



ALLIANCE SELECT FOODS INTERNATIONAL, INC.

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TABLE OF CONTENTS

I.	Introduction	3
II.	Purpose	3
III.	Independence and Objectivity	3
IV.	Organization	4
V.	Authority	4
VI.	Functions	4
VII.	Duties and Responsibilities	5
VIII.	Accountability	6
IX.	Amendment	7

**2017 CG Manual
Annex “B”**

**INTERNAL AUDIT CHARTER
OF
ALLIANCE SELECT FOODS INTERNATIONAL, INC.**

I. Introduction

This Internal Audit Charter of ALLIANCE SELECT FOODS INTERNATIONAL, INC. (the “Company”) sets forth, among others, the purpose, objectives, authority, scope, duties, and responsibilities, and accountability of the Internal Audit Department (the “IAD”) consistent with the Company’s Audit Committee Charter (the “ACC”) and its Manual on Corporate Governance (the “Manual”).

II. Purpose

Internal auditing is an important management tool and is one of the ways the Company’s Management maintains the integrity, efficiency and effectiveness of its financial, operational, information systems, and other management control systems. Internal Audit operates as an independent yet integral part of Management, conducting its duties professionally and with objectivity.

Internal Audit assists the Board in ensuring that the Company’s operations are conducted according to the highest standards by providing an independent, objective assurance and consulting function and by advising on leading practices. Through a systematic and disciplined approach, the IAD helps the Board accomplish its objectives by evaluating and improving the effectiveness of risk management, control and governance processes, and discharging other duties and powers as may be delegated to the Audit Committee by the Board, and as required under the Code of Corporate Governance and the Company’s Corporate Governance Manual.

III. Independence and Objectivity

The IAD will remain free from interference by any element, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.

The IAD must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.



IV. Organization

The Company shall have a qualified Chief Audit Executive (CAE) appointed by the Board. The CAE shall oversee and be responsible for the internal audit activity of the organization, including any portion that is outsourced to a third party service provider.

The IAD and the CAE report functionally to the Audit Committee, and administratively to the Chief Executive Officer (CEO).

The Board through the Audit Committee will approve all decisions regarding the qualifications, performance evaluation, appointment, or removal of the CAE as well as the CAE's annual compensation and salary adjustment.

V. Authority

Internal Audit aims to promote effective controls at reasonable cost. To achieve this, the Audit Committee, through the IAD, is authorized, in the course of its activities, to:

1. Enter all areas of the Company's subsidiaries and affiliates, and have access to any documents and records considered necessary for the performance of its functions; and
2. Require all members of staff and management to supply such information and explanations as may be needed within a reasonable period of time.

Heads of subsidiaries, affiliates, and/or departments must inform the internal audit department without delay of any significant incident concerning security and/or compliance with regulations and procedures.

VI. Functions

Consistent with the Internal Audit roles and responsibilities cited in the charter of the Audit Committee, the IAD shall provide independent and objective assurance and consulting services designed to add value and improve the company's operations. The IAD functions shall include among others:

1. Provide an independent risk-based assurance service to the Board, Audit Committee and Management, focusing on reviewing the effectiveness of the governance and control processes in (1) promoting the right values and ethics; (2) ensuring effective performance management and accounting in the organization; (3) communicating risk and control information; and (4) coordinating the activities and information among the Board, external and internal auditors, and Management;
2. Perform regular and special audit as contained in the annual audit plan and/or based on

the company's risk assessment;

3. Perform consulting and advisory services related to governance and control as appropriate for the organization;
4. Perform compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization;
5. Review, audit and assesses the efficiency and effectiveness of the internal control system of all areas of the Company;
6. 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;
7. Evaluate specific operations at the request of the Board or Management, as appropriate; and
8. Monitor and evaluate governance processes.

VII. Duties and Responsibilities

The following shall be the duties and responsibilities of the IAD, among others:

1. Develop a flexible annual audit plan using an appropriate risk-based methodology including any risk or control concerns identified by management and submit that plan to the Audit Committee for review and approval as well as periodic updates.
2. Implement the annual audit plan, as approved, including as appropriate, any special task or project requested by management and the Audit Committee that are considered as part of the consulting activity of Internal Audit.
3. Conduct fieldwork in a professional and timely manner.
4. Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications and establish a formal training and development program that will assist the group in achieving its objectives and meet the requirements of this charter.
5. Review and evaluate significant merging/consolidating functions, and new or changing services, processes, operations, and control processes in line with their development, implementation, and/or expansion in relation to risk based audit.
6. Issue periodic written reports to the Audit Committee and Management summarizing results of audit activities.
7. Keep the Audit Committee informed of emerging trends and successful practices in internal auditing.

8. Provide a list of significant measurement goals and results to the Audit Committee
9. Assist in the investigation of significant suspected fraudulent activities within the organization and notify management and the Audit Committee of the results.
10. Consider the scope of work of the external auditors and regulators as appropriate for the purpose of providing optimal audit coverage to the organization at a reasonable overall cost.
11. Ensure there is appropriate mechanism in place for the anonymous submission of employee concerns or complaints on questionable accounting or auditing matters and notify the Audit Committee of the status and disposition of reported complaints.
12. Establish a quality assurance program for the IAD by which the CAE assures the operation of internal auditing activities.
13. Perform consulting services, beyond internal auditing's assurance services such as advisory on process improvements, to assist Management in attaining its objectives.

The following shall be the responsibilities of the CAE, among others:

14. Periodically review the Internal Audit Charter and present it to senior management and the Board Audit Committee for approval;
15. Establish a risk-based internal audit plan, including policies and procedures, to determine the priorities of the internal audit activity, consistent with the organization's goals;
16. Communicate the internal audit activity's plans, resource requirements and impact of resource limitations, as well as significant interim changes, to senior management and the Audit Committee for review and approval;
17. Spearhead the performance of the internal audit activity to ensure it adds value to the organization;
18. Report periodically to the Audit Committee on the internal audit activity's performance relative to its plan; and
19. Present findings and recommendations to the Audit Committee and gives advice to senior management and the Board on how to improve internal processes.

VIII. Accountability

The IAD, in the discharge of its duties, shall be accountable to the Committee and the Board to:

1. Provide periodically an assessment on the adequacy and effectiveness of the Company and its subsidiaries' and/or affiliates' processes for controlling their activities and managing their risks in the areas set forth under the mission and scope of work;
2. Report significant issues related to the processes for controlling the activities of the Company and its subsidiaries and/or affiliates, including potential improvements to those processes information concerning such issues through resolution;
3. Provide periodically information on the status and results of the annual audit plan and the sufficiency of group resources; and
4. Coordinate with and provide oversight of other control and monitoring functions (risk management, compliance, security, legal, ethics, environment, external audit).

IX. Amendment

This Charter may be amended or repealed, or a new charter be adopted, by resolution of the Committee duly adopted.

Endorsed by the Audit Committee of Alliance Select Foods International, Inc. and approved by the Board of Directors of the Company on 30 May 2017.

Attest:

DOBBIN A. TAN
Audit Committee Chairman

BARBARA ANNE C. MIGALLOS
Corporate Secretary

MA. KRISTINA P. AMBROCIO
Compliance Officer