



Taking Advantage
of Digitilization to be
**CLOSER TO OUR
CUSTOMERS**

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CEMEX COLOMBIA

CEMEX PANAMÁ

CEMEX COSTA RICA

CEMEX NICARAGUA

CEMEX GT

CEMEX SV

Chapter 1

About CEMEX Latam Holdings

We work day in and day out to make our Mission a reality: Create sustainable value by providing industry-leading products and solutions to satisfy the construction needs of our customers.

To our stakeholders

2018 was certainly a challenging year. In addition to higher energy costs and distribution expenses, a series of complex circumstances affected our volume in the countries where we operate. In Colombia we are estimating a 1% reduction in domestic demand for cement for 2018. In Costa Rica, during the second half of the year we faced a new market dynamic as a new competitor started operating a cement grinding plant. In Nicaragua, in the face of social and economic uncertainty, private investment continued to be weak and commercial banks restricted consumer and business credit. In Panama, domestic demand for cement dropped, mainly affected by the construction workers' strike, impacting our deliveries.

As a result of all this, our net sales for the year were down 8%, to US\$1,108 million. Our operating EBITDA decreased 23%, to US\$243 million. Net income for the year came to US\$63 million.

Within this complex scenario, we focused on those variables that are in our control. We brought down fixed and corporate costs by US\$10 million; finalized the sale of our business in Brazil, for US\$31 million; managed our working capital efficiently, closing the year with an average of negative six days; undertook our low-cost procurement initiative; successfully increased our prices in Colombia and Costa Rica; continued to improve productivity at our assets based on our operational excellence program; and we deployed our customer-centric digital strategy with great success in every country where we operate.

With these actions we achieved two goals: we were able to mitigate the extraordinary combination of circumstances we faced in 2018 and, most importantly, we are now better positioned to capture opportunities that arise as we move forward.

2018 was a key year for our digital

strategy, spearheaded by the rollout of CEMEX Go in our region. By year-end, more than 4,000 customers in the segments and countries where we operate had adopted CEMEX Go and we received approximately 64% of the total cement purchase orders through this digital platform.

We are excited about how well CEMEX Go has been received. Leveraging the advantages of digital technology allows us to be closer to our customers, listen to them directly, understand their needs, add value to their projects and, at the end of the day, also help them reduce their own costs as well as our service costs. We expect that as CEMEX Go generates data-rich analytics we will be able to better anticipate our customers' needs and focus on offering them the solutions they find most useful.

We are currently just starting to see the potential of CEMEX Go and our other digital transformation initiatives. Accordingly, in late 2018 we started the

rollout of a new CRM that automates our salesforces' administrative tasks and makes planning and customer service processes more efficient. Our goal is for this system to minimize administrative duties for those employees who are the face of customer service, allowing them to focus their talent entirely on offering a superior customer experience.

In addition to the CEMEX Go rollout, to improve our customers' experience we continue to implement our value offering tailored to each market segment. We believe the best way to stay close to our customers is to offer them a superior experience that adds comprehensive value to their businesses.

We have become the best ally of our industrial customers. In 2018, we launched the C-PRO certificate, designed to help them strengthen their production processes with assistance in safety, operations, and quality standards. We also continue to leverage our privileged position as the

We focus

on variables that are in our control.

only building materials company in the region with its own admixtures division, based on our MIX3R value offering. This solution enables us to gain the preference of our industrial customers because it makes their operations more productive by grouping three products—cement, aggregates, and admixtures—with business assistance. Currently 48% of our industrial customers take advantage of the MIX3R benefits to make their purchases.

With Construrama® we help our distributor customers evolve and develop the abilities needed to make their businesses more successful. With the specially-designed management software that is part of Construrama®, we contribute to the profitability of hardware stores while at the same time gaining a better understanding of consumer needs, which leads to increasing sales for our products. At year-end 2018, there were more than 400 hardware stores affiliated to Construrama® in our region. Furthermore, with Radar Comercial's

GPS-based technology we help our hardware store customers contact construction work sites in their vicinity to offer them products and solutions in a timely manner.

Innovation is a key factor in reaching our strategic goal of being the most customer-centric company in our industry. We continue to work closely with our contractor customers to boost the benefits of our cement and ready-mix concrete value-added products in their projects. This helps them reduce costs, improve energy efficiency in buildings, replace other inputs, or carry out construction under special technical conditions. We complement our comprehensive building solutions with our extensive experience in concrete pavements, grand scale infrastructure, and industrialization of construction processes for social housing. For example, as part of our collaboration in the VIPA Program, which is sponsored by the National Government of Colombia, we have contributed to building more

than 5,300 homes and 13 social interest projects in a faster and more efficient way.

In order to offer a superior customer experience, we must also create an excellent work experience that brings out the best in our employees, fosters productivity, and offers adequate resources to promote the company's growth. During 2018 we continued to internally roll out initiatives aimed at building a more diverse and inclusive company and to offer challenging professional training and development opportunities.

In 2018 in Colombia, we received recognition for opening our doors to people who have recently been reintegrated into society, thus making a contribution to the peace effort in the country. To date, we have offered direct jobs to more than 30 people, with the same conditions we offer other employees, training and development opportunities, and the chance to earn a salary that will help them build a new life for themselves and their families.

Health and safety constitutes our top commitment to our employees, and to our contractors, community, and every person who interacts with us as a result of our activities. We believe that zero incidents is our duty and a moral responsibility that is possible if we all work together. 2018 is testament to our significant efforts to achieve zero injuries at our operations. Our Lost-Time Injuries Frequency Rate was down 13% for employees and 15% for contractors year-over-year, and we had zero employee and contractor fatalities for the first time since 2015. Additionally, in order to contribute to strengthening safe practices in our communities, we carried out 20 day-long events to promote among pedestrians, cyclists, drivers, and motorcycle riders a culture of road safety, compliance with the law, and accident prevention.

We know that communities don't need gifts; they need opportunities. Understanding the expectations of our neighboring communities allows us to

The best way to

remain close to our customers is to offer them a superior experience.

take advantage of our strengths to create shared value. In Colombia, for example, resulting from our collaboration with the entrepreneur-oriented Sirolli Institute, we have contributed to the creation of 24 small businesses which have been able to formalize their operation, legal, financial, and commercial processes. They are currently creating jobs, serving new markets, and gaining business opportunities. In Costa Rica, with the support of our Rural Business Accelerator, seven companies have been able to improve their operations, increase production, improve quality, obtain sanitary certifications, and register their brands, thus growing from simple community businesses into businesses that market their products at national supermarkets.

As part of our continuous evolution, during 2018 every CEMEX Latam Holdings cement operation designed its own new Community Engagement Plan. In order to do so, we took part in an assessment exercise in collaboration

with our neighboring communities and a multidisciplinary CEMEX team that included representatives from every functional division.

Furthermore, to foster continuous environmental improvements, we continue to implement the CEMEX Environmental Management System (EMS) at all our operations. The system is compatible with ISO 14001 and the EU's Eco-Management and Audit Scheme (EMAS). At year-end 2018, 90% of our cement sites were ISO 14001 certified.

We make a continuous effort to strengthen the way in which we monitor our major and minor emissions. We continually strive to identify new areas for improvement and to establish goals and reduce emissions beyond local legal limits. To this end, we are investing in more advanced monitoring systems, specialized software that allows us to control in real time a range of parameters, and technical training for our employees. As a result, we were able

to reduce by more than 50% our dust emissions over the past two years.

Since water is one of the raw materials we use in our production process, caring for it is key to our operations. Accordingly, we continue to increase the number of operation sites that have water recycling systems in place. At year-end 2018, 82% of our operations had the technology and equipment needed to recycle this resource.

Likewise, during the year we continued our efforts to improve biodiversity. We currently have Biodiversity Action Plans in the three quarries located in or close to areas of high biodiversity value. In addition, we closed the year with 13 conservation projects certified by the Wildlife Habitat Council, including six in Panama, five in Nicaragua, and two in Costa Rica. This supports our work and collaboration with the communities aimed at protecting wildlife, improving restoration, and strengthening ecosystems so habitats for native species can be created.

We are committed to identifying and taking advantage of new opportunities for supplying electricity that constitute an attractive option in economic terms for the countries where we operate and that also contribute to mitigating carbon emissions. In 2018, 65% of the electric power employed at our cement plants was generated with renewable sources.

The path to the circular economy requires sorting residues by relevance in order to be able to identify which of them should be reintroduced in the economy. Our company's main contribution to the circular economy is precisely that we co-process residues from other industries and use them as valuable inputs for our production of cement, concrete, and aggregates. Our alternative-fuel substitution rate for the year grew to 16%, while we continued to work in collaboration with our industry across the region to promote new frameworks to increase waste co-processing. This will enable

We Know

that communities don't need gifts;
they need opportunities.

us to generate additional savings at our operations and to extend to the communities the benefits of an efficient alternative for waste disposal.

We expect all our employees to behave in an ethical manner at all times. In order to foster a preventive environment at our company, during 2018 we launched several communications campaigns to promote among our employees a deeper understanding of issues related to business ethics, as well as the company's values, policies, and procedures.

During the year we strengthened our commitment to the highest ethical and corporate governance standards. Following a profound assessment process, the Internal Audit division in the company successfully obtained the quality certification granted by The Institute of Internal Auditors of the United States, the world's leading association and main point of reference regarding professional development and the practice of internal auditing. The certification is a guarantee that the internal audit function at CEMEX Latam Holdings systematically adheres

to the most rigorous methodologies and processes in carrying out internal evaluations in a transparent and independent manner.

On behalf of the CEMEX Latam Holdings Board of Directors, our managing team, and our employees, we thank you for your interest in our company. We invite you to read our second Integrated Report, which describes in greater detail the results of our initiatives designed to build a better future across our region.

Juan Pablo San Agustín
Chairman of the Board of Directors

Jaime Muguero
Chief Executive Officer



The company's

Internal Audit division received the quality certification granted by The Institute of Internal Auditors.

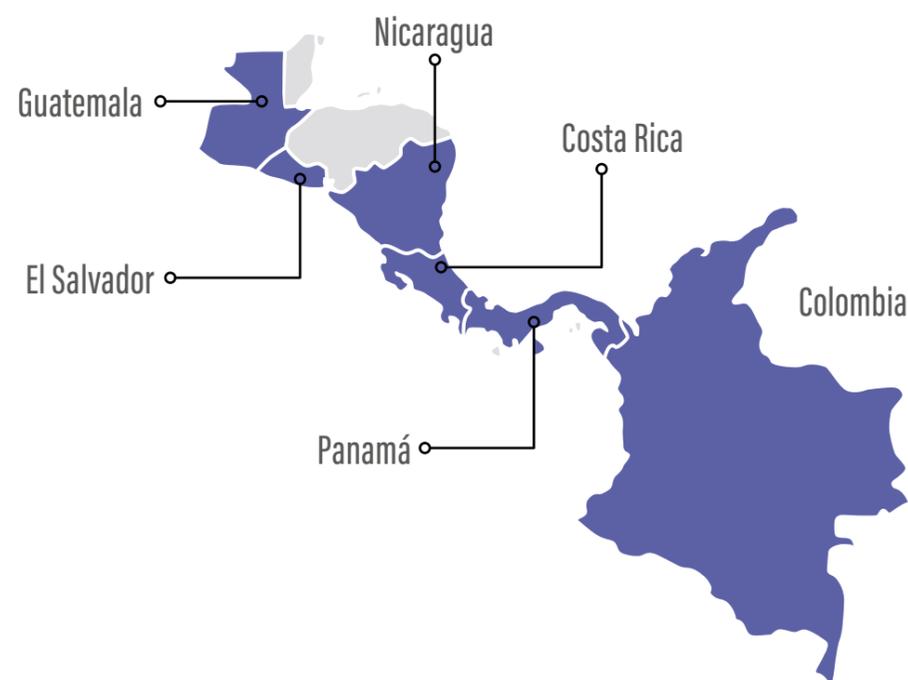
Company snapshot

CEMEX Latam Holdings is the regional leader in the building solutions industry. With more than 4,000 employees, the company provides high-quality building products and services to customers and communities in Colombia, Panamá, Costa Rica, Nicaragua, Guatemala, and El Salvador¹. CEMEX Latam Holdings S.A. was organized and incorporated in Spain in 2012 as a capital stock corporation. CEMEX Latam Holdings' shares were listed on the Colombian Stock Exchange in November 16, 2012.

Managing our operations as one vertically integrated business enables us to grow our core businesses by participating in

a larger portion of our industry's value chain. This strategic focus offers us the opportunity to create value by means of our aggregates, cement, ready-mix concrete, mortar, and related businesses.

By leveraging the experience, knowledge, and best practices we have accumulated in our core businesses with high-margin specialty products, comprehensive building solutions, and new digital technologies, we are able to strengthen our core businesses, develop a competitive advantage, make our customers more productive, and promote the well-being and development of the countries where we operate.



Support

from a global industry leader

CEMEX, S.A.B. de C.V. is a global building materials company that offers high-quality products and reliable services for customers and communities in more than 50 countries. Founded in Mexico in 1906, CEMEX has a long history of benefiting those it serves through innovative building solutions, improvements in efficiency, and efforts to promote a sustainable future.



¹ In September 2018 CEMEX Latam Holdings concluded the sale of its building materials business in Brazil, which included a river terminal for distributing cement located in Manaus, as well as the license to operate.

Our portfolio



Aggregates	Cement	Ready-mix concrete	Dry mortar	Related businesses
<p>Geological materials that are the primary ingredients in ready-mix concrete and mortar.</p>	<p>Binding agent that is obtained from a calcination process of a mixture of limestone, clay, and iron ore.</p>	<p>Made from cement, aggregates, water, and admixtures, it is a durable building material that can be used in many different ways.</p>	<p>A mixture of cement, sand, and admixtures with technically designed doses.</p>	<p>Contribute to marketing our products in a better way, growing our businesses, and improving our performance.</p>
<ul style="list-style-type: none"> Natural and manufactured areas Natural and manufactured gravels Yellow Sand Mixed Aggregates 	<ul style="list-style-type: none"> General Use Super Resistant Marine Environment Structural White Cement 	<ul style="list-style-type: none"> High-strength Specialty Value-Added 	<ul style="list-style-type: none"> Conventional Controlled Density Floors Plaster Structural Fill Grout 	<ul style="list-style-type: none"> Pavement, housing, and infrastructure solutions Value-added products Value-added services Precast structures Admixtures Construrama® CEMEX Go
<p>15 Quarries</p>	<p>5 Plants 6 Grinding plants 27 Distribution centers 1 River terminal</p>	<p>78 Plants 10 Mobile plants 662 Mixer trucks</p>	<p>3 Plants</p>	<p>2 Admixtures plants 403 Construrama® hardware stores</p>
<p>6.3 Million tons¹</p>	<p>7.6 Million tons²</p>	<p>2.6 Million cubic meters²</p>		

1. Annual production
2. Annual production capacity

The plan for achieving our mission

We work day in and day out to make our Mission a reality: Create sustained value by providing leading products and solutions in the industry to fulfill the building needs of our customers.

By managing our business units locally, we ensure they deliver the greatest value to our stakeholders and company. Each of our business units is strong on its own; however, we are stronger when we share ideas and work together. Besides working toward reaching a common goal in the region, we leverage CEMEX's know-how and global scale to adopt best practices in order to operate in a more efficient manner, develop competitive advantages, and create greater value.

There are four strategic pillars in our strategy. Individually, each element engages and impacts our business. Collectively, these four elements help us achieve our mission.

Our business strategy four fundamental elements:



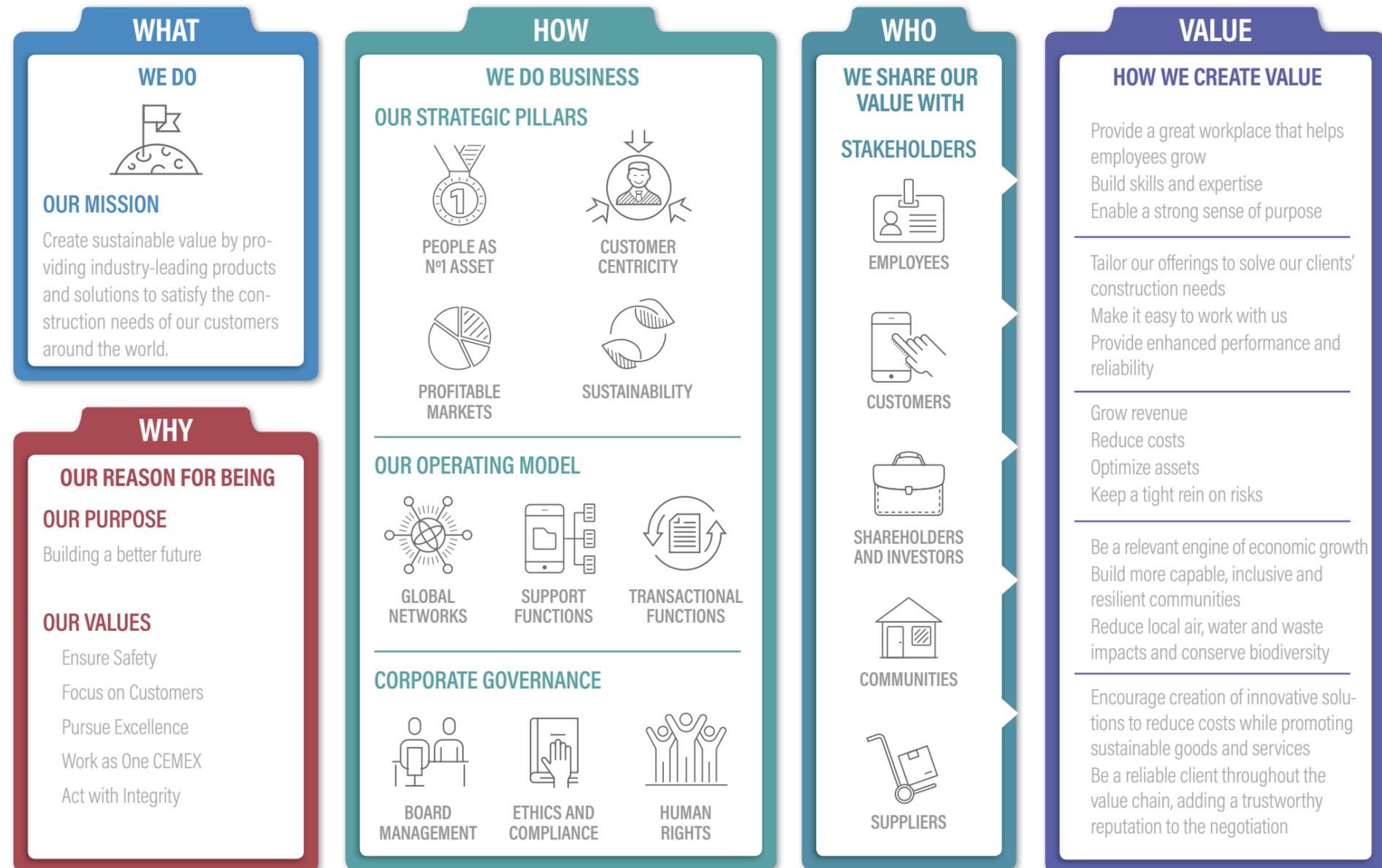
EMPLOYEES	CUSTOMERS	MARKETS	SUSTAINABILITY
<p>Value our people as our main competitive advantage</p> <ul style="list-style-type: none"> We hire the best people and we make sure that their health, safety, and professional growth are a priority. We develop leaders and encourage them to create new ways of thinking and acting, while assessing risks and opportunities. We foster an open dialogue in all of our interactions to align our goals and achieve better results. 	<p>Help our customers succeed</p> <ul style="list-style-type: none"> We invest time in the relationship with our customers and we listen closely to understand their needs. We help them to succeed by delivering quality products, innovative solutions, and excellent customer service. We compete with a unique offering that is hard for our competition to match. 	<p>Pursue markets that offer long-term profitability</p> <ul style="list-style-type: none"> We pursue markets where we can add value for our employees, customers, and shareholders. We focus on what we do best—cement, aggregates, ready-mix concrete, and related businesses. We venture beyond those core businesses when it is essential to better market our products. 	<p>Ensure sustainability is fully embedded in our business</p> <ul style="list-style-type: none"> We invest and innovate to lead the industry in sustainable and environmentally-friendly operations. We provide products and solutions that contribute to more sustainable cities. We act responsibly in our operations, always looking for a way to minimize our impact on the environment. We collaborate with local communities to empower them and help them in their development.

Our Value Creation Model

Our mission is to create sustainable value by providing industry-leading products and solutions to satisfy the construction needs of our customers around the world.

At CEMEX Latam Holdings, we all share a common vision: to build a better future for our employees, our customers, shareholders, suppliers, and the communities in which we live and work. We come to work each day excited to develop and deliver high-quality, sustainable construction products and innovative building solutions that exceed our customers' expectations and meet society's growing needs.

By aligning our business strategies with the United Nations Sustainable Development Goals (UN SDGs), we not only better position our business to respond to the biggest challenges facing our world, but also provide opportunities for growth, strengthen our license to operate, and create economic, social, and environmental value for all of our stakeholders.



Our sustainability priorities

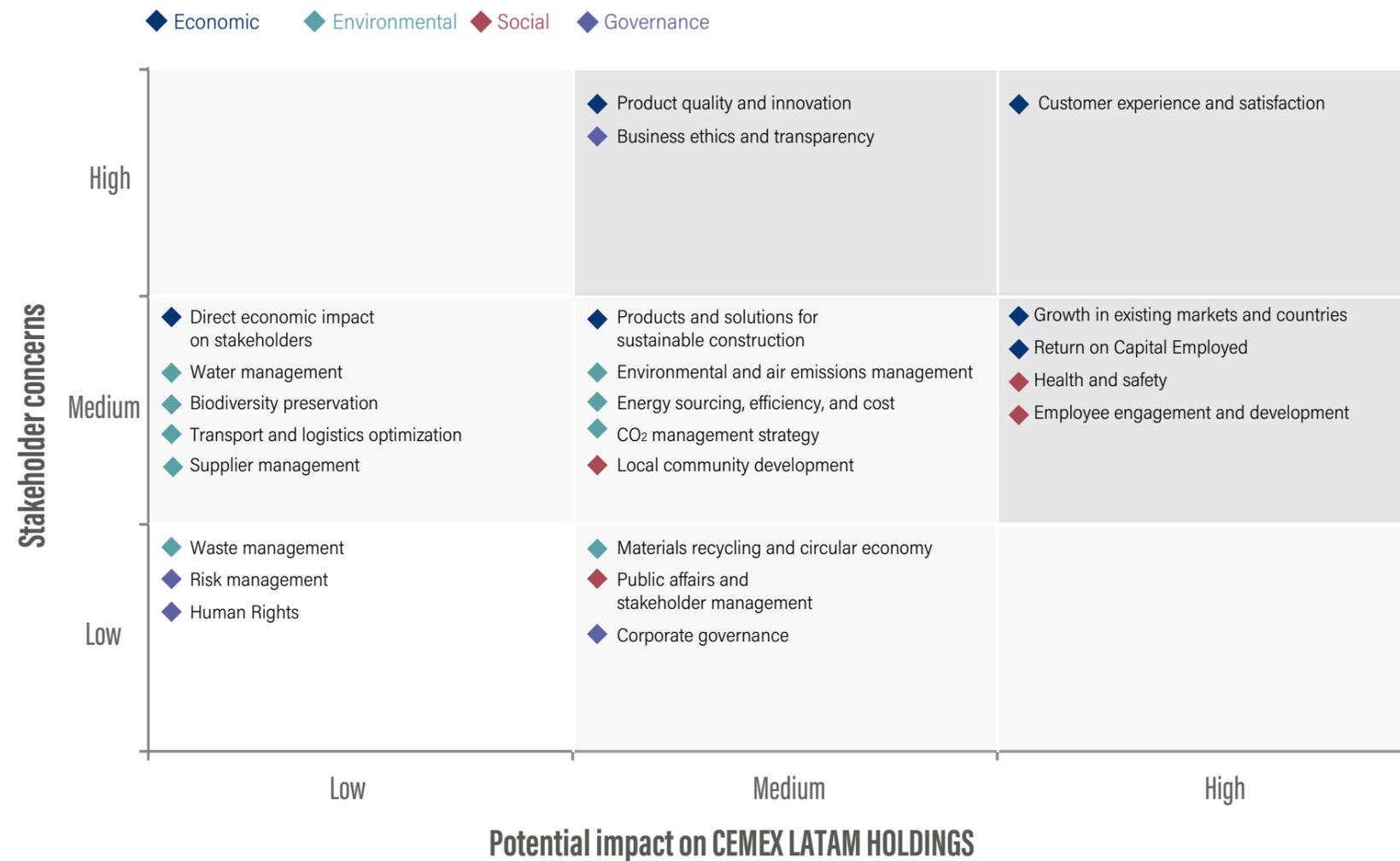
In 2016, CEMEX updated its Materiality Matrix by conducting a global survey among representatives of several of the company's stakeholders. CEMEX Latam Holdings actively collaborated in identifying and inviting target audiences who participated in the survey. By listening to and including the point of view of our stakeholders, we are able to improve the way in which we respond to their needs and concerns, and to build productive long-term relationships with them.

Stages of the materiality assessment

1. First, CEMEX drafted an initial list of sustainability topics that are relevant to our industry, taking into consideration the results of previous materiality analyses, global trends, societal challenges where CEMEX can contribute the most, and the interests of our analysts.
2. Afterward, in order to refine the list of material aspects, we circulated it among functional areas in CEMEX by means of a series of evaluation and discussion exercises. As a result, we arrived at an internal consensus of the 23 most relevant sustainability aspects for CEMEX.
3. We shared the list of the most relevant aspects with our stakeholders, who were able to assess them and express their opinion. More than 200 employees, customers, suppliers, and members of the communities in the regions where CEMEX Latam Holdings operates answered the materiality survey and provided their points of view on priority matters for the company across the countries where we operate.
4. Based on the results of the survey, we drafted the materiality matrix for CEMEX Latam Holdings. The following materiality matrix shows the results of the union of the CEMEX global vision, with the operation's local needs in our region. The vertical axis represents our stakeholders' main concerns. The horizontal axis represents the potential impact to CEMEX Latam Holdings.



Matriz de materialidad de CEMEX Latam Holdings



Understanding the net value we generate for society

We are aware that our financial statements only partly reflect how our activities affect society and that there are additional impacts that are not included in our traditional profit and loss calculation.

To fully understand how the net value of the company is created, we need to include in our EBITDA values that are not included in our traditional profit and loss calculation.

This is how a CEMEX Latam Holdings Cement Plant creates net value



Economic value

- Produces high-quality cement for building homes, streets, highways, dams, schools, hospitals, bridges, stadiums, among many other works that promote the well-being of the population and the development of countries where we operate.
- Makes our customers more productive with CEMEX Go.
- Offers technical advice and specialized global accompaniment.
- Includes a tool to estimate our product's carbon footprint.
- Fosters quality with ISO 9001 certification (90%).
- Generates profits, tax payments, and interest payments.



Value for our employees

- Creates quality local jobs.
- Promotes professional growth with training programs.
- Works with Operational Excellence programs.
- Promotes health, safety, and well-being.
- Operates under the Health and Safety Management System.



Value for the community

- Promotes development through training in education, health, employment capabilities, sports.
- Hires local community suppliers who create new jobs.
- Fosters community enterprises with its entrepreneurship programs.
- Contributes to strengthening safety practices in contractors.



Environmental value

- Helps reduce community waste by employing alternative fuels.
- Uses electric power from renewable sources (64% of electricity).
- Saves water with recycling systems (50% of plants).
- Protects biodiversity and implements quarry rehabilitation programs.
- Promotes responsible environmental management with ISO 14001 certification (75%)
- Operates under an Environmental Management System.

Defining the 2030 CEMEX sustainability ambitions

A key element in our sustainability strategy consists of establishing goals that drive our company towards the creation of a better future.

With the world focusing on reaching the 2030 goals of the global Agenda for Sustainable Development, we recognize our responsibility to mobilize our efforts to help meet these important targets. In order to continue creating shared value, we have established, in collaboration with CEMEX, a series of 2030 goals that strengthen our commitment to building a better future.

The process to comply with these goals will enable us to embed sustainability more profoundly in our company's strategy and, at the same time, it will help alleviate some of the greatest challenges communities are facing today.



How were these goals established?

We embed sustainability in the CEMEX Latam Holdings strategy in a synergistic manner. Accordingly, sustainability at CEMEX Latam Holdings is linked to all corporate functions and business lines.

Coordinated by the CEMEX sustainability team, the process to define CEMEX 2030 Sustainability Ambitions involved collaboration of employees from more than 10 corporate functions. Representatives from all countries and regions were also active participants in this effort. Through this inclusive process, we ensure that all business units are accountable and contribute to the achievement of the goals we have set for ourselves.

Some of the key inputs that fed our internal discussions and analysis to define the 2030 sustainability objectives include:

-  UN Sustainable Development Goals
-  Global agreements on climate (for example, the Paris Agreement)
-  Sector trends, risks, challenges, and opportunities
-  Our Materiality Matrix
-  CEMEX top management
-  Key external stakeholders' concerns

Focus of the 2030 CEMEX sustainability ambitions

The new sustainability ambitions are focused on areas in which our company is well positioned for making a greater contribution to building a more sustainable future for all.

These areas were strategically chosen to continue improving our economic, social, and environmental value creation in an ethical manner, and to join collective global actions needed to achieve the UN Sustainable Development Goals.



Employee Experience

One of the pillars of our strategy is to value our people as our main competitive advantage. Our goal is to measure and increase the percentage of employees who would recommend CEMEX Latam Holdings as a good place to work, a straightforward indicator that directly reflects the positive experience of employees in the company.



Diversity and inclusion

A key priority in our strategy to attract and retain talent is to offer growth opportunities for all. We plan to improve diversity and inclusion in the company by implementing a series of initiatives that include gender equality for all entry level positions, review of compensation parity during audits, and training on unconscious biases.



Health and safety

Our main commitment is to the health and safety of our employees, contractors, and the community. We believe that zero incidents is our duty and a moral responsibility that is possible if we all work together under the direct management of our leaders. This commitment motivates us to continue working and achieving day in and day out our goal of zero incidents and fatalities.



Customer Centricity

We are committed to becoming the most customer-centric company in our industry. With this purpose in mind, our Net Promoter Score (NPS) has become the most relevant indicator to measure and monitor customer satisfaction as well as the results of our initiatives. As part of our goal, we are committed to reaching very ambitious NPS levels.



Sustainable Construction

Our ready-mix concrete solutions offer unique sustainable attributes including savings in resources, energy efficiency, resilience, and health and safety benefits. We are committed to ensuring that a considerable portion of our ready-mix concrete and cement sales is linked to a portfolio of value-added products with superior sustainability attributes.



Circular Economy

CEMEX Latam Holdings is leading in employing residues from other industries as alternative fuels and alternative raw materials in cement production. We also seize residues and by-products as a substitute for cement or aggregates in concrete production. In fact, concrete is recyclable. Our plan is to continue to promote a circular economy in our production process.



Climate Change

According to the International Energy Agency, cement is responsible for about 7% of global CO₂ emissions. Our ambition of contributing to mitigate climate change is reflected in our new goal, calculated using Science-Based Targets (SBTs) methodology for limiting the global temperature increase within 2°C, in accordance with the Paris Agreement.



Environmental Management

We are known for proactively facing environmental challenges across the planet. The new goal implies installing continuous emissions monitoring systems in all our kilns. Our intention is to go beyond just complying with local regulations and to reach international excellence levels in relation to the main air emissions of our cement facilities.



Biodiversity

CEMEX Latam Holdings has a long history of rehabilitating quarries and implementing Biodiversity Action Plans (BAPs). We have committed to implementing rehabilitation plans for all our active quarries, continuing with the implementation of BAPs in those quarries classified as sites with high-biodiversity value and obtaining third-party certification for our conservation efforts.



Water

Although the building materials sector is responsible for less than 1% of industrial water consumption, CEMEX Latam Holdings is aware of the importance of this precious natural resource. For this reason, we are committed to ensuring 100% implementation of Water Management Plans in all of our operations located in water-scarce areas.



Communities

Having had a positive impact on more than 173,406 people through our social strategy, we will double our efforts to continue adding community partners. We also plan to establish Community Engagement Plans at all our priority sites and implement formal dialogues with our stakeholders through Social Responsibility Committees.



Suppliers

In an effort to promote sustainable practices in our commercial partners, we carried out an evaluation executed by a specialized independent firm, including criteria such as health and safety, human rights, employee development, and environmental compliance. As we move forward, we will focus on continuing to assess and manage the impact and risks of our critical suppliers.



Ethics and Compliance

Every CEMEX Latam Holdings employee makes a fundamental contribution to live up to best practices in ethical behavior and compliance with the company's rules and regulations. The goal is to implement a permanent program to strengthen ethical behavior and compliance, based on the Code of Ethics, training, and audits.

Indicators for the 2030 CEMEX sustainability ambitions

Key issue	Key indicator
Employee experience	Employees who recommend CEMEX Latam Holdings as a good place to work
Diversity and inclusion	Implementing key diversity and inclusion initiatives
Health and safety	Fatalities and lost-time incidents, employees
Customer centricity	Net Promoter Score
Sustainable construction	Sales from cement and ready-mix concrete products with outstanding sustainable attributes
Circular economy	Total consumption of waste-derived inputs
Climate change	Net CO2 emissions per ton of cementitious products aligned with the Science-Based Targets methodology.
	Electricity consumption from renewable sources at our cement plants
Environmental management	Annual reduction in NOx, SOx, and dust emissions per ton of clinker from 2005 baseline
Biodiversity	Quarry rehabilitation plans, Biodiversity Action Plans, Certifications
Water	Water management plans in sites located in water-scarce areas
Communities	Community engagement plans in all priority sites
	Community partners (individuals positively impacted from our social initiatives)
Suppliers	Sustainability assessment executed by an independent party for our critical suppliers
Ethics and compliance	Implementation of Ethics and Compliance Continuous Improvement Program



CEMEX Latam Holdings' contribution to the CEMEX 2030 sustainability ambitions

In 2018, CEMEX launched its Sustainability Scorecard, an internal management tool that registers the sustainability performance in every country and region where CEMEX operates.

The scorecard will dynamically make an internal assessment of initiatives related to different environmental, social, and governance (ESG) issues in a way similar to how specialized external analysts make such assessments.

By participating in this CEMEX initiative, CEMEX Latam Holdings will be able to:

- Contribute to the global achievement of the 2030 CEMEX sustainability ambitions.
- Offer our business units the opportunity to compare their performance with that of others.
- Identify benchmarks in order to establish new action plans.
- Identify best practices that can be applied locally.
- Have better sustainability guidelines.
- Achieve operational excellence.
- Focus the most relevant KPIs on the sustainability strategy.

Contribution to the UN Sustainable Development Goals

We are aware that our business cannot thrive in a world bereft of environmentally-friendly initiatives that contribute to solving poverty, inequality, and the lack of opportunities.

We have defined a group of Sustainable Development Goals for which CEMEX Latam Holdings is well positioned to make a contribution. In order to identify them, we performed an exercise to align our strengths as a leading company in the building materials industry with the expectations of our stakeholders, the relevant issues identified in our materiality assessment, and the 2030 sustainability ambitions.

This set of SDGs is at the center of our vision and strategy. We are convinced that contributing our efforts and daily work to achieving these goals is part of our responsibility to help build a better future.

The reason why we come to work every day

We recognize our responsibility to join the effort to face the most critical challenges of our planet. We improve the lives of the people and communities around us by contributing to building homes for many families, the roads that connect them, and the infrastructure that makes cities vibrant. In order for ideas to become a reality, we address society's growing needs with high-quality products and we work hard to develop and deliver innovative cement, ready-mix concrete, and aggregates solutions for the construction industry.



The way in which we build a more sustainable world

We strive to create a better future for our people, our customers, our suppliers, our shareholders, the planet, and the communities in which we live and work. As part of this commitment, we promote sustainable development by prioritizing health and safety at our operations, creating the conditions needed to foster the professional career of our employees, and generating a low-carbon and resource-efficient industry.



The path to being stronger

We are aware that our operations play an important role in the communities in which we live and operate. That's why we invest talent, resources, and creativity that allow us to serve as a community ally, establish partnerships, and jointly build the foundations for driving the wellbeing of families and individuals who are looking for opportunities to get ahead.



Our contribution to the SDGs in 2018



SUSTAINABLE DEVELOPMENT GOALS



- Sustainable cities **p. 54**
- Concrete pavements **p. 56**
- Infrastructure **p. 59**
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Partnerships for achieving the UN Sustainable Development Goals



Building partnerships is key to achieving our goals and making our contribution to the UN Sustainable Development Goals a reality.

We work as a team with NGOs, academia, authorities, environmental associations and organizations in order to strengthen our ability to transform social challenges into business opportunities that generate a positive and sustainable impact on society.



NGOs

We build innovative collaboration platforms through which we can find common ground with NGOs that share our vision of building a better future. Through open dialogue, we exchange best practices, accelerate change, and ensure we are contributing our utmost to building a sustainable future.

These partnerships are key to multiplying the way in which we create shared value on issues such as education, social re-integration, health, empowerment of women, employment capabilities, entrepreneurship, community infrastructure, quality of life, and affordable housing.



Academia

We leverage the knowledge and experience we obtain from our collaboration programs with academic institutions to promote initiatives that benefit both the environment and society. In collaboration with several universities, we make investments in research to improve our understanding of how our products can strengthen their environmental, social, and economic benefits.

As part of the Cátedra CEMEX (CEMEX Chair), we do presentations for civil engineering and architecture students on our innovative products and solutions. These talks also help us make sure that new generations become familiar with our brands.



Authorities

We actively participate in the conversation about our industry, including issues related to climate change, sustainable infrastructure, innovation, operational excellence, health and safety, circular economy, alternative fuels, and responsible waste management.

