



## **Audit Committee Charter**

### **I. Mandate**

Alternergy Holdings Corporation (the Company), under the guidance of SEC Code of Corporate Governance for Publicly-Listed Companies, has established its Audit Committee, whose powers, duties, and responsibilities are set forth in this charter.

The Audit Committee (the Committee) shall enhance the Board's oversight capability over Alternergy Holdings Corporation and its subsidiaries and affiliates' (the Group) financial reporting, internal control system, internal and external audit functions and processes, compliance with applicable laws, regulations, adherence to agreements with external parties; and over the observance of the Group's policy on business conduct and ethics.

The Committee shall assist both the Board and the Management by providing advice and guidance on the adequacy and effectiveness of the internal control system, Management's practices, including potential improvements to such practices, through the audit, assurance, and compliance functions at its disposal.

The Committee shall be provided with adequate means and resources to effectively discharge its functions. It shall have explicit authority to conduct an inquiry into any matter within its scope. It shall have full discretion to invite any director or executive officer to attend meetings and full access to and cooperation by Management.

### **II. Committee Membership**

#### **Composition**

The Committee shall be composed of at least three (3) appropriately qualified directors, the majority of whom, including the Chairperson, shall be independent directors, provided, that the chairperson of the Committee shall not be a chairperson of the Board of Directors or any other Board-level committees.

All the members of the committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. Each member shall have adequate understanding at least, or competence at most, of the Group's financial management systems and environment.

## **Appointment**

Committee appointments shall be approved annually by the Board of Directors upon the recommendation of the Corporate Governance Committee. The Committee Chairperson shall be selected by the Board of Directors from those recommended by the Corporate Governance Committee.

### **III. Frequency, General Timing, and Procedures of Meetings**

The Committee shall meet at least quarterly, with the Chairperson having the authority to convene additional meetings as may be required.

The Committee members are requested to attend every meeting. The Committee may request members of the Board, Management, Legal Counsel, Internal Audit, External Auditors, and/or other functional groups of the Company, as applicable, to participate in committee meetings, as necessary, to carry out the Committee responsibilities.

The meeting agenda shall be prepared and provided in advance to the Audit Committee members, along with appropriate briefing materials. The Chairperson of the Committee shall have the responsibility of preparing the meeting agenda, with input from the Committee members, Management, Chief Audit Executive, and/or Committee advisors. The minutes of the meeting shall be prepared and routed promptly.

The Committee shall communicate its expectations, and the nature, timing, and extent of information needs to Management, Internal Audit, and external parties, including External Auditors. Written materials, including key performance indicators and measures related to key business and financial risks, shall be received from Management, Auditors, and others at least three days in advance of meeting dates.

Periodically, and at least annually, the Committee shall meet in private session with the Internal and External Audit, separately, with only the Committee members present. The Internal Audit, External Audit, or Legal Counsel may, at any time, request a meeting with the Committee or Committee Chairperson with or without Management attendance.

The Committee shall meet periodically with the Board without the presence of the Chief Executive Officer.

### **IV. Duties and Responsibilities**

#### **A. Financial Reporting**

- Oversee the integrity of the Group's financial statements and the Group's accounting and financial reporting processes.
- Oversee the Group's system of disclosure controls and procedures, and internal controls over financial reporting.
- Oversee the Group's compliance with the Philippine Financial Reporting Standards (PFRS) and the Philippine Accounting Standards (PAS) in its accounting system, and the observance of international best practices in its accounting policies and procedures.
- Review, assess, and approve any changes in accounting principles and the application thereof in both interim and annual financial statements.

- Review, assess, and approve the interim and annual financial statements before submission to the Board, and in advance of regulatory filings or distributions.
- Review and assess the going concern assumptions of the Group.
- Review and assess compliance with tax requirements.

**B. Internal Controls**

- Oversee Management's development of the overall Internal Control Framework that would assist the Group in efficiently and effectively managing risk to acceptable levels, and in support of sound decision-making and governance.
- Monitor and evaluate the adequacy and effectiveness of the Group's internal control systems that i) safeguard the Group's resources and ensure their effective utilization, ii) prevent and detect occurrence of fraud and other irregularities, iii) protect the accuracy and reliability of the Group's financial data, iv) ensure compliance with applicable laws and regulations and v) ensure compliance with the Group's policy on business conduct and ethics;
- Oversee policies and procedures on whistleblowing, for the handling of complaints or reports regarding questionable or fraudulent acts regarding regulatory compliance, accounting, internal controls or audit matters, ensuring the confidential submission by Group's associates or external parties, as well as their protection from potential retaliation.

