



CHARTER OF THE INTERNAL AUDIT DEPARTMENT

INTRODUCTION

The charter of the 2GO Internal Audit Department (IAD) has been developed to clearly establish the purpose, authority and responsibilities of its internal audit activities.

It also provides the basis for 2GO Group management and the Audit Committee to use in evaluating the operation and performance of the 2GO Internal Audit activities. The Chief Audit Executive (CAE) should periodically assess whether the purpose, authority and responsibilities, as defined in the charter, continue to be adequate to enable the internal audit activities accomplish its objectives. The results of this periodic assessment should be communicated to 2GO Group senior management and the Audit Committee.

POLICY STATEMENT

It is the policy of 2GO Group, Inc. to provide an internal auditing organization to assist management and the Board of Directors in the evaluation of the effectiveness of risk management processes, control processes, and governance processes of the organization.

PROFESSIONAL STANDARDS AND CODE OF ETHICS

The 2GO IAD auditors shall govern themselves by adherence to The Institute of Internal Auditor's International Standards of the Professional Practice of Internal Auditing (ISPPIA) and the Code of Ethics.

ORGANIZATIONAL INDEPENDENCE AND OBJECTIVITY

The 2GO IAD auditors must be independent of the activities they audit and avoid conflict of interests. Such independence permits each IAD auditors to perform their work freely and objectively. The 2GO IAD auditors need to maintain an objective, impartial and unbiased mental attitude, not subordinating their judgment on audit matters to others. They need the support of senior management and the Audit Committee so that they can gain cooperation of audit customers and perform their work free from interference.



To achieve the independence of 2GO IAD, the Chief Audit Executive shall report functionally to the Audit Committee of the Board of Directors and administratively to the President and Chief Executive Officer.

SCOPE OF WORK

The scope of work of the 2GO IAD is to determine whether the 2GO Group, Inc.'s network of governance, risk management, and control processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed.
- Interaction with the various governance groups occurs as needed.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.
- Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations.
- Resources are acquired economically, used efficiently, and adequately protected.
- Programs, plans, and objectives are achieved.
- Quality and continuous improvement are fostered in 2GO's control process.
- Significant legislative or regulatory issues impacting 2GO is recognized and addressed appropriately.

Opportunities for improving management control, profitability, and 2GO's image may be identified during audits. This will be communicated to the appropriate level of management.

NATURE OF WORK

A. Assurance Services

Assurance services involve 2GO auditor's objective examination of evidence for the purpose of providing an independent assessment on governance, risk management and control processes of 2GO.

B. Consulting Services

Consulting services advisory and related client service activities, the nature and scope of which are agreed upon with the client, and are intended to add value and improve 2GO's operations. The 2GO IAD auditors may conduct consulting activities as part of their normal or routine activities as well as in response to request by 2GO management. Consulting services may include counsel, advice, facilitation, process design and training. When performing consulting services, the 2GO IAD auditor should maintain objectivity and not assume management responsibility.



The CAE, in the discharge of his duties, shall be accountable to 2GO Management and Audit Committee to:

- Provide assessment on the adequacy and effectiveness of 2GO's processes for controlling its activities and managing its risks in the areas set forth under the mission and scope of work.
- Report significant issues related to the processes for controlling the activities of 2GO and its affiliates including potential improvements to those processes, and provide information concerning such issues through resolution.
- Provide information periodically on the status and results of the annual audit plan and the sufficiency of 2GO IAD resources.
- Issue periodic reports to the Audit Committee and 2GO management summarizing the results of audit activities. The CAE shall submit to the Audit Committee and the President and CEO a quarterly summary report of the accomplishments of the 2GO Internal Audit Department.
- Coordinate with and provide oversight of other control and monitoring functions (e.g. risk management, compliance, safety and environmental, security, legal, ethics, and external audit).

RESPONSIBILITY

The CAE and staff of the IAD have the following responsibilities:

- Develop a flexible annual audit plan using an appropriate risk-based methodology to determine the priorities of the internal audit activities and submit that plan to the Audit Committee for review and approval as well as periodic updates.
- Implement the annual audit plan, as approved, including as appropriate, any special tasks or projects requested by 2GO management and the Audit Committee.
- Maintain a professional audit staff with sufficient knowledge, skills, experience and professional certifications (CPA, CIA, CISA, etc.) to meet the requirements of the 2GO IAD Charter.
- Evaluate and assess significant merging consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.
- Issue periodic report to the Audit Committee and 2GO management summarizing results of audit activities.
- Keep the Audit Committee informed of emerging trends and successful practices in internal auditing.
- Provide a list of significant measurement goals and results to the Audit Committee.



- Assist in the investigation of significant suspected fraudulent activities within 2GO and notify 2GO management and the Audit Committee of the results.
- Consider the scope of work of the external auditors and regulators, as appropriate for the purpose of providing optimal audit coverage to 2GO at a reasonable overall cost.

QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

The CAE should develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity and continuously monitor its effectiveness. The program includes appropriate supervision, periodic internal assessments and ongoing monitoring of quality assurance, and external assessments. This program provides reasonable assurance that 2GO IAD activity:

- Performs in accordance with the Charter;
- Adheres to the Standards and Code of Ethics;
- Operates in an effective and efficient manner; and
- Is perceived by the Audit Committee and 2GO management as adding value and improving an organization's operations.

AUTHORITY

The CAE and the staff of 2GO IAD are authorized to:

- Have unrestricted access to all functions, records, property, and personnel.
- Have full and free access to the Audit Committee.
- Allocate resources, set frequencies, select subjects, determine scope of work and apply the techniques required to accomplish audit objectives.
- Obtain the necessary assistance of personnel in units of 2GO where they perform audits, as well as other specialized services from within or outside 2GO.

The CAE and the staff of 2GO IAD are not authorized to:

- Perform any operational duties for the organization or its affiliates.
- Initiate or approve accounting transactions external to the Internal Audit Department.
- Direct the activities of any organization employee not employed by 2GO IAD, except to the extent such employees have been appropriately assigned to auditing teams or otherwise assist the 2GO IAD auditors.



The 2GO IAD will meet or exceed the Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors.

APPROVED BY THE AUDIT COMMITTEE

This ____ day of ____ 2017

_____ City

(Sgd.)

LAURITO E. SERRANO

Chairman, Audit Committee

(Sgd.)

FREDERIC C. DYBUNCIO

Member

(Sgd.)

MA. CONCEPCION F. DE CLARO

Member

JOSEPH C. TAN

Member