We cooperate and establish relationships with governments, regulators, and legislators--directly and through industry associations--who are responsible for defining industrial policies that are relevant to our industry. We always engage with them in a manner consistent with our values, our Code of Ethics, and the law.



Associations

We actively participate in different regional and local industry associations. We seek to share best practices, acquire new knowledge, and promote our cement, ready-mix concrete, and aggregates businesses within our sector.

Likewise, our participation in these associations enables us to advocate, in collaboration with other companies, on issues that are key to our sector.



Organisms

We actively promote a culture of appreciation and respect for nature within our own operations, and among stakeholders and the community. With this in mind, in every country where we operate, we work in close collaboration with several entities to protect the environment and biodiversity.

Report on the risk management systems

1. Enterprise Risk Management (ERM)

The Enterprise Risk Management (ERM) System at CEMEX Latam Holdings, S.A., and other companies in its Group (herein the “Company”, “CEMEX Latam” or “CLH”) consists of an oversight process employed to identify, assess, and mitigate risks. It applies to all the Group’s companies. All of the Company’s business units (Colombia, Panama, Costa Rica, Nicaragua, El Salvador, and Guatemala) have an ERM process in place that has been implemented and is currently operating.

ERM works in a comprehensive and well-structured manner to proactively identify the main risks and manage them in collaboration with the people responsible for mitigating them. The ERM division follows a process that fosters discussion first between those employees who are responsible for the operation at each business unit and the company’s management and, later, with CLH’s CEO and Proprietary Director. Risk oversight is the responsibility of the Audit Committee and, ultimately, of the Board of Directors.

Internal and external risks that are identified as capable of having an impact on the Company are classified on the basis of their particular nature, in the following categories:

- Strategic
- Financial
- Fiscal
- Internal operational
- Political, economic, and social
- Non-compliance with laws and regulations
- Other

CLH’s ERM system is effective because it follows a process based on the ISO 31000 standard, offering a holistic view that enables us to assess and prioritize risks.

The following are the bodies within the Company that are responsible for designing and executing the Enterprise Risk Management System:

- **Board of Directors:** is responsible for approving the general policies and strategies, including the general risk policy. To do so, the Board of Directors relies on the Audit Committee.
- **Audit Committee:** supports the Board in its risk oversight and control functions, ensuring the efficacy of internal controls related to the action plans developed in order to mitigate risks.
- **Top Management:** the CEO and Proprietary Director, in collaboration with an internal team that includes the directors of every business unit, monitor the main risks and validate the measures required to address them.

- **ERM:** is responsible for executing the Company’s risk policy, establishes procedures that help identify, analyze, assess, and define how such risks need to be addressed.
- **Risk Management Committee:** is responsible for managing the risk agenda, defining the risk appetite for each business unit, and managing all mitigation measures and action plans implemented by CLH.
- **Internal Control:** is responsible for monitoring “operational internal risks,” defined as those risks that originate within the operation itself for which mitigation measures can be determined and controlled by the Company.
- **Internal Audit:** is responsible for carrying out tests based on the identified risks.
- **Fiscal:** is responsible for executing the fiscal Risk Management System.

Since not all risks are equal and given the complexity of the market, the level of tolerance varies according to the risk appetite of the Company. Accordingly, risks are assessed at the operational, strategic, and tactical levels.

Mitigation measures are defined based on the probability of their materialization, impact, and trend. There are four alternatives for responding to a risk:

- Mitigate (control/reduce): develop actions to limit the risk to an acceptable level.
- Accept (accept/retain): an inherent risk is accepted, and no major measures are taken.

- Transfer (insure/hire): control the risk by purchasing insurance or by transferring the process or service to a third-party.
- Avoid (avoid/eliminate): stop the process or service associated with an identified risk.

CLH's internal control system is used for those risks that need to be addressed with the "Mitigate (control/reduce)" response and that are related to internal operational risks. The goal is to establish and formalize internal controls that help mitigate risks found in diverse processes.

2. Internal Control System

CLH's internal control system is based on the COSO 2013 (Committee of Sponsoring Organizations of Treadway Commission), which provides companies with guidelines based on best practices in risk management and control. The system is accepted by the majority of regulatory entities worldwide in charge of overseeing compliance in these areas.

The internal control system is generally defined as a process, carried out by the Board of Directors, the company's management, and other employees, designed to offer reasonable security in achieving objectives in the following categories:

- 1. Effectiveness and efficiency in operations:** Control activities related to the effectiveness and efficiency of the Company's operations, including operational and financial performance objectives and protecting assets against losses or fraud.
- 2. Reliability of financial information:** Activities related to internal and external financial reports, including accounting, timeliness, transparency, and other terms as established by regulators, standards issuers, or the company's policies.
- 3. Compliance with all applicable laws and regulations:** control activities related to compliance with laws and regulations which the company is obligated to follow and comply with.

In accordance with the methodology described in the Enterprise Risk Management System, the company identifies the main potential risks that could, individually or in the aggregate, result in a significant deviation from the business' objectives.

The Internal Control division carries out an adequate evaluation of internal operational risks, ensuring there are sufficient internal controls in place. The evaluation enables the Company to have a clear vision of how risks are being handled by internal controls that are clearly described and documented.

2.1 Entity level controls

Entity level controls established by the Company ensure that guidelines are applied in a standardized and generalized manner at all business units. Entity level controls are promoted by management and viewed as the “fundamental principles” or the basis on which CLH operates. They include topics related to the control environment and ensure the Company has a Code of Ethics and Conduct (“Code of Ethics”) in place, monitors risks correctly, offers employee training, and provides a reporting line, among others. The Internal Control division is responsible for ensuring that these controls exist and are duly documented.

Entity level controls include issues related to, among others, the process employed to report financial information such as:

- **Code of Ethics and Conduct and anonymous reporting lines**

All of CLH’s employees and executives are obliged to comply with the company’s Code of Ethics; they have to sign it in order to certify that they understand and accept it.

The Code of Ethics includes the key principles of our business processes, which is why it is constantly under review allowing us to include new current issues, offer more clarity concerning conflicts of interest, improve the way in which the document is structured, and ensure content is clearer for the reader. It also includes specific sections on human rights, money laundering, handling of confidential and/or privileged information, and financial controls and records, among others.

The Audit Committee, the Corporate Governance Committee, and the Board of Directors of CLH ultimately contribute to ensure compliance with the code.

All CLH business units have a local ethics committee (“Ethics Committees”) which is responsible for communicating, monitoring, and ensuring compliance with the topics included in the code.

CLH provides a reporting line, known as ETHOSline, through which it invites employees to report any case of deviation from the Code of Ethics, including issues related to the financial reporting processes. It always offers the option of anonymity and is available by phone or on the website (<https://www.tnwgrc.com/CEMEX/>) and via e-mail. The reporting line is managed by a third-party provider who channels any complaints or comments received to the Ethics Committees or the Audit Committee, depending on the corresponding responsibilities.

Reports received in relation to the financial and accounting reporting processes are sent directly to the Chairman of the Audit Committee; and complaints pertaining to other issues are

reported to the Ethics Committees of the corresponding business units and to the Internal Audit division.

Additionally, there are other independent mechanisms in place to record reports and complaints including, among others, the following:

- Website for suppliers: <https://www.CEMEX.com/es/proveedores/resumen#abasto-línea-directa>.
- Messages sent directly to the Chairman of the Audit Committee.
- Messages sent directly to the Ethics Committees or the Ethos Committee (Global).
- Messages sent directly to the Internal Audit and Internal Control divisions.
- Other information channels include, for example, reports made by customers or suppliers or reports made directly to members of the Ethics Committees.

CLH’s Audit Committee is periodically informed of the status of all investigations.

- **Organizational structure and responsibility over financial statements**

The following are the divisions responsible for compliance and for ensuring that the financial statements are reliable:

Board of Directors: is ultimately responsible for ensuring that the financial information that is periodically made public by the Company is a true representation of its wealth, financial situation, and results, in adherence to all applicable law.

Audit Committee: is responsible for overseeing the efficacy of (i) the company's internal controls, (ii) the internal audit division, as well as compliance with a program which contemplates business risks and makes a comprehensive assessment of all divisions in the Company, (iii) risk management systems, including fiscal

risk management systems, and (iv) discussing with the auditor any significant weaknesses in the internal control system detected when developing its procedures.

Internal Control: is responsible for making an adequate assessment of internal operational risks, including financial risks, ensuring that there are sufficient internal controls in place to mitigate them.

Business Service Organization (BSO): is responsible for preparing the financial statements and executing the company's internal controls and policies, such as authorizations, conciliation, trend analyses, among others, that enable us to ensure that financial information is presented and revealed in a reasonable way.

Technological Accounting: consists of a group of expert accountants who are responsible for overseeing, revealing, and correctly applying the accounting

principles. They also monitor and assess the impact of adopting new standards and updating the company's accounting policies.

Compliance Officer: is in charge of strengthening, executing, and overseeing corporate governance policies; he executes, among other functions, those functions established in the bylaws of the Board of Directors.

Internal Audit: is responsible for all audit processes related to existing controls, through a program of internal audits and reviews approved by the Audit Committee.

- **Training on the correct application of accounting principles and required regulation**

All CLH business units, through the Human Resources division, maintain formal hiring practices to ensure that new employees are qualified to carry out job-specific responsibilities. They take into consideration the work profile, education, and skills.

Standards related to accounting, policies, controls, and procedures for different divisions in the company are documented and published on the CLH Policy Center.

Employees periodically receive training and are evaluated on the basis of parameters established depending on the functions they perform and the objectives of their job.

2.2 Mechanisms for recording and preparing financial information

Information is managed in a single platform under the accounting system (SAP) by the BSOs of each country, which enables us to ensure greater control over standardized processes. Likewise, the process includes oversight controls for accessing the system, ensuring the correct segregation of functions and authorization levels.

The process used to consolidate financial information that is carried out by the BSO and certified by Technological Accounting is done on a single system known as Hyperion Financial Management, or HFM, supported by safety levels, function segregation, and automatic control mechanisms to supervise the integrity and reliability of data collection.

On the other hand, having a single accounting plan for all of the CLH companies facilitates consolidation and the reporting system (information) generated for all the entities that requires the information.

2.3 Control activities

Controls are designed and implemented for each of the internal operational risks identified, according to their level of severity. The mitigation of the risks depends on the correct execution of the controls by the responsible parties. The controls are related to specific steps in the processes and are commonly linked to the policies and procedures.

The Company develops detailed descriptions of each step in the process, including:

- Flow charts that represent the processes, which show where the process begins as well as all required authorizations, responsible parties, internal controls, and systems employed.
- Diagrams of the interfaces of the financial information with the systems involved in the process, including the controls that exist to ensure the complete and accurate transfer of the information.
- Control matrixes that describe what is expected of the person executing the control, including the control's objective, the risk that has to be mitigated, frequency of execution, assertion of the financial statements, manual/automatic control, preventive/defective control, and specific evidence that must be preserved.
- The control descriptions and matrixes are continually updated and available on the CLH Policies Center.

Important sets of controls are classified as IT System controls. These are classified as either *general or application* controls and are supervised in every system that supports operational processes, including those used to generate financial reports. We define *general IT* controls as those related to managing computer equipment and servers, information backups, infrastructure, security management, software acquisitions, development, and maintenance. *Application* controls are embedded in the applications (For example, SAP, Hyperion) and are focused on the integrity, accuracy, and validity of recording and processing information using computer systems.

2.4 Internal Audit

The Company constantly carries out internal audits at all its business units. Some evaluations are "recurrent," meaning that they are carried out systematically and continuously on the processes.

Internal audit procedures are carried out by a team of experts, who report directly to CLH's Audit Committee. Their procedures include carefully monitoring processes related to preparing and reporting financial information and controls related to the operation.

The Internal Audit division develops an annual plan based on the risk focus, ensuring that all operating units are subject to testing at certain intervals to comply with Company standards.

Results of the audits are shared with those employees responsible for the processes and with our top management and the Internal Control team. Commitments are established

for the remediation of the reported weaknesses. Additionally, we have a deficiencies data base which identifies responsibilities, remediation plans, and estimated solution dates.

The Audit Committee is informed on the internal audit program and audit results, for approval.

A new procedure was followed for the audit tests performed at CLH in 2018, including the company's strategic risks as well as those identified by the ERM, Internal Control, Fiscal, and Legal divisions based on an assurance map defined by the Company and approved by the CEO and the Audit Committee. Furthermore, during 2018 the Internal Audit division implemented the standards of the International Audit Institute, which carried out a GAP Analysis, with satisfactory results. Identified gaps were closed and we obtained certification during the fourth quarter of 2018.

2.5 Reporting and communication

Communication plays an essential role in the adequate execution of the internal control system. This implies ensuring that the Audit Committee, our management, and business unit heads are all opportunely informed of any internal control weaknesses and/or failures.

Deficiencies in internal controls are evaluated to determine their importance and severity, and whether any immediate action needs to be taken. Their impact is detailed and assessed with the people responsible for determining whether to simply inform management and the Audit Committee of the deficiency in a timely manner or, depending on how it is classified, if they need to take charge.

To comply with legal regulations, deficiencies detected in a financial report are classified as either control deficiencies, significant deficiencies, or material weaknesses, on the basis of their potential economic impact. A control deficiency occurs when a control is not working as designed or is not executed correctly, but it does reasonably mitigate the risk. Significant deficiencies are those

that either individually or in conjunction with other deficiencies, are important enough that the Audit Committee needs to be informed. A material weakness reflects that there is a strong possibility that there is a material error in the company's financial statements. In this case, CLH needs to issue a public report to the stock exchanges.

In addressing the results of an internal audit, the Internal Control division collaborates with the responsible parties in order to reach an agreement on the actions deemed most appropriate to mitigate the identified risks and avoid future occurrences.

2.6 Activities outsourced to third parties

For processes which we outsource to third parties, we sign contracts that regulate, among other aspects, the following:

- The obligations and responsibilities assumed by each of the parties.
- Communications and notifications that the parties need to exchange.
- Terms and conditions related to invoicing, payments, etc.
- Applicable confidentiality regime.
- Penalties that could result from non-compliance by any party.

In those cases for which the outsourcing of the preparation of financial information by an independent expert has been

required (actuarial calculations, valuation of fixed assets, etc.), the Company ensures that the technical competencies of the professionals and their support as supplier accord with required needs, with preference given to companies that are properly certified.

CLH has outsourced to IBM the provision of services related to transactional activities in IT administration and services that are part of the financial reporting process for all its operating units.

IBM's service centers are obliged to maintain adequate controls and comply with the Company's Code of Ethics, policies, and internal controls in executing the tasks assigned to them. These are included in all internal control and internal audit monitoring activities.

3. Improvements to the Internal Control System in 2018

Resulting from our focus on best practices in Internal Control, we implemented preventive monitoring activities in Colombia, Panama, Costa Rica, Guatemala, and El Salvador in order to test our control designs for different operational and support processes, including those pertaining to financial statements. We offered training and carried out communications efforts to adequately execute controls, identifying the root cause and opportunities for improvements that would make those controls effective. Considering the social and political situation in

Nicaragua during 2018, we rescheduled the preventive monitoring visit for 2019.

In addition, during 2018 we launched a campaign to retrain our employees in policies and controls (guidelines, controls over financial information, user profiles, function segregation, and critical transactions) in order to improve self-controls by the employees who are responsible for them in the operations, BSO, and Procurement processes. During 2018, 355 people who participate in the operational and support processes received training.

Process	Colombia	Panamá	Costa Rica	Nicaragua	Guatemala	El Salvador	Total
Cement	43	4	21	2	21	-	91
Ready-mix Concrete	34	18	-	4	16	-	72
Logistics	15	5	7	-	14	2	43
Procurement	14	1	3	1	5	-	24
Aggregates	21	3	-	2	1	-	27
Accounting	5	5	5	4	10	3	32
Commercial Management	6	6	4	3	3	2	24
Costs	1	5	1	3	4	1	15
Accounts Payable	3	2	3	2	3	1	14
Fixed Assets	3	1	2	2	2	3	13
TOTAL	145	50	46	23	79	12	355

During 2018, we communicated with our employees through the Ethics Committees in an effort to promote a culture that encourages employees to use the reporting channels, whenever they feel there is due cause. Likewise, our management designed and implemented certain internal controls concerning financial reports pertaining to our risk assessment and monitoring of significant unusual operations. This was done to address a considerable weakness reported during the years ended on December 31st, 2016 and 2017, including, but not limited to, the following;

- A new approval policy for significant unusual operations at the operational subsidiaries.
- A CLH CAPEX Committee to supervise investment projects, complemented by a corporate committee at CEMEX when the materiality range equals more than 25 million dollars.
- Improvements to our internal audit procedures.
- Improvements to our current monitoring controls.

As a result of these activities and given that we strengthened the control environment, we achieved the following:

1. Decreased the number of manual procedures included in the payments process. Eliminated manual checks and established automated protocols for processing urgent payments.
2. In Colombia, results of the audit done on our internal controls for payment and accounting processes were satisfactory, with an increase of 41% and 23% in compliance levels, respectively.
3. Resulting from the implementation of the Comprehensive Internal Control System, we increased the response rate for solution plans drafted by process owners by 54%.
4. Based on the results of our audits, we were able to implement 94% and 93% of the solution plans in the Operational and BSO processes, respectively.
5. CLH reported that the company's internal audit function was awarded the international certification of The Institute of Internal Auditors (IIA) in the US, recognizing that these functions comply with international standards to execute assessments in a transparent and independent manner.
6. CLH carried out a training plan on the Code of Ethics, with the participation of 332 employees from countries in the region, focusing on the top three company employee levels.
7. Our health and safety indicators show positive results, having reduced our lost time injuries rate (per million hours worked) by 13%, our lost time injuries by 17%, and the number of fatalities by 66%.

4. Evaluation of our 2018 financial information

During 2018, the Audit Committee developed the functions and competencies established in the company's internal bylaws related to financial information. In response to this, it implemented the following measures:

- The Committee reviewed the individual financial statements (separately) as well as the consolidated statements prepared under IFRS which, once approved by the Board of Directors, were presented by the company to the Financial Superintendence of Colombia (Superintendencia Financiera de Colombia, SFC), in adherence to what is stipulated in instruction 10a of the External Circular n° 004 of 2012, of March 9th, which regulates reports of periodic and relevant information by share issuers registered on the National Stock and Issuers Registry of Colombia (Registro Nacional de Valores y Emisores de Colombia).
- The Committee, in particular in terms of the continuous effort to address irregularities in the process to purchase the land and other assets related to the construction of the Maceo plant, and taking into consideration the internal investigations and audits as well as the assessment done by external advisers, reviewed and approved the efforts aimed at addressing the weakness in internal controls for unusual and significant transactions, which both Grupo CEMEX and CLH have deemed to be a material weakness. These efforts include a new approval policy pertaining to unusual significant transactions; the creation of a CAPEX Committee for CLH and CEMEX which, depending on materiality, oversee relevant investment projects; strengthening the internal audit procedures; and improving on our current monitoring controls so that they can operate with sufficient precision. These solution efforts have been implemented in their totality and effectiveness will continue to be assessed during 2019.
- Furthermore, during 2018 the Audit Committee:
 1. Approved the work plan and budget for the Internal Audit division for the year, including processes related to financial information.
 2. Reviewed the development of and compliance with the Internal Audit program.
 3. Was informed and has followed up on the results of the internal audits conducted over the course of the year.

5. Risk factors

5.1 Main risks that could affect our ability to achieve our business goals

As of December 31st, 2018, the most relevant risks that could affect CLH and which were uncovered by the ERM matrixes are:

1. Competitive dynamics and modifications caused by new entrants, imports, production capacity greater than market demand, and vertical integration.
2. Legal matters related to investigations, sanctions, and other procedures.
3. Communication and image. Deterioration of the corporate image as a result of anti-trust, anti-corruption, and fiscal practices, as well as litigation and legal contingencies.
4. Operational continuity. Basically affected by the Health and Safety of our employees, the state of production equipment, communities, environmental regulations, and new trends in cyberattacks.
5. Environmental regulations. New laws and reforms could affect the useful life of limestone mining concessions for cement production plants. Likewise, international legislation that sanctions relevant third-parties, governments, or states could impede the continuity of the business.
6. Control and Corporate Governance. Non-compliance with human resources procedures and policies, Code of Ethics, corruption practices, internal control systems concerning financial information, and handling of privileged information, for both employees and suppliers, contractors, and customers.
7. Exogenous non-manageable effects such as macroeconomics, elections, and climate change.
8. Suppliers and procurement, particularly in terms of how to manage and comply with contracts for supplying services and raw materials, and to ensure quality in provisions from purchases in low-cost countries.

5.2 Risk of economic losses detected over the course of the year

During the year, certain risks that are inherent to our business, the company's activities, and the market have materialized, derived from circumstances related to developing the business and to economic circumstances. The following are the most relevant risks.

- Competitive dynamics during 2018 were more complex, with risks from imports, price pressures, and changes in production capacity materializing. In particular, the most significant impacts came from stagnant macroeconomic fundamentals in Colombia and a delay in beginning fourth generation (4G) infrastructure projects; a considerable increase in imports in Panama and Guatemala by non-traditional players; the entrance of an additional competitor in the market in Costa Rica, which resulted in a loss in market share. As part of the mitigation plan, we strengthened

sales through our digital commercial strategy, implemented multi-product sales solutions, and continued the CEMEX price strategy and promotion of operational excellence.

- Deterioration of the company's image resulting from greater exposure to the media and public opinion, among other reasons because of the anti-trust investigations carried out by local authorities and anti-corruption investigations carried out by the US Department of Justice (DOJ) and the US Securities and Exchange Commission (SEC), particularly in Colombia and Panama. We offered training to all our full-time employees on anti-corruption and anti-bribery issues, and we have internal controls in place which are executed permanently in order to mitigate improper employee behavior.

- Greater scrutiny by the Colombian fiscal authority (DIAN), which audited our income tax returns for 2011-2012. Management is currently addressing the corresponding processes before the tax authority.
- Legal situations related to the construction of the new Maceo plant in the Department of Antioquia in Colombia, including those related to the DOJ and SEC investigations of CEMEX, CLH's parent company, for irregularities presented during the construction of the plant.
- Political and social crisis in Nicaragua, which paralyzed all economic activity in the country, including construction. This has resulted in a stagnant cement market and a 14% decrease in sales. It is estimated that the country's GDP was down 4% during 2018 and that this trend will continue in 2019.
- Weak demand in countries such as Colombia, Panama, Costa Rica, and Nicaragua resulting from the downturn in the construction sector in the residential, commercial, and industrial segments, in addition to the delay in the startup of important infrastructure projects.
- Impact on production costs due to the rise in prices for raw materials such as carbon and pet-coke, as a result of the increase in prices in international markets. Management is taking measures such as using alternative fuels, signing renewable long-term contracts for the supply of energy and fuels, developing processes and products that help reduce heat consumption in our kilns, and executing hedges on carbon and diesel in financial markets in order to reduce price volatility.

6. External auditor's report

CLH is a subsidiary of CEMEX, whose holding company CEMEX, S.A.B. de C.V., is listed on the Mexican Stock Exchange (BMV) and the New York Stock Exchange (NYSE) and, accordingly, adheres to stock market regulations in Mexico and the US, including the 2002 Sarbanes-Oxley Act. The business units that constitute CLH have internal control processes and mechanisms to reveal and certify the veracity of financial information.

For CLH, the information on the internal control and risk

management systems related to issuing its public financial information has not been submitted to revision by an external auditor. The external auditor audits the financial information from the consolidation of the financial information of the countries that compose CLH in order to issue its opinion as to whether the CLH consolidated financial statements accurately reflect the current financial situation. The auditor's opinion has been attached to the CLH Consolidated Financial Statements and was satisfactory.

Chapter 2

Operational and financial results

Faced with a challenging environment, we stayed focused on those variables that are under our control in order to strengthen the company's position.

Focus on variables under our control

In 2018, we operated in a challenging environment. Domestic demand for cement in Panamá, Costa Rica, Nicaragua, and Colombia was down. In addition, fuel costs were up, as were freight costs in Colombia.



In this challenging environment, we stayed focused on those variables that are under our control:

The successful implementation of CEMEX Go

CEMEX Go is used by more than 4,000 customers in the segments and countries where we operate. At year-end 2018, we received approximately 64% of the total purchase orders through CEMEX Go, which contributes to our ability to offer exceptional service and make our service costs more efficient.

Reaching new customers

In Guatemala, we achieved record volumes in our cement and ready-mix concrete businesses. Our cement volumes surpassed those of the industry because we are reaching more retailers directly in places where we have distribution capabilities. At the same time, our ready-mix concrete volumes benefited from improvements in service and in the number of customers in Guatemala City.

Portfolio balance

We concluded the sale of our business in Brazil for US\$31 million, which included a river terminal for cement distribution located in Manaus, in the province of Amazonas, as well as the operating license. Proceeds from this divestment were used mainly to reduce debt.

Lower debt

We reduced our net debt by US\$77 million or 9%. Regarding our debt maturity profile, we extended maturity for US\$130 million due in June 2018 to June 2020, as well as for US\$194 million due in December 2018 to December 2020. In addition, with respect to credit due in June 2020, the cost was reduced by 165 basis points.

The best customer service

During the year we reached excellent customer service levels, with outstanding scores in our Net Promoter Score indicator.

Price increases

We increased prices for our cement and ready-mix concrete in Colombia and Costa Rica.

Efficiency in working capital

We manage our working capital efficiently. On average, working capital days in 2018 were negative six days.

Lower operating expenses

We reduced our operating expenses in Nicaragua by 45%.

Operational Excellence

Safer, more reliable, more efficient, and with better quality

At CEMEX Latam Holdings we have positioned ourselves as pioneers in the region in terms of creation of value for our employees, customers, shareholders, and the community, through the implementation of Operational Excellence initiatives in our plants.

We rely on basic principles such as attitude, leadership, abilities, and collaboration to improve our performance on priority issues for our company, such as safety in the workplace, efficient use of resources, increased productivity, reliability of the teams in charge of the production lines, and eliminating waste (excess movements, excess inventory, reprocessing, defects).

Our starting point is the cultural change in the operating staff aimed at promoting change which originates at the base of the company. To achieve this, we work so that all employees incorporate on a

daily basis the principles of Operational Excellence in their decision making and daily work activities.

At the same time, the CEMEX Latam Holdings management continually sets new ambitious goals. To achieve them, we employ internationally recognized methodologies, train leaders who have the necessary tools to successfully lead projects, build high-performance teams committed to documenting and sharing knowledge, listen to suggestions of our employees, and leverage the global expertise of CEMEX.

To identify priority projects, we rely on a system of continuous improvement and risk assessment that indicates where the main opportunities in our operations are located. Likewise, in order to reach our ambitious efficiency goals, we base our decision making on a strict monitoring and analysis of key indicators.

The following are among the Operative Efficiency projects carried out during 2018 at our cement plants:



Scheduling production stoppages for maintenance based on electric power costs per hour.



Designing and building a new grinder belt, increasing its useful life three-fold.



Redesigning the compressed air distribution network to increase efficiencies in packaging.



Eliminating bag breakage by changing the diverter arm with a smooth curve we manufactured internally.



Redesigning 50 areas where work can be done in a more agile, orderly, and clean fashion.



Developing internal capabilities to service machinery faster and at a lower cost.

Results of the Operational Excellence program

Results compared to the 2016 baseline

25%
reduction

in the time it takes to perform maintenance works on kilns



45%
increase

in reliability levels

US\$ 14 million

in savings



23%
increase

in productivity (ton/man hours)



95%
efficiency

reached in the operation of clinker kilns



Reduction
in the

recordable incidents rate

Leadership in the implementation of Operational Excellence



Over the past three years, the Operational Excellence program has become one of the strategic pillars for CEMEX Latam Holdings. A team of 10 employees who have achieved the Black Belt level in the Six Sigma methodology are heading this effort. Our network of experts concentrates and develops best practices in order to consolidate policies and processes that have a direct impact on our operating results.

As a result of the intense work, in 2018 our Caracolito plant in Colombia led the implementation of Operational Excellence initiatives, surpassing all CEMEX global operations. One of the main achievements of the Caracolito plant is that it has been able to double in three years the reliability index (operation with no stoppages) in the raw mill.

In order to achieve solid results at Caracolito and at all our plants, we deployed a robust portfolio of Operational Excellence tools.

The following are among the tools we deployed:

Scoreboards

To compare the progress made in reaching production goals through key indicators. Having more accurate information contributes to drafting better action plans and correcting any deviations.

Leadership in Service

Fosters throughout the entire work chain the allocation of time to the most important activities so as to achieve established goals and eliminate time invested in activities of no value.

Standard Work

Documenting the time and quality features of standard procedures enables us to attain maximum performance, minimize waste, and achieve a safer operation.

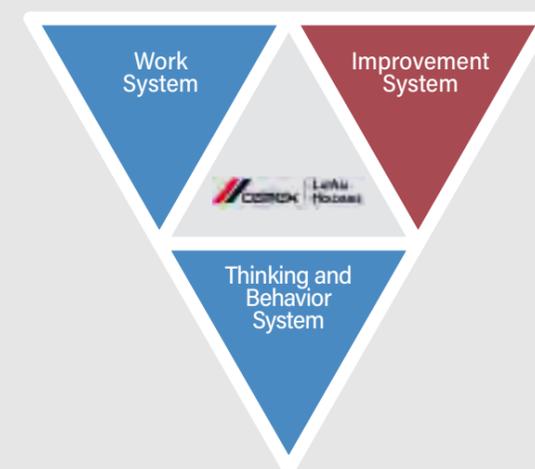
KAIZEN Projects

We achieve radical changes in our processes based on the perspective offered by the multi-disciplinary teams who attack problems at the root cause and work on implementing continuous improvements.

5S Culture

We transform work areas to make them more productive and efficient by means of classification, order, cleanliness, standardization, and discipline.

Our Operational Excellence model



Modify behaviors by offering feedback, mapping responsibilities clearly, standardizing supervisor obligations, and enhancing interaction between management and the operating staff.

Streamline processes by standardizing tasks, certifying work methodologies, eliminating superfluous work, improving training programs, and specifying how we communicate results.

Promote continuous improvement by offering constant training to our employees and by actively supervising and planning everything we do—particularly scheduled maintenance works.

Consolidated operational results and financial condition of the company

Consolidated net sales decreased 8% year-over-year to US\$1,108 million in 2018. The decline was due mainly to lower consolidated volumes and lower consolidated prices for ready-mix concrete and aggregates in dollar terms.

Cost of sales as a percentage of net sales increased 3.0 percentage points, from 55.6% in 2017 to 58.6% in 2018.

Operating expenses as a percentage of net sales increased 1.5 percentage points, from 24.7% in 2017 to 26.2% in 2018.

Operating EBITDA decreased 23% with respect to last year, to US\$243 million in 2018. Operating EBITDA

margin decreased 4.1 percentage points, from 26% in 2017 to 21.9% in 2018. The decline was due mainly to lower volumes and an increase in freight and energy costs.

Free cash flow after maintenance capital expenditures decreased to US\$54 million in 2018, compared to US\$76 million in 2017.

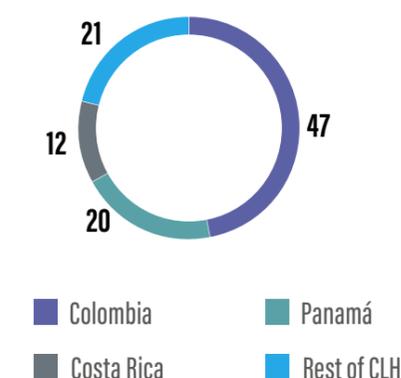
We reported **controlling interest net income** of US\$63 million in 2018 versus net income of US\$46 million in 2017, a 36% increase year-over-year.

Total debt at the end of 2018 was US\$842 million, or US\$85 million less than 2017.

FINANCIAL HIGHLIGHTS As of December 31st 2018

millions of US dollars, except percentages and earnings per share	2018	2017	% Change
Net sales	1,108	1,206	(8%)
Operating earnings before other expenses, net	168	239	(30%)
Operating EBITDA	243	314	(23%)
Net income (loss) of controlling share	63	46	36%
Earnings (loss) per share	0.13	0.14	(8%)
Free cash flow after maintenance capital expenditures	54	76	(29%)
Total assets	3,048	3,294	(7%)
Total debt	842	927	(9%)
Total controlling stockholders equity	1,512	1,538	(2%)

NET SALES BY COUNTRY (percentage)



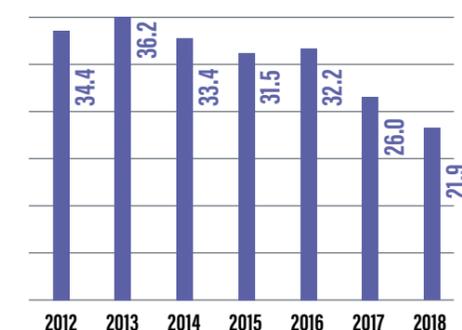
NET SALES AND OPERATING EBITDA (millions of dollars)



FREE CASH FLOW AFTER MAINTENANCE CAPITAL EXPENDITURES (millions of dollars)



OPERATING EBITDA MARGIN PERCENTAGE (percentage)



Colombia

In 2018, our Colombian operations' net sales decreased 7% on a year-over-year basis to US\$524 million.

Operating EBITDA decreased 16% with respect to 2017, to US\$95 million in 2018. Operating EBITDA margin declined by 1.8 percentage points during the year, from 20% in 2017 to 18.2% in 2018. The deterioration of our operating EBITDA is mainly due to lower volumes and higher freight costs, which were partially offset by higher prices and lower costs.

Our domestic gray cement, ready-mix concrete, and aggregates volumes decreased 6%, 11%, and 14%, respectively, compared to 2017.

In 2018, our cement prices in local currency increased 2%, compared to 2017. Our ready-mix concrete and aggregates prices in local currency remained flat compared to the prior year.

Sector information



Our estimate is that domestic consumption of cement for the residential sector registered a single digit decrease in 2018. Starting in the fourth quarter, we began to see an upturn in this sector due mainly to the informal segment, driven by higher economic growth.



Our estimate is that the national consumption of cement for the sector increased by double digits, driven by the 4G projects, as well as by other infrastructure works. The following are among the infrastructure projects that supported our volume: The El Salitre wastewater treatment plant in Bogotá, the CETIC hospital in Bogotá, the new parking lot for the BRT system in Cali, the expansion of the San Fernando wastewater treatment plant in Medellín, as well as a group of 210 schools across the country.



We delivered our products to 15 4G projects, including: Mar 1 highway, Magdalena River 2 highway, Bucaramanga-Barranca-Yondó highway, Bucaramanga-Pamplona highway, Pasto-Rumichaca highway, and Vías del NUS.

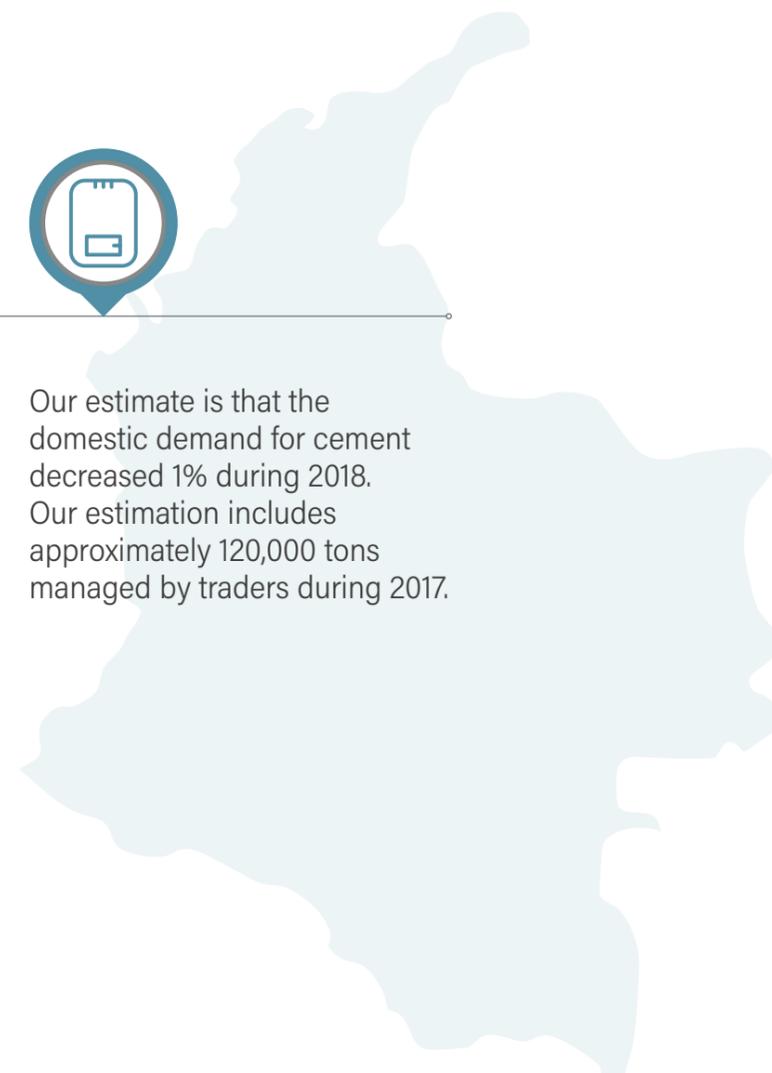


Our estimate is that the domestic demand for cement decreased 1% during 2018. Our estimation includes approximately 120,000 tons managed by traders during 2017.

Summary of results

millions of dollars	2018	2017	Change
Net sales	524	566	(7%)
Operating EBITDA	95	113	(16%)
As a percentage of net sales	18.2%	20.0%	(1.8 pp)

local currency	2018 volume vs 2017	2018 prices vs 2017
Cement	(6%)	2%
Ready-mix concrete	(11%)	0%
Aggregates	(14%)	0%



Panamá

In Panamá, net sales for 2018 decreased 17% on a year-over-year basis, to US\$222 million.