**C. Internal Audit Function**

- Discuss with the Chief Audit Executive and with the Group's Management the appropriate authority, role, responsibilities, scope, and services of the Internal Audit function.
- Review the Internal Audit plan to ensure its conformity with the objectives of the Group. The plan shall include the audit scope, resources, and budget necessary to implement it; Periodically make inquiries with the Management and the Chief Audit Executive on the appropriateness of scope and resource allocations.
- Review and recommend to the Board the appointment, remuneration, replacement and/or removal of the Chief Audit Executive; At least annually, review the performance of the Chief Audit Executive.
- Establish and oversee an Internal Audit Function which shall have such number of personnel as may be necessary; Review periodically the effectiveness of the Internal Audit function.
- Ensure internal auditors are given unrestricted access to all data, records, information, physical property, and personnel to perform their functions.
- Review reports submitted by Internal Audit; Resolve any disagreement between Management and Internal Audit in relation to outcomes of Internal Audit engagements.
- Review and monitor management's responsiveness to the Internal Audit's observations and recommendations.
- Review and approve the terms and conditions for outsourcing Internal Audit activities or services. In case of a fully outsourced Internal Audit Function, a qualified independent executive or senior management personnel will be assigned responsibility for managing the fully outsourced Internal Audit function.

**D. External Audit Function**

- Review and recommend for approval the criteria and procedures for the selection, appointment, performance evaluation, and, if appropriate, the termination of services of the external auditor.

- Review the qualifications of the external auditor for their competence, integrity, and independence, taking into consideration the relevant Philippine professional and regulatory requirements. The external auditor must be duly accredited by the Securities and Exchange Commission, credible, competent, and has the ability to understand complex transactions, including related-party transactions and valuation of such transactions.
- Subject to the approval of the Board and ratification of the shareholders of the Alternergy Holdings Corporation, recommend to the Board the approval, appointment, reappointment, or removal of the external auditor. In case of removal or change, the reasons therefor shall be disclosed to the appropriate regulators and the public through the Group's website and other required disclosure venues.
- Review of all fees and terms of engagement of the external auditor, as well as its endorsement to the Board for approval.
- Ensure external auditors are given unrestricted access to all data, records, information, physical property, and personnel to perform their functions.
- Before the commencement of the audit, require the external auditor to explain the nature, scope, approach, quality control, and fees of the audit, and ensure the proper coordination if more than one audit firm is involved in the activity, or with Internal Audit.
- Before presentation to the Board, review the draft audited financial statements made by external auditors who shall explain generally how the audit was conducted, its quality control principles and procedures, material findings and exceptions, and other matters that need to be addressed.
- Review with the External Auditors any audit problems or difficulties and Management's response thereto.
- Review the disposition of the recommendations in the external auditor's management letter.
- Review and monitor the external auditor's suitability and effectiveness on an annual basis.
- Evaluate and determine the non-audit work, if any, of the external auditor, and periodically review the non-audit fees paid to the external auditor in relation to the total fees paid to him and to the Group's overall consultancy expenses. The Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Group's Annual Report and Annual Corporate Governance Report.

E. Legal and Regulatory Compliance

- Provide oversight capability on the Company's legal and regulatory compliance and responsibility, to ensure that the necessary actions are taken to address any legal and regulatory compliance risks.
- Monitor compliance requirements by SEC, BIR, DOE, ERC, PSE, and other regulatory authorities.
- Review and assess the results of examinations by SEC, BIR, DOE, ERC, and other regulatory authorities in terms of important findings, recommendations, and Management response.
- Periodically review and assess the effectiveness of the Compliance function of the Group.

