



INTERNAL AUDIT CHARTER OF PETRON CORPORATION

POLICY

It is the policy of Petron Corporation (the “**Company**”) to maintain an internal auditing activity (the “Internal Audit Department”) to provide independent and objective assurance and consulting services designed to add value and improve the operations of the Company and its Subsidiaries.

ROLE

The Internal Audit Department (**IAD**) assists the Company in accomplishing its goals and objectives by bringing a systematic and disciplined approach to evaluate and improve the adequacy and effectiveness of the Company’s risk management, control and governance processes.

AUTHORITY

IAD with strict accountability for confidentiality and safeguarding records and information, is authorized and granted full, free and unrestricted access to any and all of the Company’s records, physical properties, and personnel pertinent to carrying out any engagement. IAD will also have free and unrestricted access to the Board Audit Committee. All employees are requested to assist IAD in fulfilling its roles and responsibilities.

INDEPENDENCE AND OBJECTIVITY

IAD will remain free from interference on matters of audit selection, scope, procedures, frequency, timing or report content to permit maintenance of necessary independent and objective mental attitude. The Internal Auditors will:

- Have no direct operational responsibility or authority over any of the activities audited.
- Not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair the internal auditor’s judgment.

- 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 judgements.

Internal auditors report to the Internal Audit Head, who will report functionally to the **Audit Committee** and administratively to the **President**.

The Internal Audit (IA) Head will confirm to the Board, at least annually, the organizational independence of the internal audit activity.

RESPONSIBILITY

The scope of internal auditing encompasses, but not limited to, the examination and evaluation of 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, which includes:

- 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 organization.
- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets, including 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 the effectiveness of the organization's risk management and governance processes.
- Performing consulting and advisory services related to governance, risk management and control as appropriate for the organization.
- 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 Board or Management.

- Assisting in or independently carrying out validation of suspected fraudulent activities within the Company and notify the Management and the Audit Committee of the results.
- Considering the scope of work of the external auditors, regulators, and/or internal company functions, as appropriate, for the purpose of providing optimal audit coverage at a reasonable overall cost.
- Maintaining professional audit staff with sufficient knowledge, skills and experience; and certifications to meet the requirement of this Charter.
- Evaluating specific operations at the request of the Board and/or Management, as appropriate.

STANDARDS OF PROFESSIONAL PRACTICE

IAD will govern itself by adherence to the Institute of Internal Auditors' (IIA) mandatory guidance including the definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (the "Standards"). IAD will also adhere to the IIA's Practice Advisories, Guides and Position Papers as applicable to guide auditors in the course of review and its operations. In addition, IAD will adhere to the Company's relevant policies and procedures and the internal audit activity's standard operating procedures manual.

INTERNAL AUDIT PLAN

On an annual basis, IAD will submit an internal audit plan for review and approval by Management and the Audit Committee (AC). The internal audit plan will consist of brief description of the projects, work schedule, budget and resource requirements for the year.

IAD will develop an internal audit plan based on the result of the planning activity and prioritization of processes in the audit universe using the risk-based methodology, including input of Management and the AC. As necessary, IA Head will review and adjust the plan in response to changes in the Company's business, risks, operations, programs, systems and controls and will communicate to Management and the AC any significant deviation from the approved audit plan.

REPORTING AND MONITORING

The IA Head will prepare and issue a written report to appropriate recipients following the conclusion of each internal audit engagement. Significant results and observations will also be communicated to the AC.

IAD will be responsible for appropriate follow-up on the committed action plans of clients on the findings and recommendations until final closure of the issues.

The IA Head will periodically report to Management and the Audit Committee on the internal audit activity's purpose, authority and responsibility, as well as performance relative to its plan. The Report will also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by Management and/or the AC.

QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

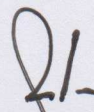
IAD will maintain a quality assurance and improvement program that covers all aspects on internal audit activity. The program will include an evaluation of the audit activity's conformance with the definition of Internal Auditing and the Standards; and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

The IA Head will communicate to Management and the AC on the internal audit activity's quality assurance and improvement program, including results of on-going internal assessments, and external assessments conducted at least every five years.

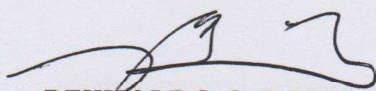
Approved this 8th day of May 2017



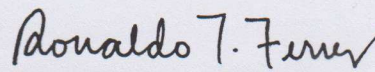
EDUARDO M. COJUANGCO, JR.
Chairman



RAMON S. ANG
President



REYNALDO G. DAVID
*Chairman, Audit Committee
Independent Director*



RONALDO T. FERRER
Internal Audit Head