Our operating EBITDA decreased 41% with respect to 2017, to US\$64 million. During the year, the operating EBITDA margin decreased 11.8 percentage points, from 40.8% in 2017 to 29% in 2018. The decrease in Operating EBITDA is mainly due to lower volumes, lower concrete prices, and higher energy costs.

Our domestic gray cement, ready-mix concrete, and aggregates volumes decreased 18%, 15%, and 8%, respectively, compared to 2017. Industry volumes were affected, particularly during the second quarter, by the construction workers strike.

In 2018, our cement and ready-mix concrete prices decreased 1% and 7%, respectively, compared to 2017. Our aggregates prices increased 1%.

Sector information



Weakness in both the residential and commercial sectors was mainly due to excess in inventory, particularly in the mid-income and high-income housing segments, and in commercial malls, office spaces, and hotels.



The following are among the infrastructure projects that supported our volume: The North Corridor highway in Panamá, rehabilitation works on the Vía Transístmica highway, the second line for the Metro subway, the ITSE school, the expansion of the Tocumen airport, as well as the urban renovation of the city of Colón.



Our estimate is that domestic demand for cement decreased 14% during 2018, mainly due to the construction workers strike in the second quarter. The increase in activity in the infrastructure sector was strongly offset by the weakness in the residential and industrial and commercial sectors.

Summary of results

millions of dollars	2018	2017	Change
Net sales	222	266	(17%)
Operating EBITDA	64	109	(41%)
As a percentage of net sales	29.0%	40.8%	(11.8 pp)

local currency	2018 volume vs 2017	2018 prices vs 2017
Cement	(18%)	(1%)
Ready-mix concrete	(15%)	(7%)
Aggregates	(8%)	1%

Costa Rica

In 2018, net sales for our operations in Costa Rica decreased 7% year-over-year to US\$139 million.

During the year, our operating EBITDA decreased 15% with respect to 2017, to US\$45 million. The operating EBITDA margin decreased 3.1 percentage points, from 35.7% in 2017 to 32.6% in 2018. The decrease in our operating EBITDA is due mainly to lower sales and higher energy costs.

Our domestic volumes for gray cement, ready-mix concrete, and aggregates increased 1%, 6% and 9%, respectively, compared to 2017.

Our cement and ready-mix concrete prices in local currency increased 3% and 5%, respectively, compared to 2017. Our aggregates prices in local currency decreased 11%.

Sector information



The following are among the projects that supported our volume: the Oxígeno project, the wholesale market in the Northern Pacific region, the new Parliament building, the new Central Bank building, the new Coca Cola facility, as well as maintenance works on highways.



Our estimate is that the domestic demand for cement decreased 7% during 2018. The increase in activity in the industrial and commercial sector was mitigated by lower demand in the residential and infrastructure sectors.



Summary of results

millions of dollars	2018	2017	Change
Net sales	139	149	(7%)
Operating EBITDA	45	53	(15%)
As a percentage of net sales	32.6%	35.7%	(3.1%)

local currency	2018 volume vs 2017	2018 prices vs 2017
Cement	1%	3%
Ready-mix concrete	6%	5%
Aggregates	9%	(11%)

Rest of CEMEX Latam Holdings

In the rest of the CEMEX Latam Holdings region (Guatemala, Nicaragua, and El Salvador), our sales for 2018 decreased 4% on a year-over-year basis, to US\$239 million.

Our operating EBITDA decreased 15% with respect to 2017, to US\$74 million. The operating EBITDA margin decreased 3.9 percentage points. The decrease in the operating EBITDA is due mainly to lower volumes in Nicaragua, higher energy costs in Nicaragua, as well as a higher cost for purchased clinker in Guatemala.

Our domestic volumes for gray cement, ready-mix concrete, and aggregates decreased 2%, 1%, and 23%, respectively, compared to 2017.

In 2018, our cement prices in local currency increased 1%, compared

to 2017. Our ready-mix concrete and aggregates prices in local currency were down 1% and 4%, respectively.

In Guatemala, our volumes for cement and ready-mix concrete increased 7% and 48%, respectively, during 2018 for record volumes in both businesses. The residential and industrial and commercial sectors were the main drivers behind demand, supported by vertical housing and commercial mall projects.

In Nicaragua, our cement volumes decreased 14% during 2018. Faced with economic uncertainty, private investment continued to be weak and commercial banks restricted consumer and business credit.

Sector information



In Guatemala, our estimate is that domestic consumption of cement increased by approximately 3% during 2018. The residential and industrial and commercial sectors were the main drivers behind demand, supported by vertical housing and commercial mall projects in Guatemala City. In our cement business, we implemented a strategy to eliminate intermediation, which enabled us to reach more retailers directly in places where we have distribution capacity.

In Nicaragua, our estimate is that domestic consumption for cement decreased 13% during 2018. Faced with socio-political uncertainty, private investments continued to be weak, consumer trust was affected, credit was restricted, and public finances were pressured by a decrease in economic activity. Infrastructure projects that supported demand during the year include the Bluefields-United Nations and Malacatoya-El Papayal highways.

Summary of results

millions of dollars	2018	2017	Change	local currency	2018 volume vs 2017	2018 prices vs 2017
Net sales	239	249	(4%)	Cement	(2%)	1%
Operating EBITDA	74	87	(15%)	Ready-mix concrete	(1%)	(1%)
As a percentage of net sales	30.9%	34.8%	(3.9 pp)	Aggregates	(23%)	(4%)

Chapter 3

Customers

We continue on our journey to become the most customer-centric company in the building materials industry. By putting our customers at the center of every action we take, we strive to become their partner of choice.

The partner of choice for our customers

We are determined to be the most customer-centric company in the building materials industry. We have made considerable progress in our customer-centric initiatives, which are increasingly integrated into our operations. During 2018 we continued our transformation designed to deliver the best customer experience everywhere and every time.

Customer centricity is a core value and a priority for CEMEX Latam Holdings. The first step we took to make good on this promise was to get to know our customers in a holistic manner, listen to what is most important to them and how we can meet their needs. Knowing our customers better allows us to place them at the center of every action we take and every decision we make.

At CEMEX Latam Holdings we are all responsible for delivering a superior customer experience. Besides offering high-quality products and a portfolio of comprehensive solutions for construction projects, we work day in and day out to become the partner of choice in addressing the construction challenges of each of our customers.

In addition to aligning our entire company under one shared goal, this transformation requires that we embark on a digital path, upgrade internal processes and policies, continuously measure our success, and continue to innovate to generate greater added value for our customers.

We work day in and day out to strengthen the four key attributes of our customer service:



We are
Reliable



We are
Assertive



We are
Experts



We are
Innovators

Anything that can be measured,

can be improved

To achieve our customer centricity goal, it is not enough to implement initiatives designed to improve our customers' experiences when they interact with us; it is also key that we measure the results of those initiatives.

Net Promoter Score® (NPS) is an indicator that helps us to systematically measure customer satisfaction in every market segment, in all the countries where we operate. By employing NPS we monitor the impact of our efforts on key factors that determine how satisfied our customers are with their purchasing experience. Managing this indicator helps us ensure a superior customer experience.

Understanding the perception our customers have of performance is the path to continuous improvement. In 2018, we made great strides in the implementation of NPS, installing this indicator in each of the countries where we operate.

We are Reliable: Our Service Promise



We collaborate with the CEMEX Customer Centricity Global Network to better understand the needs and preferences of every market segment in every country where we participate. Our goal is to offer every type of customer the most complete and competitive selection of products, services, and solutions. Additionally, as a result of the surveys and interviews we have performed in the countries where we operate, we have identified our customers' main expectations concerning the quality of the service they wish to receive.

Our world is changing. So is what our customers expect from us. Based on the service elements that our customers value most, in 2018 we launched our Service Promise, specifically designed to meet the main concerns of our customers.

Our Service Committees meet once a month in each of the countries where

we operate to monitor the result of the initiatives we've designed to support our Service Promise and implement improvements. The measures we have implemented include increasing technical training, redefining response times to address customer concerns, monitoring the supply of our products more accurately, and improving our information technologies. The country director, as well as directors for all areas focused on improving customer experience, participate in the Service Committees.

In addition, we have reinforced the Customer Journey Experience program to include our executives directly in the comprehensive improvement process for the key service elements that CEMEX Latam Holdings offers. With this in mind, in 2018 our executives carried out more than 400 visits to the company's commercial facilities and to the operations of our customers.

Customer Expectations	→	Our Service Promise
<ul style="list-style-type: none"> Product quality. 		<ul style="list-style-type: none"> We exceed the quality standards defined in the regulations.
<ul style="list-style-type: none"> Just-in-time delivery. 		<ul style="list-style-type: none"> We deliver cement, aggregates, admixtures, and mortar on the promised date, at least 95% of the time. In concrete, our deliveries arrive at the established hour at least 80% of the time.
<ul style="list-style-type: none"> Support for our salesforce. 		<ul style="list-style-type: none"> We attend to customer requests and complaints in 24 hours.
<ul style="list-style-type: none"> Product availability and ease for placing orders. 		<ul style="list-style-type: none"> We immediately schedule orders placed through CEMEX Go and our service center.
<ul style="list-style-type: none"> Accuracy in billing. 		<ul style="list-style-type: none"> All invoices and bills are available at all times for our customers to view on CEMEX Go.
<ul style="list-style-type: none"> Technical support. 		<ul style="list-style-type: none"> Our technical advisers are always available to offer specialized attention.

In 2018 100% of our

cement operations were ISO 9001:2015 certified.



[Get to know our Service Promise at our website.](#)

We are Experts: We have a highly trained work team



CEMEX Research Center

We work in coordination with the Research and Development Center of CEMEX SAB in Switzerland. Composed of a multidisciplinary group of professionals, this network of researchers, engineers, and business experts is focused on developing new technologies to offer solutions to changing market needs, tailor made for our customers.



C-PRO Distinction

The C-Pro Distinction is delivered by CEMEX Latam Holdings to its industrial customers at the end of a consultancy process that verifies quality standards, industrial safety, and operational processes. Its purpose is to build a relationship of trust with our customers that ultimately makes us their strategic partners in helping them achieve higher levels of productivity and profitability.



Workshops and training

We offer practical and informational workshops on our technologies, during which architects and engineers can experience firsthand the advantages of our value-added materials and test them. We also carry out training sessions through which we are able to give current information with respect to construction methods and on-site quality control.



Cátedra CEMEX

As part of the Cátedra CEMEX (CEMEX Chair), we do presentations for civil engineering and architecture students from several universities. In addition to sharing our know-how and expertise, this initiative helps us familiarize new generations with our brands and share information about our innovative construction products and solutions.



Commercial Academy

Offers multi-year sessions whose goal is to create robust commercial competencies while at the same time continuing to launch new products, services, and solutions. Our goal is not only for our salesforce to have high technical specialization, but also to be well prepared to create a superior customer experience and to identify our value proposition.



Strategic value

As the only building materials company in the region with its own admixtures division, the CEMEX Latam Holdings engineers can design new technologies and develop innovative concrete solutions for our customers. We currently have two admixtures plants in Colombia and Panamá.



Technical advice

We have highly trained experts who advise our builder customers to help them optimize technical aspects of their projects. We offer ongoing support to help our customers execute their projects in a comprehensive manner, including planning, designing, and making processes more efficient.



Guided tours

We offer guided tours of our plants in order to share information on our state-of-the-art production methods. In 2018, customers of our MIX3R offer visited the CEMEX Cement and Concrete Center for Technology located in Mexico. These visits allow our customers to get to know our value offering better and they allow us to build closer relationships.



Industry forums

We attend industry fairs and exhibitions in order to participate in the discussion about global trends in the use of our materials. By participating in the Colombian Council for Sustainable Construction, we promote best practices in materials design, building construction, and urban design throughout the country.

We are Assertive: It is easy to do business with us



Our Service Center was born as a solution that allows us to respond to and foresee requests from our customers in an amicable, agile, close, and effective manner.

The Service Center enables us to centralize all of our customers' requests in a single place and optimize the process to respond to them. The team of professionals includes customer service agents, supervisors, technical professionals, and quality experts who are in charge of monitoring and addressing customer requests. To this end, the Service Center serves our customers through different mechanisms: telephone calls, email, live chat, social media, and our website. Additionally, the Service Center operations include the Teleperformance experience, a world-class ally with broad technological capabilities.

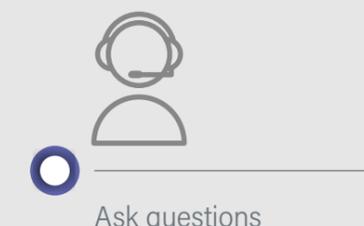
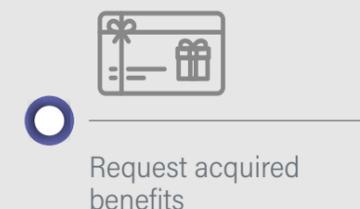
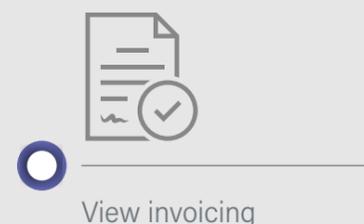
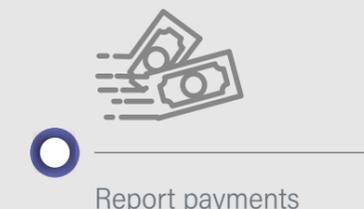
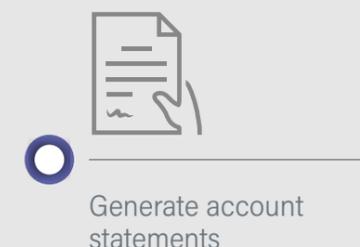
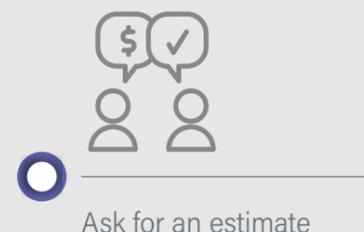
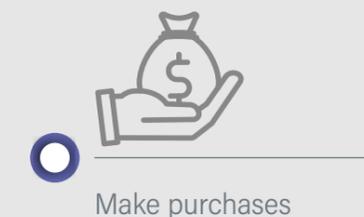
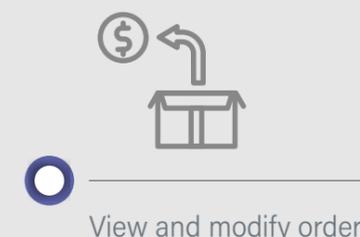
Supported by the best human team and state-of-the-art technology, our

Service Center works to offer a superior customer experience by employing personalized processes that support their requests, as well as offering a timely and top-tier post-sale service.

The Service Center works in perfect synchrony with the logistics, commercial, treasury, communications, and planning divisions. Having up-to-date information at all times about our operational and logistics availability helps us offer our customers just-in-time delivery and exact information about the value offer we promise to deliver.

The Service Center is key to the successful rollout of our new commercial and customer service strategies in the region. During 2018, the Service Center supported the successful rollout of CEMEX Go across the countries where we operate, ensuring that our customers are able to take full advantage of the digital platform.

The CEMEX Service Center is a unique point of contact for our customers who wish to:



Through Service and Benefits Account Statements, we provide our customers with monthly detailed information about the value offer they received during the period, as well as a list of additional elements we provide, such as training, technical advice, operational synergies, and advisory services.

CEMEX Go: the beginning of our digital transformation

The digital era is here to stay and today we can say that technology constitutes an essential part of our day-to-day activities. All of us are familiar with making online purchases, banking operations, flight reservations, and information searches, all of which are just a click away on the internet.

However, the construction industry had been slow to adopt these new technologies, until now. CEMEX Go is the materialization of our company's will to become a pioneer in our industry's digital revolution, with the aim of offering our customers a unique and disruptive service experience.

CEMEX Go is the first fully integrated value-added digital offering that helps customers get more done in less time by simplifying and streamlining their interactions with CEMEX Latam Holdings, reducing their administrative burden, and giving them more time

to focus on more strategic business matters. Although certain companies, and even ourselves, in the past developed digital apps and platforms for customers, none of them has the scope and functionality of CEMEX Go.

2018 was a key year for our digital strategy, with the rollout of CEMEX Go in our region. One year after its launch, we can state with great satisfaction that we are exceeding the goals we set to offer the best digital experience for our customers, every time and everywhere.

By year-end, more than 4,000 builder, industrial, and distributor customers in the countries where we operate had adopted CEMEX Go and approximately 64% of the total cement purchase orders were received through this digital platform.

To design CEMEX Go, we carried out interviews, surveys, and taskforces in different countries so we could better

understand what our customers consider to be superior service. We also studied in detail our customer interactions and business rules to create a unique experience in transactional operations. Based on these results, we designed a digital model that enables us to generate value effectively.

We are excited about how well CEMEX Go has been received. Leveraging the advantages of digital technology allows us to be closer to our customers, listen to them directly, understand their needs, add value to their projects and, at the end of the day, also help them reduce their own costs and our service costs. We expect that as CEMEX Go generates data-rich analytics we will be able to better anticipate our customers' needs and focus on offering the most useful solutions for them.



CEMEX Go a win-win proposal

Our customers enjoy an extraordinarily useful tool—unique within our industry—that enables them to select the products and services they need with ease; make their purchases with total security; track their deliveries in real time; and manage their bills and payments in a way that best suits them. This is all supported by our specialized team of advisers and sales and customer service representatives, 365 days a year.

Our company gains a valuable source of information that enables us to better understand our customers' buying patterns; anticipate their requirements based on an analysis of a series of variables; identify new areas of opportunity by further focusing on our customer relationships, and work with our customers from the start of their projects to ensure that they have the most appropriate solutions. It also helps us optimize our business processes, from billing to delivery and collection.

What can you do with CEMEX Go from your device?

1.

Prepare your purchase

- Manage works in progress
- Create new delivery addresses
- Review details of commercial agreements

2.

Place an order

- Ask for estimates
- Select the type and amount of products
- Confirm and make adjustments to an order

3.

Track orders in real time

- Receive notifications on the status of your order in real time
- See the exact location of the trucks via GPS
- Get electronic delivery receipts

4.

Review invoices and payments

- Manage payments
- View invoices and related documents
- Register and monitor concerns, when needed



1 year
in operation

6
countries

+4,000
Customers

64% of
cement
purchase orders

**industrial,
builder, and
distributor**
segments

Greater focus on our customers' success:

We strive for our commercial team to dedicate 100% of its attention to supporting our customers' success.

In 2018 we began deploying a new CRM that contributes to achieving this goal. The system automates administrative tasks and makes planning and coordinating commercial activities more efficient, which allows us to further focus the talent of our salesforce in providing a superior customer experience.

Our industry takes place in a competitive environment where participants are increasingly better informed. Within this context, we are fully committed to employing the CEMEX Latam Holdings digital transformation to optimize our customers' experience.

Without a doubt, the new CRM constitutes a cultural transformation in which commitment, communication, and training are fundamental to the consolidation of successful sales processes.

The CRM will allow our professionals to do in minutes what used to take them hours. The new software gives them full control of the entire commercial cycle on their mobile devices, including the development of proposals, estimates, and management reports. This digital tool will transform the sales management process for our company, with our customers being the main beneficiaries of a more efficient and agile service that offers them more information at the touch of a finger.

Our new

CRM is transforming

the sales management process in our company.

We rely on our customer centricity to build solid relationships and ensure we offer a superior customer experience. Greater efficiency in our commercial arm, as well as visualizing and recording the entire sales management process and identifying the most relevant factors for retaining and gaining customers, all result in the new CRM making us more productive and profitable.

During 2019 we will continue to rollout the CRM, thus strengthening strategic decision making and our ability to foresee the needs of our customers in every country where we operate.



We are Innovators: Services that make our customers more productive



Greater productivity **MIX3R**

CEMEX Latam Holdings is the best ally of industrial clients to whom we offer a comprehensive building solution that combines three products—cement, aggregates, and admixtures—in addition to business advice to make their operations more productive.

- Greater efficiency of materials
- Optimized operations
- Personalized attention channels



CEMEX at your worksite



We install mobile concrete plants directly at our contractor customers' worksites, in any location, even far from urban centers. It is the ideal solution for their high-consumption infrastructure and housing projects.

- Just-in-time delivery
- On-site quality tests and technical assistance
- Savings in logistics



CEMEX for your size



Our contractor and hardware store customers can purchase small quantities of products for their site, with orders adapted to their specific needs, based on their requirements.

- Avoid inventories
- Decrease waste
- Reduce costs

Waste disposal



In Colombia we have facilities that are destination for Construction and Demolition Waste (CDW), where it can be recycled or disposed of. The environmental management and official registration enable us to issue certificates for proper disposal.

- Maximize the use of materials
- Comply with the norms
- Apply for LEED points



More sales



By employing a geo-localization platform we help our hardware store customers to opportunely contact construction works being carried out in their vicinity, to offer them their products and solutions in less than 24 hours and, consequently, improve sales.

- Improved time management
- Greater contact with customers
- Increase in sales

Sustainable Construction



CEMEX collaborates with international experts to offer an array of specialized services in sustainable construction: certifications, architectural design, energy management, and construction solutions.

- Savings in operating costs
- Better energy performance
- Better return on investment

Construrama® continues to be the largest chain of hardware stores in Latin America

With Construrama® we help small hardware stores have a more successful business. While helping our distributor customers be more profitable, Construrama® enables CEMEX Latam Holdings to better understand consumer needs and increase sales for our products.

The Construrama® stores combine tradition, experience, and closeness to the community, as well as the benefits associated with belonging to a great multinational family. Making the hardware store sector more professional through the creation of a network of stores that offer unique value, allows traditional hardware store owners to improve key aspects in the operation of their businesses and to stay current within the industry.

By means of our improvements program, we strive to help them upgrade their stores, modernize their

operation and get closer to their consumers by offering a friendlier, easier, and more innovative buying experience. To achieve this, we have created strategies to optimize each of these key aspects for the building materials distribution business.

The transformation of the hardware stores that become part of Construrama® begins by improving store fronts and personalizing the way in which they exhibit their products. We also provide training and certification opportunities which, in addition to installing special software, enables them to improve customer service and management.

The process includes technical assistance and financing for the hardware store owners and construction foremen. Furthermore, Construrama® makes investments in activations, advertising, and

consumer-loyalty programs to attract more consumers. These upgrades contribute to the succession of the hardware stores to new generations. They also benefit the community with job opportunities and access to convenience and banking services.

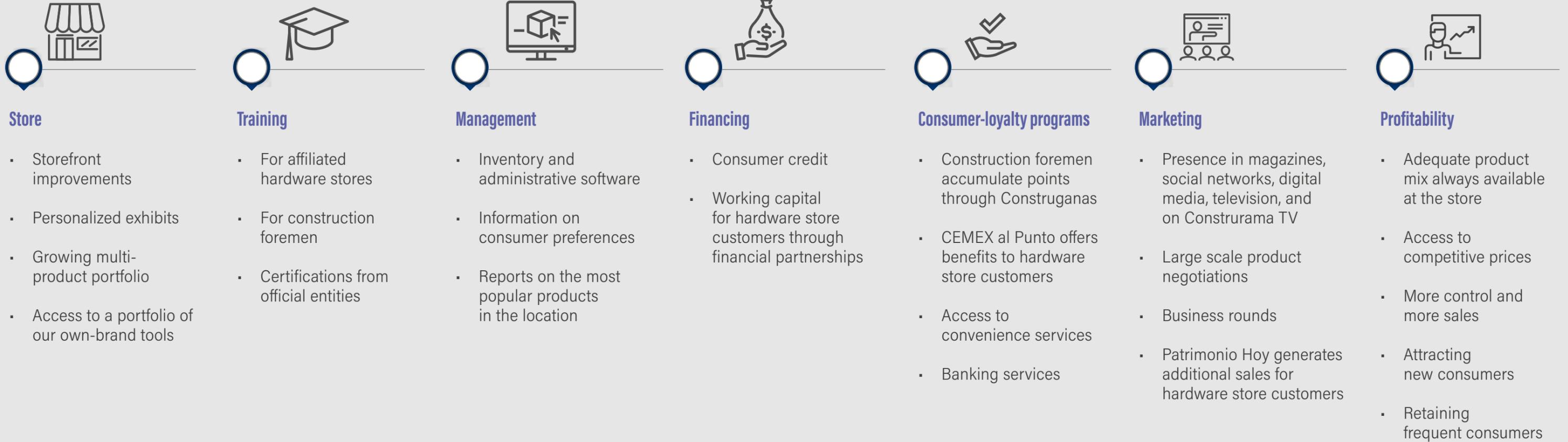
At year-end 2018, there were more than 400 hardware stores affiliated to Construrama® in our region. As we move forward, we expect Construrama® to be even more successful. Starting in 2018, we rely on technology for launching our new CRM that will contribute to improving the service we offer our customers in the Distribution channel. The expected benefits include having a more robust sales process that enables us to leverage the new opportunities for growth we have identified in collaboration with our customers. To this end, we are currently offering training to our salesforce.

403 Construrama®

hardware stores in Colombia, Nicaragua, Costa Rica, and El Salvador.



The path to more profitable Construrama® stores



The main role ready-mix concrete plays in the construction of sustainable cities

Faced with the rapid urbanization process, governments work hard to build the infrastructure needed for cities to operate well and for their citizens to grow. Infrastructure projects and buildings need to be sustainable in order for them to effectively address community needs.

We firmly believe that ready-mix concrete plays a key role in the construction of a truly sustainable society. Installing the infrastructure required to generate electricity from renewable sources and to have clean water, building highways to interconnect communities, and construction buildings that are more sustainable, including decent and affordable housing, are all activities that require ready-mix concrete.

The performance characteristics of ready-mix concrete make it the ideal material for all types of buildings and infrastructure projects, as it reduces energy consumption and environmental

impacts and increases resistance to natural phenomena.

Of all materials used for making buildings, infrastructure, and highways, ready-mix concrete is the most resistant, lasting decades with low maintenance requirements. Because it is so resilient, its repair and maintenance cost are lower throughout the construction life cycle. Based on information from the National Construction Sciences Institute, every dollar that is invested in building resilience can save up to six dollars in recovery costs in case of a natural disaster. This is a key factor that should be taken into consideration to support the growth of urban populations, particularly as climate change produces more extreme weather.

CEMEX Latam Holdings is building a better future by developing value-added concrete, with sustainable attributes that contribute to building sustainable cities.



Innovation in concrete makes us the best option for our customers

Innovation is a key factor in reaching our strategic goal of being the most customer-centric company in our industry.

We seek to transform our research and development into an evolving dynamic process, continually aligned with the trends and needs of our customers and communities. Furthermore, we continually optimize our manufacturing and distribution capabilities to efficiently and effectively supply the demand in the markets in which we participate.

Materials by Design™ is the CEMEX philosophy applied to innovating and developing new value-added concrete. Increasingly, customers play an integral role in our innovation process. Many of the products and building systems developed by the CEMEX Research

Center are accomplished through a co-creation process in which the team of CEMEX experts works hand in hand with customers and other leading institutions to achieve better building solutions.

Technologies developed by the CEMEX Research Center are protected by international patents for cement, cementitious materials, value-added concrete, admixtures formulations, among other building solutions. CEMEX Latam Holdings' customers benefit from the new technologies developed by the CEMEX Research Center based on an agreement subscribed by both companies. Furthermore, as it is the only building materials company in the region with its own admixtures division, the CEMEX Latam Holdings engineers can design new technologies and develop innovative concrete solutions.

Our value-added concretes



- **Prevent flooding** | Makes it easier for water to infiltrate into the ground and offers a solution for draining pavement.



- **Energy efficiency** | A solution for thermal insulation, acoustic insulation, and fire resistance that eliminates thermal bridges.



- **Savings in costs** | Self-compacting and self-leveling concrete that saves time and combines strength with superior finishes.



- **More durability** | Tolerates extreme conditions and has self-curing properties that eliminate concrete cracking due to shrinkage.



- **Rapid strength** | Compressive strength in four hours and a 90-minute workability for ease of use.



- **A substitute for steel** | Fiber-reinforced concrete for hyper strength and ductility.

Concrete pavements—a better solution for our customers

Our operating capacity and state-of-the-art technology, as well as our value-added materials, enable us to offer a comprehensive solution for our customers' structural projects.

With our extensive experience in concrete pavement solutions, we help interconnect cities and communities by means of highways, public transportation systems, airport landing strips, rural roads, and urban roads that are more durable, safer, and more energy-efficient.

In order to communicate the advantages of concrete pavement, we convey information to decision makers, engineers, architects, and the community in general about its attributes, including the results of CEMEX's collaboration with research institutions around the world.

6 Benefits of concrete that make it better than asphalt

For Builders	SUPERIOR durability Concrete pavements don't lose rigidity with time, have fewer deformities, and support greater volumes of traffic and heavier loads.	LOWER costs Unlike asphalt, which requires regular maintenance works, concrete pavements last for decades and require only minor repairs.
For Drivers	GREATER safety Concrete pavements require a shorter distance for bringing a vehicle to a complete standstill and reduce risk of water skidding.	LESS fuel¹ Tires sink less when they roll over rigid surfaces such as concrete. This produces a reduction in fuel consumption.
For the Planet	MORE light² Concrete surfaces reflect more light and absorb less heat, which contributes to reducing lighting costs and urban temperatures.	LESS CO₂ Lower fuel consumption on concrete highways translates into lower greenhouse gas emissions.

¹ Massachusetts Institute of Technology, "Methods, Impacts and Opportunities in the Concrete Pavement Life Cycle"

² National Ready Mixed Concrete Association, Environmental Protection Agency

84 sustainable

building projects in which CEMEX Latam Holdings participated in 2018 are undergoing the certification process.

CEMEX Latam Holdings concrete pavement for any situation

UNICAPA

- Consists of improving the natural terrain by pouring cement to offer a more accessible surface.

- Dirt and rural roads.



Roller-compacted

- Zero-slump concrete that resists abrasion.

- Structures subject to a high-water flow.



MR with Hidratium

- Substitutes the normal curing process, reduces plastic cracking, and requires minimal maintenance.

- Pavement and industrial floors.



Whitetopping

- Consists of placing hydraulic concrete slabs over asphalt pavement that has superficial damage.

- Highways, airports, and urban streets.



High-strength

- Uses special slabs and cement-stabilized bases that increase load-bearing capacity.

- Main streets.

Investing in infrastructure is key to boosting economic growth in the region

According to the Inter-American Development Bank (IDB), there is currently a wide infrastructure investment gap in Latin America, which contributes to it continuing to be the most unequal region in the world.

Investing in infrastructure is a necessary condition to addressing the main development challenges, including those identified by the IDB for Latin America, such as social exclusion and inequality, low productivity and low innovation, and limited economic integration.

Infrastructure is a driver of growth and it is crucial for offering services in an inclusive manner. Building affordable infrastructure such as roads, bridges, and airports, opens access to new markets and makes investments more productive, encouraging job creation. Investing in social infrastructure,

including schools, hospitals, parks, dams, water treatment plants, and public service facilities, contributes to improving quality of life and increasing the level of well-being.

Population and urban growth bring with them a high demand for infrastructure, including investments in sectors which play a key role in an economy, such as water and sanitation, transportation, energy, and telecommunications.

IDB estimates that Latin America needs to invest at least 5% of the GDP in infrastructure to satisfy demand and achieve the region's development goals; this is equivalent to US\$150 billion a year. Accordingly, IDB emphasizes the importance of investing in sustainable infrastructure; that is, that it contributes to creating economic, environmental, and social value.



Earthquake-resistant building technologies

El Salvador is located in a region that is affected by earthquakes. In 2018, our operations in El Salvador shared knowledge on the innovations and latest advances in applying anti-seismic technologies that are currently being used in construction during a conference presented in collaboration with the Embassy of Mexico and the El Salvador-Mexico Chamber of Commerce.

Our goal as we move forward is to continue creating awareness about the importance of selecting the best anti-seismic materials and technologies for different construction projects.

Our comprehensive solutions for building infrastructure

We leverage our experience in grand scale infrastructure projects to become a supplier of comprehensive solutions. Working in close collaboration with our customers' specialized teams enables us to suggest value-added solutions across each step in the life cycle of an infrastructure project. This effort results in greater demand for our products and new market opportunities for us.

We create financial and technological solutions that make infrastructure projects feasible. This means that we play the role of a catalyst in the construction process to contribute to the success of an infrastructure project and development in the region.

We rely on our portfolio of products and services to offer assistance to our customers, beginning when they start to plan their projects in order to make their offer more competitive, up until

the design and implementation of new construction processes and technologies. By becoming facilitators in the production chain, we are able to contribute to improving efficiency, delivery times, and to staying within budget.

We participate in different stages and types of projects, from designing and building sidewalks and urban pavements, to carrying out grand scale turnkey projects and public-private partnerships, including avenues, highways, airports, mass transit projects, power generation facilities, canalization of rivers, water treatment plants, and efficient office buildings, schools, and hospitals.

In our markets, we work closely with local and municipal authorities and with other entities to offer our support in designing new infrastructure projects that improve competitiveness in the countries where we operate.

Precast structures, the best solution for grand scale projects

Some of the main advantages of precast structures are that they use high-resistance materials, consume less material overall, and have greater quality control, as a result of their mass production. At CEMEX Latam Holdings we have an ample portfolio of precast structures that offer a profitable and high-quality solution for our customers' grand scale infrastructure projects.

Types of works that are perfect for grand-scale precast products

- 
○ Vehicle and pedestrian crossings
- 
○ Water tanks
- 
○ Education centers
- 
○ Warehouses
- 
○ Supermarkets and department stores
- 
○ Underground and building parking lots
- 
○ Shopping malls
- 
○ Buildings
- 
○ Stadiums
- 
○ Hangars

Affordable and decent housing at the center of the Sustainable Development Goals

The affordable housing challenge	Our commitment	Our solution
<p>Millions of families in Latin America lack the means to purchase their own home.</p> <ul style="list-style-type: none"> Decent living is at the center of the global Agenda for Sustainable Development, which in its Goal 11.1 proposes ensuring access for all people to adequate, safe, and affordable housing and basic services by 2030. According to the United Nations, half of humanity, approximately 3.5 billion people, live in cities today. It anticipates that the number will grow to 5 billion by 2030. 95% of the growth in the urbanization process over the next few decades will take place in emerging countries. The Inter-American Development Bank estimates that more than half the families living in the largest cities in Latin America lack the necessary means to acquire an adequate home. 	<p>Developing solutions and collaboration methods that promote affordable homes</p> <ul style="list-style-type: none"> City planners are facing the challenge of being able to offer efficient and affordable ways in which to house the rapidly growing urban population. We are committed to helping our developer customers build affordable housing and sustainable communities that improve quality of life for people and promote social and economic growth in the communities. In this process, we team up with our customers, government entities, financial institutions, and NGOs to combine our efforts, experience, and resources in developing sustainable communities. We want all families to be able to aspire to the benefits inherent to owning their own home, such as a sense of security and having some wealth. 	<p>Our Industrialized Model for Housing makes it easier to build in a fast, sustainable, and affordable manner.</p> <ul style="list-style-type: none"> Using our Industrialized Model, we integrate value-added materials with efficient systems and our expertise to build houses in a fast, sustainable, and cost-efficient manner. The adaptable model can be used under different climate, geography, and environmental conditions. Due to its features, the cast-in-place system that uses formwork panels is the best option for mass producing housing. In addition, our team of professionals has the needed experience to carry out turnkey projects and implement community programs that reinforce quality of life for the families living in the new communities.

Our Industrialized Model for Housing addresses the challenges being faced by our customers

- 

Time
Houses can be built at a fast pace due to a cast-in-place system that uses formwork panels.
- 

Speed to market
Building homes faster means they are available in the market sooner.
- 

Cost
Less storage and labor result in savings during the construction process.
- 

Resistance
Concrete installed as a single element resists earthquakes and adverse weather conditions.
- 

Growth
The use of reinforced concrete means a second floor can be built.
- 

Efficiency
Sustainable features of concrete increase thermal efficiency of the homes.

Value-Added housing in Colombia

We continue to contribute our capabilities and expertise for building social interest housing sponsored with donations and preferential interest rates by the National Government of Colombia and the Ministry of Housing, City, and Territory.

Besides providing materials, CEMEX Latam Holdings works hand in hand with our developer customers to provide a value offering that benefits the Colombian market. We make a significant contribution by also participating in the business management of the project, designing the housing developments, and developing the urban design of the communities.

The initiative known as VIPA (Vivienda de Interés Prioritario para Ahorradores—or Priority Interest Housing Program for

Savers) allows families with an income of between one and two minimum wages to realize their dream of home ownership without having to allocate a high percentage of their income to paying off a loan.

During 2018, given the transition undergone by the VIPA Program, CEMEX Latam Holdings carried out the necessary steps to migrate to the MI CASA YA program, which was introduced in parallel with the new policies of the Colombian Government in coordination with the Ministry of Housing, City, and Territory.

In sum, as a result of our collaboration, CEMEX Latam Holdings has participated in structuring 13 social interest projects, which translates into more than 5,300 homes.

Housing options for each scenario



Industrialized

Fast, efficient, and large-scale housing construction.



Disaster relief

The best response for reconstruction after natural disasters.



Efficient

The most competitive solution for buildings demanding high energy performance.



Affordable

The lowest possible cost without giving up quality.



Vertical

Fast and efficient construction for high-rise and mid-rise residential buildings.

The VIPA projects developed by CEMEX Latam Holdings and its allies offer added value



High-quality housing

- Value-added materials
- Better thermal conditions
- Higher roofs



Access to services

- Clean water
- Electric power
- Domestic gas



Comprehensive urban project

- Sewage system
- Public lighting
- Green and recreational areas

CEMEX Building Award

We promote a culture of continuous innovation in construction by recognizing the talent of people who create concrete works that respond to the social and environmental challenges the planet faces.

Each year in Colombia, Costa Rica, Guatemala, Nicaragua, and Panamá, CEMEX Latam Holdings has an open invitation for architects, engineers, investors, and builders to participate in the local edition of the CEMEX Building Award. The best works, together with the people who made them possible, compete in the international edition of the award.