F. Risk Management

- In coordination with the Risk Oversight Committee, provide oversight over Management's activities in managing credit, market, liquidity, operational, legal, and other risks of the

Company. This function shall include regular receipt from Management of information on risk exposures and risk management activities;

G. Material Related Party Transactions

- Review and assess the effectiveness of processes and controls governing material related-party transactions

**V. Internal Audit Function**

The purpose of the Internal Audit Function (IA) is to strengthen Alternergy Holdings Corporation (the Company), its subsidiaries, and affiliates' (collectively, the Group) ability to create, protect, and sustain value by providing the Board and the Management with independent, risk-based, and objective assurance, advice, insight, and foresight. It assists the Group in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the Group's risk management, control, and governance processes, with respect to the Group's policies and procedures, applicable laws and regulations, and any agreements with external partners of the Group.

**a. Commitment to the Global Internal Audit Standards**

The Group's IA shall adhere to the mandatory elements of GIAS. The Chief Audit Executive shall report annually to the Audit Committee and to the Management regarding its conformance with the Standards.

**b. Mandate and Authority**

The Company, under the guidance of SEC Code of Corporate Governance for Publicly-Listed Companies, establishes the Group's Internal Audit Function, whose powers, duties, and responsibilities are set forth in this charter.

The Audit Committee grants the IA the authority to provide the Audit Committee and the Management with independent reasonable, and objective assurance, advice, insight, and foresight.

The IA's authority is created by its direct reporting relationship to the Audit Committee. The Audit Committee authorizes IA to:

- Have full, free, and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out IA responsibilities, with strict accountability for confidentiality and safeguarding of records and information.
- Allocate resources, set frequencies, select subjects, determine scope of work, apply techniques, and issue communications to accomplish IA's objectives.
- Obtain assistance from the Group's personnel and other specialized services from within or outside the Group to complete IA activities, with any outsourcing activity subject to the approval of the Audit Committee.

**c. Independence and Objectivity, Organizational Position, and Reporting Relationships**

IA shall be positioned independently, with direct accountability to the Audit Committee.

The Chief Audit Executive shall report functionally to the Audit Committee and administratively to the President or the Chairman of the Organization. It shall be positioned at a level in the organization that enables IA services and responsibilities to be performed without interference from Management.

The Chief Audit Executive shall ensure that IA 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. The Chief Audit Executive shall disclose any significant interference or objectivity impairment, in fact or appearance, to the Audit Committee.

Internal auditors shall maintain an unbiased mental attitude that will allow 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.

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

Internal auditors shall exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. They shall make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments. Internal auditors shall disclose any impairments of independence or objectivity, in fact or appearance, to the Chief Audit Executive.

#### **d. Chief Audit Executive Duties and Responsibilities**

The Chief Audit Executive is responsible for managing the IA activities of the Group. S/he shall have the necessary qualifications as set forth in the Job Description for the Chief Audit Executive.

The Chief Audit Executive, in the discharge of her/his duties, shall be responsible/accountable for the following:

1. Governance and Risk Management
  - Ensure adherence to the Group's policies and procedures. Conflicts between the Group's policies and procedures and the GIAS shall be communicated and discussed with the Management and the Audit Committee.
  - Monitor the Group's compliance with all internal policies and procedures, laws and regulations, and the Group's policy on business conduct and ethics.
  - Identify and consider trends and emerging issues that could impact the Group and communicate to the Management and to the Audit Committee as appropriate.
2. Internal Audit Team
  - Establish the IA team through internal resourcing or outsourcing of individual team members from competent and reputable service providers, or a combination of both.
  - Develop IA policies, standards, guidelines and manual that meets the needs of the Business.
  - Ensure that internal auditors conform with the GIAS, including the principles of ethics and professionalism: integrity, objectivity, competency, due professional care, and confidentiality.

- Ensure that internal auditors understand, respect, meet, and contribute to the legitimate and ethical expectations of the organization and be able to recognize conduct that is contrary to those expectations.
- Ensure that internal auditors encourage and promote ethics-based culture in the organization.
- Ensure that IA collectively possesses or obtains the knowledge, skills, and other competencies and qualifications necessary to meet the requirements of the GIAS and fulfill the IA mandate.
- Ensure that internal auditors report organizational behavior that is inconsistent with the organization's ethical expectations, as described in applicable policies and procedures.
- Periodically evaluate the work performance of the IA team and report the same to the Audit Committee.
- Develop a quality assurance and improvement program that covers all aspects of the IA Function, and continuously monitor its effectiveness.
- Identify and consider emerging trends and successful practices in Internal Auditing.

