

CHARTER OF THE AUDIT COMMITTEE

CEMEX HOLDINGS PHILIPPINES, INC.

*[Endorsed by the Audit Committee and
Approved by the Board of Directors on 25 October 2016]*

Section 1. Basis and Purpose

The Manual of Corporate Governance (the "Governance Manual") of CEMEX HOLDINGS PHILIPPINES, INC. (the "Corporation") provides that its Board of Directors shall constitute, among others, an Audit Committee to assist it in exercising good corporate governance.

The purpose of the Audit Committee (the "Committee") is to assist the Board of Directors in fulfilling its oversight responsibilities over the following:

- a. the Corporation's financial reporting process;
- b. the Corporation's internal control and audit process and the performance of the internal auditor;
- c. the external auditor's qualification, independence, and performance;
and
- d. the Corporation's compliance with applicable legal and regulatory requirements;

Section 2. Structure and Membership

2.1 Composition. The Committee shall be composed of at least three (3) members, at least two (2) of whom shall be Independent Directors and at least one (1) of whom shall have accounting and finance background. The Independent Director shall chair the committee and shall be responsible for ensuring the effective interaction among the committee members, with management, and the internal and external auditors. Each member shall have an adequate understanding of accounting and auditing principles in general and of the Corporation's business, including the financial management systems and environment in particular.

The Board of Directors may appoint one or more persons to serve as advisor(s) ("Advisor") to the Committee. Advisors shall have the right to attend and speak at any meeting of the Committee but shall have no right to vote on any action of the Committee.

The Chairman or any Member or Advisor of the Committee may be removed and replaced only by the Board of Directors.

2.2 Appointment. The Chairman and Members of the Committee shall be appointed by, and removed from office, only by the Board of Directors. In case of vacancy in the Committee, the Board of Directors shall appoint a new Committee member from among the members of the Board of Directors.

2.3 Qualification and Disqualifications. In addition to the qualifications required for election as directors of the Corporation which are provided under the Corporation's By-Laws and Governance Manual, the Members of the Committee shall preferably have accounting and finance backgrounds.

The Members shall be disqualified for any of the grounds for disqualification of a director provided under the Corporation's Governance Manual, the Corporation Code of the Philippines, Securities Regulation Code and its Implementing Rules and Regulations, and other relevant laws, rules and regulations of the Securities and Exchange Commission.

2.4 Committee Secretary. The Committee shall appoint a Secretary of the Committee who shall prepare the minutes of the meetings and keep the records of the Committee.

Section 3. Meetings and Procedures

3.1 Meetings; Quorum and Voting. The Committee shall meet at such time and places as it considers appropriate provided that not less than four (4) meetings shall be held each year. During these meetings, the Committee may meet privately with senior management, the external auditor/s, or as a Committee to discuss any matters that need to be discussed.

The time and place of the meetings and procedures at such meetings shall be determined by the Committee. A majority of the members of the Committee shall constitute a quorum provided that an Independent Director is present (unless he has been duly notified but deliberately and without justifiable cause fails to attend the meeting).

The Committee shall maintain minutes or other records of its meetings and activities.

3.2 Meeting through Teleconference, Video Conference or Similar Means. Members of the Committee and Advisors may participate in any meetings of the Committee through teleconference, video conference or other similar means, provided that all persons participating in the meeting can hear each other.

3.3 Notices. Notices of the meetings of the Committee shall be sent to the Members and Advisors by personal delivery, mail, facsimile, electronic mail or other similar means at least three (3) calendar days prior to the meeting and specifying the place, date and time of the meeting, as well as the matters to be discussed during the meeting. For this purpose, the Committee Secretary shall obtain the addresses, facsimile numbers and electronic mail addresses of each Member and Advisor of the Committee where notices of meetings may be sent.

3.4 Minutes and Records. The Committee Secretary shall prepare and maintain minutes or other records of its meetings and activities. The Committee shall cause records to be kept for the following:

- a. Appointments and resignations of Members of the Committee;
 - b. All Agenda and other documents sent to the Members of the Committee;
- and
- c. Minutes of proceedings and meetings of the Committee.