The first edition of the CEMEX Building Award took place in Mexico in 1991. In 2004 the Award became international with the participation of other countries where CEMEX operates, including

works in Colombia, the US, Spain, and Venezuela. Since then, the Award's global prestige has continued to grow, with the participation of projects from more than 20 countries.

Since its inception, the jury has been meticulously selected to assess the finalists in every edition, while CEMEX plays the role of promoter of the competition, with absolutely no involvement in the decisions of the jury.

The goal of the CEMEX Building Award is to promote better solutions in the construction sector and foster innovation in the creation of works that improve people's quality of life. Among the attributes that are evaluated are the comprehensive sustainability of the project, the architectural and structural solutions, as well as the construction process.

The CEMEX Building Award grants recognitions in:

5 Categories

- Residential Housing
- Affordable Housing
- Building
- Collective Space
- Infrastructure

4 Special Awards

- Universal Accessibility
- Sustainable Building
- Construction Innovation
- Social Value



Chapter 4

Employees

We seek to develop capabilities in our employees that allow us to successfully implement our strategy and comply with our customer centricity priority.

WE OFFER AN EXCELLENT WORK EXPERIENCE

To have the best talent to implement our strategy, we offer our more than 4,000 employees an excellent work experience that includes:

- A diverse and inclusive company.
- Challenging opportunities for professional growth.
- Continuous feedback.
- Competitive compensation and benefits packages.
- A wide range of training opportunities.
- An environment that promotes a work-life balance.

To offer a truly superior customer experience, we must create an excellent work experience that brings out the best in our employees, fosters productivity, and provides the right resources to drive the company's growth.

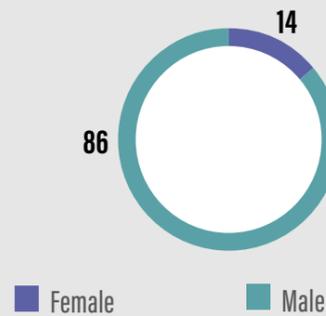
Guided by our values, we foster a dynamic and high-performance environment and we develop leaders who inspire, promote excellence, and achieve our objectives. Furthermore, across our operations we encourage a constant and open dialogue that enables us to know our employees' concerns and make decisions that optimize the work environment.

We pride ourselves on attracting, hiring, and developing the best talent and supporting each of our employees so that we all grow successfully.

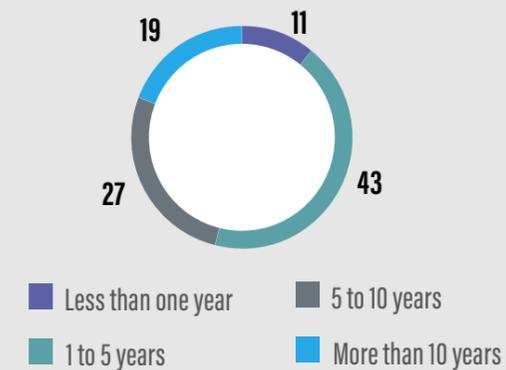
4,067 Employees

make up CEMEX Latam Holdings

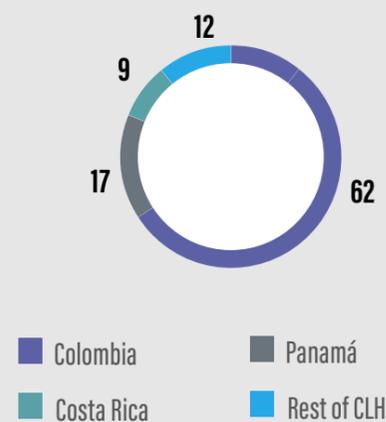
BY GENDER (percentage)



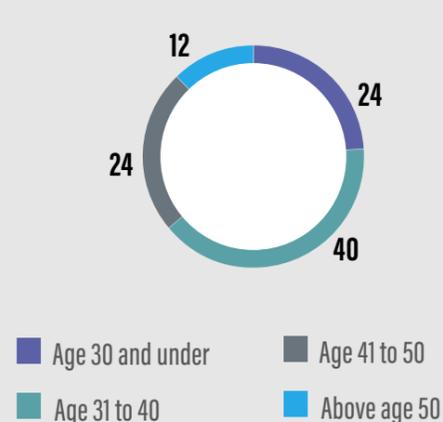
BY SENIORITY (percentage)



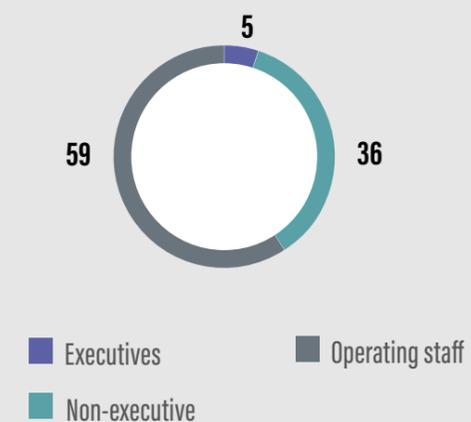
BY COUNTRY (percentage)



BY AGE (percentage)



BY FUNCTION (percentage)



The role of each person who works for CEMEX Latam Holdings is unique and valuable. We contribute to the Sustainable Development Goals by offering our employees competitive compensation and a safe, healthy, and respectful work environment.

Encouraging a diverse and inclusive company

We are very proud of our workforce, a group of people from diverse cultures with different perspectives and life experiences who all contribute to strengthening CEMEX Latam Holdings. The diversity of our team is what makes us more competitive, resilient, and able to adapt to a constantly changing environment.

At CEMEX Latam Holdings we have decided to move beyond being a company that respects diversity to one that actively promotes it across the organization. For the past five years we have worked more intensively to promote initiatives that foster an inclusive environment, including talks, workshops, gender committees, policies, internal surveys, procedures, action plans, and physical upgrades to our infrastructure and vehicles. In addition to these efforts, in 2018 CEMEX announced the launch of a new global Inclusion and Diversity Policy that will support our constant evolution to

building a company with a more diverse and inclusive human talent, which offers opportunities for all.

We are breaking the paradigms of our industry, which traditionally has been majority male. Likewise, we are committed to generational diversity, promoting collaboration between employees who have been building their career for many years, while at the same time offering opportunities for talented young people who are just starting on their career path.

We believe one of our advantages is having an exceptional group of employees, each of whom, in addition to proving their technical abilities and skills, possesses unique characteristics that enrich the culture of our organization and promote kindness for others and a passion for work. We are convinced that diversity enhances our ability to listen to our stakeholders and face the challenges of the business.

We encourage

greater participation of women in our operations*



50%

of interns and participants in the Professionals in Development program are women.



1

At least one woman participates in three-candidate shortlists for filling executive positions.



100%

of mothers return to work for the company after their maternity leave.



WE

offer breast-feeding areas at the office, work from home opportunities, and flexible schedules.

* CEMEX Colombia



Contributing to helping rehabilitated inmates re-enter civic life

In 2018, we were recognized in Colombia for offering work opportunities to former inmates re-entering society, thus making a contribution to the peace effort in the country. To date we have offered direct jobs to more than 30 people, with the same conditions we grant to other employees, training and development opportunities, and the chance to earn a salary that will help them build a new life for themselves and their families.

Challenging opportunities for professional growth

Our success relies on the dedication of our employees, which is why we make an effort to offer them challenging opportunities for professional growth. We continually work on strengthening employee engagement with CEMEX Latam Holdings so that we can be in a better position to serve our customers.

As we transform, one of our main objectives is to develop internal talent that has the potential to occupy key leadership positions within the company. Our succession plan allows us to develop talented leaders with outstanding

professional abilities and a profound understanding of our vision and business fundamentals. To achieve this, we provide our employees with the experiences and capabilities they need to succeed in increasingly challenging roles.

In Colombia, an average of 90 students each semester participate in our internship program, out of which close to 25% are offered permanent positions. To date, more than 160 employees who began their careers in the internship program have grown within the company and now hold high-ranking positions.

50% of vacancies

were filled with internal talent during 2018.

Ample career opportunities in CEMEX Latam Holdings

Internships

Interns are a source of talent who find in CEMEX Latam Holdings the best learning experience, including training, specific projects, and an individual development plan.

Team leaders

The Leadership Program strengthens management skills in people who oversee other employees so they can encourage team growth.



Internship CEMEX

Professionals in Development

By rotating for a whole year in different business divisions, recently graduated professionals in development gain great practical experience and a comprehensive view of the company.

Managers

The objective behind the Managers Program is to strengthen leadership capabilities in the executive team enabling them to effectively manage how employees in their teams perform and grow.

Generation Y

Our INSPIRE program offers Generation-Y employees the tools they need to strengthen their commitment to the company and to perform effectively with respect to strategic issues.

Executives

IGNITE is a new global CEMEX program in which managers and directors from CEMEX Latam Holdings also participate. The goal is to develop leadership capabilities through actual business projects.

Continuous feedback keeps our priorities in focus

100%
of our employees
receive feedback on their performance.

We know that employees who have their company's support are more inspired to excel at their jobs.

Through our integrated planning processes for performance and results evaluations we help our employees and supervisors establish and align their personal and work team goals with those of the company. Participating in performance evaluations allows our employees to plan their growth goals, get help from their supervisors, and receive recognition for their accomplishments.

Starting in 2018, and supported by our technological platforms, we transformed our system for assessing our planning processes and results.

The following are among the main advantages of this career management system:



Continuous evaluation:

Online documentation of the established goals contributes to moving from an annual feedback exercise to a new model through which actions and results are continually recorded and evaluated.



360 Evaluation:

We transitioned to a comprehensive evaluation process through which employees, in addition to receiving feedback on the job they are doing, also get the opportunity to evaluate their superiors, peers, and other people with whom they interact.



Monitoring our values:

Beyond measuring compliance with our goals, the new platform allows us to evaluate the way in which the goals were met. By measuring the behavior of our employees and leaders we ensure our values are in force.



Long-term vision:

In addition to monitoring our goals throughout the year, the new platform allows us to assess progress in the compliance with each employee's Individual Development Plan, thus adding to a long-term vision in the feedback process.

Competitive compensation and benefits packages

We understand that offering our employees competitive salaries and benefits reaffirms their commitment to fulfill their responsibilities and reach the company's goals. With our Más para ti (More for you) value offering we promote initiatives that allow our employees to give more of themselves and be highly committed to their work relationships. We continually communicate to our employees information on their benefits so that they understand the opportunities available to them.



Cycling Group

Más para ti promotes a balance between professional and personal growth

	More time	A work-life balance with additional terms beyond those stipulated by law.	Flex time, days off, coupons, a program for mothers, and seniority-based vacation plans.
	More benefits	A robust benefits package to remain competitive in the market.	Commercial agreements, recognizing consistency, benefits for family members.
	More environment	Initiatives that promote camaraderie and a productive work environment.	Sports activities, casual dress code, volunteering, sponsorships for children, training for family members, friendlier work environments.
	More growth	Learning opportunities at different levels of the organization.	Technical study programs, pre- and post-graduate studies, courses on managerial skills, salesforce training, English lessons.
	More career	Access to opportunities for growth within the company.	Internally communicating available vacancies, talent-planning processes, performance evaluations.

500 recognitions

for consistency granted during 2018.

A wide range of training opportunities

We want our employees to be in constant evolution, aligned with our goals, and to never stop learning.

The training opportunities we offer serve a dual purpose. On the one hand, they offer our employees the knowledge they require to achieve their professional growth expectations. On the other, they allow the company to have the capabilities we require to be more efficient in implementing our strategy.

Through courses, workshops, and conferences we strive to develop abilities—including teamwork, efficient communications skills, and operational excellence—that contribute to being able to manage our operations effectively. To develop specialized know-how, we have instituted a scholarship program for pre-graduate studies, specializations, and

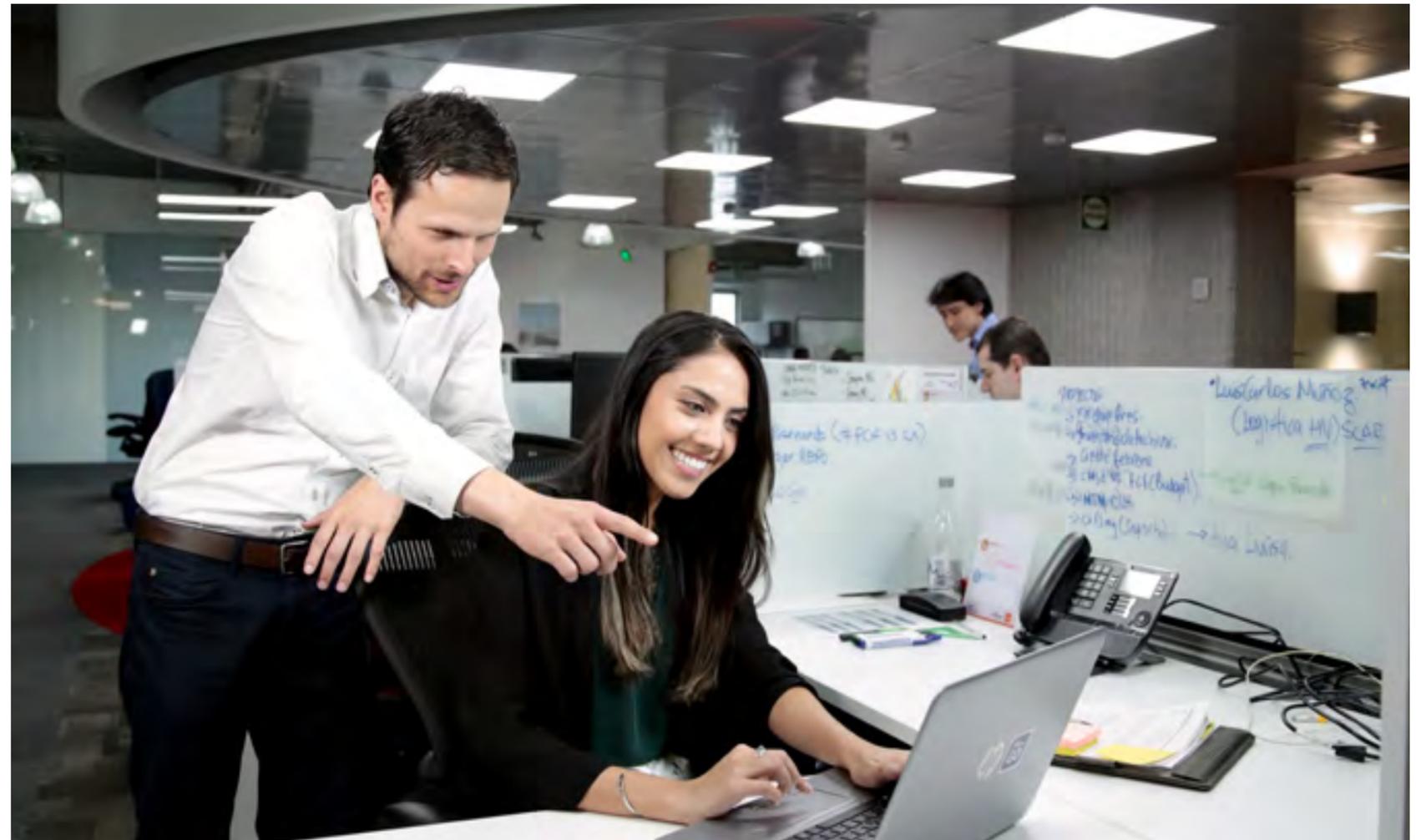
masters' degrees that is operated locally in the countries where we are present. Close to 100 employees received scholarships during 2018.

Our employees have access to robust learning tools that CEMEX offers globally, and they complement their training with mechanisms that address particular needs in our operations. For example, the Shift collaborative platform allows us to share experiences, information, and best practices with colleagues in different countries in order to develop initiatives that, beyond adding value to the company, generate new experiences and promote professional growth. Additionally, initiatives such as UNICEMEX address transversal training needs that CEMEX Latam Holdings employees have identified in their Individual Development Plans.

20 average



annual training hours per employee during 2018.



CEMEX University: Building Strategic Capabilities

CEMEX University is the vehicle through which we standardize the use of best practices across our operations. It responds to the need to consistently share with our employees work-related concepts, practices, and tools in an environment of constant evolution. As time goes by, we seek to translate these practices into strategic capabilities that help boost the company's results.

To date, CEMEX University includes three institutional academies under a single concept. Each of them involves different operating and administrative divisions that work as a team with the company's functional networks and regional directors to address the specific needs of our operations. As a whole, we seek to present participants with a comprehensive view of the business and create awareness of the importance of the role each individual plays in achieving our established goals.

The Commercial Academy contributes to helping our salesforce offer better service to our customers. The Health & Safety Academy contributes to reinforcing the company's main health and safety elements in the leaders of our operations. The Supply Chain Academy includes different actors so together they can identify key roles and tasks that can make our supply chain more efficient.

The learning ecosystem of CEMEX University is in constant evolution and combines traditional classroom sessions with state-of-the-art digital platforms to provide our employees with a comprehensive and friendly learning experience.

As we move forward, we will continue to strengthen the role of CEMEX University as a reliable learning adviser that acts as a high-impact catalyst for implementing our strategy.

1,200 employees

took training courses at CEMEX University during 2018.

ACADEMIES

In CEMEX University

Commercial

Health & Safety

Supply Chain



An environment that promotes a work-life balance

Our employees are our main source of information for creating a positive work environment that promotes a work-life balance. By listening to their expectations and leveraging the feedback we receive from them, we are able to identify and implement initiatives that establish the conditions they require to reach their maximum professional potential.

The bi-annual Voces en Acción (Voices in Action) engagement survey measures our employees' opinions on key issues for maintaining our leadership, ethical behavior, and customer centricity, including the commitment of our employees with the company, the adequate environment for performing their jobs, engagement with the company's values, and empowerment.

In the 2017 edition of the survey we saw an increase in voluntary participation compared to the prior years, with 82% of our employees in the region participating.

This increase is a testament to high levels of engagement of the CEMEX Latam Holdings employees with the company.

In 2018 we shared the survey results on our intranet for the first time. This information allowed our employees in every country to participate with senior management, functional leaders, and the human resources team to analyze those areas that present an opportunity for improvement and to implement action plans that can contribute to solving them.

Listening to the voices of our employees enables us to develop measures that make CEMEX Latam Holdings a better company to work for. With our multi-generational work force and a fast-evolving digital environment, in the future we will continue to explore new ways in which to listen closely to our employees and identify the initiatives that can best empower them.

New Action Plans

based on the Voces en Acción survey were implemented, focused on:



Strengthening customer centricity across the company.



Encouraging close working relationships among teams.



Strengthening the work-life balance.



Improving our value offering for our employees.



Expanding training opportunities.



Creating friendlier working spaces.

Our commitment to zero incidents

Our priority is the health and safety of our employees, contractors, community, and the people who interact with us because of our activities. We believe that zero incidents is our duty and a moral responsibility that is possible if we all work together under the direct management of our leaders.

In 2018, the Employee Lost-Time Injury Frequency Rate per million hours worked was down 13% for employees and 15% for contractors, compared to the previous year. It is worth noting that our operations in Guatemala and El Salvador were injury-free all year

long, and two other countries where we operate improved on their performance from the previous year.

Likewise, the Absenteeism Rate Due to Illness registered a considerable reduction, to 0.1%.

2018 is a testament to our significant efforts to achieve zero employee and contractor fatalities at our operations. At CEMEX Latam Holdings, health and safety are unquestionably our top priority and the motivation driving our work day in and day out to meet our goal of zero injuries and fatalities.

HAVING SAFE OPERATIONS ALLOWS US TO:



Strengthen employee engagement.



Increase productivity at our operations.



Ensure service standards we offer our customers are met.

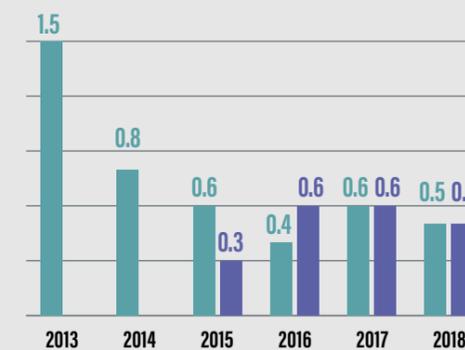


Comply with local legislation.

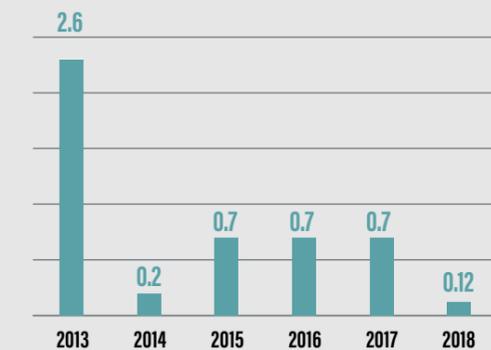
LOST-TIME INJURIES



LOST-TIME INJURY FREQUENCY RATE (Per million hours worked)



ABSENTEEISM RATE DUE TO GENERAL ILLNESS



■ Employees ■ Contractors

How we promote good safety results

The CEMEX Health and Safety Management System (HSMS) is our main tool to establish goals and performance requirements for our operations.

The HSMS empowers our leaders to implement a successful health and safety strategy for the company and guides us on how to adequately allocate resources to training programs for our employees. Aside from defining the parameters to operate in accordance to local regulations, the HSMS also lays the groundwork for assessing potential risks and planning the measures needed to mitigate them in a coordinated matter.

Communication mechanisms in the HSMS allow us to share best practices, optimizing the implementation of safety programs for our employees and contractors who participate in our operations. Relying on standardized controls and procedures in the countries where we operate helps us consistently monitor progress on our initiatives and build safer operations.

By implementing the HSMS we have developed a positive health and safety culture which is the driver behind the continuous improvement in our results across our operations.

CEMEX HSMS

is aligned with OHSAS 18001.



Leadership and responsibility

Leaders in a company play a key role in reinforcing the strategic approach to safety. At CEMEX Latam Holdings we encourage our leaders to promote, through their actions, a culture of safety among our employees and work teams.

Visible and quantifiable leadership

The Visible Felt Leadership program invites our leaders to observe employee behavior when they visit operations and to offer immediate feedback with respect to safety matters. The purpose of this is to provide a constant and positive approach to industrial safety.

Additionally, we use our Safety Leadership Index to measure our

leaders' commitment to industrial safety management. This index assesses performance based on three criteria: field supervision and feedback, training hours, and compliance with basic safety principles.

Implementing these two programs has resulted in a considerable shift in our approach to managing industrial safety. They have also been extremely useful in improving our indicators.

Excellence in training

Launched in 2016, the CEMEX Health and Safety Academy is an institutional program that contributes to strengthening our supervisors'

understanding of our Industrial Safety and Occupational Health Management System. In addition to fostering a safety culture, the Academy helps us apply the company's safety criteria in a standardized manner across all operation sites.

Each module is centered around different components of the Management System. Employing practical exercises, the work program strives to develop different leadership capabilities in those employees who are responsible for work teams. The Academy is designed to accommodate all employees in leadership positions in the operation and administrative divisions.

600 employees

concluded Module 2 in CEMEX Health and Safety Academy.



Health and Safety Academy Participants

Planning for safe operations

In planning our production processes, we are known for creating programs and initiatives that contribute to instinctively developing safe practices. Our approach centers on creating conditions that encourage our employees to always choose safe behaviors.

Safety is a responsibility shared by all

The CEMEX Health and Safety Policy asks anyone working for the company to behave correctly and report potential risks for themselves and others. It also asks leaders in the organization to comply with their obligation to look after the well-being of employees as their main priority. All employees sign the policy when they first begin to work for the company.

Operating machinery safely

Through our Machinery Protection program, we strive to prevent anyone from getting hurt if they accidentally come into contact with functioning machinery. During 2018, we continued our evaluation of equipment that has moving parts and we installed automatic locks, as well as barriers and protection guardrails for conveyor belts and motors to isolate them.

We foster self-care

Through our Take 5 program and with a periodic review of our control checklists, we encourage employees to adopt the personal habit of creating a safe work space before they start their daily routines. Taking a five-minute pause at the beginning of the work day allows our operations employees to observe their surroundings and take the necessary precautions to control potential risks depending on the tasks they will be performing.

We also recommend to our employees that they exchange among themselves their observations related to good or potentially risky behaviors and encourage them to log their observations on our new online tool which helps the company learn about potentially risky situations.

10 golden rules

in our operation:

1.  Comply with our policies at all times.
2.  Use machinery-locking procedures.
3.  Follow the protocol for closed spaces.
4.  Respect safety guardrails.
5.  Use life vests at docks and shores.
6.  Follow safety controls when performing work at heights.
7.  Use seatbelts.
8.  Do not use mobile devices while driving.
9.  Do not stand beneath suspended loads.
10.  Promptly report any incident.



2018
update
for the CEMEX
Driving School

Road Safety

Driving is one of the activities most linked to accident and fatality risks in our industry. To mitigate this risk, we rely on technology, defensive driving practices, and on developing new initiatives based on the recommendations issued by the Cement Sustainability Initiative (CSI) for drivers and contractors.

Safe traffic at our plants

By standardizing road infrastructure requirements for all the company's facilities we contribute to creating the conditions to allow pedestrians and vehicles to move safely within our operations. The Traffic Management initiative takes into consideration best practices and risk analyses at our operations and the industry to establish the standards—in addition to local legislation—which must be followed to build pedestrian crossings, streets, loading docks, and parking lots at our facilities.

The most advanced fleet in our industry

For the past two years we have invested in furnishing our fleet with state-of-the-art safety technology. In addition to protecting our drivers, we strive for CEMEX Latam Holdings to become a beacon for good road practices in every country where we operate.

The equipment that has been installed in more than 90% of our fleet includes additional mirrors, lateral bumpers, movement sensors, reverse cameras, and geo-positioning controls. We are extending the use of these same safety features to our contractors and third-parties that are part of our operations, with different compliance timetables and terms.

This not only makes each trip safer, but the information gathered by the GPS allows us to monitor road behavior. Providing drivers with more specific feedback on their driving skills contributes, in the long run, to being able to avoid potentially risky situations.

Defensive and efficient driving

We rely on simulators, video screenings, and certification processes designed to standardize knowledge of strict issues for our organization, such as logistics and transportation. By repeatedly reinforcing defensive driving skills, our drivers and contractors manage to stay safe when they are on the road traversing thousands of kilometers to deliver our products on time.

Parallel to our determination to have our products reach an increasing number of customers, we work hard to make each turn at the wheel progressively safer for our drivers. Monitoring routes in real time, scheduling rest times, and establishing intermediate relief points, are all strategies that have helped our drivers perform at optimal levels in their travels.

Boosting safety for all

CEMEX Latam Holdings continuously participates in activities to promote road safety for all drivers. We make an effort to make roads a safe place where people riding a bicycle or motorcycle, drivers, pedestrians, and all road users can coexist with no incidents. To achieve this goal, we leverage our knowledge and leadership to promote best safety practices in the community.

In 2018, in an effort to reduce the number of accidents suffered by pedestrians and bicycle and motorcycle riders in the countries where we operate, we collaborated with educational institutions, authorities, neighbor groups, and other organizations in civil society to put together day-long events to promote a culture of safety, compliance with the rules, and accident prevention.

During these educational sessions, CEMEX Latam Holdings employees

gave talks and participated in activities aimed at creating awareness in the community. In addition to reviewing the safety protocols implemented by the company for driving heavy trucks, trainers spoke about the importance of wearing seatbelts and of not using mobile phones while driving, as well as other measures to avoid risks on the road.

At the schools, this road education and culture program helped students and teachers from communities near our plants learn about road safety behaviors, the importance of obeying road signs, and the proper way to cross at intersections.

In 2018, resulting from our good practices and our interest for creating safer roads, Colombia's Department of Mobility awarded us with the Sello de Plata (Silver Seal) distinction.

Follow the rules

Obey road signs

Wear your seatbelt

Do not talk on your mobile phone while driving

Be mindful of blind spots

We organized **20 Workshops** for communities on road safety, benefiting almost 4,000 participants

Community Safety Presentations

We promote contractor safety

According to root-cause analyses carried out by the Cement Sustainability Initiative (CSI), contractors are more likely to suffer injuries at industrial operations. Based on our strong commitment to foster safe practices in our contractors, at CEMEX Latam Holdings we have asked them to subscribe to the same safety criteria that we have established for our employees.

During 2018, we made progress in installing a new control system that allows us to standardize and enforce the safety requirements we demand of our contractors. This initiative was implemented in collaboration with a global company specialized in contractor management.

The system allows us to verify at the access point and in a systematic and independent way that all employees from contractor companies have the necessary skills and training to safely carry out the tasks they have been hired to perform. To this end, contractors who visit our facilities are required to show a new ID card which allows us to check an online database to verify that they possess the required capabilities.

This platform enables us to modify our requirements for specific tasks and update current official credentials and competencies that workers acquire by attending training sessions and courses at certified institutions.

Since we started implementing this management and monitoring system, our contractors' safety standards have improved. Furthermore, after a reasonable transition period, those who failed to comply with the new criteria are no longer working with us.

As we move forward, we will continue to strengthen control mechanisms, compliance campaigns, training programs, and all procedures designed to underpin the safety culture among our contractors.

Tools

that contribute to reinforce safety practices in our contractors:



Control system at access points



CEMEX Code of Ethics and Conduct



Code of Conduct When Doing Business with Us



Occupational Health and Safety Manual for Contractors



Safety in Construction Manual



Compliance audit programs



safety meetings

More than
350
leaders

from operation and management participated in the 6 industrial safety meetings.

A culture of safety in everything we do

Safety initiatives can be futile if they are not supported by an adequate culture. Across our operations we work in teams and in a coordinated way to effectively deploy programs to help mitigate risks and contribute to our zero-injuries goal.

Teaming up with CEMEX

Our leaders on safety issues take part in the CEMEX Functional Network and Global Health and Safety Council. We strive to have the safety teams in the countries where we operate keep track of and share the initiatives they develop and at the same time analyze ways in which they can leverage global initiatives in our operations. Coordinating efforts among CEMEX operations worldwide allows us to reinforce the health and safety culture in our operations.

Safety chain

The safety chain is led by the industrial safety unit, with support from every leader in the organization. All parties are responsible for implementing the company's safety strategy, serving as an example, and rendering a report on the initiatives and incident investigations.

To roll out the initiatives, the industrial safety division relies on expert advisers at the business units, employees that contribute to safety efforts in each of our plants, and assistance from the communications division. Furthermore, in order to monitor and take action in case of any incident, we have communication mechanisms in place to inform the whole chain of command, from our country directors to our middle managers.

Open communication channels

Getting feedback from our employees is key to being able to address potential challenges relating to industrial safety. Based on the Engagement Survey that we perform every two years, we measure our employees' perception of the company's efforts to strengthen a culture of safety through four indicators: management's commitment, employee participation, promotion of safety practices, and physical conditions of the work environment.

Furthermore, the Industrial Safety and Occupational Health Meetings we hold at the regional level and in every country where we operate constitute an opportunity to create awareness, motivate, learn, and exchange know-how and good practices. The goal of these meetings is to create awareness about the safety standards and procedures that must be followed in order to prevent accidents at the work place.

Continued monitoring of safety results

Measuring the results of our efforts is key to the continuous improvement process. At our operations, we monitor management indicators aligned with the Cement Sustainability Initiative Reporting Guidelines, which show performance patterns and the most viable improvement actions.



New platform for managing information

During 2018, we updated our information management platform to have a more thorough incident report. The new tool allows us to perform a more detailed analysis of historical data and find areas for improvement that before were not as evident. Additionally, the platform includes audit and inspection monitoring modules for our initiatives.



Health and Safety Committees

To build a solid safety culture we need everyone's good disposition. We have committees in place, formed by representatives of our employees, unions, supervisors, management, and the country director at every location, who meet periodically to evaluate the results of health and safety programs that are being implemented in the operation.

One of the committee's main tasks is to identify the root-cause of an incident by studying it from different perspectives. The Root-Cause Analysis methodology and the 365 Plus System are two key elements in our management system. They allow the committees to identify specific challenges and propose action plans and training programs to address specific areas for improvement.



Everyone Safe

With our Todos Seguros (Everyone Safe) program, work teams collaborate to evaluate their daily jobs in order to design new, safer, and more efficient ways in which to operate. Furthermore, the Industrial Safety division collaborates with the Operational Excellence division to generate standards to help minimize potential incidents.

Our new
information management platform allows us to design specific solutions to further improve our safety indicators.

We promote a healthy lifestyle

Our Health Essentials campaign targets 12 frequent occupational and preventive health challenges and encourages employees to have a healthy lifestyle both within and outside the work environment. During 2018, we continued to deploy the program with a series of awareness initiatives aimed at reducing absenteeism due to illness and to improve well-being.

During our Health Week we invited employees to understand the principles of a healthy lifestyle, engage in physical activity, eat sensibly, prevent stress, and sleep well.

In an effort to assess our employees' health, the awareness campaigns are complemented with health-related events. The initiative consists of a series

of tests, including audiometry, EKG, x-rays, lab tests, and eyesight evaluation, for timely diagnosis and follow-up of work-related illnesses.

The Industrial Hygiene program seeks to recognize, evaluate, and control risk factors that could produce illnesses, including measurements of noise, particles, and lighting. Furthermore, the Active Pauses program promotes taking brief pauses in daily activities in order to help reduce stress, avoid potential ergonomic risks, and promote a healthy work environment in the operations.

The goal of our Fit4Life program is to make physical well-being a priority based on activities related to nutrition, leisure, and exercise focused on a healthy lifestyle.



The
CEMEX
running team participated in the Xmas Run in Guatemala, and in the Transisthmian Relay Race in Panamá.

Chapter 5

Social Investment Strategy



We build successful social programs that create opportunities for families and individuals to improve their quality of life.

Communities don't need gifts, they need opportunities.

Since we are aware that our operations play an important role in the communities in which we live and operate, we invest talent, resources, and creativity to build with them opportunities for driving the growth of families and individuals who are looking to get ahead.

Our Social Investment Strategy contributes directly to our vision of building a better future. Our programs open doors for families and individuals to be able to build their first home, make a life with better basic infrastructure, gain new knowledge, get a better job, start their own business, and offer their children areas for healthy recreation.

Furthermore, successfully implementing our Social Investment Strategy gives us the opportunity to contribute to the operational continuity of our company,

build cooperation schemes with local authorities, enhance our reputation, attract new people who are looking for a job that offers them a sense of purpose, and identify new business opportunities at the base of the economic pyramid.

In order to achieve these benefits both for the communities and our company, we focus on designing social business models, implementing community engagement programs, and designing responsible practices for our operations and our value chain. We achieve this by eliminating barriers, being present in the community, and collaborating with them by establishing partnerships.

Our Social Investment Strategy also allows us to contribute directly to the achievement of the UN Sustainable Development Goals.

New Community Engagement Plans

As part of our continuous evolution, during 2018 every CEMEX Latam Holdings cement operation designed its own new Community Engagement Plan.

In order to identify the social investment initiatives that are most effective for our company, we took part in an assessment exercise in collaboration with our neighboring communities and a multidisciplinary CEMEX team that included representatives from every functional division. With this study we were able to translate the needs of the communities and the impacts of our operations into an agenda of activities, projects, and programs.

With the lessons learned from the study as our input, we evaluated each of the social programs we have been implementing and selected those that comply with three key criteria:

- **Contributes to one of the four pillars of the Social Investment Strategy.**
- **Contributes to forming productive relationships with our neighboring communities.**
- **Contributes to mitigate the impact of our operations.**

Aside from aligning our main priorities with those of our neighbors, we worked on standardizing the mechanisms we use to manage these programs as well as the oversight and evaluation processes we implement across our operations.

Understanding the expectations of our neighboring communities, mapping the potential impact of our operations, identifying risks and opportunities, and leveraging our strengths, allows us to create shared value to benefit both the communities and our company.

We have
new Community Engagement Plans in place at all our cement operations.

Social Investment Strategy: How do we create opportunities to improve quality of life and wellbeing?



Education and development of employment capabilities

Education is key to facing current and future challenges. In our neighboring communities, we strive to develop technical and social capabilities that increase the probability of finding a well-paid job.



Sustainable infrastructure

We work in collaboration with the authorities and other local entities to address key challenges, such as having access to decent living, utilities, and basic infrastructure that enable the adequate development of community living.



Social entrepreneurship

We promote entrepreneurship abilities as an effective way in which to develop reliable sources of income. Additionally, we believe in local procurement as a practice that promotes economic growth in our communities.



Culture of environmental protection

We work with our neighboring communities to develop productive projects that contribute to regenerating the ecosystems, promoting the responsible use of resources, and fostering a culture of environmental protection.

Managing our Social Investment Strategy: What are the key factors for success?

1.

Dialogue with our neighbors

We work to build strong relationships that enable us to gain a better understanding of the needs of our neighbors. To achieve this, we are attentive to the needs of the communities in order to fully understand the main challenges they face. Neighbor Committees are places where our company specialists and community representatives can share their concerns and talk transparently about new ways in which to improve our joint programs. In 2018, in collaboration with CEMEX, we assigned spaces where dialogues can take place so we can assess compliance with our commitments and strengthen our Community Engagement Plans.

10
coordinators

of community relations maintain an open dialogue with our neighbors.

2.

Build synergies

We establish partnerships with organizations that share our values and wish to increase the scope of our initiatives. Working hand in hand with government, education, private, and nonprofit organizations helps us implement more effective solutions and multiply the financial and human resources we invest. In Colombia, because of the trust generated by our Social Investment Strategy, multiple organizations join our programs annually. They contribute their know-how, talent, and resources, which has enabled us to double the investment in our social initiatives.

+119
organizations

joined our social programs in Colombia in 2018.

3.

Involve the community

To achieve long-term benefits, it is fundamental for the community to actively participate in the programs we implement. Our goal is to create the conditions, know-how, and experience that will help us make a considerable contribution to building sustainable communities. Finding a balance between the resources we invest in collaboration with our allies and the participation of the communities, plays a key role in reaching sustainability in our programs.

+47,000
hours

invested by the community in the Improving Community Infrastructure program.





4.

