

## **POLICY ON ROTATION OF EXTERNAL AUDITOR**

### **General Policy Statement**

Wilcon Depot Inc. as a publicly-listed company and a responsible corporate entity aims and commits to comply with all the rules and regulations prescribed by the Philippine Stock Exchange, the Securities and Exchange Commission, and all pertinent institutions and agencies of government in the Philippines.

### **Specific Policy on Rotation of Company's External Auditor**

The Company as a corporation qualifying within the definition of an "Issuer" is covered by the rules of the Securities Regulation Code enacted under Republic Act No. 8799. Rule 68 of this Code cites the authority of the Securities and Exchange Commission to promulgate "Special Accounting Rules". Under the Amended Rule 68, specifically on Part I - General Financial Requirements, number 3 pertaining to the Qualifications and Reports of Independent Auditors, with specifications under sub-number B for Additional Requirements for Independent Auditors of Regulated Entities, item (ix) Rotation of External Auditors, to wit:

*"The independent auditors or in the case of an audit firm, the signing partner, of the aforementioned regulated entities shall be rotated after every five (5) years of engagement. A two-year cooling off period shall be observed in the re-engagement of the same signing partner or individual auditor."*

The Company subscribes to this policy, as set forth in the SEC rule.

### **Responsibilities**

The responsibilities in the engagement of the Independent Auditors by Regulated Entities are also covered by specific rules as stated in Section D, to which the Company also subscribes -

#### **Audit Committee**

"The company through its Board of Directors or Audit Committee, if applicable, shall conduct due diligence in confirming the personal identification and professional qualifications of the independent auditor whose services it will engage as independent auditor."

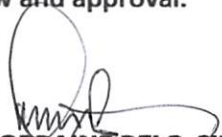
#### **The Company**

"Prior to engagement, the company shall-

- Require the independent auditor to present a copy of his/her professional license from the Professional Regulation Commission (PRC) and the Certificate of Accreditation issued to him/her by the Board of Accountancy (BOA) as sole independent auditor or to the auditing firm if he is a partner thereof.
- Confirm the authenticity of the BOA Certificate of Accreditation by checking the latest list of accredited practitioners issued by the BOA.

- Require the presentation of SEC's Certificate of Accreditation issued to the independent auditor and its auditing firm, if applicable. The level of accreditation indicated in the said certificate shall be at least equivalent to the company's classification under Rule 68. The authenticity of the said certificate shall be verified against the official list of accredited auditors and firms.
- Require that preliminary meetings with the management and the exit conference shall be attended to personally by the independent auditor or by the handling partner or engagement manager, in case of firm.
- Retain a complete documentation of the foregoing requirements. The independent auditor's file with the company shall include a copy of his/her PRC license, BOA Accreditation Certificate, Commission's Certificate of Accreditation (if applicable), engagement contract and minutes of conference with the auditors, among others."

This Policy on Rotation of Company's External Auditor is hereby adopted and presented by Wilcon Depot Inc.'s Management to the Board of Directors through the Audit Committee, for its review and approval.



**MS. LORRAINE BELO-CINCOCHAN**  
President and Chief Executive Officer

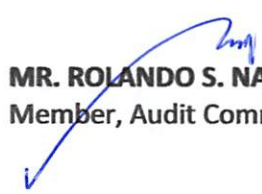


**MR. MARK ANDREW Y. BELO**  
Chief Financial Officer

Reviewed and endorsed by:



**MR. RICARDO S. PASCUA**  
Chairman, Audit Committee



**MR. ROLANDO S. NARCISO**  
Member, Audit Committee



**MR. DELFIN L. WARREN**  
Member, Audit Committee

Date : May 09, 2018