

GOVERNANCE STRUCTURE

C. Internal Audit

1. Role of the Internal Audit

The role of Internal Audit is to provide independent objective and risk based assurance within the Corporation, designed to add value and improve the Corporation's operations. This will help the Corporation accomplish its objectives by providing a systematic, disciplined approach for the evaluation and improvement of the effectiveness of risk management, control and governance processes.

2. Organization of the Internal Audit

- 2.1. The Board shall appoint an Internal Audit Head, a Chief Audit Executive or its equivalent position, who shall oversee and be responsible for the Internal Audit activity of the Corporation.
- 2.2 The Internal Audit Head reports functionally to the Audit Committee and administratively to the CEO.
- 2.3 The Internal Audit Head shall have no executive or managerial powers and duties in the Corporation except those relating to the management of the Internal Audit.
- 2.4 Internal Audit shall have an independent status and will not be involved in the day-to-day internal checking systems of the business units and corporate centers in the Corporation. It is the responsibility of Management to plan, organize, and direct activities to provide reasonable assurance that established goals will be achieved. Internal Audit will examine and evaluate the planning, organizing, and directing processes established and maintained by Management.

3. Purpose and Scope of Work of Internal Audit

The purpose of Internal Audit is to examine and evaluate whether the Corporation's controls and processes, as designed by Management, are adequate, efficient, and functioning in a manner to ensure that:

- 3.1. Programs, plans, goals and objectives are achieved;
- 3.2. Employee's actions are in compliance with policies, code of conduct, standards, procedures, and applicable laws and regulations;
- 3.3. Authorities and responsibilities are clear, properly assigned, and documented;
- 3.4. Changes in functions, services, processes, and operations are properly evaluated;

- 3.5. Significant legislative or regulatory issues impacting the Corporation are recognized and addressed appropriately;
- 3.6. Control activities are integral part of daily operations;
- 3.7. Adequate controls are incorporated into information technology systems;
- 3.8. Assets or resources are acquired economically, used efficiently, and adequately protected or safeguarded;
- 3.9. Financial, management, and operating information are reliable, timely, relevant, accurate, accessible, and provided in a consistent format;
- 3.10. Channels of communication are effective to ensure that interaction with business units and corporate centers occurs as needed; and
- 3.11. Continuous quality improvement is fostered in the business unit and corporate center's control processes.

4. Responsibilities of Internal Audit

Internal Audit shall be solely responsible for the planning, implementation, and reporting of its results. For this purpose, Internal Audit shall:

- 4.1. Periodically review the Internal Audit charter and present it to the Senior Management and the Audit Committee for approval;
- 4.2. Establish and implement risk-based Internal Audit Plan, including policies and procedures, to determine the priorities of the Internal Audit activity, consistent with the Corporation's goals;
- 4.3. Present the Internal Audit Plan and its performance, resource requirement and impact of resource limitations, as well as significant interim changes, to Senior Management and the Audit Committee for review and approval;
- 4.4. Spearhead the performance of the Internal Audit activity to ensure it adds value to the Corporation;
- 4.5. Prepare a forward Strategic Audit Plan to set the direction and approach of audits in the long-term;
- 4.6. Perform regular and special audit as contained in the Annual Audit Plan and/or based on the Company's risk assessment;
- 4.7. Perform consulting and advisory services related to governance and control as appropriate for the Corporation;
- 4.8. Perform compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, that could have a significant impact on the Corporation;

- 4.9. Review, audit and assess the efficiency and effectiveness of the internal control system of all areas of the Company;
- 4.10. Evaluate operations or programs to ascertain whether results are consistent with established objectives and goals, and whether the operations or programs are being carried out as planned;
- 4.11. Evaluate specific operations at the request of the Board or Management, as appropriate;
- 4.12. Monitor and evaluate governance processes;
- 4.13. Report in a timely manner significant issues noted during the audit relating to the adequacy, efficiency, and effectiveness of policies, controls, processes, and activities of the Corporation. As directed by or under the policies of the Audit Committee, furnishes auditees and/or any other member of Management copies of the reports;
- 4.14. Recommend any improvement in policies and procedures, systems of controls, processes, and other financial and operational matters to assist Management in the effective discharge of their responsibilities, in order to minimize or prevent waste, extravagance, negative image, and fraud. Management is responsible to implement specific recommendations;
- 4.15. Coordinate with External Auditors and ensure that the audit works are complementary to optimize coverage at a reasonable cost; and
- 4.16. Comply with standards that are promulgated by the relevant professional and regulatory bodies.

5. Authority of the Internal Audit

Subject to the approval of the Audit Committee, Internal Audit is authorized to:

- 5.1 Decide on the nature, scope, timing, and frequencies of audit;
- 5.2 Allocate resources and apply different techniques required to accomplish audit objectives;
- 5.3 Assess and recruit personnel with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this charter provided within policy and approved budget;
- 5.4 Have discussions with Management and employees of the Corporation at any reasonable time;
- 5.5 Attend or participate in meetings relating to the Board's oversight responsibilities for auditing, financial reporting, Corporate Governance, and control;
- 5.6 Have full and free access to the Audit Committee; and

5.7 Obtain the necessary assistance of business unit or corporate center, as well as other specialized services from within or outside the Corporation.