

INTERNAL AUDIT CHARTER

1. PURPOSE

- 1.1. The purpose of the Internal Audit (“IA”) function is to strengthen Etiqa Life and General Assurance Philippines Inc. (“ELGAP”) ability to create, protect, and sustain value by providing the Board and Management with independent, risk-based, and objective assurance, advice, insight, and foresight.
- 1.2. The IA function enhances ELGAP’s:
 - Successful achievement of its objectives.
 - Governance, risk management, and control processes.
 - Decision-making and oversight.
 - Reputation and credibility with its stakeholders.
 - Ability to gain public trust and confidence.
- 1.3. ELGAP’s IA function is most effective when:
 - Internal auditing is performed by competent professionals in conformance with The Institute of Internal Auditors’ (“The IIA”) Global Internal Audit Standards™ (“GIAS”), which are set in the public interest.
 - The IA function is independently positioned with direct accountability to the Audit Committee of the Board (“ACB”).
 - Internal auditors are free from undue influence and committed to making objective assessments.
- 1.4. Commitment to Adhering to the GIAS

ELGAP’s IA function will adhere to the mandatory elements of The IIA’s International Professional Practices Framework, which are the GIAS and Topical Requirements. The Head of Internal Audit (“HIA”) will report annually to the ACB regarding the IA function’s conformance with the Standards, which will be assessed through a quality assurance and improvement programme.
- 1.5. IA being the eyes and ears of the ACB, enhances the value of the ACB by providing value-add recommendations to enhance the effectiveness and efficiency of the ELGAP’s operations and collaborating with business partners to assist Senior management to achieve strategic objectives.

- 1.6 The fundamentals of the IA function involve identifying risks that could negatively impact the performance of organisation and/or keep it from achieving its corporate goals, ensuring Senior Management fully understands these risks and proactively recommending improvements to minimise these risks.
- 1.7 It is imperative for IA to be involved early in the organisation's strategic initiatives, new developments, products and operational changes in order for Senior Management to seek feedback and assurance in these new areas of risks.
- 1.8 IA is set up by the Board of Directors ("Board") of organisation and to be adequately funded and staffed with personnel having the requisite skills and competencies to perform the IA function of the organisation. The ACB with the authority delegated by the Board, has active oversight over the IA function including on budgetary and manpower requirements for it to be effective.
- 1.9 IA activities are carried out based on a risk-based audit approach while the COSO Internal Control - Integrated Framework and COBIT (for IT) framework were used to assess the adequacy and effectiveness of internal controls.
- 1.10 The principal responsibility of IA is to undertake continuous testing and assessment on the adequacy and effectiveness of the risk management frameworks and the internal control systems in order to provide reasonable assurance that such frameworks and systems continue to operate efficiently and effectively.

2. MANDATE

2.1 Authority

- 2.1.1 The ACB grants the IA function the mandate to provide the Board and Senior Management with objective assurance, advice, insight, and foresight.
- 2.1.2 The IA function's authority is created by its direct reporting relationship to the ACB. Such authority allows for unrestricted access to the Board.

2.1.3 The ACB authorises the IA function to:

- Carry out a comprehensive programme of auditing within ELGAP and to initiate audits, examinations and inspections at such time as he/she may determine and without advance notice, with respect to any of the ELGAP's activities as deemed necessary.
- Have full and unrestricted access to any and all ELGAP's function, data, records, information, physical property, and personnel pertinent to carrying out IA responsibilities. All employees are requested to assist the internal audit IA function in fulfilling its roles and responsibilities. The IA function will also have unrestricted access to the Etiqa International Holding Internal Audit Committee ("EIH IAC") and EIH Board.
- Obtain assistance from the necessary personnel of the Group and other specialised services from within or outside the Group to complete IA services.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.

2.2 Independence, Organisational Position, and Reporting Relationships

2.2.1 IA is placed under direct authority and supervision of the ACB to provide for the independence of IA function. The HIA reports functionally to the ACB with matrix reporting to Chief Audit Executive ("CAE") of Group Insurance & Takaful, who in turn reports to Group CAE. The HIA also reports administratively to the ELGAP President and Chief Executive Officer ("PCEO"). The function is independent of the activities audited and from the day-to-day internal control process. This positioning provides the organisational authority and status to bring matters directly to Senior Management and escalate matters to the Board, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

2.2.2 The HIA shall communicate directly, as and when necessary, to the ACB, chairman of the ACB, the Board and chairman of the Board, including private meetings with the ACB without the presence of Senior Management. Communication to the regulators may be made via ELGAP's Compliance Officer, upon obtaining the Board's concurrence. The HIA may also communicate with the external auditors, where appropriate, according to the rules defined in its audit charter.