Include volunteers

We motivate our employees to become agents of change and actively participate in the improvement of the communities where we operate. In order to be able to add the passion of our employees, we consider their engagement expectations when we plan our efforts. Activities carried out during volunteer day-long events are open for employees to participate, as well as their friends and family members, and neighbors of our operations.

+700
volunteers

participated in some of the Manos a la Obra events in 2018.

5.

Be transparent

We have an open doors policy in place that contributes to strengthening our relationship with the communities. For example, in Panamá with our Experiencia CEMEX (CEMEX Experience) program and in Costa Rica with the Puertas Abiertas (Open Doors) program, our neighbors, customers, reporters, researchers, teachers, and young students visit our operations so they can get to know first-hand our production process, as well as our initiatives favoring the environment and community development. As we move forward, we will continue to replicate the program in other operations.

+1,000
people

visited our operations in Panamá and Costa Rica during 2018.

6.

Evaluate results

We are committed to assessing the results of our programs in an attempt to improve benefits for the community and the company. We aim to allocate the investment to the most effective initiatives that have proven to have the best results in terms of empowering individuals and their families. Besides employing self-assessment tools, we rely on studies, surveys, and conversations with our neighbors in order to understand the effectiveness of our program portfolio.

Community
Engagement

Plans contribute to develop social impact indicators.

Education and employment capabilities

A fundamental ingredient of our Social Investment Strategy is to support several initiatives that offer opportunities for getting an education and for developing new employment capabilities. With scholarships, courses, and workshops as well as by implementing programs that foster knowledge, experience, and the development of capabilities, we work with the communities seeking to improve people's chances of making a better living and improving the quality of life for their families.

In Colombia, the Program to Develop Abilities for the Workplace contributes to building practical capabilities that result in better job opportunities. Organized in partnership with the National Learning Service, students take courses on topics that are useful for working at local industries and commerce. Some of the graduating class have the opportunity to continue learning through internships in the CEMEX Latam Holdings' operations.

Also in Colombia, and in order to expand the scope of our training efforts, we collaborate with the EDUPOL Foundation to offer digital professional study courses to the community of Maceo. As part of this initiative, we sponsor students in different fields, who benefit from an education program that furthers their professional training, so they can get a better job.

The region of Chilibre, in Panamá, offers great potential for growth because of its tourist attractions. In our effort to help the local population benefit from this growth, we partnered with the National Institute for Professional Education and Training in Human Development in order to enhance the courses we offer at our community center. Over the two years this partnership has been in operation, we have issued close to 1,000 certificates to people—mostly women—who have graduated from courses in computer science, English, customer service, gastronomy, construction, and entrepreneurship.

In Guatemala, the Construyendo mi Futuro (Building my Future) program offers training opportunities for teachers at schools surrounding the area of influence of our operations aimed not only at improving the quality of education but also at strengthening moral, civic, and family values to contribute to forming good future citizens.

In Costa Rica, we offer annual technical training workshops on subjects such as service and handicrafts to more than 600 women in communities near our business units. This initiative is carried out with the support of the National Learning Institute, granting participants an official certification which is valid in the labor market.

We have several programs in place to improve the academic status of children living in communities close to our operations. With our Huella de Papel (Paper Footprint) program in Costa Rica and Plan Padrino (Godparenting

Plan) in Colombia and Panamá, the contributions made by our employees are allocated to buying school supplies and uniforms.

In Colombia, Costa Rica, Guatemala, Nicaragua, and Panamá, we work in partnership with the Asociación Nacional Pro Superación Personal AC (ANSPAC) to promote comprehensive development in women. As part of the program, we offer workshops that contribute to develop new skills and trades, as well as talks on how to set up a micro-enterprise, manage a small business, accounting, and marketing. Recently we included the ANSPAC Jóvenes module, which offers training and workshops on values, self-esteem, and personal growth to young people.

In Colombia, Costa Rica, Guatemala, Nicaragua, and Panamá,

we work in partnership with the Asociación Nacional Pro Superación Personal AC (ANSPAC) to promote comprehensive development in women.

CEMEX Community Centers: Education and personal development spaces

The CEMEX Community Centers are the main meeting spaces where we carry out activities centered on developing education and employment capabilities. Additionally, the community centers offer engagement, recreation, sports, and health-related activities that benefit our neighbors.

In Panamá we are pioneers in the operation of a community center that is sponsored by a private company. Backed by this leadership, the CEMEX Community Center has become an ally for implementing institutional programs and a development and communal living hub for close to 20 communities neighboring our Bayano plant; this is a clear testament to the fact that, when working together, government and the private sector can promote great benefits for the development of the community. In 2018, we received more than 20,000 visitors at the community center.

At our Community Center in Patarrá plant in Costa Rica, we implemented a program

aimed at offering new work-related tools to women who live in communities near our operations.

In Colombia, at our community centers in Bogotá and Payandé, we contributed to the educational training and healthy entertainment of children, young people, mothers, and senior citizens who participate in different initiatives. In addition to the learning workshops, participants were also involved in recreational activities such as dancing, music, and reading.

Community Centers enable us to listen to the concerns of our neighbors and assess the results of our programs in order to improve them or replace them with more adequate initiatives. Given their characteristics, and by welcoming our neighbors, the CEMEX Community Centers help build trust in the communities where we operate.

New Comprehensive Early Development Center in Clemencia, Colombia



We strive to collaborate with the communities that need it most by means of our Social Strategy. Clemencia is a case in point. It is one of the neediest municipalities in Colombia, with 80% of the population living in at-risk conditions.

Poverty affects children the most. The new Comprehensive Early Development Center (CDI), which is currently under construction in Clemencia, is an example of what we can accomplish with public-private partnerships which team up with the communities. In collaboration

with 300 employees, the National Government, and Fundación Plan, CEMEX Latam Holdings supplied human and technical resources to contribute to building the project.

The Clemencia Center will serve 160 children of up to 5 years of age. The project has been designed in compliance with infant infrastructure guidelines and will include education programs that showcase the traditions of the municipality, as well as open spaces that prioritize crossed ventilation and protection from the sun to offset high temperatures in the region.

Clemencia,
our community partner, produced 23,000 concrete blocks with the Bloqueras Solidarias technology to build the new Comprehensive Early Development Center.

CEMEX Sports Schools

The CEMEX Sports Schools are a key component of our commitment to promote community development and are among the programs most appreciated by our neighbors. They address the need to promote values such as tolerance, solidarity, teamwork, discipline, punctuality, respect, and equality. Creating recreational areas that give children the opportunity to make good use of their free time is essential to their having a better future.

For the schools to work, we invest resources to create or improve sports facilities in the communities and we contribute coaches, uniforms, and equipment for various sports including soccer, baseball, swimming, basketball, and dancing.

In Colombia, we opened our first sports school a decade ago, and we currently operate eight schools in the same

number of locations within the country, annually benefiting 1,000 children and youngsters who enjoy sports. We have trained the coaches in all sports under the Fútbol con Corazón methodology that teaches the discipline of sports through life skills. For example, boys and girls play on the same team, which contributes to promoting gender equality. Furthermore, there are no referees during the game, which serves to promote values such as effective conflict resolution and the ability to reach an agreement.

In Panamá, we recently opened a new soccer academy, where children from the community of Cativá, in the province of Colón, receive comprehensive education through sports.

In Costa Rica, since 2012 we have operated a soccer school in the community of Peñas Blancas where

annually more than 80 children participate in different categories. To ensure the success of this sports school, CEMEX Latam Holdings contributes with the necessary rehabilitation and maintenance works and coaches.

In Guatemala, we have soccer academies at Arizona and Salcajá where we promote values and a culture of teamwork among children and teenagers through sports.

In Nicaragua, as part of our joint effort with the professional baseball team Bóer, the municipality of San Rafael del Sur, the Nicaraguan Baseball Association, and Williamsport, we have been operating since 2013 the CEMEX-Bóer children's academy. By involving parents in their children's sports and recreational activities, we contribute to reinforcing family unity for the more than 200 children who train at the academy every year.

+1,500 children

benefited annually by the CEMEX Sports Schools in Panamá, Nicaragua, Guatemala, Costa Rica, and Colombia.



Sustainable infrastructure

We leverage our expertise in the building materials industry to develop social business models and opportunities that contribute to addressing the challenges of our neighboring communities. We know that leveraging our business savvy is the most effective way we have to maximize our contribution to social development in the region.

Our strength lays in combining, passion, experience, and creativity with innovative construction materials and value-added services to offer vulnerable communities the opportunity for home ownership and better basic infrastructure, even in communities where we don't have any production or commercial operations. Additionally, through our social businesses we are opening the market for CEMEX products at the base of the economic pyramid.



Decent Floors for more families in Colombia

In 2018, in Colombia we launched the Piso Digno (Decent Floors) program that will allow families to have concrete floors in their homes, instead of dirt floors, thus improving their living conditions. In this effort we took advantage of the experience developed by CEMEX's operations in Mexico, where this solution has been offered for more than 20 years.

ECLAC estimates that across Latin America there are 186 million people living in poverty. This means that 30% of the region's population lacks sufficient income for basic goods and services. With the Piso Digno program we strive to give a better opportunity to thousands of people currently living in conditions that affect their health to have a decent home and considerably improve their quality of life.

The Piso Digno working model takes advantage of the preferential building materials prices offered by CEMEX Latam Holdings and the financial resources granted by partner entities to give families the benefit of a concrete floor, at no cost to them.

CEMEX Latam Holdings works in collaboration with local authorities and organizations to identify, by means of a study of their needs, the families eligible to participate in the program. Families that receive the benefit also get training and the support of a supervisor who helps them prepare the land and use the correct technique to pour concrete during the self-construction stage of their home's new floor. CEMEX Latam Holdings supplies equipment, technical assistance, and project management. The process also offers the quality guarantee of our products.

Something as simple as replacing a dirt floor for a concrete floor not only has a direct effect on reducing extreme poverty rates, but also impacts other quality of life variables for these families, such as improving sanitary conditions of their homes and reducing the risk of respiratory and gastrointestinal illnesses.

With Piso Digno we once again employ our expertise and strengths to develop new opportunities for improving the quality of life and wellbeing of thousands of families.

Bloqueras Solidarias and Adoquineras Solidarias

With the help of technology, training, and raw materials, at-risk families who participate in Bloqueras Solidarias employ themselves in the production of concrete blocks they can later use to expand their own homes. Because of the operating model they use, Bloqueras Solidarias are financially self-sustainable social businesses that can be replicated.

A fundamental element contributing to the success of Bloqueras Solidarias is the collaboration with NGOs, other companies, authorities, and local governments. Consequently, we maintain a permanent open

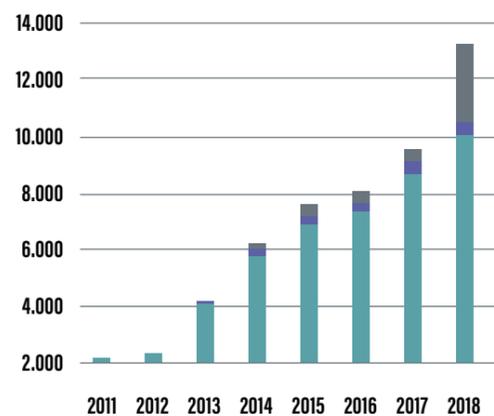
dialogue with several organizations to jointly identify new communities where improving access to housing is a priority.

Block production at one Bloquera Solidaria is approximately equivalent to the material needed to build a 40-m² home every day. In addition, we are currently developing new functionalities for the machinery we install in order to expand its capacity to produce cobblestone, which is useful for building and improving roads, floors, and other surfaces. We are exploring other uses for the machinery including making materials for building decent kitchens, stoves, and bathrooms for the homes.

PEOPLE BENEFITED BY BLOQUERAS SOLIDARIAS

Accumulated figures

- Colombia
- Costa Rica
- Nicaragua



How a Bloquera Solidaria works, in eight steps

1. We identify communities where improving access to housing is a priority.
2. We co-finance the machinery, supervise, and manage the operation.
3. We provide training and technical testing.
4. The community supplies the labor to build concrete blocks.
5. Participants receive 50% of what's produced, which they can use to build their homes.
6. Governments, NGOs, and other companies make the project sustainable by buying 50% of the blocks.
7. With ConstruApoyo, families can receive additional aid to buy other materials.
8. We assess the results of the Bloquera to determine whether it should continue or move on to a new community.



+13,400 people

benefited from Bloqueras Solidarias in our region.

Ideal solution for financing building materials

ConstruApoyo is the ideal solution to help people who are trying to make improvements to their home, including for recovery from disasters. Its business model allows companies and governments to offer financing to people living in vulnerable conditions to make home improvements. ConstruApoyo employs the wide CEMEX Latam Holdings distributor network to deliver building materials to the beneficiaries in an efficient manner.

Patrimonio Hoy

The road to a better quality of life begins with offering a family the opportunity to have the security of owning a home. However, millions of people in our region have no access to decent housing.

Founded in 1998 by CEMEX, and active in our region for more than a decade, Patrimonio Hoy is our social business that improves quality of life for people through a comprehensive and efficient solution that makes it easier and more affordable to build or improve housing.

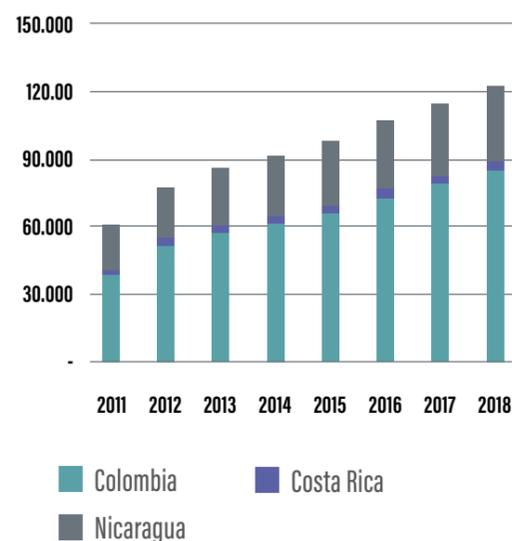
With this program, participants obtain high-quality materials, technical assistance, and microcredits that, collectively, help them reduce by 30% the time and cost of building a home.

The program is proof that, with the right help, families and communities can develop the necessary knowledge and financial discipline to own a better home. With Patrimonio Hoy, CEMEX Latam Holdings contributes to addressing the deficit of proper housing among low income families in Colombia, Costa Rica, and Nicaragua.

Patrimonio Hoy has received international recognition by different institutions, including the Organization of American States (OAS), the Inter-American Development Bank (IDB), the World Bank, the United Nations (UN), the International Chamber of Commerce, and the International Entrepreneurial Leaders Forum.

FAMILIES BENEFITED BY PATRIMONIO HOY

Accumulated figures



Benefits that Patrimonio Hoy offers

- Support from CEMEX
- High-quality materials
- Technical assistance
- Affordable microcredits
- Savings plans
- Fixed prices
- Warehouses for materials
- Home delivery

+139,000
people

benefited from Patrimonio Hoy in our region.

CEMEX ECOLOGICAL STOVES

The CEMEX Eko Stove offer a more efficient, healthy, and environmentally friendly solution for cooking.

Designed with the goal of supporting low income families, the Eko Stove uses a monolithic combustion chamber made of concrete, which makes it more efficient than other traditional methods for cooking that use fire. It contributes to improving families' quality of life—saving time in the collection of firewood and cooking and reducing the risk of lung diseases, eye infections, and burns caused by open stoves. Finally, because the cooking surface is 40% larger and uses 70% less firewood, the Eko Stove reduces CO2 emissions and helps preserve 12 trees per year for each family that uses one.

In order to multiply the benefits of the program and to take Eko Stoves to the communities, we partner with microfinancing entities, authorities, local groups, and social businesses.

Community infrastructure

We leverage our expertise and understanding of the construction industry to help communities build the basic infrastructure they need to develop adequate communal living conditions.

First, we employ our network of community relations coordinators to listen to the needs of our neighboring communities and understand their priorities in terms of basic infrastructure. We also work in close collaboration with government entities and NGOs to design successful initiative that promote project development, including classrooms, roads, platforms, and parks. Finally, to implement these initiatives we work hand in hand with the communities who contribute with unskilled labor.

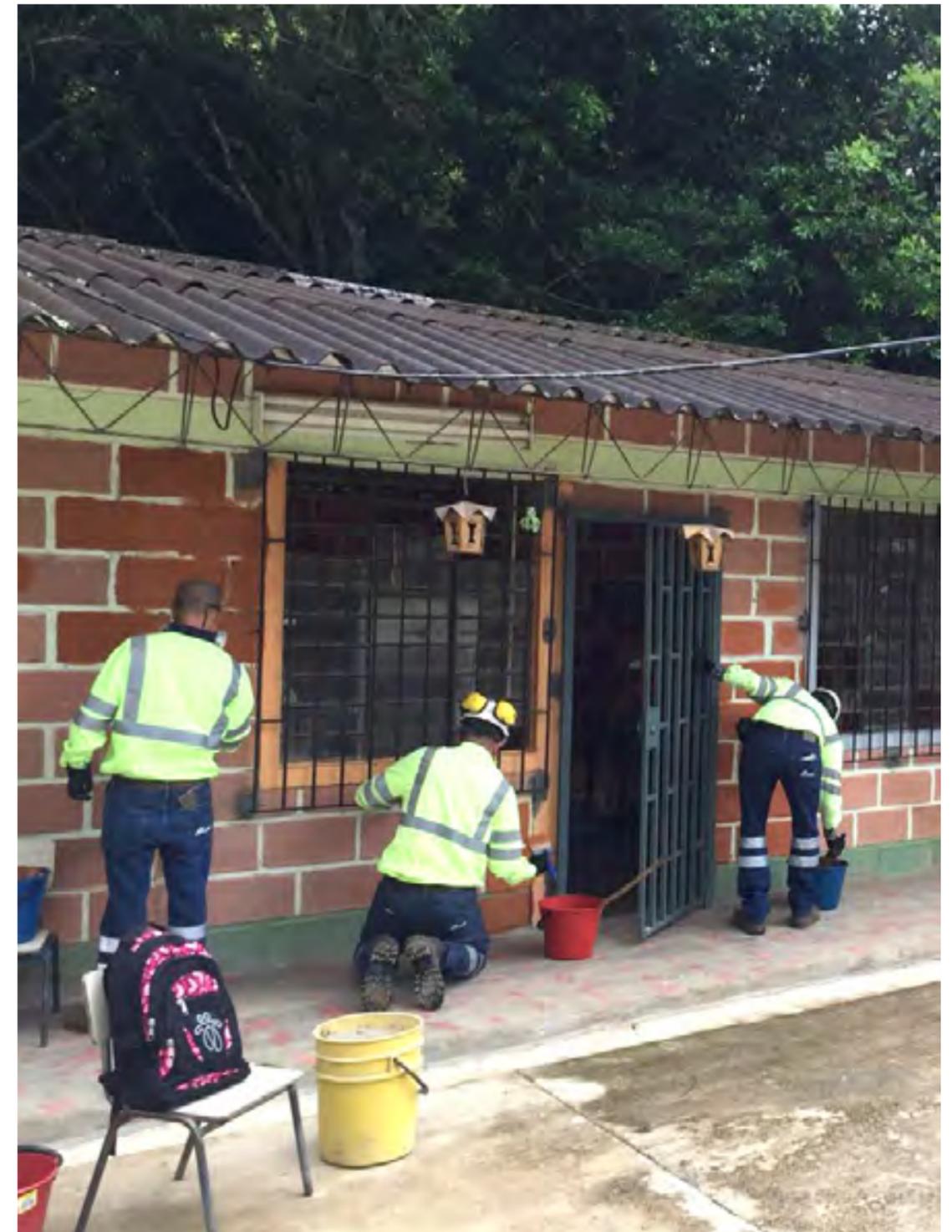
In Colombia, through the Improving Infrastructure program we strive for our neighboring communities to have the opportunity to improve community spaces that need refurbishing. CEMEX Latam Holdings donates the building materials and gets the local authorities, volunteers, and community partners to participate so that the projects are successful. During 2018, the program received a significant boost. For this, we worked in collaboration with local governments to invest in 47 projects benefiting more than 67,000 people. The projects included building new sports facilities, refurbishing schools, recovering roads and platforms, improving sanitary infrastructures, and rehabilitating parks and town squares.

In El Salvador, with the Educando para la Vida (Educating for Life) program,

we collaborated with the Ministry of Education to sponsor literacy courses for people who can't read or write or do basic math.

In Costa Rica, in response to the infrastructure needs of the communities where we operate, we supply building materials and assistance for upgrading communal spaces, which include improving streets, building sidewalks, and remodeling education centers. In this task we worked in close collaboration with local government entities, development associations, and neighbor councils.

In Panamá, the Mejorando mi Escuela (Improving my School) program allows us to contribute to improving facilities of eight schools in the town of Chilibre, benefiting a population of 4,500 students.



Social entrepreneurship

In addition to creating jobs through our operations, we participate directly in generating additional employment opportunities and new sources of income in the communities where we operate. We have action plans in place to promote entrepreneurship at the base of the economic pyramid as well as the development of individuals who require assistance to make their business ideas a reality.

FROM SMALL PRODUCERS TO ENTREPRENEURS

In Costa Rica, the goal of the Rural Business Accelerator we launched in Guanacaste is to offer the tools local entrepreneurs need to introduce their products in new markets, with higher potential. The Ministry of the Economy, Industry, and Commerce, municipalities in the province, the company Auto Mercado, other private companies, local NGOs, and the Universidad in Costa Rica all participate in this CEMEX Latam Holdings-sponsored initiative.

Prior to participating in the Accelerator, local entrepreneurs faced several difficulties in operating their businesses, and they tried to solve them solely by trial and error. However, with the support of the Accelerator, as of 2018 seven companies had been able to improve their operations, increase production, improve quality, obtain sanitary certifications, register their brands, thus growing from simple community businesses into businesses that market their products—which

include yogurt, bread and honey, among others—in national supermarkets.

The Accelerator also provides benefits to other businesses, including training, assistance in techniques needed to formalize their businesses, marketing, support for obtaining permits and financing, as well as strategic, legal, and quality-control advice. In sum, the Business Accelerator contributes to strengthen the local economy and create a positive social impact by increasing the income of small producers, contributing to the generation of new jobs, and empowering at-risk groups.

To scale up the results obtained to date and continue to add value to the communities, the Accelerator is currently in the process of evaluating the lessons learned and implementing improvements in the accompaniment process in order to foster a new generation of entrepreneurs in other areas in the country.





WORLD-CLASS TRAINING FOR ENTREPRENEURS IN OUR COMMUNITIES

We have been collaborating with the Sirolli Institute team since 2016 to sponsor the generation of new companies and the development of more empowered communities in Colombia.

The Sirolli Institute methodology, aimed at strengthening entrepreneurship ecosystems, has been successfully implemented in more than 300 communities around the world, and has contributed to create or strengthen more than 65,000 entrepreneurship projects.

In order to support the goals of the entrepreneurs and help them make their dreams come true, the methodology relies on listening to their ideas and needs in order to connect

them with the resources available within their own communities. It accomplishes this by creating a support network that includes people, organizations, and other companies.

For example: One of the main challenges faced by entrepreneurs is knowing how to manage their finances and credit. To contribute to addressing this issue in a sustainable way, the methodology breaks with the traditional paternalistic paradigm of handing over economic resources. Instead, it focuses on supporting entrepreneurs in drafting and managing their own business plans and helps them become familiar with the techniques they require to find the economic resources they need.

To implement the Sirolli methodology, we have trained an entrepreneurship facilitator who offers personalized and free service for people looking to start or strengthen their own enterprise in the municipality of San Luis.

Three years since we began collaborating with the Sirolli Institute, 24 businesses have been successfully created, formalizing their operation, legal, financial, and commercial processes. They are currently serving new markets and growing business opportunities. Furthermore, an additional 205 entrepreneurs are now participating in the methodology, and they have designed their business plans and are in the process of consolidating their projects.

Developing local suppliers for our operations

Integrating small- and medium-sized companies (SMEs) into our supplier base helps us maximize the benefits our plants offer to our neighboring communities.

In Colombia, we currently have 230 local suppliers for our operations. This is the result of the hard work our Community Engagement and Procurement divisions have done to integrate small community enterprises into our supply chain.

In Costa Rica we foster communal SMEs and prioritize them when purchasing products and services. One example of a success story is the rural company Ebenezer that grows hydroponic vegetables and is led by women in the

community of Peñas Blancas. As part of our commitment to that company, we contributed the resources they needed to install their infrastructure and we purchased part of their production for our employee cafeteria at our Colorado plant. Due to the company's success, Ebenezer opened a second operation through which they will supply fresh vegetables to more than 300 families in the Chorotega region.

In Panamá, we have a supply agreement with the Asociación de Comunidades del Chagres, which will carry out our operation's reforestation efforts over the course of five years. To date, they have reforested more than 5 hectares.



As part of our

criteria for selecting suppliers,

we recommend that they hire local unskilled labor, thus benefiting job creation in our neighboring communities.

Culture of environmental protection

To foster a proactive attitude towards the conservation and restoration of biodiversity, we work with our neighboring communities to develop productive projects that contribute to regenerating the ecosystems, promoting the responsible use of resources, and fostering a culture of caring for and protecting the environment.

In Guatemala, through the Espacios Ecológicos (Ecological Spaces) program, we offer the opportunity for children in the town of Arizona to receive training on environmental stewardship and recycling. With this program, we have organized day-long events to clean rivers and beaches, in coordination with the municipality's entity in charge of environmental management.

In Panamá, we are part of the Alianza por el Millón de Hectáreas (Partnership for One-Million Hectares), an agreement between the public sector, different companies, and the community whose goal is to protect forests, sources of water, and biodiversity in Panamá. In

the framework of this agreement, we will participate in the reforestation of 50 hectares over a 10-year period. Besides generating a positive environmental impact on the basins and rivers, forests, protected areas, and environmental corridors in the country, this partnership contributes to accomplishing Panamá's commitments in the fight against climate change.

In Colombia, the Sembrando Futuro (Seeding the Future) program contributes to forming environmental leaders. Through a series of workshops, children and youngsters make a commitment to promote, through their own example, the importance of recycling, water conservation, and environmental stewardship. In 2018, more than 1,700 children who are our community partners committed to caring for the trees planted in their communities and learned about how to care for water sources.

In Costa Rica, in 2018 we signed an agreement with the CIPANCI Wildlife Refuge for the conservation and

reforestation of the mangroves located on the Bebedero River. This is the first mangrove reforestation project in the country. Mangroves play a key role in maintaining the ecological equilibrium and biodiversity at the river mouths, and in producing energy for the ecosystems.

As part of this project, CEMEX Latam Holdings will make an investment in an environmental education program for 11 schools that are near the Colorado district in Abangares. Additionally, we donated seven trap cameras to be used by the National Conservation Areas System, the Arenal Tempisque conservation zone, and by eight meteorological stations in education centers, all as part of an effort to monitor the climate in locations near our operations.

Also in Costa Rica, we annually plant more than 2,000 trees native to the area of Abangares to reforest the area around our clay mines in the Colorado plant. With this effort we have reforested more than 2 hectares of forests.





**A NEW GREEN LUNG
IN MANAGUA**

In Nicaragua, the program known as En Armonía con la Naturaleza (In Harmony with Nature) promotes the recovery and conservation of fields in San Rafael del Sur, 46 kilometers from the capital city of Managua. In 2013-2018 we planted more than 150,000 eucalyptus, neem, quickstick, elephant-ear tree, Pacific Coast mahogany, cedar, laurel, guanacaste, olive, and almond trees to reforest 70 hectares in seven communities in the municipality.

This initiative is particularly important because it gives Managua a new green lung by improving the micro-climate in the area, protecting wildlife and vegetation, and stabilizing the land to avoid erosion from wind and water. We promote this program in collaboration

with the Ministry of the Environment and Natural Resources, the National Forest Institute, the Revenue Directorate, the Customs General Directorate, and the municipality of San Rafael del Sur, which will be in charge of maintaining the area.

Additionally, as part of this initiative, over the last five years environmental specialists at CEMEX Nicaragua have provided more than 4,000 hours of environmental training to more than 2,500 students and school teachers. Topics in the training sessions include establishing and maintaining forest plantations, fighting and preventing fires, the advantages of recycling, climate change and its consequences, as well as the conservation of river basins.



**THE EN ARMONÍA CON LA
NATURALEZA PROGRAM HAS
FOUR GOALS:**



To reforest and restore degraded areas.



To produce seed banks in the nursery of the San Rafael del Sur plant.



To maintain forest plantations.



To offer training to neighboring communities.

We hire responsible suppliers

At CEMEX Latam Holdings, our relationship with our suppliers is integral to our ultimate objective of serving our customers' needs—achieving a superior customer experience—and creating value for our communities and our stakeholders.

Our worldwide procurement model is designed to ensure our company's supplier network is managed through a uniform strategic sourcing process. We employ a series of standardized policies, processes, and tools for the planning, negotiation, purchasing, and inventory functions to ensure

the continuity of our operations by sourcing quality goods and services.

We aim to build solid relationships across our supplier network as we acquire the goods and services our company requires to operate. At the same time, we capture economies of scale by applying different programs such as the new procurement initiative in low-cost countries to achieve the most efficient cost/benefit. In order to carry out these tasks effectively, we leverage the knowledge and expertise of our local and regional teams.

WE MONITOR THE COMMITMENT OUR SUPPLIERS AND CONTRACTORS MAKE TO US



Before signing a contract, we analyze the profile of potential suppliers in terms of their financial situation, compliance with their social obligations, and compliance with all regulations.



By signing a contract, suppliers commit to respecting our Code of Conduct When Doing Business with Us as well as all local laws and regulations.



To reinforce our expectations, we have included human rights, labor, antitrust, and sustainability clauses in our contracts and purchase orders.



When we offer our services, we audit our suppliers in order to oversee compliance with several social, legal, and environmental obligations.



We audit suppliers and contractors working inside our operations on their compliance with the social rights of their workers, human rights, and environmental regulations.

The addition

of new safety standards for contractors working at our facilities is yielding results. For more information, view the section on [Health and Safety](#).

Leadership in promoting social responsibility across our supply chain

Through our sustainable procurement programs, besides strengthening our value chain, we are leading the development of new social responsibility standards in our industry. Because we are aware that our responsibility to sustainability is not limited to our operations, but rather extends to our suppliers, we build long-term partnerships that promote mutual sustainable development. We make a continuous effort to foster our main values in our suppliers, including our emphasis on health and safety, striving for excellency, and our firm commitment to integrity.

Aligned with our principles, policies, and values, we are committed to ensuring our suppliers' compliance with the CEMEX Code of Ethics and Conduct and with the Code of Conduct When Doing Business with Us.

We also participate in the CEMEX Supplier Sustainability Program. As part of this program, an external

company makes an assessment based on ISO 26000 criteria that includes social, environmental, health and safety, corporate ethics, stakeholder relationships, and financial performance standards. With the assessment results in hand, the specialized company drafts a report describing areas where improvements can be made and a specific action plan to close the gaps. The evaluation is updated periodically, and we expect suppliers to improve their score constantly. The score is included in the supplier's records so that we can track and reward suppliers who prove they have made considerable progress in their sustainability practices.

We also make sure sustainability is fully embedded in our engagement and procurement processes when we evaluate potential new suppliers. In our evaluation of potential suppliers, sustainability criteria have a considerable weight in the total assessment. As a result, our suppliers give testament of the improvements they have implemented

in order for their operations to be more robust and sustainable.

As part of the CEMEX Supplier Sustainability Program, the 2030 goal is to evaluate at least 80% of the procurement spend allocated to critical suppliers globally. By critical suppliers we refer to those business partners who can have significant impact on our three core businesses, specifically those who could affect the continuity of our operations, involve environmental risks, or contribute to increase our spend.

In addition to our Supplier Sustainability Program, we assess our contractors' health and safety certifications to ensure that anyone working at our facilities possesses a valid certification. This means that we ask that their insurance policies include liability and risk premiums, and that they have their own safety manuals and accreditations, among other requirements.

CODE OF CONDUCT WHEN DOING BUSINESS WITH US

Our company's success depends on supplier relationships that are built on trust and mutual benefit. We expect our suppliers to adhere to these 10 principles:



[Get to know our Code of Conduct When Doing Business with Us](#)

1. Encourage suppliers to adhere to high ethical standards and practices.
2. Seek for equality and fairness in supplier relations.
3. Honor contracts and proprietorship, obeying the law, and complying with regulations.
4. Comply with all anti-corruption laws.
5. Maintain standard business practices related to gifts, services, and other courtesies.
6. Ensure basic labor conditions.
7. Generate environmental and biodiversity engagement.
8. Promote high priority on health and safety.
9. Enhance diversity and equality.
10. Strengthen human rights.

Chapter 6

Our Commitment to the Planet

Through an integrated strategy, we work with firm commitment to reduce our environmental footprint and promote a circular economy efficient in terms of resource use and low carbon intensity.

Committed to operating sustainably

CEMEX Latam Holdings is known for the proactive way we address climate change, the growing demand for energy, biodiversity risks, waste management, and water scarcity.

We rely on a robust management system that allows us to measure our results against key indicators and implement strategies to improve our performance, always seeking to attain excellence in our operations. Furthermore, we work as a team with other organizations that share our values. Our goal is to jointly develop concrete actions in the face of global challenges and improve how we source goods and services from natural ecosystems by better understanding the socio-economic systems with which we interact.

We use the CEMEX Environmental Management System (EMS) as the main tool to evaluate the way in which our plants operate, respond to changing

conditions in the market, and formulate processes that contribute to continued environmental improvement. The CEMEX EMS is compatible with ISO 14001 and with the EU Eco-Management and Audit Scheme (EMAS), both of which are based on compliance with legal and other requirements we have defined in accordance to the priorities of our stakeholders.

During 2018, we completed the process of adapting our operations to the 2015 version of the ISO 14001 standard. As part of this process, we have made more evident the commitment of company leadership and the strategic direction of the company to sustainable management of our plants and we continue to: strengthen our environmental protection initiatives, implement more effective communication processes, apply new supplier selection criteria, develop new environmental risk management tools;

establish closer working relationships for the protection of the environment with contractors who work at our operations; and improve life cycle analysis of our processes.

In 2018, CEMEX updated its global environmental incident reporting tool to include social incidents. Applying a comprehensive approach to recording and managing incidents constitutes the first step to reducing the likelihood they will occur and their severity. In order to address a possible incident and to prevent it from happening again, we have an action plan in place that includes root-cause analysis methodologies, preventive and corrective measures, open communications to provide information on our progress, and collaboration with authorities and community groups who favor improving the environment. For more information, view pages 188 and 197 of this report.

100% cement

operations that have a CEMEX EMS in place.

90% cement

operations that are ISO 14001 certified.

THE CEMEX ENVIRONMENTAL MANAGEMENT SYSTEM IS DESIGNED TO:

- Facilitate the implementation of risk-based management tools.
- Establish objectives, goals, and action plans.
- Contribute to complying with standards and guidelines.
- Promote stakeholder engagement.
- Increase collaboration and the exchange of best practices.
- Foster continuous improvement.
- Standardize the way in which we report information.



[Environmental Policy](#)

[Water Policy](#)

[Biodiversity Policy](#)

Doubling our commitment to climate change mitigation

The global urbanization process relies on concrete to enable the access of communities to clean water, sanitation, renewable energies, efficient means of transportation, resilient buildings, and proper housing. Thus, the cement and concrete sectors face the need to expand in order to support the growth of cities and the well-being of their populations. This trend grows parallel to the global commitment to reduce carbon emissions and mitigate climate change.

At CEMEX Latam Holdings we aim to maximize our positive contribution to society while working to reduce our environmental footprint. As leaders in the building materials industry, we

manage our responsibility in the context of climate change in two ways.

On the one hand, we are committed to supplying the market with products and services that contribute to the construction of sustainable infrastructure as well as buildings that are more resilient and energy efficient. On the other hand, we work hard to reduce the carbon footprint of our operations by investing in and using renewable sources of energy, consuming energy efficiently, and maximizing the contribution of our plants to the benefit of society by using cementitious materials and alternative fuels in our production processes.

TEAMWORK TO MAKE PROGRESS ON OUR COMMITMENTS



With our consumers

Our Carbon Footprint Tool plays a key role in our CO₂ reduction efforts. The Carbon Footprint Tool helps us quantify the CO₂ emitted in the production process of our products on a cradle-to-grave basis, including CO₂ embedded in raw materials, energy consumption, and transportation. The tool is available at our cement, aggregates, and ready-mix concrete facilities, and allows us to be in a position to share valuable information for estimating CO₂ in our customers' construction projects, in case they need it.



With the CEMEX global network

To help achieve higher fossil fuel substitution rates in our operations and reach our potential, we participate in the global CEMEX Alternative Fuels Taskforce, comprised of a multidisciplinary group of experts on key issues such as energy, sustainability, operations, technology, procurement, corporate affairs, communications, social responsibility, and risk management. This group enables us to assess the obstacles to achieving higher alternative fuel consumption in every cement plant and the opportunities we have to address them from a holistic point of view.



With our industry

CEMEX Latam Holdings has offered leadership and active participation in the Inter-American Cement Federation (FICEM) to jointly develop the FICEM Roadmap. This document, which serves as an instrument to promote a dialogue between our industry and governments in the region, represents the commitment of the Latin American cement industry to reduce CO₂ emissions; it also establishes the use of cement as a mitigation and adaptation solution to the effects of climate change, in line with the mitigation goals set in the Paris Agreement.



[Our stakeholders can view the CEMEX SAB report to the CDP to learn more about the efforts carried out by CEMEX Latam Holdings in the region.](#)

CEMEX Latam Holdings' contribution to the circular economy

The path to the circular economy requires sorting waste into a hierarchy in order to be able to identify what should be reintroduced in the economy. Employing waste in new production processes at the same time prevents them from being disposed of and contributes to reducing consumption of other resources.

Our company's main contribution to the circular economy is precisely that we co-process waste from other industries and use them as valuable inputs for our production of cement, concrete, and aggregates.

