

WILCON DEPOT, INC.
INTERNAL AUDIT CHARTER
Revised on November 10, 2017

INTRODUCTION

The Internal Audit Charter defines the purpose, authority, responsibility, and reporting relationships of the internal audit activity of Wilcon Depot, Inc. (WDI or the “Company”).

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 WDI. It assists the Company in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the Company's governance, risk management, and internal control.

This revised internal activity charter was updated to include provisions included in the Securities and Exchange Commission’s Memorandum Circular (the Circular) No. 19, Series of 2016, on the Code of Corporate Governance for Publicly-Listed Companies issued on November 22, 2016 with effectivity date on January 01, 2017, and the Company’s Revised Corporate Governance Manual, which was approved by the WDI Board and took effect on May 22, 2017.

ROLE

The internal audit activity is established by the Board of Directors, Audit Committee, or highest level of governing body (hereafter referred to as the Board). The internal audit activity’s responsibilities are defined by the Board as part of their oversight role.

Internal audit provides reasonable assurance on the effectiveness of the Company’s governance, risk management and control functions by performing independent and objective reviews of the adequacy and effectiveness of internal control system, integrity of financial reporting, security of physical and information assets, and compliance with applicable laws and regulations.

Advisory and related audit client service activities can also be provided by Internal Audit, the nature and scope of which are agreed with the audit client, and are intended to add value and improve the Company’s governance, risk management, and control processes without assuming management’s responsibility.

PROFESSIONALISM

The internal audit activity 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 activity will adhere to the Company’s relevant policies and procedures and the internal audit activity's standard operating procedures manual.

AUTHORITY

The internal audit activity, with strict accountability for confidentiality and safeguarding records and information, is authorized full, free, and unrestricted access to any and all of the Company records, physical properties, and personnel pertinent to carrying out any engagement. All employees are

requested to assist the internal audit activity in fulfilling its roles and responsibilities. The internal audit activity will also have free and unrestricted access to the Board.

ORGANIZATION

The Chief Audit Executive (or the head of the internal audit) will report functionally to the Audit Committee of the Board and administratively (i.e. day to day operations) to the Chief Executive Officer.

The Audit Committee of the Board will:

- Recommend the approval of the internal audit charter.
- Approve the risk based internal audit plan.
- Approve the internal audit budget and resource plan.
- Receive communications from the Chief Audit Executive on the internal audit activity's performance relative to its plan and other matters.
- Recommend the appointment and removal of the Chief Audit Executive.
- Approve the remuneration of the Chief Audit Executive.
- Make appropriate inquiries of management and the Chief Audit Executive to determine whether there is inappropriate scope or resource limitations.
- Approve the terms and conditions for outsourcing internal audit services.
- Review and monitor management's responsiveness to Internal Audit's findings and recommendations.

The Chief Audit Executive will communicate and interact directly with the Board, including in executive sessions and between Board meetings as appropriate.

The following are the responsibilities of the Chief Audit Executive, among others:

- Periodically reviews the internal audit charter and presents it to senior management and the Audit Committee for approval.
- Establishes 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.
- Communicates 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.
- Spearheads the performance of the internal audit activity to ensure it adds value to the organization.
- Reports periodically to the Audit Committee on the internal audit activity's performance relative to its plan.
- Presents findings and recommendations to the Audit Committee and gives advice to senior management and the Board on how to improve internal processes.

INDEPENDENCE AND OBJECTIVITY

The internal audit activity will remain free from interference by any element in the Company, 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 Chief Audit Executive will confirm to the Audit Committee and the Board, 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 Company's governance, risk management, and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the Company's stated goals and objectives. This includes:

- Evaluating risk exposures relating to achievement of the Company'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 Company.
- 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 Company's risk management processes.
- Evaluating the quality of performance of external auditors and the degree of coordination with internal audit.
- Performing consulting and advisory services related to governance, risk management and control as appropriate for the Company.
- 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 Audit Committee and the Board.
- Evaluating specific operations at the request of the management, Audit Committee or the Board, as appropriate.

The following specific functions, among others, shall also be performed by internal audit:

- Provides 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 (i) promoting the right values and ethics, (ii) ensuring effective performance management and accounting in the organization, (iii) communicating risk and control information, and (iv) coordinating the activities and information among the Board, external and internal auditors, and Management;
- Performs regular and special audits as contained in the annual audit plan and/or based on the Company's risk assessment;
- Performs compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization;
- Reviews, audits and assesses the efficiency and effectiveness of the internal control system of all areas of the company; and
- Evaluates 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.

INTERNAL AUDIT PLAN

At least annually, the Chief Audit Executive 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 Chief Audit Executive 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 Chief Audit Executive will review and adjust the plan, as necessary, in response to changes in the Company'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 Chief Audit Executive 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.

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 (i.e. within thirty days) 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 Chief Audit Executive 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 Board.

QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

The internal audit activity 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 Chief Audit Executive 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.

Furthermore, the Internal Audit Charter shall be periodically reviewed and revised as necessary to ensure continued viability with the Company's organizational structure.

Wilcon Depot, Inc.
Internal Audit Charter

Prepared by:



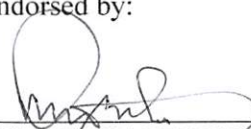
MR. LAURO D.G. FRANCISCO
Internal Audit Head

Endorsed by:



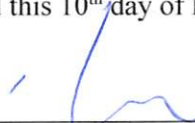
MR. RICARDO S. PASCUA
Chairman of the Audit Committee

Endorsed by:



MS. LORRAINE BELO-CINCOCHAN
President & Chief Executive Officer

Approved this 10th day of November, 2017.



MR. BERTRAM B. LIM
Chairman of the Board