2.2.3 The HIA may be required to attend as an invitee to selected committee meetings as determined by Senior Management and the ACB. Staff of IA may, with the concurrence of the HIA, participate in committees on an advisory and consultancy capacity, provided that the

IA staff does not assume management responsibility. Such participations should not impair the independence, objectivity and effectiveness of the IA function.

- 2.2.4 The HIA will confirm to the ACB, at least annually, the organisational independence of the IA function. If the governance structure does not support organisational independence, the HIA will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The HIA will disclose to the ACB any interference internal auditors encounter related to the scope, performance, or communication of IA work and results. The disclosure will include communicating the implications of such interference on the IA function's effectiveness and ability to fulfil its mandate.
- 2.2.5 IA should not be restrained from making subsequent recommendations on the deficiencies or weaknesses of internal controls although it was previously involved in giving advice. Wherever possible, the subsequent audit should be assigned to audit staff not involved earlier in providing advice.
- 2.2.6 If the IA determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to ACB.
- 2.2.7 Where the HIA has one or more roles beyond internal auditing, safeguards will be established to limit impairments to independence or objectivity.

2.3 **Changes to the Mandate and Charter**

- 2.3.1 Circumstances may justify a follow-up discussion between the HIA, ACB, and Senior Management on the IA Mandate or other aspects of the IA Charter. Such circumstances may include but are not limited to:
- A significant change in the GIAS.
 - Significant changes to the organisation's strategies, objectives, risk profile, or the environment in which the organisation operates.
 - New laws or regulations that may affect the nature and/or scope of IA services.

3 HEAD OF INTERNAL AUDIT ROLES AND RESPONSIBILITIES

3.1 The Head of Audit for the ELGAP shall be known as the HIA.

3.2 Ethics and Professionalism

3.2.1 The HIA will ensure that internal auditors:

- Conform with the GIAS, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Adhere to the ELGAP's Code of Ethics and Conduct Policy.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organisation and be able to recognize conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organisation.
- Report organisational behaviour that is inconsistent with the organisation's ethical expectations, as described in applicable policies and procedures.

3.2.2 If certain part of the Standards is prohibited by law or regulation from conformance, the HIA will ensure appropriate disclosures and conformance with all other parts of the Standards.

3.2.3 If the Standards are used in conjunction with requirements issued by regulator, the HIA shall ensure that the IA Activity conforms to the Standards, even if such activity also conforms to the more restrictive requirements of regulators.

3.3 Objectivity

3.3.1 The HIA will ensure that the IA function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the HIA determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

3.3.2 Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

3.3.3 Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for ELGAP or its affiliates.
- Initiating or approving transactions external to the IA function.
- Directing the activities of any ELGAP employee that is not employed by the IA function, except to the extent that such employees have been appropriately assigned to IA teams or to assist internal auditors.

3.3.4 Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the HIA, ACB, Management, or others.
- Exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
- Make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

3.3.5 All auditing endeavours are conducted in compliance with the relevant policies and guidelines issued by the regulators on IA as well as relevant ELGAP's policies and procedures, unless such policies and procedures conflict with the IA Charter. Any such conflicts will be resolved or otherwise communicated to Senior Management and the ACB where required.

3.4 **Managing the IA Function**

3.4.1 The HIA the responsibility to:

- Develop a risk-based Annual Audit Plan ("AAP") by taking into consideration the ELGAP's business expansion plan as well as inputs from Senior Management, and the ACB, and submit the AAP to the ACB for review and approval.
- Ensure the AAP remains agile and relevant where pertinent changes are made timely in consideration of the emerging risks from the rapid changes in the business, risks, operations, programmes, systems and controls, and in response to the requests from the regulators, ACB, Board, EIH Board, and Maybank Group ACB, including the Senior

Management and/or regulators. Such changes are to be communicated to the ACB for approval.

