



**AUDIT COMMITTEE CHARTER
WATERFRONT PHILIPPINES, INCORPORATED**

1. PURPOSE

The Audit Committee is responsible for overseeing management’s establishment of an adequate and effective internal control framework. It ensures systems provide assurance for financial reporting, regulatory compliance, and the safeguarding of assets.

2. MEMBERSHIP AND QUALIFICATIONS

a. Composition

The Committee shall be composed of at least three (3) members of the Board of Directors, at least one (1) of whom shall be an independent director.

All members shall be Non-Executive Directors. *For avoidance of doubt*, Non- Executive Directors means a director who has no executive responsibility and does not perform any work related to the operations of the Company.

b. Qualification

Each member of the Committee shall have the qualifications and none of the disqualifications of a Director, as stated by the By-Laws.

Further, each member of the Audit Committee shall have an adequate understanding, at least, or competence at most, of the Company’s financial management systems and environment.

Committee Composition Matrix

No.	Member Slot	Board Status	Executive Status	Independence	Special Skills Required?
1	Member 1 (Chairman)	Board Director	Non-Executive	Independent	Yes (Accounting/Audit/Finance Background)
2	Member 2	Board Director	Non-Executive	Independent	Recommended (Financial management competence)

3	Member 3	Board Director	Non-Executive	Any (Regular or Independent)	Recommended (Financial management competence)
---	----------	----------------	---------------	------------------------------	---

DUTIES AND RESPONSIBILITIES

- a) Perform oversight functions over the Company’s internal and external auditors. The Committee shall ensure that internal and external auditors act independently from each other and that both are given unrestricted access to all records, properties, and personnel to enable them to perform their respective audit functions.
- b) The Audit Committee shall recommend the appointment, reappointment, removal, and fees of the external auditor. These recommendations shall be approved by the Board and ratified by the shareholders.
- c) For the removal of the external auditor, the reasons for removal or change should be disclosed to the regulators and the public through the company website and required disclosures.
- d) The Committee shall review and assess the integrity and independence of external auditors, exercising effective oversight to monitor their objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. This review of suitability and effectiveness shall be conducted on an annual basis.
- e) Review and approve the annual internal audit plan to support the attainment of the objectives of the Company. The plan shall include the audit scope, resources, and budget necessary to implement it.
- f) Prior to the commencement of the audit, discuss with the external auditor the nature, scope, and expenses of the audit, and ensure proper coordination if more than one (1) audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts.
- g) Organize an internal audit department and consider the appointment of an independent internal auditor as well as an independent external auditor, and the terms and conditions of their engagement and removal.

- h) Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security.
- i) Review the reports submitted by the internal and external auditors.
- j) Review the completeness, accuracy, and fairness of the quarterly, half- year, and annual financial statements before their submission to the Board or regulators, with particular focus on the following matters:
 - i. Any change/s in accounting principles and practices;
 - ii. Major judgmental areas;
 - iii. Significant adjustments resulting from the audit;
 - iv. Going concern assumptions;
 - v. Compliance with accounting standards;
 - vi. Compliance with tax, legal, and regulatory requirements.
 - vii. Coordinate, monitor, and facilitate compliance with laws, rules, and regulations.
 - viii. Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses. The Audit Committee shall disallow any non-audit work that will conflict with its duties as an external auditor or may pose a threat to its independence. Any allowed non- audit work should be disclosed in the Company's annual report.
 - ix. Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. Establish and identify the reporting line of the Internal Auditor to enable them to properly fulfill their duties and responsibilities. **The Internal Auditor (or Chief Audit Executive) shall report functionally to the Audit Committee and administratively to the President.** The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.
 - x. Elevate to international standards the accounting and auditing processes, practices, and methodologies.
 - xi. Perform such other duties and responsibilities as may be provided in the Audit Committee Charter.

- xii. The Audit Committee shall meet quarterly and as often as may be necessary.
- xiii. **The Committee shall coordinate with the Board Risk Management Committee, as it deems necessary, to ensure that financial and compliance risks identified are adequately covered by the annual audit plan.**

3. APPOINTMENT AND REMOVAL

a) Appointment

The Chairman and members are appointed by a majority vote of the Board constituting a quorum during the Organizational Board Meeting or to fill a vacancy during any Board meeting. Membership is reviewed annually following the stockholders' meeting.

b) Removal

The Chairman and members may be removed from the Committee by a majority vote of the Board.

4. STRUCTURE AND OPERATIONS

a) Meetings and Quorum

Frequency and Call a Meeting

The Committee shall meet quarterly and as often as may be necessary. The Chairman, any Committee member, or the Corporate Secretary may call a meeting.

Quorum

Attendance of at least two (2) members shall constitute a quorum. Actions require the affirmative vote of a majority of members present.

Presiding Officer

The Chairman shall preside. In their absence, the members present shall elect an acting Chairman for that meeting.

b) Administration

Role of the Corporate Secretary

The Company's Corporate Secretary shall serve as the secretary of the Committee.

Notice

Notice of date, time, venue, and agenda shall be provided to members at least two (2) working days prior to the meeting.

Records

The Corporate Secretary shall keep full minutes. Drafts shall be sent to members for comment. All records shall be available to any Director upon request.

Attendees

At least once a year, or as the Committee deems necessary, the Committee shall meet with the external auditor and the internal auditor in separate executive sessions without any members of management present. These sessions shall discuss matters that the auditors believe should be discussed privately.

5. AUTHORITY AND ACCESS

a) Access to Resources

The Committee shall have full access to management, personnel, and records of the Company and its subsidiaries.

b) Independent Advice

The Committee may obtain external legal counsel or independent professional advice as necessary. The Company shall provide sufficient resources for these purposes.

c) Investigation

The Committee has the authority to conduct or order investigations into any matter within its scope. All employees and Directors are enjoined to cooperate without interference or censorship by management.

Waterfront Philippines Inc.
Waterfront Manila Hotel & Casino
United Nations Avenue corner Ma. Orosa St.
Manila 1000 Philippines
Tel.: (63-2) 8526-1212
Email: corporateoffice@waterfronthotels.net

Website: www.waterfronthotels.com.ph
Central Reservations: 1-800-10-9376688