 'Honorio O. Reyes-Lao', written in a cursive style with a large, looping initial 'H'.

HONORIO O. REYES-LAO
Chairman, Audit Committee