

Belle Corporation

Internal Control and Internal Audit System

The Company defines internal control as the system established by the Board of Directors and management for the accomplishment of the Company’s objectives, the efficient operation of its business, the reliability of its financial reporting, and faithful compliance with applicable laws, regulations and internal rules. The internal control system is the framework under which internal controls are developed and implemented to manage and control a particular risk or business activity, or a combination of risks or business activities, to which the Company is exposed.

1. Effectiveness of the Internal Control System

The Board of Directors, through the Audit Committee, has reviewed the effectiveness of the Company’s internal control system, including the information technology security controls. Effective and adequate internal control mechanisms are in place, implemented and properly complied with.

2. Frequency of review of internal controls and the directors’ criteria for assessing the effectiveness of the internal control system

2.1. The Audit Committee reviews annually the effectiveness of the Company’s internal control system, including information technology security and controls. To facilitate their review, the Committee understands and evaluates the scope of the internal and external auditors’ review of internal controls over financial reporting, and obtains regular reports on significant findings and recommendations, together with management’s responses, to obtain reasonable assurance that the Company’s key organizational and procedural controls are effective, appropriate and complied with.

2.2. The scope and the particulars of a system of effective organizational and procedural controls shall be based on the following factors: the nature and complexity of business and the business culture; the volume, size and complexity of transactions; the degree of risks; the degree of centralization and delegation of authority; the extent and effectiveness of information technology; and the extent of regulatory compliance.

3. Internal Audit

3.1. Role, Scope and Internal Audit Function

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/ Auditing Firm	Reporting process
To provide an independent, objective assurance and consulting	To determine whether the Company’s network of risk management, control and corporate governance processes, as designed and represented by management, is adequate and	In-house	Anna Josefina G. Esteban	The Internal Audit Head, in the discharge of her duties, shall be accountable to Audit Committee and the Senior

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Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/ Auditing Firm	Reporting process
<p>activity designed to add value and improve the Company's operations</p>	<p>functioning in a manner to ensure:</p> <ul style="list-style-type: none"> • Risk are appropriately identified and managed. • Interaction with the various corporate governance groups occurs as needed. • Significant financial, managerial and operating information are 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 the control processes of the Company. • Significant legislative or regulatory issues impacting the Company are recognized and addressed appropriately. 			<p>Management to:</p> <ol style="list-style-type: none"> a. Provide annually an assessment on the adequacy and effectiveness of the organization's processes for controlling its activities and managing its risks in the areas set forth under the mission and scope of work. b. Report significant issues related to the processes for controlling the activities of the organization and its subsidiaries, including potential improvements to those processes and provide information concerning such issues through resolution. c. Periodically provide information on the status and results of the annual audit plan and the sufficiency of department resources. d. Coordinate with and provide oversight of other control and monitoring functions (risk management, compliance, security, legal ethics, environmental, external audit)

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3.2. Progress against Plans, Issues, Findings and Examination Trends

Progress Against Plans	Internal audit engagements are conducted in accordance with the audit plan and timetable approved by the Audit Committee.
Issues ¹	Issues and findings noted during the audit were given appropriate attention by management and recommendations were implemented accordingly. Significant findings and recommendations, together with management’s responses, are reported to the Audit Committee to enable the Committee to obtain reasonable assurance that the Company’s key organizational and procedural controls are effective, appropriate and complied with.
Findings ²	
Examination Trends	

3.3. The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

- 1) Preparation of an audit plan inclusive of a timeline and milestones;
- 2) Conduct of examination based on the plan;
- 3) Evaluation of the progress in the implementation of the plan;
- 4) Documentation of issues and findings as a result of the examination;
- 5) Determination of the pervasive issues and findings (“examination trends”) based on single year result and/or year-to-year results;
- 6) Conduct of the foregoing procedures on a regular basis.

3.4. Audit Control Policies and Procedures

The following internal audit controls, policies and procedures that have been established by the company and regularly reviewed to assess if these have been implemented:

Policies & Procedures	Implementation
Internal controls over financial reporting	Implemented
Authorization of transactions	Implemented
Physical safeguards	Implemented
IT general and application controls	Implemented

3.5. Mechanism and Safeguards

Auditors (Internal and External)	Financial Analysts	Investment Banks
<ul style="list-style-type: none"> • The Audit Committee reviews and confirms the independence of the external auditors by obtaining certification from the latter relative to 	The Company aims to conduct business in accordance with the highest standards of business ethics. To this end, all business	

¹ “Issues” are compliance matters that arise from adopting different interpretations.

² “Findings” are those with concrete basis under the company’s policies and rules.

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Auditors (Internal and External)	Financial Analysts	Investment Banks
<p>their overall relationship with the Company. The Committee shall disallow any non-audit work that will conflict with the duties of the external auditor or may pose a threat to his independence.</p> <ul style="list-style-type: none"> • To provide for the independence of the internal auditor, the Internal Audit Head reports directly to the Audit Committee. The group has the authority to have unrestricted access to all functions, records, property and personnel of the Company. 	<p>dealings should be compliant with all applicable laws and must not in any way compromise the good name and reputation of the Company.</p> <p>All directors, officers and employees shall act with utmost integrity and shall not engage in unfair dealing practices. The Company prohibits any conflict of interest, unfair competition, breach of trust, insider trading, or any other act inimical to the Company's interest.</p>	

4. Attestation of the company's full compliance with the Company's Manual on Corporate Governance as aligned with the SEC's 2016 Revised Code of Corporate Governance.

Belle Corporation fully complies with its Manual on Corporate Governance (MCG), which, as far as possible, is aligned with the Securities and Exchange Commission's 2016 Revised Code of Corporate Governance. This is attested by Belle's Chairman, Emilio S. De Quiros, Jr., and President and Chief Executive Officer, Manuel A. Gana. Its directors, officers and employees have been given instructions on their respective duties as provided for in the MCG and that internal mechanisms are in place to ensure compliance.