

# Appendix I – INTERNAL AUDIT AND CONTROL CHARTER

## INTERNAL AUDIT CHARTER SHAKEY'S PIZZA ASIA VENTURES, INC.

### INTRODUCTION:

Internal Auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of Shakey's Pizza Asia Ventures, Inc. It assists the company in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's performance, governance, risk management, and internal control and performance.

The purpose of this statement is to provide an understanding of the role and responsibilities of the Internal Audit team and its functions under the policies established by the Management and the Board of Directors of Shakey's Pizza Asia Ventures, Inc. (the "Company").

### ROLE:

The internal audit department (hereafter referred to as Internal Audit) is established by the Board of Directors (hereafter referred to as the Board). The Internal Audit's responsibilities are defined by the Board as part of their oversight role. The Company's Audit Committee is responsible for assisting its Board in its fiduciary responsibilities by providing an independent and objective assurance to its management and shareholders of the continuous improvement of its risk management systems, business operations, and proper safeguarding and use of its resources and assets.

### PROFESSIONALISM:

The Internal Audit will govern itself by adherence to The Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (Standards). This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

The Institute of Internal Auditors' Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, the Internal Audit will adhere to the Company's relevant policies and procedures and the Internal Audit's standard operating procedures manual.

### AUTHORITY:

The Internal Audit, with strict accountability for confidentiality and safeguarding records and information, is authorized full, free, and unrestricted access to any and all of the Company's records, physical properties, and personnel pertinent to carrying out any engagement. All employees are requested to assist the Internal Audit in fulfilling its roles and responsibilities. The Internal Audit will also have free and unrestricted access to the Board.

To better serve the investors and the management, the internal auditors also have access to outsourced parties over guest information and other details deemed necessary for the audit procedures.

### ORGANIZATION:

The Audit Manager will report functionally to the Audit Committee and administratively (i.e. day to day operations) to the Vice President and Chief Finance Officer (CFO).

The Audit Committee will:

- Approve the internal audit charter and audit manual.
- Approve the internal audit plan.
- Approve the internal audit budget and resource plan.
- Receive communications from the Audit Manager on the internal audit's performance relative to its plan and other matters.
- Approve decisions regarding the appointment and removal of the Audit Manager.

The Audit Manager will communicate and interact directly with the Audit Committee during pre-scheduled sessions during the year.

#### INDEPENDENCE AND OBJECTIVITY:

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

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, 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. Internal auditors will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

The Audit Manager will confirm to the Audit Committee, at least annually, the organizational independence of the internal audit activity.

#### RESPONSIBILITY:

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organization's performance, governance, risk management, and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives. This includes:

- Evaluating risk exposure relating to achievement of the organization's strategic objectives.
- Evaluating the reliability and integrity of information and the means used to identify, measure, classify, and report such information. Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the organization.
- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Evaluating the effectiveness and efficiency with which resources are employed.
- Evaluating 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.
- Monitoring and evaluating governance processes.
- Monitoring and evaluating the effectiveness of the organization's risk management processes.
- Performing consulting and advisory services related to governance, risk management and control as appropriate for the organization.
- Reporting periodically on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan.
- Reporting significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the Board.
- Evaluating specific operations at the request of the Board or management, as appropriate.

#### INTERNAL AUDIT PLAN:

At least annually, the Audit Manager will submit to senior management and the Audit Committee an internal audit plan for review and approval. The internal audit plan will consist of a work schedule as well as budget and resource requirements for the next fiscal/calendar year. The Audit Manager will communicate the impact of resource limitations and significant interim changes to senior management and the Audit Committee. The internal audit plan will be developed based on a prioritization of the audit universe using a risk-based methodology, including input of senior management and the Audit Committee. The Audit Manager will review and adjust the plan, as necessary, in response to changes in the organization's business, risks, operations, programs, systems, and controls. Any significant deviation from the approved internal audit plan will be communicated to senior management and the Audit Committee through periodic activity reports.

## REPORTING AND MONITORING:

A written report will be prepared and issued by the Audit Manager or designee following the conclusion of each internal audit engagement and will be distributed as appropriate. Internal audit results will also be communicated to the Audit Committee during audit sessions. The internal audit report may include management's response and corrective action taken or to be taken in regard to the specific findings and recommendations. Management's response, whether included within the original audit report or provided thereafter by management of the audited area should include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented. The internal audit activity will be responsible for appropriate follow-up on engagement findings and recommendations. All significant findings will remain in an open issues file until cleared.

The Audit Manager will periodically report to senior management and the Audit Committee on the internal audit activity's purpose, authority, and responsibility, as well as performance relative to its plan. Reporting will also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the Audit Committee.

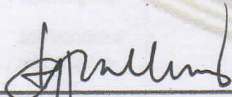
## QUALITY ASSURANCE AND IMPROVEMENT PROGRAM:

The internal audit department will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the internal audit activity's conformance with the Definition of Internal Auditing and the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

The Audit Manager will communicate to senior management and the Audit Committee on the internal audit activity's quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every five years.

## INTERNAL AUDIT CHARTER

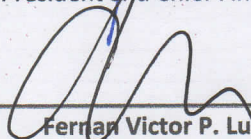
Approved this 16<sup>th</sup> day of JANUARY, 2018.



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