

INTERNAL AUDIT CHARTER
CEMEX HOLDINGS PHILIPPINES, INC.

1. INTRODUCTION

This Internal Audit Charter (the “Charter”) defines the role of the Internal Auditor of CEMEX Holdings Philippines, Inc. (the “Corporation”) and formalizes the organization of an independent internal audit function (“Internal Audit”) of the Corporation, including its purpose, authority, responsibility and reporting relationships.

The Charter shall be subject to the approval of the Audit Committee (“Committee”) and the Corporation’s Board of Directors. It shall be reviewed annually and subjected to the same approval process for any revisions or changes thereto.

2. POLICY STATEMENT

It is the policy of the Corporation to establish and support an independent internal audit function as a fundamental part of its Corporate Governance practices.

In carrying out their duties and responsibilities, the Internal Auditor and members of Internal Audit will have full, free and unrestricted access to all organizational activities, records, property and personnel of the Corporation.

3. PURPOSE AND OBJECTIVES

Internal Audit shall provide independent, objective assurance, as well as advisory services designed to add value and improve the organization's operations. It shall help the organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

Assurance Objectives: The Internal Audit provides independent assurance to the Audit Committee and Management that the organization’s risk management processes and control framework are operating effectively and efficiently, and that there is compliance with established policies and procedures.

Consulting Objectives: The Internal Audit shall provide advisory services of a recommendatory nature, the scope and details of which are agreed with the particular functional area of the Corporation, and are intended to add value and improve the organization’s governance, risk management, and control processes without assuming management’s responsibility. All said consulting services are subject to the approval of the Committee.

Examples of advisory services shall include, but are not limited to:

- Assistance in reviewing and evaluating risk management activities

- Assessing the adequacy of internal control system in proposed systems, activities or project
- Providing recommendation and advise on governance and business process improvements

For the avoidance of doubt, the primary responsibility for the definition and design of internal control system shall reside with the internal control functional area of the organization, and Management remains accountable for the due implementation of said internal control system.

4. AUTHORITY

Internal Audit shall have the right to access all of the Corporation's records, personnel, properties and operations for the purpose of discharging its duties and responsibilities. All employees are requested to assist Internal Audit in fulfilling its role and responsibilities.

Internal Audit has neither direct responsibility for, nor authority over, any part of the activities it reviews or the persons responsible for those activities.

5. INDEPENDENCE AND OBJECTIVITY

Internal Audit will remain free from interference from Management on matters of audit selection, scope, procedures, frequency, timing, or report-content.

The Internal Auditor and members of Internal Audit will have no operational responsibility or authority over any of the activities being audited. Accordingly, they will not implement internal controls, design or develop procedures, install systems, prepare records or engage in any other activities that may impair their judgment.

Members of Internal Audit should exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Members of the Internal Audit shall endeavor to make balanced assessment of all relevant circumstances and not be unduly influenced by their own personal biases or interest or those of others in forming judgments.

The Internal Auditor shall be responsible for Internal Audit (including that portion that is outsourced to a third party service provider), and shall report **functionally** to the Audit Committee. For administrative purposes only, the Internal Auditor shall report to the President & Chief Executive Officer.

The Internal Auditor is authorized to allocate resources, determine scope of various work, and apply the techniques necessary to accomplish the audit objectives, as may be required by the Committee (subject to the approval by the Board of Directors, upon favorable endorsement of the Committee, of an annual audit plan and budgetary requirements).

In the event that the Internal Auditor determines the need to obtain the expertise of persons outside Internal Audit area, this expertise may be obtained within the organization through appropriate arrangements with Management. When obtaining this expertise, care must be taken to avoid conflicts of

interest within the organization that could damage the quality of the audit work performed and/or conclusions obtained by the Internal Audit. Expertise may also be obtained from outside the organization and in such cases and subject to the parameters established by the Committee, the Internal Auditor shall ensure that formal contract is forged with the third party service provider containing appropriate provisions regarding the nature of the services provided and professional standards to be applied. The Committee shall be informed about the use of all external consultants.

6. RESPONSIBILITY

The scope of the internal audit function encompasses, but is not limited to, the examination and review of the adequacy and effectiveness of the Corporation's risk management, governance and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives. The following are, among others, the key responsibilities of Internal Audit:

- Provide an independent risk-based reasonable assurance to the Board of Directors of the Corporation, the Committee and Management on the effectiveness of the Corporation's governance and control processes;
- Evaluate the internal control systems established by Management to ensure compliance with company policies, plans, procedures, laws and regulations which could have a significant impact on the organization;
- Review the reliability and integrity of financial and operational information and the means used to identify measure, classify and report such information;
- Review the means of safeguarding assets and, as appropriate, verifying the existence of assets, including the effective and efficient employment of the resources;
- Review 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;
- Provide recommendatory advisory services related to governance, risk management and controls as appropriate for the organization;
- Assist in, or independently carry out, the validation of suspected fraudulent activities;
- Evaluate specific operations and/or processes at the request of the Board of Directors and/or Management, as appropriate;
- Consider the scope work of the external auditors, as appropriate, for the purpose of providing optimal audit coverage at a reasonable overall cost;
- Promote and maintain professional members of Internal Audit who are possessed with sufficient knowledge, skills, experiences, and professional certifications to meet the requirement of this Charter;

7. KEY ROLES AND RESPONSIBILITIES OF THE INTERNAL AUDITOR

The following are the primary responsibilities of the Internal Auditor:

- Periodically reviews this Charter and presents changes, revisions or supplements to it to senior Management and to the Committee for their respective approval

- Establishes a risk-based internal audit plan, including policies and procedures, to determine the priorities of the internal audit activity, consistent with the organization's goal;
- Communicates the audit activities of Internal Audit, resource requirements and impact of resource limitations, as well as significant interim changes, to senior Management and the Committee for their respective review and approval.
- Spearheads the performance of the activities of Internal Audit to ensure it adds value to the organization;
- Presents findings to senior Management and the Committee and, where appropriate, gives recommendations and advice to senior Management and the Board on how to improve internal processes;
- Reviews with the Committee audit findings and the status of process-improvement activities undertaken by Management.
- Submits to the Committee an annual report on the activities of the internal audit group, including significant risk exposures and control issues, governance issues, and other matters requested by the Committee.

8. STANDARDS FOR THE PROFESSIONAL PRACTICE OF INTERNAL AUDITING

The Internal Audit activity will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing (Standards), and the Definition of Internal Auditing. The Internal Auditor will report periodically to senior Management and to the Committee regarding the Internal Audit's conformance to the Code of Ethics and the Standards.

Approved by the Audit Committee and the Board of Directors on 6 February 2018:

[signed]

Joaquin Estrada
Chairman of the Board

[signed]

Ignacio Alejandro Mijares
Elizondo
President & Chief Executive
Officer

[signed]

Pedro Roxas
Chairman, Audit Committee
Independent Director

[signed]

Rolando Valentino
Internal Auditor