



## **AUDIT COMMITTEE CHARTER**

### **I. INTRODUCTION**

The Audit Committee of Eagle Cement Corporation (the “Company”) was constituted by the Board of Directors pursuant to the provisions of the By-Laws and the Manual on Corporate Governance of the Company (the “CG Manual”).

This Audit Committee Charter (this “Charter”) sets out the composition, functions and responsibilities of the Committee and the rules of procedure that will guide the conduct of its functions.

### **II. PURPOSE**

The Audit Committee is a standing committee of the Board of Directors constituted for the purpose of assisting the Board of Directors in the oversight of the senior Management in establishing and maintaining an adequate, effective and efficient internal control framework of the Company.

The Audit Committee ensures that systems and processes are designed to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets.

### **III. COMPOSITION**

The Audit Committee shall be composed of at least three (3) appropriately qualified non-executive directors, the majority of whom shall be independent directors.

The Chairperson shall be an independent director and shall not be the Chairperson of the Board of Directors or of any other board committee.

The members of the Audit Committee shall have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.

The Board of Directors will appoint the chairman and members of the Audit Committee at the organizational board meeting that follows each annual stockholders’ meeting or at any earlier time as the Board of Directors may deem necessary. If there is a vacancy, said vacancy may be filled-up during a meeting of the Board of Directors constituting a quorum.

The Corporate Secretary of the Company is the secretary of the Audit Committee.

#### **IV. MEETINGS; COMMITTEE APPROVALS**

The Audit Committee shall meet at such times and places as it considers appropriate. The Chairperson may call a meeting at any time as needed.

All committee members are expected to attend each meeting, in person or *via* tele- or video-conference. The meetings are limited to the committee members and whoever is authorized by the Audit Committee to attend. In the absence of the Chairperson during any meeting, a chairperson for the meeting shall be designated by the members present.

As necessary, the Audit Committee may invite members of management and organization staff or any independent adviser to provide pertinent information or data.

The corporate secretary shall distribute the notice, the agenda and the appropriate committee materials at least two (2) days before any meeting so the members can intelligently review the various matters raised.

A majority of the members of the Audit Committee shall constitute a quorum for the transaction of the committee's business.

The Audit Committee shall act only on the affirmative vote of a majority of its members at a meeting at which there is quorum.

The Audit Committee shall meet with the Board of Directors at least every quarter without the presence of the Chief Executive Officer or other management team members. It shall also periodically meet with the head of the Internal Audit of the Company.

#### **V. DUTIES AND RESPONSIBILITIES**

The Audit Committee has the following duties and responsibilities, among others:

- a) Recommend the approval the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;
- b) Through the Internal Audit (IA) Department, monitor and evaluate the adequacy and effectiveness of the Company's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances shall be in place in order to (a) safeguard the company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the company's financial data, and (d) ensure compliance with applicable laws and regulations;
- c) Oversee the Internal Audit Department, and recommend the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit Committee shall also approve the terms and conditions for outsourcing internal audit services;
- d) Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he shall directly report to the Audit Committee;

- e) Review and monitor Management's responsiveness to the Internal Auditor's findings and recommendations;
- f) Prior to the commencement of the audit, discuss with the External Auditor the nature, scope and expenses of the audit, and ensure the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- g) Evaluate and determine the non-audit work, if any, of the External Auditor, and periodically review the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the Company'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, shall be disclosed in the Company's Annual Report and Annual Corporate Governance Report;
- h) Review and approve the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:
  - Any change/s in accounting policies and practices
  - Areas where a significant amount of judgment has been exercised
  - Significant adjustments resulting from the audit
  - Going concern assumptions
  - Compliance with accounting standards
  - Compliance with tax, legal and regulatory requirements
- i) Review the disposition of the recommendations in the External Auditor's management letter;
- j) Perform oversight functions over the Company's Internal and External Auditors. It shall ensure the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- k) Coordinate, monitor and facilitate compliance with laws, rules and regulations; and
- l) Recommend to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the Company, and provides an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders.

## **VI. ACCESS TO INFORMATION AND RESOURCES**

The Audit Committee shall be granted reasonably free and full access to the records and data of the Company and information from directors, officers, employees, or external parties that may be relevant in the discharge of its functions. It shall also be provided with the resources necessary for the purpose of fulfilling its duties and responsibilities under this Charter.

## **VII. REPORTING PROCEDURES**

The Chairperson of the Audit Committee, or in his absence, the member elected by the members present in a meeting, shall report at the meeting of the Board of Directors the decisions and recommendations made by the Audit Committee following each committee meeting.

## **VIII. PERFORMANCE EVALUATION**

The Audit Committee shall periodically assess its effectiveness by comparing its performance with the requirements of this Charter and the CG Manual to ensure compliance with best practices. The assessment will also form the basis for the formulation of objectives and plans for the improvement of the Committee's performance.

The Audit Committee may likewise be subject to an independent assessment by the Board of Directors.

## **IX. CHARTER REVISION**

The Audit Committee shall also review and assess the adequacy of this Charter annually or as conditions dictate to ensure that this Charter is continuously aligned and consistent with the objectives and responsibilities of the Committee. It shall recommend any modifications to this Charter as deemed appropriate and obtain the approval of the Board of Directors for any such modifications.