### 3. Audit Plan and Audit Engagements

- At least annually, develop a flexible, risk-based audit plan that considers the input of the Audit Committee and the Management; Discuss the plan with the Management prior to submitting to the Audit Committee for their review and approval.
- Review and adjust the audit plan, as necessary, in response to the changes in the Group's business, risks, operations, programs, systems, and controls. Changes to the plan should be communicated with the Management, and with the Audit Committee for approval.
- Implement the annual audit plan, as approved, including, as appropriate, any special tasks or projects requested by the Audit Committee and/or Management.
- Ensure IA engagements are performed, documented, and communicated in accordance with the GIAS.
- Examine and evaluate the adequacy and effectiveness of the organization's 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.
- Provide objective assessment and report significant issues and potential improvements on the adequacy and effectiveness of the Group's processes for controlling its activities and managing risks.
- Follow-up on engagement findings and confirm the implementation of recommendations or action plans.

4. Whistleblowing and Fraud

- Conduct fraud investigations as requested by the Management, the Audit Committee, or based on whistleblowing or discovery through its own audit engagements.
- Act as witness should the audit investigation require the Group to file legal cases with the proper court against entities deemed responsible for fraudulent activities.
- Assist the Audit Committee in carrying out its responsibilities under the Organization's Whistleblowing Policy.

5. Administrative

- Represent IA in any organizational project teams and cross-functional meetings.
- Perform administrative functions relevant to and as needed for IA.

**e. Communication with the Audit Committee and the Management**

The Chief Audit Executive shall be responsible for the timely communication to the Audit Committee and to the Management of the following:

- IA mandate
- The GIAS and its requirements
- IA plan and performance relative to its plan, as well as revisions to the same
- IA budget and resource requirements, as well as revisions to the same
- Potential impairments to independence, including relevant disclosures, as applicable.
- Significant risk exposures and control issues
- Audit reports from the performance of audit services
- Management's responses to risk that IA may determine to be unacceptable or acceptance of said risk is beyond the Group's risk appetite.
- Results from the Quality Assurance and Improvement Program and its state of conformance with the GIAS.
- Annual written attestation on the soundness of the Company's internal controls and compliance system.

**f. Scope and Types of Internal Audit Services**

The scope of IA services covers the entire breadth of the Group, including all activities, assets, and personnel. The scope of IA activities also include, but not limited to, objective examinations of evidence to provide independent assurance and advisory services to the Audit Committee and to the Management on the adequacy and effectiveness of governance, risk management, and control processes.

The nature and scope of advisory services may be agreed with the party requesting the service, provided IA does not assume management responsibility. Provision of such service shall be without prejudice to IA's ability to be not conflicted or constrained from rendering its independent and objective audit findings in the performance of its work. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities shall be communicated to Management.

## **VI. Reporting**

The Committee, through the Chairperson, shall report periodically, as deemed necessary, but at least annually, to the Board. In addition, summarized minutes from committee meetings, separately identifying monitoring activities from approvals, shall be made available to each board member.

The Committee shall require the Company's CEO and Chief Audit Executive to provide, on an annual basis, a written attestation to the Board of Directors, on the soundness of the Company's internal controls and compliance system.

## **VII. Performance Evaluation**

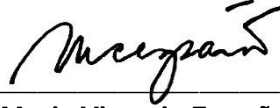
The Audit Committee shall review its performance annually with respect to the fulfillment of its functions and responsibilities as mandated in this Charter.

## **VIII. Charter Review, Approval, and Effectivity**

This Charter shall be reviewed annually by the Committee and shall not be amended, altered, or varied unless such amendment, alteration, or variation is approved by a resolution from the Board of Directors.

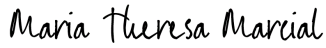
This Charter shall take effect immediately upon approval by the Board.

Reviewed by:



**Maria Victoria España**  
Chairwoman, Audit Committee

Signed by:



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**Maria Theresa Dela Peña Marcial**  
Member

Signed by:

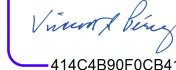


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**Eduardo Martinez Miranda**  
Member

Approved by the Board of Directors this 12<sup>th</sup> day of February, 2026

Signed by:



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**Vicente S. Pérez**  
Chairman of the Board.