- Communicate the internal audit activity's plan and resource requirements, including significant interim changes as well as the impact of resource limitation to Senior Management and the ACB.
- Ensure IA engagements are performed, documented, and communicated in accordance with the GIAS.
- Communicate the results of IA reviews to Senior Management and the ACB. The communication may include Management's response and corrective action taken or to be taken to address the control weaknesses, including the root causes within the committed timeline.
- Ensure the IA function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the GIAS and fulfil the IA Mandate.
- Identify and consider trends and emerging issues which may significantly impact ELGAP and communicate to Senior Management and the ACB, where appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the IA function.
- Ensure adherence to ELGAP's relevant policies and procedures unless such policies and procedures conflict with the IA Charter or the GIAS. Any such conflicts will be resolved or documented and communicated to Senior Management and the ACB.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the HIA cannot achieve an appropriate level of coordination, the issue must be communicated to Senior Management and if necessary escalated to the ACB.
- Collaborate with other control and monitoring functions to deliberate emerging and common issues/concerns which potentially could be systemic throughout and formulate the corresponding mitigation action plans.
- Consider the scope of work of the external auditors, when determining the IA activities to ensure optimal audit coverage for ELGAP.
- Ensure implementation of the Quality Assurance and Improvement Programme ("QAIP") and align to the overall programme of Maybank Group Audit's QAIP that covers all aspects of the IA function, as established by the GCAE.

3.5 Communication with the ACB

- 3.5.1 The HIA will report periodically to ACB regarding:
- The AAP and budget and significant revisions.
 - Changes potentially affecting the mandate and charter.
 - Potential impairments to independence.
 - Results of IA services
 - Results from the quality assurance and improvement programme

3.6 Quality Assurance and Improvement Programme

- 3.6.1 Maybank Group Audit will develop, implement, and maintain a QAIP that covers all aspects of the IA function. The programme will include external and internal assessments of the IA function's conformance with the GIAS, as well as performance measurement to assess the IA function's progress toward the achievement of its objectives and promotion of continuous improvement. The programme also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the IA function's deficiencies and opportunities for improvement.
- 3.6.2 Internal assessment is performed by an independent Quality Assurance team within Maybank Group Audit under the direct supervision of the GCAE while the external quality assessment is conducted by a qualified independent assessor at least once every five (5) years; qualifications must include at least one assessor holding an active Certified Internal Auditor® credential. The result for both internal and external assessment will be communicated to the ACB.

4 SCOPE AND TYPES OF IA SERVICES

- 4.1 The scope of IA services covers the entire breadth of the organisation, including all ELGAP activities, assets, and personnel.
- 4.2 The nature and scope of advisory services may be agreed with the party requesting the service, provided the IA function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

- 4.3 The IA scope of work encompasses, but is not limited to:
- Evaluating risk exposure relating to the business and operational strategies.
 - Reviewing and evaluating the integration of sustainability consideration and its underlying environmental, social as well as governance (“ESG”) issues in the day-to-day operations of ELGAP in line with the Group’s sustainability strategies and plans.
 - Examining and evaluating the adequacy and effectiveness of governance processes, risk management, internal controls and the quality of performance.
 - Reviewing and evaluating the level of compliance with relevant legal, regulatory and internal policy requirements.
 - Evaluating the adequacy and effectiveness of the system of assessing its capital in relation to its estimate of risk.
 - Evaluating the reliability, integrity and timeliness of the regulatory reporting, accounting records, financial reports and management information.
 - Evaluating the reliability, integrity, and continuity of the information system and technology, payment systems and electronic delivery channels.
 - Evaluating the means of safeguarding assets and, as appropriate, verifying the existence and utilisation of such assets.
 - Following-up with Management on actions taken in response to audit findings as well as the implementation of audit recommendations.
 - Reviewing and evaluating third parties’ operations and activities (where the right-to-audit is formally provided for) to ensure that adequate and effective controls are established in managing the activities, if any. [See Note 1]
 - Expressing an opinion on the effectiveness of and adherence to the organisational and procedural controls as well as applicable laws and regulations.
- 4.4 IA is to provide independent and objective consultative reviews over the implementation of new initiatives which amongst others, includes new business initiatives, new system implementation; and new product introduction or other advisory and related services where IA can add value and assist to improve the business operations.
- 4.5 IA is to conduct ad-hoc assignment or perform any other special tasks requested by the Board of Directors via the ACB, EIH Board, or the Senior Management, from time to time. The results of such reviews will be communicated to the ACB, Board, EIH Board or the Senior Management, where appropriate.


¹ A third party is an external individual, group or entity with whom the organisation establishes a business relationship to obtain products or services, formalised through a contract, agreement, or other means, where the right-to-audit is defined.

- 4.6 Apart from the general scope of audit, IA may be required to conduct investigation on suspected irregularity or fraudulent activities and to report to EIH IAC, ACB, Board, and Maybank Group ACB, where appropriate, the results of such investigations.



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