This contribution is directly related to curbing the superfluous disposal of waste in landfills and to the conservation of natural resources.

Beyond committing to responsible waste management in our operation, we also work to have a positive impact on areas plagued by environmental issues. Working hand in hand with our industry, we are taking measures aimed at reducing the use of traditional inputs in both our manufacturing process and our products in each of our three core businesses.

How we transform waste into inputs

Using waste as a source of energy for our cement kilns

- Biomass, such as rice, peanut, and coffee husks.
- Properly sorted municipal solid waste.
- Animal feed.
- Sediments of discharge water and sludge from treatment systems.
- Used tires.
- Residual oils.

100% of our cement plants have the technology needed to use alternative fuels and reduce consumption of fossil fuels.

Using waste byproducts from other industries for cement production

- Puzzolana.
- Blast furnace slag.
- Sintering limestone.
- Fly ash.

The clinker factor for our cement production in 2018 was **73.3%**¹.

Recycling construction and demolition waste as an input for building processes

- Construction and Demolition Waste (CDW).

Concrete, used as an aggregate for building transportation infrastructure or as a subbase for roads, is **100%** recyclable.

¹ Substituting clinker is limited by the availability of alternative materials, the demand for different types of cement, and by the specific technical limits for its manufacture.

From waste to energy: a winning option to mitigate climate change

By using traditional disposal methods, much of the waste and byproducts of modern society generate methane emissions during the decomposition stage in landfills. Methane is a stronger greenhouse effect gas than CO₂ in terms of preventing infrared radiation from escaping the atmosphere (global warming potential).

Given their high efficiency and temperatures of up to 1,600°C, rotary cement kilns are an effective and efficient option for reintegrating waste into a productive process. Reclaiming the energy it contains without causing pollution has many benefits, including not disposing of waste in saturated landfills, preventing methane emissions to the atmosphere, and reducing consumption of fossil fuels.

One of the main challenges we face in trying to increase our use of waste as alternative fuels is the lack of policies

and regulatory frameworks to help us absorb the costs of inadequately managed solid waste, which would enable other processes, such as recycling and co-processing, to become more viable.

CEMEX Latam Holdings has the experience, technology, and know-how needed to process, store, and leverage the special conditions offered by the kilns used in the production of clinker to process waste and recover energy from alternative sources in a responsible manner. We embarked on this path more than 10 years ago when we invested US\$2.5 million to adapt the systems at our plant in Ibagué, Colombia. The technology we installed allows us to use rice husks as fuel and to gradually replace fossil fuels such as coal. Currently, 100% of our cement kilns in the countries where we operate have the technology to use some type of alternative fuel in the production process.



16% was

the alternative fuels rate
in our operations.

The benefits of co-processing waste as alternative fuels include:

For the community	For the planet	For CEMEX Latam Holdings
<ul style="list-style-type: none"> Offering a better alternative to waste disposal. Transitioning to a circular economy, where new value chains linked to alternative fuel supply are also created. 	<ul style="list-style-type: none"> Reducing total CO₂ emissions by recovering the energy stored in waste. Preventing methane emissions during the decomposition stage of waste. 	<ul style="list-style-type: none"> Reducing our dependency on fossil fuels during the production of clinker. Mitigating fossil fuel cost variations in our operation.

First company with a carbon-neutral vehicle fleet

CEMEX Colombia became the first company in the country with carbon-neutral certification for its fleet under the offset scheme authorized by the National Government. The Sello Verde de Verdad (True Green Label), as well as the ICONTEC certification, guarantee that the approximately 1,000 vehicles that comprise CEMEX Colombia's total fleet are carbon-neutral. To offset emissions, the company committed to plant and maintain approximately 480,000 trees in Orinoquia, a post-conflict zone and one of Colombia's six natural regions.

By reforesting 400 hectares, the shared value CO₂CERO forestry project will not only capture 120,000 tons of CO₂e, but it will also protect the region's native

forests and create almost 170 local indirect jobs. CEMEX Colombia earned the Sello Verde de Verdad from Ecologic SAS, a company that develops projects to market carbon certificates. It was granted the neutralization certificate by the Colombian Institute of Technical Standards (ICONTEC), an international standardization body based in Colombia.

An additional benefit of the pioneering work we did was documenting and honing the procedures we implemented to neutralize our fleet's emissions. Our hope is that, in the future, our efforts will enable other companies to follow in our footsteps and implement new emissions mitigation projects that will protect the environment.

We are aware that the participation of the private sector is key to fighting the effects of climate change. Consequently, we have been working hard to deliver products with a smaller carbon footprint.

In addition to working to reduce our carbon footprint, we support the implementation of national strategies and plans. With this certification, CEMEX Colombia confirms its commitment to sustainability and adheres to the commitment acquired by the country during the 2015 UN Convention to reduce by 20% its greenhouse gas emissions by 2030.



FEWER EMISSIONS FROM VEHICULAR TRAFFIC

We circumvent unnecessary truck traffic during rush hours by planning our routes strategically. We also look for ways to dispose of raw materials without trucks, including the use of conveyor belts and, wherever feasible, multimodal systems for moving our products. At our Bogotá corporate offices, we have implemented a

sustainable mobility program that lets employees borrow bicycles as a means of transportation and allows for flexible work schedules to avoid heavy traffic. Optimizing and reducing the use of vehicles helps avoid traffic congestion, reduce energy consumption, increase savings, avoid carbon emissions, and optimize the use of parking lots.

Technology to minimize other emissions

The release of nitrogen oxides (NOx), sulfur compounds (SOx), and dust occurs during cement manufacturing. Other emissions, including dioxins, furans, volatile organic compounds, and heavy metals, are released in very small or negligible quantities. However, we monitor them on a regular basis.

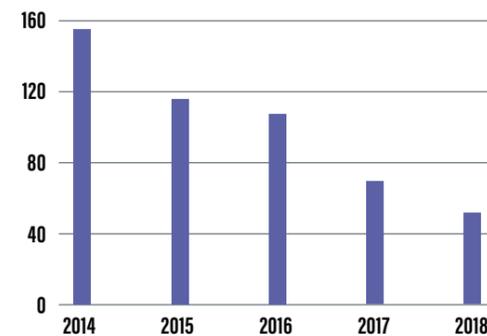
We are committed to reducing the impact of our air emissions on the environment. The first step is to make a permanent effort to monitor and minimize our major and minor emissions. To this end, we are investing in more advanced monitoring systems, specialized software that allows us to control in real time a range of parameters, and technical training for our employees in collaboration with specialized labs.

With these investments and training plans, we aim to have the infrastructure we need to have more robust emissions metrics, and to further our

understanding of how to measure emissions in order to continue improving our performance. To focus these efforts, we have established minimum annual performance levels. Our goal is to perform below local legal limits, identify new opportunities to establish goals and reduce emissions, mitigate our impact on neighboring areas, and have a sustainable operation.

Additionally, over the past five years, we have invested heavily in technological conversion projects and installed state-of-the-art filters in cement kilns in the Caracolito plant in Colombia, Patarrá plant in Costa Rica, and San Rafael Sur plant in Nicaragua in order to reduce our emissions of materials particles. These investments, in addition to our ongoing efforts and investments in equipment maintenance and control, have contributed to an important reduction—more than 50% over the past two years—in emissions of materials particles.

DUST EMISSIONS, CEMENT OPERATIONS
(Grams per ton of clinker)



92%
clinker

production with continuous monitoring of major emissions.

68%
clinker

production with monitoring of major and minor emissions.

-50%
dust

emissions per ton of clinker in the past two years.

Cleaner and more efficient electric power

We are committed to identifying and leveraging opportunities for supplying electric power in ways that contribute to the mitigation of carbon emissions, which also constitutes a sustainable and affordable option for the countries where we operate. Our clean and renewable energy supply agreements include 30 MW from a plant that uses biomass waste in Colombia, 6 MW of hydroelectric energy in Colombia, and hydroelectric power supply in Panamá.

In addition to using sources of renewable energy, we are continually looking to implement efficiency projects across our production processes that contribute to reducing consumption, including incorporating new and better technologies, using natural light, installing LED lighting, and having adequate levels of load and capacity in our equipment.

65%
of the electric
power at our cement operations
comes from renewable sources.

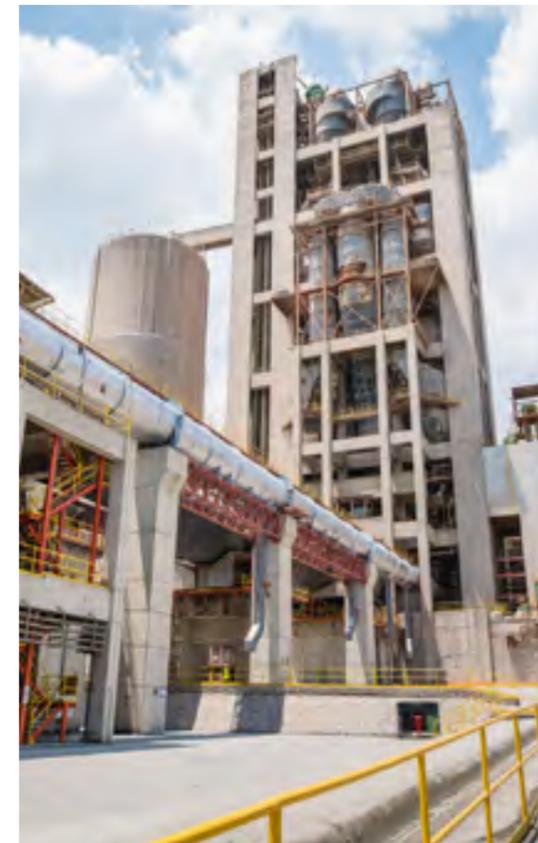


Optimize our water consumption

As one of the raw materials in our production process, water is very important to the CEMEX Latam Holdings operations. Looking after this priceless resource by optimizing consumption and ensuring the quality of our discharge water is essential to our operations. We are continually exploring initiatives and investing in technology, as part of our commitment to continue to grow sustainably and protect the ecosystems at our operations.

We adopt the CEMEX Water Policy as our guideline to comply with regulations in the countries where we operate and to promote continuous improvement in water consumption at our operations. The Policy describes the company's strategy for sustainable water management, including a framework for optimizing consumption by measuring our performance and developing engagement measures that enable us to collaborate with others in implementing water conservation projects.

82%
of our
operations have water recycling plants.



Valorizing, reusing or recycling waste from our operations

Developing our production processes generates waste, which needs to be managed adequately based on our own standards, best international practices, and the requirements imposed by local regulations at every operating site.

In addition to establishing a preventive approach, the Comprehensive Plan for Handling Solid Waste sets the parameters to adequately control and manage waste at our operations. Its main objective is to contribute to the protection of the environment by reducing the generation of waste and to adequately manage, temporarily collect, and dispose of waste—favoring valorizing, reuse, and recycling programs and taking into consideration the applicable environmental standards.

We strive
to valorize, reuse or recycle the waste
generated at our operations.

Protect and improve biodiversity

Protecting biodiversity is key to our commitment to carry out our activities in a sustainable manner. The CEMEX Biodiversity Policy serves as our guide to handling the natural resources we manage in a responsible way.

The goal behind the restoration plans at our cement and aggregates sites is to promote sustainable practices during and after resources have been used. Our plans include environmental compensation and restoration initiatives aimed at restoring to its original forest state the land used to extract raw materials and to strengthen the supply of environmental goods and services. They also strive to contribute to developing the location by establishing spaces for passive and contemplative recreational activities. Currently, 100% of our active sites have a quarry restoration plan in place.

In 2018, we continued our efforts to enhance biodiversity in our quarries

located in or close to high biodiversity value areas. The standard Biodiversity Action Plan (BAP), developed by CEMEX based on its global partnership with BirdLife International, is our main tool to have a positive impact on biodiversity. The standard BAP guides us in the construction of local Biodiversity Action Plans that are tailored to the value and challenges of each site.

In Panamá, we have continued to work on the rehabilitation of areas where we extracted limestone and clay at the North Quarry of our Calzada Larga plant, located in Chilibre. We implement this local BAP in collaboration with the Asociación Nacional para la Conservación de la Naturaleza (ANCON). As part of this project, 20 plots were defined in which to experiment with sowing different species and monitor their evolution. At this first restored hectare, we will employ natural management

techniques such as the use of organic fertilizers. This first-of-its-kind initiative in the country strives to restore populations of thirteen species of native plants in the area.

Additionally, the collaboration between CEMEX and the Wildlife Habitat Council (WHC) creates an opportunity for our employees and communities to participate in initiatives aimed at enhancing wildlife. CEMEX Latam Holdings currently has 13 ongoing conservation projects certified by the WHC, including six in Panamá, five in Nicaragua, and two in Costa Rica. These projects contribute to managing corporate land and help raise awareness, through our partnerships, about how our industry and the natural world can co-exist. Moreover, the nurseries we have installed at our quarries allow us to foster proposals to restore flora, strengthen the ecosystems, and create habitats for native species.



A DECADE OF CONSERVATION

Following 10 years of joint experiences in the conservation of biodiversity, in 2018 CEMEX renewed its commitment to BirdLife for three more years. This partnership allows us to continue our successful implementation of our Biodiversity Action Plans at all of CEMEX's active quarries located in areas of high biodiversity value.

13 conservation

projects certified by the Wildlife
Habitat Council

Protecting species of the Chicamocha river

CEMEX Latam Holdings has been working for two years in collaboration with the Calidris Association, BirdLife International's local partner in Colombia, to carry out conservation efforts in the Chicamocha region, widely recognized at the largest producer of gypsum in the country.

The Chicamocha canyon, which is more than 1,600 meters deep, is the largest in Colombia and one of the last relics of dry forest in the country and home to native species.

In order to search for four threatened species in the region located on the East range of the Andes, an expedition spent two days on a raft, covering 48 kilometers. They went looking for

two bird species: Niceforo's wren and the chestnut-bellied hummingbird, and two plant species: Malvaceae-Bombacoideae (Ceiba Barrigona) and the Zamia encephalartoides (Zamia del Chicamocha).

The project recognizes biodiversity threats and opportunities brought about by an active subterranean quarry operating in this very important wildlife area. It is part of a larger Biodiversity Action Plan that will also benefit local communities by designating grazing zones specifically designed to avoid overgrazing, one of the main threats to the ecosystem in the region.

"We heard the wren singing and were overwhelmed with joy," said Felipe Estela,

leader of the expedition. The Niceforo's wren is endangered because its habitat is very small and unique within the dry forest of the Chicamocha canyon. The wall of the canyon held another secret for the expedition: a number of Ceiba Barrigona, the emblematic indigenous tree with a bulging and twisted trunk that keeps it from falling off the steep cliffs where it grows.

This project is only feasible because of CEMEX Colombia's contribution. Being able to record the presence of these species is a remarkable achievement. In the future, research will continue in order to collect more accurate information about the bird and plant species that will help fine tune conservation efforts.

Conservation of forests and the mantled howler monkey

The Wildlife Habitat Council certified CEMEX Costa Rica in 2018 for its efforts in the preservation of the El Paso del Mono Aullador (route of the mantled howler monkey) biological corridor. The certification recognizes the work CEMEX Costa Rica has done to show that it is possible to engage in production activities and, at the same time, ensure the conservation and improvement of existing natural resources.

The process that was put into effect resulted in a survival rate of over 60% of the planted trees, a very high rate considering that the area is prone to fires and subject to complex weather conditions. As the biological corridor is located on the lower part of the Guanacaste area, the program also contributes to the preservation of the mantled howler monkey and its habitat within the region.

The project was developed in five stages:

1. Measure the current forest reserves in the quarries of the Colorado plant.
2. Conduct studies to create an inventory of suitable tree species for the area.
3. Develop a reforestation campaign for a two-hectare patch near the area.
4. Organize a fire brigade to be trained by the National System for Conservation Areas.
5. Involve the community.

Chapter 7

Corporate governance, integrity, and compliance

Our commitment, to ourselves, our investors and all our stakeholders consists of creating sustained and long-term value, with integrity. Everything we do is founded on this commitment.

At the cutting-edge of internal auditing

Operating under the strictest management standards is a priority for CEMEX Latam Holdings.

Following a thorough assessment process, the Internal Audit division in the company successfully obtained the quality certification granted by The Institute of Internal Auditors of the United States. Established in 1941, the Institute is the world's leading association and main point of reference regarding professional development and the practice of internal auditing.

The certification is a guarantee that the internal audit function at CEMEX

Latam Holdings systematically adheres to the most rigorous methodologies and processes in carrying out internal evaluations in a transparent and independent manner.

With this certification, CEMEX Latam Holdings can indicate in its audit reports that reviews are done based on the highest global standards and norms. This enables us to strengthen the internal control environment and a relationship of trust with our investors and main stakeholders.

The certification requires that the company have a robust and

interdisciplinary team of professionals with extensive knowledge of the company and its regulations, thereby enabling them to provide specialized internal audit coverage for the company's strategic priorities.

The Institute of Internal Auditors' certification signals an evolution and commitment to constantly upgrading the internal audit function within the company. Positioning ourselves on the forefront of matters of internal audit contributes to the achievement of our goal of creating sustained, long-term value.

The certification assessed central aspects of the internal auditing function:



Maximum rigor in oversight functions.



Applying norms and independence to the function.



Organizational structure that ensures independence for the function and its competencies.



Defining and implementing manuals, policies, statutes, and code of ethics.

Corporate Governance

CEMEX Latam Holdings, S.A. was incorporated in Spain as a capital stock corporation (sociedad anónima) on April 17, 2012 for an indefinite term. The corporation has its registered office in Madrid, located at Calle Hernández de Tejada 1, and consequently has a Spanish nationality. CEMEX Latam Holdings' shares were listed on the Colombian Stock Exchange in November 16, 2012.

Except when the context may require otherwise, the references made in this integrated report to "CEMEX Latam Holdings," "we," "our" refer to CEMEX Latam Holdings S.A.

Since it is a Spanish company, CEMEX Latam Holdings is governed mainly by the Ley de Sociedades de

Capital, as well as by the provisions of its bylaws, the regulations of the Corporate Governance General Shareholders Meeting, the regulations of the Board of Directors, and other regulations duly approved by the internal competent governing bodies. Ever since it was first authorized to trade, CEMEX Latam Holdings has had a corporate governance system in place that, under the requisites of the Spanish law, has implemented voluntarily the main best provisions applicable to issuers in Colombia.

This company's Bylaws, the Regulations of the General Shareholders Meeting and the Regulations of the Board of Directors, are available, among other documents, on the company's website.

Relationship

with CEMEX, S.A.B. de C.V.

We have the support of CEMEX, one of the world's leading building materials companies. Access to CEMEX's breadth of experience in multiple sectors allows us to benefit from best practices, technologies, and know-how in production techniques, distribution, marketing, and sales strategies. With these benefits come robust tools designed to improve customer-centricity, reduce costs, and improve productivity at our operations. We also capitalize on our relationship with CEMEX to capture synergies and capitalize on any cross-selling opportunities, which can result, for example, from CEMEX's global building materials trading network or the strong brand recognition it has in the relevant industries. Our relationship with CEMEX is governed by a Framework Agreement, a management support services agreement, and a brand license agreement.



[Get to know the CEMEX Latam Holdings corporate structure](#)

[A Framework Agreement with CEMEX S.A.B. de C.V., and one with CEMEX España, S.A.](#)

Board of Directors

The CEMEX Latam Holdings Board of Directors is responsible for overseeing the company's general operations. It includes nine directors, of whom three are independent as defined by the applicable legislation and best practices in Spanish and Colombian corporate governance. The Board of Directors, in collaboration with the company's management team, are firmly committed to maintaining the highest corporate governance standards, strictly complying with the law, and managing the company with the utmost integrity. During the year, the Board met 10 times, with an attendance of 97.7%. The Board of Directors also held an in-writing vote, with no meeting, on October 4th 2018.

Proprietary Directors

Juan Pablo San Agustín Rubio,	Chairman
Jaime Gerardo Elizondo Chapa,	Vice-Chairman
Jaime Muguero Domínguez,	Managing Director
Juan Pelegrí y Girón,	Secretary
Carmen Burgos Casas	
José Luis Orti García	

Independent Directors

Coloma Armero Montes
Rafael Santos Calderón
Mónica Aparicio Smith¹

1. Nominated in April 2018 to replace Gabriel Jaramillo Sanint.

Audit Committee

Members

- Coloma Armero Montes, **President**
- José Luis Orti García, **Secretary**
- Mónica Aparicio Smith, **Member**
- Rafael Santos Calderón, **Member**

Internal informational and consultative body that, among other responsibilities:

- Oversees the integrity of our annual Financial Statements and quarterly reports prepared in accordance with the International Financial Reporting Standards (IFRS).
- Oversees the integrity of our Annual Accounts prepared under the Spanish Plan General Contable.
- Oversees the independence and performance of our auditors.
- Supervises the effectiveness of risk control systems and evaluates non-financial risks including social and environmental risks, among others.

During the year, the Committee met 9 times with an attendance of 100%.

Nominating and Compensation Committee

Members

- Rafael Santos Calderón, **President**
- Carmen Burgos Casas, **Secretary**
- Coloma Armero Montes, **Member**

Internal informational and consultative body that, among other responsibilities:

- Reviews compensation agreements for members of the Board and the senior management team.
- Establishes and reviews general policies pertaining to employee compensation and benefits.
- Identifies and recommends candidates (or, sometimes informs) to become members of the Board and committees.

During the year, the Committee met 7 times with an attendance of 100%. In addition, the Compensation Committee held an in-writing vote, with no meeting, on September 27th 2018.

Corporate Governance Committee

Members

- Mónica Aparicio Smith, **President**
- Juan Pelegrí y Girón, **Secretary**
- Coloma Armero Montes, **Member**

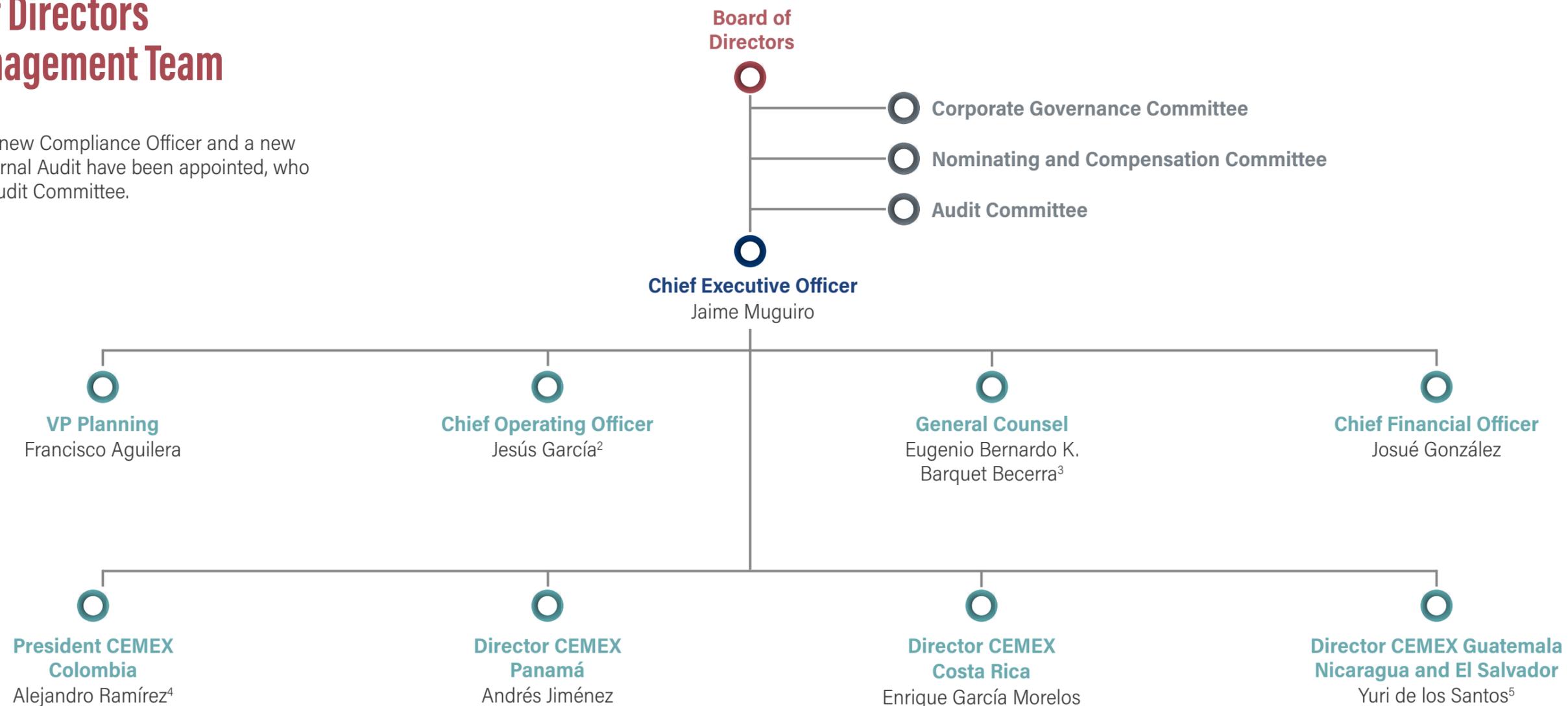
Internal informational and consultative body that supervises the effectiveness and continued development of the Board of Directors, by carrying out, among others, the following functions and competencies:

- Promote the corporate governance strategy.
- Supervise compliance with internal codes of conduct and corporate governance rules.
- Understand, promote, guide, and supervise the company's performance in terms of corporate reputation.
- Periodically review internal regulations.
- Review the corporate social responsibility policy.
- Release the annual Country Code Questionnaire (Colombia).

During the year, the Committee met 5 times with an attendance of 100%.

Board of Directors and Management Team

During 2018, a new Compliance Officer and a new Director of Internal Audit have been appointed, who report to the Audit Committee.



2. Nominated in October 2018 to replace Fernando Enríquez.

3. Nominated in December 2018 to replace Ana María Gómez.

4. Nominated in January 2019 to replace Ricardo Naya.

5. Nominated in February 2019 as Chief Operating Officer for CEMEX Latam Holdings in Guatemala, in addition to the Nicaragua and El Salvador operations.



[Get to know our Board of Directors](#)

[Get to know our Management Team](#)

Management Team

The CEMEX Latam Holdings Management Team supervises the daily operation of the company and develops, refines, and directs the implementation of the commercial strategy. With an average of more than 20 years of experience at CEMEX, we have a senior management team with proven expertise in the industry that has worked together and successfully guided the company through different economic cycles and in the acquisition and integration of related businesses and assets.

2. Nominated in October 2018 to replace Fernando Enríquez.

3. Nominated in December 2018 to replace Ana María Gómez.

Jaime Muguero¹ Chief Executive Officer

He joined CEMEX in 1996. He has held several management positions in the areas of Strategic Planning, Business Development, Ready- Concrete, Aggregates, and Human Resources. He led CEMEX's operations in Egypt and in the Mediterranean. He currently oversees CEMEX's operations in South America, Central America, and the Caribbean. He holds a degree in Business Management from the Universidad de San Pablo CEU and a Law degree from the Universidad Complutense de Madrid. He also has an MBA from the Massachusetts Institute of Technology.

Francisco Aguilera VP Planning

He joined CEMEX in 1996. He has held the position of Vice-President for Trading at CEMEX global and for the Europe, Middle East, Africa, and Asia regions. He has also held other management positions in the US and Mexico in the Logistics, Sales, Administration, Aggregates Operations, and Precast Structures divisions. He holds a degree in Industrial Mechanical Engineering from the Tecnológico de Monterrey and an MBA from Northwestern University.

Jesús García² Chief Operating Officer

He joined CEMEX in 2001. He has held the position of Chief Operating and IT Officer at CEMEX Egypt. Previously he held the position of Regional Operating Officer of the CEMEX Caribbean Cluster, that includes Haiti, Jamaica, Bahamas, Puerto Rico, and Dominican Republic; he has also served of Operations Director at the Ensenada plant, and Production Director at the Tepeaca plant, both in Mexico. He holds a degree in Electronic Engineering from UDLA in Mexico and postgraduate certificate in Electronic Communications from RMIT in Australia.



Josué González Chief Financial Officer

He joined CEMEX in 1988. He serves as Chief Financial Officer for CEMEX Latam Holdings and Director for Finances and Treasury for CEMEX Colombia. Prior to holding these posts, he held senior management positions in Finances and Treasury for CEMEX's operations in Venezuela, Colombia, and the South, Central America, and the Caribbean region. He holds a degree in Administration from the Universidad Metropolitana de Caracas and postgraduate studies in Finances from the Universidad Santa María de Caracas, Venezuela.

Eugenio Bernardo K. Barquet Becerra³ General Counsel

He joined CEMEX in 2001. He has held the position of General Counsel for CEMEX's Global Corporate Office where he was in charge of issues dealing with administration, real estate, energy, supply, and litigation. He holds a Law degree from the Universidad Anáhuac in Mexico City and a Master's degree in International Commercial and Environmental Law from the American University in Washington.

Alejandro Ramírez⁴
President CEMEX Colombia

He joined CEMEX in 2001. Prior to his current position, he served as president for CEMEX in several countries, including Thailand, Puerto Rico, Costa Rica, and Dominican Republic, and most recently he served as Director for the CEMEX Caribbean Cluster that includes Haiti, Jamaica, Bahamas, Puerto Rico, and the Dominican Republic. He began his professional career in Strategic Planning, contributing to the construction of the global company that CEMEX now is. He holds a degree in Industrial Engineering from the Tecnológico de Monterrey and an MBA from Wharton University.



Andrés Jiménez
Director CEMEX Panamá

He joined CEMEX in 1994. After holding several senior management positions in the Commercial and Marketing divisions in CEMEX Colombia and CEMEX Mexico, he led the CEMEX operations in Nicaragua and El Salvador, where he was a member of the Executive Council and Alternate Director for the Cámara Nicaragüense de la Construcción, Vice-President for the Cámara de Comercio e Industria México-Nicaragua, and Vice-President for the Instituto Nicaragüense del Cemento y el Concreto. He holds a degree in Civil Engineering from the Pontificia Universidad Javeriana. He participated in a Top Management program at the INALDE School of the Universidad de La Sabana, in Colombia.



Enrique García Morelos
Director CEMEX Costa Rica

He joined CEMEX in 1992. He held the position of executive assistant to the CEO and Chairman of the Board of Directors of CEMEX, S.A.B de C.V. where he collaborated in the Communications, Planning, and Cement Operations divisions in Mexico. He has also led CEMEX's operations in Guatemala, Latvia, and Puerto Rico. He holds a Degree in Mechanical and Electrical Engineering from the Tecnológico de Monterrey and an MBA from Harvard University.

Yuri de los Santos⁵
Director CEMEX Guatemala Nicaragua and El Salvador

He joined CEMEX in 1995 and has held several executive positions in the Concrete Operations and Commercial divisions in Mexico. He holds a degree in Civil Engineering and an MBA from the Tecnológico de Monterrey.

4. Nominated in January 2019 to replace Ricardo Naya.

5. Nominated in February 2019 as Chief Operating Officer for CEMEX Latam Holdings in Guatemala, in addition to the Nicaragua and El Salvador operations.

The highest international standards

As a public company, it is imperative that we ensure our communications comply with the highest international standards in order to keep our investors well informed about the company's activities.

The Board of Directors annually prepares the Colombian Country Code Questionnaire, which includes good corporate governance recommendations the Company follows in Colombia.

The 2018 version of this document includes information about the company's compliance with most of the main Colombian recommendations. It also explains in detail the reasons we do not comply with some of the recommendations: in most cases, it is because the recommendations are not applicable to CEMEX Latam Holdings.

CEMEX

Latam Holdings has approved, among others and not limited to, the following agreements, measures, and recommendations:

- 

Company Bylaws
- 

Bylaws of the General Shareholders Meeting
- 

Bylaws of the Board of Directors
- 

Code of Ethics and Conduct
- 

A Framework Agreement with CEMEX S.A.B. de C.V., and one with CEMEX España, S.A.
- 

Appointment of a specially empowered Independent Director.
- 

Release the Annual Country Code Survey (Colombia)
- 

Annual publication of the Annual Report on Compensations for Board Members and the Top Management Team.
- 

Adequate internal control processes and mechanisms to disclose and certify the company's financial information, and other relevant information.
- 

Appointment of a Compliance Officer.
- 

Creating an Investor Relations division and a Shareholder Services division.

Sustainability management

Across the organization, in order to achieve tangible positive impacts in terms of sustainability, the commitment of our management and the combined efforts of all our employees are required.

The CEMEX Latam Holdings Board of Directors includes a Corporate Governance Committee that, in addition to the functions regarding ethics, integrity, compliance, and transparency described in chapter six of this Integrated Report, is also in charge of reviewing the corporate social responsibility policy and adhering to the established practices on these issues.

Furthermore, CEMEX Latam Holdings actively participates in the CEMEX Global Sustainability Functional Network, which includes our own employees and those in our sister operations all over the world. This team of specialists works to apply the main sustainability initiatives

at each business unit and across the production chain. Consequently, we benefit from our relationship with CEMEX by capturing synergies and exchanging best practices, technologies, and know-how as well as from the robust management systems and policies the company has developed.

As a company, from the earliest planning stages of our projects, our goal is to implement best practices in order to maximize the contribution our operations make to society. To manage our key issues, we have experienced work teams comprised of individuals who, in addition to possessing ample knowledge of each of the material aspects, have the necessary tools to incorporate sustainability issues into the decision-making process. These teams are in constant communication throughout our operations in order to share experiences and best practices.

Values, codes, and management systems

- Our Values
- Code of Ethics and Conduct
- Code of Conduct When Doing Business with Us
- Environmental Management System
- Health and Safety Management System

Policies

- Human Rights Policy
- Compliance Policy
- Environmental Policy
- Biodiversity Policy
- Corporate Water Policy
- Health and Safety Policy

CEMEX Sustainability Committee

Globally, CEMEX is known for having a Sustainability Committee that reports directly to the Board of Directors. The Committee is composed of four members and is supported by the Corporate Sustainability team, which reports to the Vice-President of Sustainability and Operations.

The Sustainability Committee of the CEMEX Board of Directors is responsible for:

- Verifying that sustainable development is embedded in the short- and long-term strategy.
- Supporting the Board of Directors in their responsibilities pertaining to sustainable growth.
- Promoting the Sustainability Model, its priorities, and KPIs.
- Assessing the effectiveness of sustainability initiatives and their progress.
- Assisting the CEO and the Executive Committee in sustainability issues.

Policies adopted by CEMEX Latam Holdings that are in force for CEMEX globally



Anti-Corruption Policy

It aims to avoid or prevent employees from performing corrupt acts, either actively or passively, in order to obtain a favor or benefit from public officials. The policy takes into consideration local laws and the US Foreign Corrupt Practices Act (FCPA).



Notice of relevant events policy

The notification of relevant events is an obligation and responsibility of CEMEX Latam Holdings to authorities, investors and other stakeholders. The notification of relevant events not only avoids sanctions and fines, but adds value to the company by strengthening trust and transparency. This policy establishes the guidelines, criteria and responsibilities for the identification and notification of relevant events in CEMEX Latam Holdings.



Compliance Policy for Defending Free Competition

Its objective is to respect the regulations governing competition in force in the countries where CEMEX Latam Holdings operates, and to avoid participating, be it consciously or involuntarily, in practices that represent collusion agreements, abusing a potentially dominating position, or types of conduct classified as anticompetitive that could artificially alter free enterprise in these markets.



Policy on the Use of Privileged Information

Its objective is to respect and comply with the applicable rules in the financial and stock markets. In particular, this policy prohibits and seeks to prevent CEMEX Latam Holdings' employees and people related with the company from improperly benefiting from the information they obtain while performing their jobs.

In addition to voluntarily complying with the main best practices provisions applicable to issuers in both Spain and Colombia, CEMEX Latam Holdings adheres to a number of CEMEX's internal control guidelines and policies that include aspects such as legal compliance, information security, accounting, environmental stewardship, health and safety, human resources, and finances, among others.

Policies applicable to Cemex Latam Holdings



In particular, additional policies applicable exclusively for Grupo CEMEX Latam Holdings have been approved in accordance to the Company Bylaws, the Bylaws of the Board of Directors, and the agreements adopted by the General Shareholders Meeting.

Remuneration Policy for Board Members

Approved by the General Shareholders Meeting, proposed by the Board of Directors based on the prior favorable report from the Nominating and Compensation Committee. The principles and foundations of remuneration include the following: that it be an incentive to reward the dedication, qualifications, and responsibilities and that, in the case of independent directors, it does not constitute an obstacle to their independence; that it effective in attracting and retaining the best professionals, keeping their compensations adjusted to best practices and market conditions; that it motivates permanence and aligns management with demands and a special long-term focus, with a reasonable connection to the evolution of the stock market value; and that it corresponds to the company's current situation, prospects, and sustainable growth objectives.



Corporate Fiscal Policy

Approved by the Board of Directors, based on the prior favorable report from the Audit Committee. Its goal is to establish a set of principles and norms that serve as a guideline for CEMEX Latam Holdings' fiscal objectives, establishing a commitment with best fiscal practices, collecting and stipulating the means the company has to develop the functions that allow it to comply with the fiscal obligations of the whole group, minimizing its risks and providing its management bodies with adequate and sufficient information about CEMEX Latam Holdings' management and fiscal position.



Policy for Selecting Candidates to become Board Members

Approved by the Board of Directors based on a proposal from the Nominating and Compensation Committee. The policy ensures that proposals for naming or re-electing candidates are based on a specific and verifiable prior analysis of the Board's needs, favoring a diversity of knowledge, experience, and gender for the Board of Directors.



Policy for Communicating with Shareholders, Investors and the Market in General

Approved by the Board of Directors, following a favorable report from the Corporate Governance Committee. Its objective is to offer a similar treatment for shareholders who are in the same position and to be permanently respectful of the rules against market abuses.

CEMEX Code of Ethics and Conduct

CEMEX Latam Holdings adheres to the CEMEX Code of Ethics and Conduct.