Any such books and records shall be open for inspection by any Member of the Committee upon reasonable prior notice during usual office hours of the Corporation.

3.5 *Short-notice.* Notwithstanding that a meeting is called by shorter notice, it shall be deemed to have been duly convened if it is so agreed by the Members present in the meeting at which there is a quorum. A Member may consent to short notice and may waive notice of any meeting of the Committee and such waiver may be retrospective.

Section 4. Function and Responsibilities

The Committee's specific duties and responsibilities are as follows:

4.1 On External Auditor/s of the Corporation:

- a) Review and evaluate procedures and criteria for the selection, appointment, performance evaluation and if appropriate, the termination of services of the external auditors and recommend the same to the Board of Directors and if required to the shareholders, for approval.
- b) Review the external auditor/s' proposed audit scope and approach, including coordination of audit effort with internal audit.
- c) Review and endorse for approval to the Board of Directors the fees charged by the external auditor/s for audit and non-audit services.
- e) 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 Corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Corporation's annual report.
- f) Ensure that the external auditor or the lead, engagement, or handling partner having primary responsibility for the audit or review of the Corporation is rotated at least once every five (5) years (or such shorter or longer period provided under applicable laws and regulations).

4.2 On Financial Statements:

- a) Review and discuss with management and the external auditor the Corporation's quarterly, half-year, and annual financial statements before submission to the Board of Directors, focusing particularly on the following:
 - Critical accounting policies and practices to be used.
 - Major financial reporting issues and judgements made.
 - Significant adjustments resulting from the audit.
 - Unusual or complex transactions.
 - Going concern assumption.

- Compliance with accounting standards.
 - Compliance with tax, legal, and stock exchange requirements.
- b) Review interim financial reports, with management and the external auditor, before filing with regulators and consider whether these are complete and consistent with the information known to the Committee.
 - c) Evaluate relationship that senior management, financial management, external and internal auditors have to ensure accurate and timely financial reporting.
 - d) Review and approve management representation letter before submission to external auditor.

4.3 On Internal Audit Function:

- a) Review the appointment and replacement of the Internal Auditor of the Corporation.
- b) Review and approve the annual internal audit plan; the plan shall include the audit scope, resources and budget necessary to implement it.
- c) Review significant issues raised in internal audit reports to management and management's response and insure appropriate corrective actions are undertaken.
- d) Review the effectiveness of the internal audit function, its budget and staffing, and compliance with international standards on the Professional Practice of Internal Auditing.
- e) Ensure the internal auditor is given full and unrestricted access to all company records, properties and personnel relevant to the internal audit activity.
- f) Establish direct functional reporting of the Internal Auditor to the Audit Committee to allow the Internal Auditor to effectively fulfill his/her responsibilities.
- g) Require the Internal Auditor to render to the Committee an annual report on the activities of the internal audit group, including significant risk exposures and control issue, corporate governance issues, and other matters requested by the Committee.

4.4 On Internal Controls:

- a) Review with the Corporation's management and the Internal Auditor their findings on the adequacy and effectiveness of internal controls and their recommendation for improving the internal control environment, including information technology security and controls.
- b) Review and adequacy of the Corporation's system of internal control over financial reporting including the reliability of its financial reporting systems.

4.5 On Reporting

Report regularly to the Board of Directors about Committee activities, issues, and any related recommendations.

Section 5. Powers of the Committee

The Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

- a) Retain external legal counsel, accountants, or other advisors to advise the Committee or assist in the conduct of investigation.
- b) Seek information it requires from employees – all of whom are directed to cooperate with the Committee’s request – or external parties.
- c) Appoint or replace the external auditor/s and pre-approve all auditing and non-auditing service (including the fees and terms thereof) to be provided by independent auditors.
- d) Meet with the Corporation’s officers, external auditors or outside counsel, as necessary.
- e) Obtain appropriate funding and resources necessary to carry out its duties and responsibilities.

Section 6. Review, Amendment, Repeal and Alteration

This Charter shall be periodically reviewed by the Audit Committee and shall be amended, altered or varied as necessary but subject to the approval of the Board of Directors of the Corporation.