The Code helps CEMEX Latam Holdings' employees understand and share the same values and behavioral standards in all our operations and in our interactions with our stakeholders.

It is the responsibility of every employee to know, respect, and protect compliance with the Code of Ethics and Conduct. Executives and employees in the company sign this Code to acknowledge that they understand and accept the conditions and agree to comply with them. New employees are

asked to sign the Code as part of their orientation and hiring process, thus stating from the very beginning their commitment to the internal policies.

CEMEX periodically assesses and upgrades the provisions of the Code of Ethics as needed; in fact, in 2018 it made modifications in order to strengthen its provisions. For the presentation of this update, CEMEX held a global web conference during which it showcased the relevance of the Code and why employees need to be aware of the correct behaviors and established guidelines and controls.



[Get to know the Code of Ethics and Conduct](#)

THE CODE OF ETHICS AND CONDUCT INCORPORATES REQUIREMENTS OF THE SARBANES-OXLEY LAW, INCLUDING:

- A work team that oversees company compliance with the laws and regulations applicable to our business.
- A system that ensures senior management receives relevant information in a timely manner.
- A system to anonymously and confidentially report violations related to ethical behavior.

Behaviors

regulated by the CEMEX Code of Ethics and Conduct

STAKEHOLDER RELATIONS

- Our people and human rights
- Relationship with consumers
- Relationship with suppliers
- Relationship with authorities
- Relationship with the community

OPERATIONS AND ACTIVITIES

- Compliance with anti-trust laws
- Anti-bribery
- Anti-Money Laundering
- Conflicts of interest and commercial opportunities
- Gifts, kindnesses, and other courtesies.
- Environmental stewardship
- Political contributions and activities

HEALTH AND SAFETY

- Health and safety at the workplace
- Confidential and/or privileged information
- Financial controls and registries
- Preservation of assets

Integrity and compliance

Our commitment to ourselves, our investors, and all our stakeholders is to manage CEMEX Latam Holdings with integrity. Everything we do is founded on this commitment.

Acting with integrity is key to our long-term sustainable growth. Accordingly, it is one of the five fundamental values that define who we are, how we behave, and what we believe.

High levels of trust make it easier for our operations to function properly, help us attract and retain the best talent, contribute to having a good relationship with customers, suppliers

and local communities, and open the path to enter new markets.

Compliance with the laws and regulations is an essential element of our company's culture of integrity, which requires responsible conduct from all of our employees and business partners in accordance with applicable laws and internal codes and policies.

Every CEMEX Latam Holdings employee makes a fundamental contribution to live up to the company's ethical behavior practices. To this end, we have developed training programs and campaigns to reinforce knowledge of our internal policies.



Our values

communicate who we are, how we behave, and what we believe

Ensure safety



Customer centricity



Pursue excellence



Work as One CEMEX



Act with integrity



Training and communications

In order to become a better company, we work continuously to strengthen the disclosure of behaviors that enable us to conduct ourselves in accordance to what is expected of every member of the CEMEX Latam Holdings team.

We offer in-person and online training programs to strengthen our employees' understanding of issues related to the Code of Ethics, internal policies, and company values, and to reinforce our institutional reporting mechanisms.

Furthermore, we use different means to communicate to employees, suppliers, and customers our company's internal policies and reinforce ethical behavior, including newsletters, internal boards, our intranet, audits, and other activities.

WE OFFER CONTINUOUS TRAINING ON:



Code of Ethics and Conduct



ETHOSline



Conflict of Interest



Competition and antitrust



Workplace behavior and harassment



Anti-corruption and anti-bribery



Compliance with policies



Data privacy



Discrimination



Confidential information



Insider trading

ETHOSline

reporting tool

ETHOSline

Concerns with respect to the legal or ethical nature of a given situation or compliance with regulation must be reported to the corresponding authority within the organization. For this, the CEMEX Latam Holdings' employees have an effective, safe, and confidential tool at their disposal that facilitates the integration of ethics and compliance with regulations in their daily work.

The reporting tool ETHOSline allows our employees to send comments, make suggestions or observations, ask for advice, or report and send evidence, if need be, about improper conduct within

the organization. This mechanism, which can also be used by external parties, is available 24 hours a day, seven days a week, through the website, or by phone or email.

The service is managed by an external supplier who, among other things, collects and adequately documents information on the case and communicates that information to the corresponding authorities within the organization. Repercussions against any employee who in good faith denounces a problem or potential violation are expressly and strictly prohibited.



[Get to know ETHOSline](#)

Ethics committee

In addition to ETHOSline, in order to make a report, any CEMEX Latam Holdings' employee can send a message directly to the Local Ethics Committee, the Chairman of the Audit Committee or to the Internal Audit and Internal Control divisions. The Internal Audit Director periodically informs the members of the Audit Committee about matters related to these mechanisms.

The Ethics Committees are independent bodies of the Board of Directors that are mandated to manage issues relating to proper behavior within the company and to ensure compliance with the organization's values.

The responsibilities of the Ethics Committees include solving ethical dilemmas and addressing questions

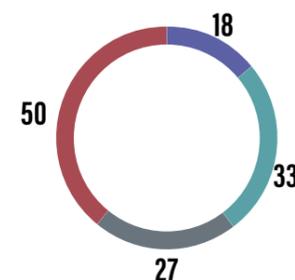
posed by employees on issues relating to possible conflicts of interest or in the framework of the Code of Ethics and Business Conduct. Complaints are fully investigated, and, when violations to the Code are proven, appropriate disciplinary measures are taken. These can range from a written warning to dismissal in the case of employees or cancellation of contracts in the case of suppliers, and could include other legal actions as well, depending on the type and severity of the violation.

Each committee is made up of a minimum of four members, plus one manager. The activities of the Ethics Committees are confidential and their decisions are mandatory.

In 2018 we received 128 reports through the reporting mechanisms for which we carried out preventive consultations concerning potential violations of the Code of Ethics.

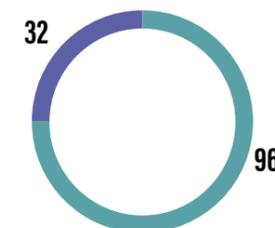


INITIAL INVESTIGATION



■ True ■ Being reviewed/processed
■ Without merit ■ Consultations/not violation reports

RESOLUTION



■ Solved ■ Pending

REPORTING CHANNEL



■ ETHOSline ■ In person

Respect for human rights

At CEMEX Latam Holdings we have an active and ongoing determination to fulfill our responsibility to respect and uphold internationally recognized human rights standards, including those described in the International Bill of Human Rights and the ILO Declaration relative to fundamental labor rights.

The company's Code of Ethics guides our behavior in terms of human rights. Additionally, CEMEX Latam Holdings has incorporated the global CEMEX Human Rights Policy into its management, which reaffirms the commitment with promoting and respecting human rights at our operations, the communities in which we operate, and our supply chain.

During 2018, CEMEX worked to holistically strengthen its Human Rights Policy published in 2014, based on a compliance assessment carried out in more than 30 countries where it has operations. The new Policy reiterates

the company's support and respect for the protection of internationally proclaimed human rights. In addition, it recognizes employees, communities, contractors, and suppliers as main areas of impact and reaffirms its commitment to promoting and respecting human rights across the company's operations, communities, and supply chain.

Guided by these principles, we work to maintain a positive and respectful work environment. The responsible internal authorities, and in particular the Ethics Committees, ensure compliance with both principles through the objective and timely definition of actions that give due response to reports of possible conflicts of interest, abuses, or other behaviors that go against our core values.

We work with independent firms to assess our suppliers, including compliance with labor rights in their operations and supply chains.



Safe Work Environment

Our main value and commitment is to the health and safety of our employees, contractors, and communities. We believe that achieving zero incidents is our duty and moral responsibility, and that it is possible with the direct management and involvement of our leaders.

Our operations comply with all local regulations and we offer health and safety programs that are at the forefront of the industry. With this we strive to minimize and prevent risks related to the workplace, and to raise awareness among everyone who interacts with us as part of our activities about safety practices and a healthy lifestyle inside and outside the workplace.



Work-life balance

Our operations are regulated by policies that guide the work of our employees. We comply with local laws in every country where we operate that regulate the maximum overtime allowed, and we have attendance control systems and processes in place to monitor overtime.

Through different means, we receive feedback from our employees on proposals and implemented initiatives to maintain a work-life balance. We also promote additional terms beyond those stipulated by law, designed to allow our employees to have a well-balanced personal and professional life.



Promoting diversity and equal opportunities

We prohibit all forms of discrimination and have decided to move beyond being a company that respects diversity to being one that actively promotes it across the organization. At all times, we treat employees with dignity and respect, including direct and indirect employees.

Hiring and promotion decisions are made by taking into consideration the talent of the people who apply to fill a given vacancy, with no distinction for gender, race color, age, religion, disabilities, sexual orientation, nationality, or origin. We offer our employees the opportunity to ask to be considered for job postings within the company and we encourage them to seek opportunities for growth. Our staff in charge of hiring personnel receive training on the company's non-discrimination policies.



Employee Engagement

We encourage communication with employees and offer different tools to listen to them, promote the exchange of opinions, and involve them in the decision-making process, including collective bargaining, meetings with senior management, department meetings, surveys, ETHOSline, open dialogue, and consultation meetings.

Compensation packages are based on the level of responsibility for each post and other objective elements and are designed to take into consideration the labor market and competition for attracting and retaining talent. For this, we use as a reference, among other elements, professional and independent surveys prepared by third parties, or the available information relating to wages at comparable companies.

At CEMEX Latam Holdings, we recognize, support, and respect the right of every worker in our operations to belong to a union, as long as their activities are legal and do not interfere with the employee's obligations or responsibilities.

Commitment

to the United Nations Global Compact



CEMEX Colombia and CEMEX Panamá, our two largest operations, are signatories of the United Nations Global Compact, a strategic initiative to get companies to commit to aligning their operations with 10 universally accepted principles in the areas of human rights, labor, the environment, and anti-corruption. We annually submit our Communication on Progress (CoP) to the Global Compact, demonstrating our strong commitment to adhering to these principles.



Chapter 8

Performance



Independent Auditor's Report in accordance with International Standards on Auditing

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

KPMG Auditores, S.L.
Paseo de la Castellana, 259 C
28046 Madrid

To the shareholders of Cemex Latam Holdings, S.A.

Opinion

We have audited the consolidated financial statements of Cemex Latam Holdings, S.A. (the "Company") and subsidiaries (together the "Group"), which comprise the consolidated statement of financial position at December 31, 2018, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in Stockholders' equity and consolidated statement of cash flows for the year then ended, and explanatory notes to the consolidated financial statements, including a summary of the significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Group at December 31, 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We are independent of the Group in accordance with the IESBA (International Ethics Standards Board for Accountants) Code of Ethics, and we comply with other ethical requirements pursuant to the IESBA Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Evaluation of goodwill
 (See note 14B to the consolidated financial statements)

Key Audit Matter

The Group's statement of financial position includes a significant amount of goodwill from acquisitions made in prior years which, in accordance with the financial reporting framework, must be tested for impairment at least annually.

We consider this to be a key audit matter due to the significance of the amount and because the valuation of goodwill requires the Directors to make complex judgments and to maintain a high level of subjectivity in relation to matters such as long-term sales growth, the costs and operating margins projected in the different countries in which the Group operates, and the discount rates used to discount future cash flows, as well as comparisons of publicly available information such as cash flow multiples in recent market transactions.

How the Matter was Addressed in Our Audit

Our audit procedures included assessing the design and implementation of the key controls and considering the consistency and appropriate distribution of goodwill among the different cash-generating units (CGUs), as well as performing tests on the methodology used by the Group to calculate the recoverable amount of the goodwill in each CGU and, in particular, on the assumptions used to prepare the discounted cash flow models. Our valuation specialists were involved in this process.

We compared the assumptions used by the Group in calculating the cash flows with information obtained from external sources on key matters such as discount rates and projected economic growth. Furthermore, we compared the assumptions used in the projections from prior years with the actual data, taking into account the potential risk of bias on the part of the Directors.

We queried the results of the calculations and performed our own sensitivity analysis, including a potential reasonable reduction in growth rates and cash flows.

We also assessed whether the Group's disclosures appropriately reflect the risks inherent in the valuation of goodwill, particularly with regard to the sensitivity of the impairment test result to changes in key assumptions, such as discount rates and growth rates.

Legal and tax contingencies
 (See notes 19D and 23 to the consolidated financial statements)

Key Audit Matter

How the Matter was Addressed in Our Audit

The Group is involved in certain significant tax and legal proceedings. Due to the different tax laws in the jurisdictions in which the Group operates and the complexity associated with their interpretation, this area requires the Group to use significant judgments and is therefore a key audit matter. Furthermore, in view of the diversity and complexity of the Group's operations, exposure to legal claims is a risk that needs to be addressed by the Directors.

It could be several years before the tax and legal cases underway are resolved and the process could entail negotiations or new lawsuits. As such, making judgments as to the possible outcome is a complex matter for the Group.

The Directors apply their judgment to estimate the probability of the future outcome in each case and recognize a provision to cover the tax and legal contingencies that they deem probable. We consider this to be a key audit matter due to the inherent complexity and the judgment required to estimate the amount and the probability for the purpose of recognizing legal and tax provisions.

We assessed the reasonableness of any provisions recognized for uncertain tax positions and for legal contingencies, primarily regarding cases in Colombia, Costa Rica and Panamá.

We evaluated the design and implementation of the key controls, discussed the status of each significant case with management and with the Group's internal legal counsel, and critically assessed their replies. We also obtained written replies from the Group's legal counsel, where necessary, with their opinions on significant exposures and any related litigation.

With regard to tax matters, we met with the directors of the Group's tax area to review their evaluation of significant tax cases, their standpoints and strategies, as well as the technical grounds for their positions, based on applicable tax laws, and we involved our tax specialists to help us conclude on the reasonableness of these aspects.

We assessed whether the Group's disclosures on legal and tax contingencies provide sufficient information to the readers of the consolidated financial statements regarding the importance of these cases.

Other Matters

As indicated in explanatory note 2A to the accompanying consolidated financial statements, these consolidated financial statements have not been prepared pursuant to a legal requirement in Spain, but for the purposes of compliance with reporting requirements vis-à-vis the stock market regulator in Colombia, inasmuch as the Company's shares are listed on the Colombian Stock Exchange. They have been audited applying International Standards on Auditing. Under no circumstances may this report be considered an audit report in the terms provided in legislation regulating the audit of accounts in Spain.

Directors' and Audit Committee's Responsibility for the Consolidated Financial Statements

The Company's Directors are responsible for the preparation of the consolidated financial statements in such a way that they give a true and fair view in accordance with IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Directors.

- Conclude on the appropriateness of the Company's Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with the applicable ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Audit Committee, we determine those that were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Auditores, S.L.

On the Spanish Official Register of Auditors ("ROAC") with No. S0702

David Hernanz Sayans

On the Spanish Official Register of Auditors ("ROAC") with No. 20236
February 11, 2019

Consolidated Financial Statements

CEMEX Latam Holdings, S.A. and Subsidiaries
Consolidated Income Statements
(Thousands of U.S. Dollars)

	Notes	Years ended December 31,	
		2018	2017
Revenues	20, 3A	1,108,329	1,206,453
Cost of sales	2Q	(649,670)	(670,188)
Gross profit		458,659	536,265
Administrative and selling expenses	2Q	(185,194)	(196,495)
Distribution expenses	2Q	(105,654)	(101,048)
		(290,848)	(297,543)
Operating earnings before other expenses, net		167,811	238,722
Other expenses, net	3C, 5	3,757	(34,386)
Operating earnings		171,568	204,336
Financial expense	3C	(59,000)	(63,256)
Financial income and other items, net	3C, 6	(1,722)	(3,293)
Foreign exchange results		(1,747)	(1,356)
Earnings before income tax		109,099	136,431
Income tax	19A	(36,593)	(56,894)
Net income from continuing operations		72,506	79,537
Net loss from discontinued operations	2A, 3B	(9,556)	(33,126)
CONSOLIDATED NET INCOME		62,950	46,411
Non-controlling interest net income		194	316
CONTROLLING INTEREST NET INCOME		62,756	46,095
Basic earnings per share	21		
Basic earnings per share of continuing operations	21	0.11	0.08
		0.13	0.14
Diluted earnings per share	21		
Diluted earnings per share of continuing operations	21	0.11	0.08
		0.13	0.14

The accompanying notes are part of these consolidated financial statements.

**CEMEX Latam Holdings, S.A. and Subsidiaries Consolidated
Statements of Comprehensive Income**
(Thousands of U.S. Dollars)

	Notes	Years ended December 31,	
		2018	2017
CONSOLIDATED NET INCOME		\$ 62,950	46,411
Items that will not be reclassified subsequently to the income statement:			
Remeasurements of the defined benefits obligation		(815)	(2,985)
Items that will be reclassified subsequently to the income statement when specific conditions are met:			
Currency translation effects of foreign subsidiaries	2D	(90,818)	24,549
Total items of comprehensive (loss) income for the period		(91,633)	21,564
CONSOLIDATED COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD		(28,683)	67,975
Non-controlling interest comprehensive income		194	316
CONTROLLING INTEREST COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD		\$ (28,877)	67,659
Out of which:			
COMPREHENSIVE LOSS OF DISCONTINUED OPERATIONS		(9,556)	(33,126)
COMPREHENSIVE (LOSS) INCOME OF CONTINUING OPERATIONS		(19,321)	100,785

The accompanying notes are part of these consolidated financial statements.

**CEMEX Latam Holdings, S.A. and Subsidiaries Consolidated
Statements of Financial Position**
(Thousands of U.S. Dollars)

		As of December 31,	
	Notes	2018	2017
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	\$37,126	45,154
Trade accounts receivable, net	8	87,465	115,475
Accounts receivable from related parties	9	21,138	9,647
Other accounts receivable	10A	14,007	14,834
Prepaid taxes		29,696	33,757
Inventories, net	11	81,172	82,675
Other current assets	12	38,567	25,745
Total current assets		309,171	327,287
NON-CURRENT ASSETS			
Other investments and non-current accounts receivable	10B	4,306	10,319
Property, machinery and equipment, net	13	1,162,672	1,250,521
Goodwill and other intangible assets, net	14	1,555,413	1,694,998
Deferred income tax assets	19B	16,219	10,864
Total non-current assets		2,738,610	2,966,702
TOTAL ASSETS		\$ 3,047,781	3,293,989
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Short-term debt	15A	\$ 7,135	17,523
Trade payables		149,523	165,969
Accounts payable to related parties	9	42,870	358,134
Taxes payable		29,555	31,341
Other accounts payable and accrued expenses	16	65,474	109,870
Total current liabilities		294,557	682,837
NON-CURRENT LIABILITIES			
Long-term accounts payable to related parties	9	835,102	584,684
Employee benefits	18	36,661	40,415
Deferred income tax liabilities	19B	346,285	427,382
Other liabilities	16	17,575	15,626
Total non-current liabilities		1,235,623	1,068,107
TOTAL LIABILITIES		1,530,180	1,750,944
STOCKHOLDERS' EQUITY			
Controlling interest			
Common stock and additional paid-in capital	20A	1,469,732	1,467,987
Other equity reserves	20B	(928,326)	(838,603)
Retained earnings	20C	908,143	862,656
Net income		62,756	46,095
Total controlling interest		1,512,305	1,538,135
Non-controlling interest	20E	5,296	4,910
TOTAL STOCKHOLDERS' EQUITY		1,517,601	1,543,045
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		\$ 3,047,781	3,293,989

The accompanying notes are part of these consolidated financial statements.

CEMEX Latam Holdings, S.A. and Subsidiaries
Consolidated Statements of Cash Flows
(Thousands of U.S. Dollars)

	Notes	Years ended December 31,	
		2018	2017
OPERATING ACTIVITIES			
Consolidated net income		72,506	79,537
Discontinued operations, net of tax		(9,556)	(33,126)
Net income from continuing operations		62,950	46,411
Non-cash items:			
Depreciation and amortization of assets	4	74,696	75,386
Provisions and other non-cash expenses	11, 8	1,825	728
Financial expense, financial income and foreign exchange results, net		62,469	67,905
Income taxes	19	36,593	56,894
Loss on the sale of fixed assets		295	4,030
Recycling of cumulative currency translation effects upon disposal of subsidiaries		4,711	-
Impairment losses	5	2,756	1,790
Changes in working capital, excluding income taxes		(20,163)	(15,429)
Net cash flow provided by operating activities from continuing operations before interest and income taxes		226,132	237,715
Financial expense paid in cash		(37,464)	(43,686)
Income taxes paid in cash		(58,003)	(100,457)
Net cash flow provided by operating activities of continuing operations		130,665	93,572
Net cash flow provided by operating activities of discontinued operations		(1,235)	52,867
Net cash flows provided by operating activities		129,430	146,439
ACTIVIDADES DE INVERSIÓN			
Property, machinery and equipment, net	13	(34,364)	(68,278)
Financial income	6	704	121
Intangible assets and other deferred charges		(1,060)	(1,722)
Long term assets and others, net	10B	(2,061)	5,842
Disposal of subsidiaries	2A	31,414	-
Net cash flows used in investing activities of continuing operations		(5,367)	(64,037)
Net cash flows provided by (used in) investing activities of discontinued operations		878	(681)
Net cash flows used in investing activities		(4,489)	(64,718)
FINANCING ACTIVITIES			
Debt repayments to related parties		(543,132)	(713,522)
Loans from related parties		463,571	654,728
Loans repayments, net		(8,957)	(7,095)
Non-current liabilities, net		(42,320)	4,909
Net cash flows used in financing activities of continuing operations		(130,838)	(60,980)
Net cash flows used in financing activities of discontinued operations		(242)	(20,270)
Net cash flows used in financing activities		(131,080)	(81,250)
Decrease in cash and cash equivalents		(5,540)	(31,445)
Increase (decrease) in cash and cash equivalents of discontinued operations		(599)	31,916
Cash conversion effect, net		(1,889)	(224)
Cash and cash equivalents at beginning of period		45,154	44,907
CASH AND CASH EQUIVALENTS AT END OF PERIOD	7	\$ 37,126	45,154
Changes in working capital, excluding income taxes:			
Trade receivables, net		26,264	(15,861)
Other accounts receivable and other assets		(6,498)	(14,860)
Inventories		1,424	(10,471)
Trade payables		(16,449)	13,448
Short-term related parties, net		17,730	(3,575)
Other accounts payable and accrued expenses		(42,634)	15,890
Changes in working capital, excluding income taxes		(20,163)	(15,429)

The accompanying notes are part of these consolidated financial statements.

CEMEX Latam Holdings, S.A. and Subsidiaries
Consolidated Statements of Changes in
Stockholders' Equity
As of December 31, 2018 and 2017
(Thousands of U.S. Dollars)

	Notes	Common stock	Additional paid-in capital	Other equity reserves	Retained earnings	Total controlling interest	Non-controlling interest a	Total stockholders' equity
Balance as of December 31, 2016		\$ 718,124	748,694	(860,376)	862,656	1,469,098	4,813	1,473,911
Net income for the period		-	-	-	46,095	46,095	316	46,411
Total other items of comprehensive income for the period		-	-	21,564	-	21,564	-	21,564
Changes in non-controlling interest	20E	-	-	-	-	-	(219)	(219)
Stock-based compensation	20D	-	1,169	209	-	1,378	-	1,378
Balance as of December 31, 2017		\$ 718,124	749,863	(838,603)	908,751	1,538,135	4,910	1,543,045
Effect from adoption of IFRS 9 (note 2A)		-	-	-	(608)	(608)	(3)	(611)
Balances as of January 1, 2018		\$ 718,124	749,863	(838,603)	908,143	1,537,527	4,907	1,542,434
Net income for the period		-	-	-	62,756	62,756	194	62,950
Total other items of comprehensive income for the period		-	-	(91,633)	-	(91,633)	-	(91,633)
Changes in non-controlling interest	20E	-	-	-	-	-	195	195
Stock-based compensation	20D	-	1,745	1,910	-	3,655	-	3,655
Balance as of December 31, 2018		\$ 718,124	751,608	(928,326)	970,899	1,512,305	5,296	1,517,601

The accompanying notes are part of these consolidated financial statements.

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Financial
Statements
As of December 31, 2018 and 2017
(Thousands of U.S. Dollars)

1) DESCRIPTION OF BUSINESS

CEMEX Latam Holdings, S.A., was constituted under the laws of Spain on April 17, 2012 as capital stock corporation (S.A.) for an undefined period of time. The entity is a subsidiary of CEMEX España, S.A. ("CEMEX España"), also organized under the laws of Spain, as well as an indirect subsidiary of CEMEX, S.A.B. de C.V., a public stock corporation with variable capital (S.A.B. de C.V.) organized under the laws of Mexico. The statutory purpose and main activities of CEMEX Latam Holdings, S.A. consist of the subscription, acquisition, tenure, enjoyment, management or sale of securities and share holdings, as well as the management and administration of securities representing the stockholders' equity (own funds) of non- resident entities in Spanish territory through the corresponding organization of material and human resources. Based on its statutory purpose, CEMEX Latam Holdings, S.A. is the indirect holding company (parent) of entities whose main activities located in Colombia, Panamá, Costa Rica, Nicaragua, Guatemala, and El Salvador, are all oriented to the construction industry through the production, marketing, distribution and sale of cement, ready-mix concrete, aggregates and other construction materials. The common shares of CEMEX Latam Holdings, S.A., are listed in the Colombian Stock Exchange (Bolsa de Valores de Colombia, S.A. or "BVC") under the symbol CLH.

The term the "Parent Company" used in these accompanying notes to the financial statements refers to CEMEX Latam Holdings, S.A. without its subsidiaries. The terms the "Company" or "CEMEX Latam" refer to CEMEX Latam Holdings, S.A. together with its consolidated subsidiaries. When the term "CEMEX" is used, refers to CEMEX, S.A.B. de C.V. and/or some of its subsidiaries, which are not direct or indirect subsidiaries of the Parent Company.

The issuance of these consolidated financial statements was authorized by Management and the Board of Directors of the Parent Company on February 6, 2019, considering the favorable report of the Audit Commission.

2) SIGNIFICANT ACCOUNTING POLICIES

2A) BASIS OF PRESENTATION AND DISCLOSURE

The consolidated financial statements and the accompanying notes as of December 31, 2018 and 2017 were prepared in accordance with International Financial Reporting Standards ("IFRS") effective as of December 31, 2018, as issued by the International Accounting Standards Board ("IASB").

The IFRS consolidated financial statements are presented to the stock exchange regulator in Colombia, due to the registration of the Parent Company's shares with the aforementioned authority for their trading on the BVC.

Presentation currency and definition of terms

The presentation currency of the consolidated financial statements is the Dollar of the United States of America ("United States"), which is also the functional currency of the Parent Company considering that, is the main currency in which the Parent Company realizes its operations and settles its obligations. The amounts in the financial statements and the accompanying notes are presented in thousands of Dollars of the United States, except when specific references are made to other currency, according with the following paragraph, or different measuring unit like millions, earnings per share, prices per share and/or exchange rates. For convenience of the reader, all amounts disclosed in these notes to the financial statements, mainly in connection with tax or legal proceedings (notes 19D and 23), which are originated in jurisdictions which currencies are different to the Dollar, are presented in Dollar equivalents as of December 31, 2018. Consequently, despite any change in the original currency, such Dollar amounts will fluctuate over time due to changes in exchange rates. These Dollar translations should not be construed as representations that the Dollar amounts were, could have been, or could be converted at the indicated exchange rates. Foreign currency translations as of December 31, 2018 and 2017, as well as for the years ended December 31, 2018 and 2017 were determined using the closing and average exchange rates, as correspond, presented in the table of exchange rates included in note 2D.

When reference is made to "\$" or Dollars is to Dollars of the United States, when reference is made to "€" or Euros is to the currency in circulation in a significant number of European Union ("EU") countries. When reference is made to "¢" or Colones is to Colones of the Republic of Costa Rica ("Costa Rica"). When reference is made to "Col\$" or Pesos is to Pesos of the Republic of Colombia ("Colombia"). When reference is made to "C\$" or Cordobas is to Cordobas of the Republic of Nicaragua ("Nicaragua"). When reference is made to "Q\$" or Quetzals is to Quetzals of the Republic of Guatemala ("Guatemala").

Newly issued IFRS adopted in 2018

IFRS 9, Financial Instruments: classification and measurement ("IFRS 9") (note 2F)

Effective beginning January 1, 2018, IFRS 9 sets forth the guidance relating to the classification and measurement of financial assets and financial liabilities, the accounting for expected credit losses of financial assets and commitments to extend credits, as well as the requirements for hedge accounting; and replaced IAS 39, Financial instruments: recognition and measurement ("IAS 39"). CEMEX Latam applied IFRS 9 prospectively. The accounting policies were changed to comply with IFRS 9. The changes required by IFRS 9 are described as follows:

Among other aspects, IFRS 9 changed the classification categories for financial assets under IAS 39 and replaced them with categories that more closely reflect the measurement method, the contractual cash flow characteristics and the entity's business model for managing the financial asset:

- Cash and cash equivalents, trade and other accounts receivable and other financial assets, which were classified as "Loans and receivables" and measured at amortized cost under IAS 39, are now classified as "Held to collect" under IFRS 9 and continue to be measured at amortized cost.
- Investments and non-current accounts receivable that were classified as "Held to maturity" and measured at amortized cost under IAS 39, are now classified as "Held to collect" under IFRS 9 and continue to be measured at amortized cost.
- Investments that were classified as "Held for trading" and measured at fair value through profit or loss under IAS 39, are now classified as "Other investments" under IFRS 9 and are measured at fair value through profit or loss.
- Certain investments that were classified as "Held for sale" and measured at fair value through other comprehensive income under IAS 39, are now considered as strategic investments under IFRS 9 and continue to be measured at fair value through other comprehensive income.

Debt instruments and other financial obligations continue to be classified as "Loans" and measured at amortized cost under IFRS 9 and derivative financial instruments continue to be measured at fair value through profit or loss under IFRS 9.

CEMEX Latam assessed which business models applied to its financial assets and liabilities as of the date of initial application of IFRS 9 and classified its financial instruments into the appropriate IFRS 9 categories. As of January 1, 2018, the changes due to the classification and measurement requirements under IFRS 9 did not impact either the measurement or carrying amount of financial assets and liabilities and there was no effect on CEMEX Latam retained earnings.

Newly issued IFRS adopted in 2018 - IFRS 9 - continued

In addition, under the new impairment model under IFRS 9 based on expected credit losses, impairment losses for the entire lifetime of financial assets, including trade accounts receivable, are recognized on initial recognition, and at each subsequent reporting period, even in the absence of a credit event or if a loss has not yet been incurred, considering for their measurement past events and current conditions, as well as reasonable and supportable forecasts affecting collectability. CEMEX Latam developed an expected credit loss model applicable to its trade accounts receivable that considers the historical performance and economic environment, as well as the credit risk and expected developments for each group of customers and applied the simplified approach upon adoption of IFRS 9. The effects of the adoption of IFRS 9 on January 1, 2018 related to the expected credit loss model represented an increase in the allowance for expected credit losses of \$853 recognized against retained earnings, net of a deferred income tax asset of \$242. The balances of such allowance and deferred tax assets increased from the reported amounts as of December 31, 2017 of \$6,558 and \$10,864, respectively, to \$7,411 and \$11,106 as of January 1, 2018, respectively, after the adoption effects.

In connection with hedge accounting under IFRS 9, among other changes, there is a relief for entities in performing: a) the retrospective effectiveness test at inception of the hedging relationship; and b) the requirement to maintain a prospective effectiveness ratio between 0.8 and 1.25 at each reporting date for purposes of sustaining the hedging designation, both requirements of IAS 39. Under IFRS 9, a hedging relationship can be established to the extent the entity considers, based on the analysis of the overall characteristics of the hedging and hedged items, that the hedge will be highly effective in the future and the hedge relationship at inception is aligned with the entity's reported risk management strategy. IFRS 9 maintains the same hedge accounting categories of cash flow hedge, fair value hedge and hedge of a net investment established in IAS 39, as well as the requirement of recognizing the ineffective portion of a cash flow hedge immediately in the income statement. CEMEX Latam performed an analysis of its derivative financial instruments upon adoption of IFRS 9 on January 1, 2018 and determined that the changes in hedge accounting described above did not impact either the measurement or carrying amount of the assets and liabilities related to its derivative financial instruments and there was no effect on CEMEX Latam retained earnings.

IFRS 15, Revenues from contracts with customers ("IFRS 15")

Under IFRS 15, an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, following a five step model: a) identify the contract(s) with a customer (agreement that creates enforceable rights and obligations); b) identify the different performance obligations (promises) in the contract and account for those separately; c) determine the transaction price (amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services); d) allocate the transaction price to each performance obligation based on the relative stand-alone selling prices of each distinct good or service; and e) recognize revenue when (or as) the entity satisfies a performance obligation by transferring control of a promised good or service to the customer. A performance obligation may be satisfied at a point in time (typically for the sale of goods) or over time (typically for the sale of services and construction contracts). IFRS 15 was effective on January 1, 2018 and did not generate any significant effect on CEMEX Latam's operating results or financial position.

Among other minor effects, the main changes under IFRS 15 as they apply to CEMEX Latam referred to several reclassifications that are required to comply with IFRS 15 new accounts in the statement of financial position aimed to recognize contract assets (costs to obtain a contract) and contract liabilities (deferred revenue for promises not yet fulfilled).

Discontinued Operations

Considering the disposal of an entire reportable operating segment (note 3B), CEMEX Latam presents its reportable segment in Brazil as discontinued operations in the income statements, statements of comprehensive income and statements of cash flows for the year 2017 and the period from January 1 to September 27, 2018. As a result, the comparative financial statements and their notes for the prior period previously reported, in which CEMEX Latam reported is operations in Brazil consolidated line-by-line, have been restated. Discontinued operations are presented net of income tax. Based on IFRS, the information of the statement of financial position for the comparative prior period is not restated.

Income statements

CEMEX Latam includes in the income statements the line item titled "Operating earnings before other expenses, net" considering that it is a relevant operating measure for the Company's management. The line item "Other expenses, net" consists primarily of revenues and expenses not directly related to CEMEX Latam's main activities, or that are of an unusual or non-recurring nature, including results on disposal of assets, reimbursement of damages from insurance companies, as well as certain severance payments under restructuring, among others (note 5). Under IFRS, the inclusion of certain subtotals such as "Operating earnings before other expenses, net" and the display of the statement of operations vary significantly by industry and company according to specific needs.

Considering that it is an indicator for management of CEMEX Latam's ability to internally fund capital expenditures and to measure its ability to service or incur debt under its financing agreements, for purposes of note 3B, CEMEX presents "Operating EBITDA" (operating earnings before other expenses, net, plus depreciation and amortization). This is not an indicator of CEMEX Latam's financial performance, an alternative to cash flows, measure of liquidity or comparable to other similarly titled measures of other companies. This indicator is used by CEMEX Latam's management for decision-making purposes.

Statements of cash flows

The consolidated statements of cash flows present cash inflows and outflows, excluding unrealized foreign exchange effects, as well as the following transaction that did not represent sources or uses of cash:

- For the years ended December 31, 2018 and 2017, related to the capitalization of interest accrued on the debt with CEMEX companies, the increase in long-term accounts payable to related parties of \$35,804 and \$30,849, respectively, and
- For the years ended December 31, 2018 and 2017, in connection with the executives' stock-based compensation (note 20D), the net increase in other equity reserves of \$1,910 and \$1,378, respectively, and the increase in additional paid-in capital of \$1,745 in 2018 and \$1,169 in 2017.

Going Concern

The Parent Company's Board of Directors has approved these consolidated financial statements as of December 31, 2018 under the principle of going concern, considering that the Company will generate sufficient cash flows to enable it to meet any liquidity risk in the short term. As of December 31, 2017, current liabilities exceeded current assets in \$355,550. As of December 31, 2018, current assets exceeded current liabilities in \$14,614. In order to reduce liquidity risk, on June 29, 2018, the Company renegotiated to a two-year maturity the loan granted by LOMEZ International B.V to Cemento Bayano, S.A. ("Cemento Bayano") for \$130,195. In addition, on December 28, 2018, CEMEX Colombia renewed its credit line with CEMEX España with a maturity of 2 years (note 9). The Company's management considers that CEMEX Latam will generate sufficient net cash flows from operations in the future to allow it to cope with any liquidity risk in the short term. In case it is deemed necessary, CEMEX Latam considers that it would succeed in renegotiating on a long-term basis the maturity of some short-term payables to CEMEX. For the years ended December, 31, 2018 and 2017, net cash flows from operations after interest expense and income taxes amounted to \$124,430 and \$146,439, respectively.

2B) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include those of CEMEX Latam Holdings, S.A. and those of all entities in which the Parent Company exercises control, by means of which, the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Among other factors, control is evidenced when the Parent Company: a) holds directly or through subsidiaries, more than 50% of an entity's common stock; b) has the power, directly or indirectly, to govern the administrative, financial and operating policies of an entity, or c) is the primary receptor of the risks and rewards of an structured entity. Balances and operations between the Parent Company and its subsidiaries (related parties) were eliminated in consolidation. Each subsidiary is a legally responsible separate entity and maintains custody of its own financial resources.

Changes in the ownership interest of the Parent Company in a subsidiary that do not result in a loss of control are accounted for as transactions between stockholders in their capacity as owners. Therefore, adjustments to non-controlling interests, which are based on a proportional amount of the net assets of the subsidiary, do not result in adjustments to goodwill and/or the recognition of gains or losses in the income statement for the period.

2C) USE OF ESTIMATES AND MANAGEMENT JUDGMENT

The preparation of the consolidated financial statement in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of reporting, as well as the reported of revenues and expenses for the period. These assumptions are continuously reviewed using available information. Actual results could differ from these estimates.

The main items subject to estimates and assumptions include, among others, impairment tests of long-lived assets, allowances for expected credit losses of financial assets and inventories obsolescence, recognition of deferred income tax assets, as well as the measurement of financial instruments at fair value and the measurement of assets and liabilities related to employee benefits. Significant judgment by management is required to appropriately measure these items.

2D) FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION OF FOREIGN ENTITIES' FINANCIAL STATEMENTS

The transactions denominated in foreign currencies are initially recorded in the functional currency of each entity at the exchange rates prevailing on the dates of their execution. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the date of the financial statements and the resulting foreign exchange fluctuations are recognized in earnings, except for exchange fluctuations arising from: 1) foreign currency indebtedness associated to the acquisition of foreign entities; and 2) fluctuations associated with related parties' balances denominated in foreign currency, which settlement is neither planned nor likely to occur in the foreseeable future and as a result, such balances are of a permanent investment nature. These fluctuations are recorded against "Other equity reserves", as part of the foreign currency translation adjustment until the disposal of the foreign net investment, at which time the accumulated amount would be recycled through the income statement as part of the gain or loss on disposal.

The financial statements of foreign subsidiaries, as determined using their respective functional currency, are translated to U.S. Dollars at the closing exchange rate for statement of financial position accounts, at the historical exchange rate for the stockholders' equity and additional paid-in capital accounts, and at the closing exchange rates of each month within the period for income statement's accounts. The functional currency is that in which each consolidated entity primarily generates and expends cash. The corresponding translation adjustment is included within "Other equity reserves" and is presented in the statement of other comprehensive income for the period as part of the foreign currency translation adjustment (note 20B) until the disposal of the net investment in the foreign subsidiary.

During the reported periods, there were no subsidiaries whose functional currency was the currency of a hyperinflationary economy, which is generally considered to exist when the cumulative inflation rate over the last three years is approaching, or exceeds, 100%. In a hyperinflationary economy, the accounts of the subsidiary's income statement shall be restated to constant amounts as of the reporting date, in which case, both the statement of financial position accounts and the income statement's accounts would be translated to Dollars at the closing exchange rates of the year.

The most significant closing exchange rates per U.S. Dollar as of December 31, 2018 and 2017 for statement of financial position and for income statements purposes, and the average exchange rates per U.S. are as follows:

Currency	2018		2017	
	Closing	Average	Closing	Average
Colombian Pesos	3,249.75	2,972.04	2,984.00	2,957.89
Costa Rican Colones	611.75	581.56	572.56	572.30
Nicaraguan Cordobas	32.33	31.62	30.79	30.11
Guatemalan Quetzals	7.74	7.54	7.34	7.35
Brazilian Reals	3.87	3.68	3.31	3.20

2E) CASH AND CASH EQUIVALENTS (note 7)

Includes available amounts of cash and cash equivalents, mainly represented by short-term investments, which are easily convertible into cash, and which are not subject to significant risks of changes in their values, including overnight investments, which yield fixed returns and have maturities of less than three months from the investment date. These fixed-income investments are recorded at cost plus accrued interest. Other investments which are easily convertible into cash are recorded at their market value. Gains or losses resulting from changes in market values and accrued interest are included in the income statement as part of "Financial income and other items, net".

CEMEX Latam has centralized cash management arrangements whereby excess cash generated by the different companies is swept into a centralized cash pool with a related party, and the Company's cash requirements are met through withdrawals or borrowings from that pool. Deposits in related parties are considered highly liquid investments readily convertible to cash and presented as "Fixed-income securities and other cash equivalents".

2F) FINANCIAL INSTRUMENTS

As mentioned in note 2A, IFRS 9 was adopted prospectively by CEMEX Latam for the period starting January 1, 2018. The accounting policies under IFRS 9 are described as follows:

Classification and measurement of financial instruments

The financial assets that meet both of the following conditions and are not designated as at fair value through profit or loss: a) are held within a business model whose objective is to hold assets to collect contractual cash flows, and b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified as "Held to collect" and measured at amortized cost. Amortized cost represents the net present value ("NPV") of the consideration receivable or payable as of the transaction date. This classification of financial assets comprises the following captions:

- Cash and cash equivalents (note 7).
- Trade accounts receivable, other current accounts receivable and other current assets (notes 9 and 10). Considering the short-term nature of these assets, CEMEX Latam initially recognizes these assets at the original invoiced or transaction amount less any expected credit losses, as explained below.
- Trade receivables sold under securitization programs, in which certain residual interest in the trade receivables sold in case of recovery failure and continued involvement in such assets is maintained, do not qualify for derecognition and are maintained in the statement of financial position. For the reported periods the Company did not maintain programs for the sale of trade accounts receivable.
- Investments and non-current accounts receivable (note 10B). Subsequent changes in amortized cost are recognized in the income statement as part of "Financial income and other items, net."

Certain strategic investments, should any exist, are measured at fair value through other comprehensive income within "Other equity reserves". Moreover, those investments whose business model has the objective of collecting contractual cash flows and then selling the financial assets are defined as instruments "Held to collect and sell." For the reported periods CEMEX Latam did not maintain strategic investments or financial assets "Held to collect and sell."

The financial assets that are not classified as “Held to collect” or that do not have strategic characteristics fall into the residual category of held at fair value through the income statement as part of “Financial income and other items, net,” (note 6).

Debt instruments and other financial obligations are classified as “Loans” and measured at amortized cost (notes 15). Interest accrued on financial instruments is recognized as financial expense in the income statement against “Other accounts payable and accrued expenses”. During the reported periods, CEMEX Latam did not have financial liabilities voluntarily recognized at fair value or associated with fair value hedge strategies with derivative financial instruments.

Impairment of financial assets

Impairment losses of financial assets, including trade accounts receivable, are recognized using the expected credit loss model for the entire lifetime of such financial assets on initial recognition, and at each subsequent reporting period, even in the absence of a credit event or if a loss has not yet been incurred, considering for their measurement historical losses and current conditions, as well as reasonable and supportable forecasts affecting collectability.

Costs incurred in the issuance of debt or borrowings

Direct costs incurred in debt issuances or borrowings, as well as debt refinancing or non-substantial modifications to debt agreements that did not represent an extinguishment of debt by considering that the holders and the relevant economic terms of the new instrument are not substantially different to the replaced instrument, adjust the carrying amount of the related debt and are amortized as interest expense as part of the effective interest rate of each instrument over its maturity. These costs include commissions and professional fees. Costs incurred in the extinguishment of debt, as well as debt refinancing or modifications to debt agreements, when the new instrument is substantially different from the old instrument according to a qualitative and quantitative analysis, are recognized in the income statement as incurred.

Finance leases

Finance leases are recognized as financing liabilities against a corresponding fixed asset for the lesser of the market value of the leased asset and the NPV of future minimum lease payments, using the contract's implicit interest rate to the extent available, or the incremental borrowing cost. The main factors that determine a finance lease are: a) ownership title of the asset is transferred to CEMEX Latam at the expiration of the contract; b) CEMEX Latam has a bargain purchase option to acquire the asset at the end of the lease term; c) the lease term covers the majority of the useful life of the asset; and/or d) the NPV of minimum payments represents substantially all the fair value of the related asset at the beginning of the lease.

Fair value measurements

Under IFRS, fair value represents an “Exit Value” which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, considering the counterparty's credit risk in the valuation. The concept of Exit Value is premised on the existence of a market and market participants for the specific asset or liability. When there are no market and/or market participants willing to make a market, IFRS establishes a fair value hierarchy that gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Fair value measurements - continued

- Level 1, represent quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2, are inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly, and are used mainly to determine the fair value of securities, investments or loans that are not actively traded. In the absence of Level 1 inputs, CEMEX Latam would determine fair values by iteration of the applicable Level 2 inputs, the number of securities and/or the other relevant terms of the contract, as applicable.
- Level 3, are unobservable inputs for the asset or liability. CEMEX Latam uses unobservable inputs to determine fair values, to the extent there are no Level 1 or Level 2 inputs, in valuation models such as Black-Scholes, binomial models, discounted cash flows or multiples of Operating EBITDA, including risk assumptions consistent with what market participants would use to arrive at fair value.

2G) INVENTORIES (note 11)

Inventories are valued using the lower of cost and net realizable value. The cost of inventories includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. The Company analyzes its inventory balances to determine if, as a result of internal events, such as physical damage, or external events, such as technological changes or market conditions, certain portions of such balances have become obsolete or impaired. When an impairment situation arises, the inventory balance is adjusted to its net realizable value. The positive and negative adjustments related with the valuation of inventory are recognized against the results of the period. Advances to suppliers of inventory are presented as part of other short-term accounts receivable.

2H) PROPERTY, MACHINERY AND EQUIPMENT (note 13)

Property, machinery and equipment are recognized at their acquisition or construction cost, as applicable, less accumulated depreciation and accumulated impairment losses. Depreciation of fixed assets is recognized as part of cost and operating expenses (note 4), and is calculated using the straight-line method over the estimated useful lives of the assets, except for mineral reserves, which are depleted using the units-of-production method.

As of December 31, 2018, the average useful lives by category of fixed assets are as follows:

	Years
Administrative buildings	35
Industrial buildings	33
Machinery and equipment	18
Ready-mix trucks and motor vehicles	8
Office equipment and other assets	6

Property, machinery and equipment - continued

The Company capitalizes, as part of the historical cost of fixed assets, interest expense arising from existing debt during the construction or installation period of significant fixed assets, considering the Company's corporate average interest rate and the average balance of investments in process for the period.

All waste removal costs or stripping costs incurred in the operative phase of a surface mine in order to access the mineral reserves are recognized as part of the carrying amount of the related quarries. Capitalized amounts are amortized over the estimated exposed materials based on a unit of production life.

Costs incurred in respect of operating fixed assets that result in future economic benefits, such as an extension in their useful lives, an increase in their production capacity or in safety, as well as those costs incurred to mitigate or prevent environmental damage, are capitalized as part of the carrying amount of the related assets. Any capitalized costs are depreciated over the remaining useful lives of such fixed assets. Periodic maintenance on fixed assets is expensed as incurred. Advances to suppliers of fixed assets are presented as part of other long-term accounts receivable.

The useful lives and residual values of property, machinery and equipment are reviewed at each reporting date and adjusted if appropriate.

2I) BUSINESS COMBINATIONS, GOODWILL AND OTHER INTANGIBLE ASSETS (note 14)

Business combinations are recognized using the purchase method, by allocating the consideration transferred to assume control of the entity to all assets acquired and liabilities assumed, based on their estimated fair values as of the acquisition date. Intangible assets acquired are identified and recognized at fair value. Any unallocated portion of the purchase price represents goodwill, which is not amortized and is subject to periodic impairment tests (note 2J), can be adjusted for any correction to the preliminary assessment given to the assets acquired and/or liabilities assumed within the twelve-month period after purchase. Costs associated with the acquisition are expensed in the income statement as incurred.

The Company capitalizes intangible assets acquired, as well as costs incurred in the development of intangible assets, when future economic benefits associated are identified and there is evidence of control over such benefits. Intangible assets are presented at their acquisition or development cost. Indefinite life intangible assets are not amortized since the period in which the benefits associated with such intangibles will terminate cannot be accurately established. Definite life intangible assets are amortized on straight-line basis as part of operating costs and expenses (note 4).

Costs incurred in exploration activities such as payments for rights to explore, topographical and geological studies, as well as trenching, among other items incurred to assess the technical and commercial feasibility of extracting a mineral resource, which are not significant to CEMEX Latam, are capitalized when future economic benefits associated with such activities are identified. When extraction begins, these costs are amortized during the useful life of the quarry based on the estimated tons of material to be extracted. When future economic benefits are not achieved, any capitalized costs are subject to impairment.

As of December 31, 2018, the Company's rights, licenses and other intangible assets are generally amortized on a straight line basis over their useful lives that range on average from approximately 5 to 40 years. At expiration, certain permits can be extended for new periods of up to 40 years.

2J) IMPAIRMENT OF LONG LIVED ASSETS (notes 13 and 14B)

Impairment of property, machinery and equipment, intangible assets of definite life and other investments

Property, machinery and equipment, intangible assets and investments are tested for impairment upon the occurrence of factors such as a significant adverse event, changes in the Company's operating environment, changes in projected use or in technology, as well as expectations of lower operating results that could affect for each cash generating unit which are integrated, in order to determine whether their carrying amounts may not be recovered, in which case an impairment loss is recorded in income statement for the period when such determination is made within "Other expenses, net." The impairment loss of an asset results from the excess of the asset's carrying amount over its recoverable amount, corresponding to the higher between the fair value of the asset, less costs to sell such asset, the latter represented by the net present value of estimated cash flows related to the use and eventual disposal of the asset.

Significant judgment by management is required to appropriately assess the fair values and values in use of these assets. The main assumptions utilized to develop these estimates are a discount rate that reflects the risk of the cash flows associated with the assets evaluated and the estimations of generation of future income. Those assumptions are evaluated for reasonableness by comparing such discount rates to market information available and by comparing to third-party expectations of industry growth, such as governmental agencies or industry chambers of commerce.

Goodwill

Goodwill is tested for impairment when required due to significant adverse changes or at least once a year, during the last quarter of such year, determining the recoverable amount of the group of cash-generating units ("CGUs") to which goodwill balances were allocated, which consists of the higher of such group of CGUs fair value less cost to sell and its value in use, the later represented by the NPV of estimated future cash flows to be generated by the CGUs to which goodwill was allocated, which are generally determined over periods of 5 years. In specific circumstances, when the Company considers that actual results for a CGU do not fairly reflect historical performance and most external economic variables provide confidence that a reasonably determinable improvement in the mid-term is expected in their operating results, management uses cash flow projections over a period of up to 10 years, to the point in which future expected average performance resembles the historical average performance, to the extent the Company has detailed, explicit and reliable financial forecasts and is confident and can demonstrate its ability, based on past experience, to forecast cash flows accurately over that longer period. If the value in use of a group of CGUs to which goodwill has been allocated is lower than its corresponding carrying amount, the Company determines the fair value of such group of CGUs using methodologies generally accepted in the market to determine the value of entities, such as multiples of Operating EBITDA and by reference to other market transactions, among others. An impairment loss is recognized within "Other expenses, net", if the recoverable amount is lower than the net book value of the group of CGUs to which goodwill has been allocated. Impairment charges recognized on goodwill are not reversed in subsequent periods.

The geographic operating segments reported by the Company (note 3C), represent the Company's groups of CGUs to which goodwill has been allocated for purposes of testing goodwill for impairment. In arriving at this conclusion, the Company considered: a) that after the acquisition, goodwill was allocated at the level of the geographic operating segment; b) that the operating components that comprise the reported segment have similar economic characteristics; c) that the reported segments are used in CEMEX Latam to organize and evaluate its activities in its internal information system; d) the homogeneous nature of the items produced and traded in each operative component, which are all used by the construction industry; e) the vertical integration in the value chain of the products comprising each component; f) the type of clients, which are substantially similar in all components; g) the operative integration among components; and h) that the compensation is based on the consolidated results of the geographic operating segment. In addition, the country level represents the lowest level within CEMEX Latam at which goodwill is monitored for internal management purposes.

Goodwill - continued

Impairment tests are significantly sensitive to, among other factors, the estimation of future prices of the products, the development of operating expenses, local and international economic trends in the construction industry, the long-term growth expectations in the different markets, as well as the discount rates and the growth rates in perpetuity applied. For purposes of estimating future prices, CEMEX Latam uses, to the extent available, historical data plus the expected increase or decrease according to information issued by trusted external sources, such as national construction or cement producer chambers and/or in governmental economic expectations. Operating expenses are normally measured as a constant proportion of revenues, following past experience. However, such operating expenses are also reviewed considering external information sources in respect to inputs that behave according to international prices, such as gas and oil. CEMEX Latam uses specific pre-tax discount rates for each group of CGUs to which goodwill is allocated, which are applied to discount pre-tax cash flows. The amounts of estimated undiscounted cash flows are significantly sensitive to the growth rate in perpetuity applied. Likewise, the amounts of discounted estimated future cash flows are significantly sensitive to the weighted average cost of capital (discount rate) applied.

The higher the growth rate in perpetuity applied, the higher the amount of undiscounted future cash flows by group of CGUs obtained. Conversely, the higher the discount rate applied, the lower the amount obtained of discounted estimated future cash flows by group of CGUs .

2K) PROVISIONS

The Company recognizes provisions for diverse items, including environmental remediation such as quarries reforestation when it has a legal or constructive present obligation resulting from past events, whose resolution would imply cash outflows or the delivery of other resources. These provisions reflect the estimate disbursement's future cost and are generally recognized at its net present value, except when there is not clarity when disbursed or when the economic effect for time passing is not significant. Reimbursements from insurance companies are recognized as an asset only when the recovery is practically certain, and if necessary, such asset is not offset by the recognized cost provision. The entity does not have a constructive obligation to pay levies imposed by governments that will be triggered by operating in a future period; consequently, provisions for such levies imposed by governments are recognized until the critical event or the activity that triggers the payment of the levy has occurred, as defined in the legislation.

Restructuring

CEMEX Latam recognizes provisions for restructuring costs only when the restructuring plans have been properly finalized and authorized by management, and have been communicated to the third parties involved and/or affected by the restructuring prior to the statement of financial position date. These provisions may include costs not associated with CEMEX Latam ongoing activities.

Asset retirement obligations (note 16)

Unavoidable obligations, legal or constructive, to restore operating sites upon retirement of long-lived assets at the end of their useful lives are measured at the net present value of estimated future cash flows to be incurred in the restoration process, and are initially recognized against the related assets' book value. The increase to the assets' book value is depreciated during its remaining useful life. The increase in the liability related to the passage of time is charged to "Financial income and other items, net" in the income statement. Adjustments to the liability for changes in estimations are recognized against fixed assets, and depreciation is modified prospectively. These liabilities relate mainly to the future costs of demolition, cleaning and reforestation, to leave under certain conditions the quarries, the maritime terminals, as well as other productive sites.

Commitments and contingencies (notes 22 and 23)

Obligations or losses related to contingencies are recognized as liabilities in the consolidated statement of financial position when present obligations exist resulting from past events that are expected to result in an outflow of resources and the amount can be measured reliably; otherwise, a qualitative disclosure is included in the notes to the consolidated financial statement. The effects of long-term commitments established with third parties, such as supply contracts with suppliers or customers, are recognized in the financial statements considering the substance of the agreements based on an incurred or accrued basis. Relevant commitments are disclosed in the notes to the financial statement. The company does not recognize contingent revenues, income or assets, unless their realization is virtually certain.

2L) PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (note 18)

Defined contributions pension plans

The costs of defined contribution pension plans are recognized in the operating results as they are incurred. Liabilities arising from such plans are settled through cash transfers to the employees' retirement accounts, without generating prospective obligations.

Defined benefit pension plans and other post-employment benefits

The costs associated with post-employment benefits are recognized during the period of payment of the benefits, based on actuarial estimates of the present value of the obligations with the assistance of external actuaries. Actuarial assumptions consider the use of nominal rates. Actuarial gains or losses for the period, resulting from differences between projected and real actuarial assumptions at the end of the period are recognized within "Other equity reserves" in stockholders' equity. The financial expense is recognized within "Financial income and other items, net." As of December 31, 2018 and 2017 there are no defined benefit pension plans for active employees.

The effects from modifications to the pension plans that affect the cost of past services are recognized within operating costs and expenses during the period in which such modifications become effective with respect to the employees or without delay if changes are effective immediately. The effects from curtailments and/or settlements of obligations occurring during the period, associated with events that significantly reduce the cost of future services and/or reduce significantly the population subject to pension benefits, respectively, are recognized within operating costs and expenses.

Termination benefits

Termination benefits, not associated with a restructuring event, which mainly represent severance payments by law, are recognized in the operating results for the period in which they are incurred.

2M) INCOME TAXES (note 19)

The effects reflected in the income statement for income taxes include the amounts incurred during the period and the amounts of deferred income taxes, determined according to the income tax law applicable to each entity. Consolidated deferred income taxes represent the addition of the amounts determined in each entity by applying the enacted statutory income tax rate to the total temporary differences resulting from comparing the book and taxable values of assets and liabilities, considering tax loss carryforwards as well as other recoverable taxes and tax credits, to the extent that it is probable that future taxable profits will be available against which they can be utilized. The measurement of deferred income taxes reflects the tax consequences that follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred income taxes for the period represent the difference between balances of deferred income taxes at the beginning and the end of the period. Deferred income tax assets and liabilities relating to different tax jurisdictions are not offset. All items charged or credited directly in stockholders' equity or as part of other comprehensive income for the period are recognized net of their current and deferred income tax effects. The effect of a change in enacted statutory tax rates is recognized in the period in which the change is officially enacted.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is considered that it would not be possible that the related tax benefit will be realized. In conducting such assessment, the Company analyzes the aggregate amount of self-determined tax loss carryforwards that the Company believes the tax authorities would not reject based on available evidence, and the likelihood of the recoverability of such tax loss carryforwards prior to their expiration through the generation of future taxable income. When it is considered highly probable that the tax authorities would reject a deferred tax asset, the Company decreases such asset. When it is considered not possible to use a deferred tax asset before its expiration, the Company would not recognize such asset. Both situations would result in additional income tax expense for the period in which such determination is made. In order to determine whether it is probable that deferred tax assets will ultimately be realized, the Company considers all available positive and negative evidence, including factors such as market conditions, industry analysis, expansion plans, projected taxable income, carryforward periods, current tax structure, potential changes or adjustments in tax structure, tax planning strategies, future reversals of existing temporary differences. Likewise, CEMEX Latam analyzes its actual results versus the Company's estimates, and adjusts, as necessary, its tax asset valuations. If actual results vary from its estimates, the deferred tax asset and/or valuations may be affected, and necessary adjustments will be made based on relevant information in the income statement for such period.

The income tax effects from an uncertain tax position are recognized when it is probable that the position will be sustained based on its technical merits and assuming that the tax authorities will examine each position and have full knowledge of all relevant information, and they are measured using a cumulative probability model. Each position has been considered on its own, regardless of its relation to any other broader tax settlement. The high probability threshold represents a positive assertion by management that CEMEX Latam is entitled to the economic benefits of a tax position. If a tax position is considered not probable of being sustained, no benefits of the position are recognized. Interest and penalties related to unrecognized tax benefits are recorded as part of the income tax in the consolidated statements of operations.

The amounts of current and deferred income tax included in the income statements for the period are highly variable, and are subject among other factors, to the amount of taxable income determined in each jurisdiction in which CEMEX Latam operates. The amounts of taxable income depend on variables such as volumes and selling prices, costs and expenses, fluctuations in exchange rates and interest on debt, among others, as well as the amount of tax assets estimated at the end of the period based on the expected generation of future taxable income in each jurisdiction.

2N) STOCKHOLDERS EQUITY

Common stock and additional paid-in capital (note 20A)

Represent the value of stockholders' contributions and include the value of the Parent Company's shares issued under the executive stock-based compensation programs.

Other equity reserves (note 20B)

This caption groups the cumulative effects of items and transactions that are temporarily or permanently recognized in stockholders' equity, and includes the effects for the period that do not result from contributions by owners and distributions to owners, presented in the statements of comprehensive income. The most significant items within "Other equity reserves" during the reported periods are as follows:

- Currency translation effects from the consolidated financial statement of foreign entities;
- Actuarial gains and losses; and
- Current and deferred income taxes during the period arising from items whose effects are directly recognized in stockholders' equity.

Retained earnings (note 20C)

Retained earnings represent the cumulative net results of prior accounting periods, net, when applicable, of any amount of dividends declared to shareholders.

Non-controlling interest (note 20E)

This caption includes the share of non-controlling stockholders in the results and equity of consolidated entities.

2O) REVENUE RECOGNITION

As mentioned in note 2A, CEMEX Latam adopted IFRS 15 on January 1, 2018 using the retrospective approach. CEMEX Latam policies under IFRS 15 are as follows:

Revenue is recognized at a point in time or over time in the amount of the price, before tax on sales, expected to be received by CEMEX Latam's subsidiaries for goods and services supplied as a result of their ordinary activities, as contractual performance obligations are fulfilled, and control of goods and services passes to the customer. Revenues are decreased by any trade discounts or volume rebates granted to customers. Transactions between related parties are eliminated in consolidation.

Variable consideration is recognized when it is highly probable that a significant reversal in the amount of cumulative revenue recognized for the contract will not occur and is measured using the expected value or the most likely amount method, whichever is expected to better predict the amount based on the terms and conditions of the contract.

Revenue and costs from trading activities, in which CEMEX Latam acquires finished goods from a third party and subsequently sells the goods to another third-party, are recognized on a gross basis, considering that CEMEX Latam assumes ownership risks on the goods purchased, not acting as agent or broker.

Revenue recognition - continued

When revenue is earned over time as contractual performance obligations are satisfied, which is the case of construction contracts, CEMEX Latam apply the stage of completion method to measure revenue, which represents: a) the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs; b) the surveys of work performed; or c) the physical proportion of the contract work completed, whichever better reflects the percentage of completion under the specific circumstances. Considering that (i) each party's enforceable rights regarding the asset under construction; (ii) the consideration to be exchanged; (iii) the manner and terms of settlement; (iv) actual costs incurred and contract costs required to complete the asset are effectively controlled; and (v) it is probable that the economic benefits associated with the contract will flow to the entity.

Progress payments and advances received from customers do not reflect the work performed and are recognized as short-term or long-term advanced payments, as appropriate.

2P) EXECUTIVE STOCK-BASED COMPENSATION (note 20D)

The stock-based compensation programs to executives are treated as equity instruments, considering that services received from such employees are settled delivering shares of the Parent Company. The costs of equity instruments represent their fair value at the date of grant and are recognized in the income statement during the period in which the exercise rights of the employees become vested as services are rendered.

2Q) COST OF SALES, ADMINISTRATIVE AND SELLING EXPENSES AND DISTRIBUTION EXPENSES

Cost of sales represents the production cost of inventories at the moment of sale includes depreciation, amortization and depletion of assets involved in production and expenses related to storage in producing plants. Cost of sales excludes expenses related to personnel, equipment and services involved in sale activities and storage of product at points of sales, as well as costs related to warehousing of products at the selling points, which are included as part of administrative and selling expenses. Cost of sales includes freight expenses of raw material in plants and delivery expenses of the Company's ready-mix concrete business, but excludes freight expenses of finished products between plants and points of sale and freight expenses between points of sales and the customers' facilities, which are included as part of the distribution expenses line item.

2R) CONCENTRATION OF CREDIT

The Company sells its products primarily to distributors in the construction industry, with no specific geographic concentration within the countries in which the Company operates. As of and for the years ended December 31, 2018 and 2017, no single customer individually accounted for a significant amount of the reported amounts of sales or in the balances of trade receivables. In addition, there is no significant concentration of a specific supplier relating to the purchase of raw materials.

2S) NEWLY ISSUED IFRS NOT YET ADOPTED

IFRS issued as of the date of issuance of these financial statements which have not yet been adopted are described as follow:

IFRS 16, Leases ("IFRS 16")

IFRS 16 defines leases as any contract or part of a contract that conveys to the lessee the right to use an asset for a period in exchange for consideration and the lessee directs the use of the identified asset throughout that period. IFRS 16 introduces a single lessee accounting model, and requires a lessee to recognize, for all leases, allowing exemptions in case of the leases with a term of less than 12 months or when the underlying asset is of low value, assets for the right-of-use the underlying asset against a corresponding financial liability, representing the NPV of estimated lease payments under the contract, with a single income statement model in which a lessee recognizes amortization of the right-of-use asset and interest on the lease liability. A lessee shall present either in the statement of financial position, or disclose in the notes, right-of-use assets separately from other assets, as well as, lease liabilities separately from other liabilities. IFRS16 is effective beginning January 1, 2019 and will supersede all current standards and interpretations related to lease accounting.

As of December 31, 2018, by means of analyses of its outstanding lease contracts and other contracts that may have embedded the use of an asset, and the assessment of the most relevant characteristics of such contracts (type of assets, committed payments, maturity dates and renewal clauses, among others), CEMEX Latam significantly concluded the inventory and measurement of its lease contracts for purposes of adopting IFRS 16. Moreover, CEMEX Latam has defined its accounting policy under IFRS 16 and will apply the recognition exception for short-term leases and low-value assets, as well as the practical expedient to not separate the non-lease component from the lease component included in the same contract. CEMEX Latam will adopt IFRS 16 using the full retrospective approach pursuant to which prior periods will be restated. Upon adoption of IFRS 16 beginning on January 1, 2019, CEMEX Latam has estimated a range of effects for its opening statement of financial position as of January 1, 2017, as follows:

	As of January 1, 2017	
	Low	High
Assets for the right-of-use	\$ 17,945	18,237
Financial liabilities	(24,952)	(25,436)
Retained earnings ¹	\$ (7,007)	(7,199)

¹ The effect refers to a timing difference between depreciation expense of the assets calculated under the straight-line method and the interest expense from the liability determined under the effective interest rate method since the beginning of the contracts. This difference will reverse over the remaining life of the contracts.

Newly issued IFRS not yet adopted - Leases - continued

In addition to IFRS 16, there are several amendments or new IFRS issued but not yet effective which are under analysis and the Company's management expects to adopt in their specific effective dates considering preliminarily without any significant effect in the Company's financial position or operating results, and which are summarized as follows:

Standard	Main topic	Effective date
Amendments to IFRS 9	Prepayment features with negative compensation do not automatically preclude amortized cost accounting.	January 1, 2019
IFRIC 23, <i>Uncertainty over income tax treatments</i>	When an entity concludes that it is not probable that a particular tax treatment is accepted, the decision should be based on which method provides better predictions of the resolution of the uncertainty.	January 1, 2019
Amendments to IAS 28, <i>Long-term interests in associates and joint ventures</i> ("IAS 28")	The amendment clarifies that IFRS 9, including its impairment requirements, applies to long-term interests.	January 1, 2019
Amendments to IAS 12, <i>Income taxes</i>	Clarify that an entity should recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized the transactions that generated the distributable profits.	January 1, 2019
Amendments to IAS 23, <i>Borrowing costs</i>	Clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.	January 1, 2019
Amendments to IFRS 3, <i>Business combinations</i>	Clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest in the joint operation at fair value.	January 1, 2019
Amendments to IAS 19, <i>Employee benefits</i>	Clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position).	January 1, 2019
Amendments to IFRS 10, <i>Consolidated financial statements and IAS 28</i>	Clarify the recognition of gains or losses in the Parent's financial statements for the sale or contribution of assets between an investor and its associate or joint venture.	Has yet to be set
IFRS 17, <i>Insurance contracts</i>	The new Standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4, <i>Insurance Contracts</i> . The Standard outlines a General Model, which is modified for insurance contracts with direct participation features, described as the Variable Fee Approach. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach.	January 1, 2021

3) REVENUE, DISCONTINUED OPERATIONS AND SELECTED FINANCIAL INFORMATION BY REPORTABLE SEGMENT AND LINE OF BUSINESS

3A) REVENUE

CEMEX Latam's revenues are mainly originated from the sale and distribution of cement, ready-mix concrete, aggregates and other construction materials and services. CEMEX Latam grants credit for terms ranging from 15 to 45 days depending of the type of project and risk of each customer. For the years ended December 31, 2018 and 2017, revenues, after eliminations between related parties, are detailed as follows:

	2018	2017
From the sale of cement	\$ 712,813	759,451
From the sale of ready-mix concrete	286,612	329,367
From the sale of aggregates	30,948	38,656
From the sale of other products and eliminations ¹	77,956	78,979
	<u>\$ 1,108,329</u>	<u>1,206,453</u>

¹ Refers mainly to revenues generated in other business lines, multiproduct sales and infrastructure and housing projects.

Information of revenues by reportable segment and line of business for the years 2018, 2017 and 2016 is presented in note 3C.

Under IFRS 15, some commercial practices of CEMEX Latam, in the form of certain promotions and/or discounts and rebates offered as part of the sale transaction, result in that a portion of the transaction price should be allocated to such commercial incentives as separate performance obligations, recognized as contract liabilities with customers, and deferred to the income statement during the period in which the incentive is exercised by the customer or until it expires. For the years ended December 31, 2018 and 2017 changes in the balance of contract liabilities with customers are as follows:

	2018	2017
Opening balance of contract liabilities with customers	\$ 471	98
Increase during the period for new transactions	267	617
Decrease during the period for exercise or expiration of incentives	(471)	(244)
Closing balance of contract liabilities with customers	<u>\$ 267</u>	<u>471</u>

For the years 2018, 2017 and 2016, CEMEX Latam did not identify any costs required to be capitalized as contract fulfillment assets and released over the contract life according to IFRS 15.

3B) DISCONTINUED OPERATIONS

On September 27, 2018, the Parent Company jointly with its subsidiary Corporación Cementera Latinoamericana, S.L.U. ("CCL"), disposed off the operations of the Company in Brazil, which consisted of a fluvial cement distribution terminal located in Manaus, Amazonas province, as well as the operating license, through the sale of all the shares of the Brazilian entity Cimento Vencemos Do Amazonas Ltda, as part of the binding agreements signed with Votorantim Cimentos N / NE S.A. on May 24, 2018 for an amount of approximately \$31 million, proceeds that after considering withholding taxes, were used to reduce debt with related parties.

The following table presents condensed information of the statement of operations of CLH discontinued operations in Brazil for the year ended December 31, 2017 and the period from January 1 through September 27, 2018:

	2018	2017
Sales	\$ 26,631	36,445
Cost of sales and operating expenses.....	(27,934)	(44,330)
Other expenses, net ¹	(54)	(44,961)
Financial (income) expenses, net and others.....	(256)	148
Loss before income tax.....	(1,613)	(52,698)
Income tax.....	265	19,572
Loss of discontinued operations.....	(1,348)	(33,126)
Result on sale, withholding tax and reclassification of currency translation effects ²	(8,208)	-
Net loss of discontinued operations.....	\$ (9,556)	(33,126)

1 In 2017, includes impairment losses related to the operating license for an amount of \$44,959.

2 The loss on sale of the operations in Brazil includes: a) the difference between the sale price and the net book value at the date of disposal of \$630, b) a withholding tax of \$2,867, and c) the recycling in the income statement of a currency translation loss accrued in equity of \$4,711.

3C) SELECTED FINANCIAL INFORMATION BY REPORTABLE SEGMENT AND LINE OF BUSINESS

The reportable segments are defined as the components of the Company that engage in business activities from which they may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's top management to assess their performance and make decisions about the allocation of resources to the segments, and for which discrete financial information is available. The accounting policies applied to determine the financial information by reportable segment are consistent with those described in note 2.

Considering similar regional and economic characteristics and/or materiality, certain countries have been aggregated and presented in a single line segment titled "Rest of CLH," which includes the combined operations of the Company in Guatemala, Nicaragua and El Salvador. Moreover, the segment "Others" refers to the Parent Company, including its corporate offices in Spain and its research and development offices in Switzerland, as well as adjustments and eliminations resulting from consolidation.

Selected consolidated information of income statement by reportable segments for the years ended December 31, 2018 and 2017 are as follow:

2018	Revenues (including related parties)	Less: Related parties	Revenues	Operating EBITDA	Less: Depreciation and amortization	Operating Earnings before other expenses, net	Other expenses, net	Financial expenses	Financial income and other items, net
Colombia	\$ 524,330	-	524,330	95,408	(27,672)	67,736	12,816	(25,164)	(1,977)
Panamá	222,036	(208)	221,828	64,316	(16,093)	48,223	2,519	(7,526)	653
Costa Rica	139,087	(14,307)	124,780	45,336	(4,711)	40,625	(36)	(99)	1,968
Rest of CLH	238,750	(1,359)	237,391	73,818	(6,591)	67,227	16	(1,702)	2,995
Others	-	-	-	(36,371)	(19,629)	(56,000)	(11,558)	(24,509)	(5,361)
Continuing operations	1,124,203	(15,874)	1,108,329	242,507	(74,696)	167,811	3,757	(59,000)	(1,722)
Discontinued operations	26,631	-	26,631	591	(1,894)	(1,303)	(54)	(23)	82
Total	\$ 1,150,834	(15,874)	1,134,960	243,098	(76,590)	166,508	3,703	(59,023)	(1,640)

Selected financial information by reportable segment and line of business - continued

2017	Revenues (including related parties)	Less: Related parties	Revenues	Operating EBITDA	Less: Depreciation and amortization	Operating earnings before other expenses, net	Other expenses, net	Financial expenses	Financial income and other items, net
Colombia	\$ 565,649	(4)	565,645	112,961	(26,295)	86,666	(32,497)	(20,007)	(1,499)
Panamá	266,273	(192)	266,081	108,512	(16,744)	91,768	2,200	(7,745)	972
Costa Rica	148,855	(20,061)	128,794	53,146	(5,259)	47,887	912	(272)	866
Rest of CLH	249,115	(3,182)	245,933	86,743	(5,856)	80,887	294	(2,051)	1,769
Others	-	-	-	(47,254)	(21,232)	(68,486)	(5,295)	(33,181)	(5,401)
Continuing operations	1,229,892	(23,439)	1,206,453	314,108	(75,386)	238,722	(34,386)	(63,256)	(3,293)
Discontinued operations	36,445	-	36,445	(3,780)	(4,105)	(7,885)	(44,961)	(34)	113
Total	\$ 1,266,337	(23,439)	1,242,898	310,328	(79,491)	230,837	(79,347)	(63,290)	(3,180)

Revenues by line of business and reportable segments for the years ended December 31, 2018 and 2017 are as follows:

2018	Cement	Concrete	Aggregates	Other products	Others	Revenues
Colombia	\$ 285,328	184,411	8,041	46,550	-	524,330
Panamá	133,619	63,045	3,859	21,513	(208)	221,828
Costa Rica	95,851	16,474	14,930	11,832	(14,307)	124,780
Rest of CLH	198,015	22,682	4,118	13,935	(1,359)	237,391
Continuing operations	712,813	286,612	30,948	93,830	(15,874)	1,108,329
Discontinued operations	26,615	-	-	16	-	26,631
Total	\$ 739,428	286,612	30,948	93,846	(15,874)	1,134,960

Selected financial information by reportable segment and line of business - continued

2017	Cement	Concrete	Aggregates	Other products	Others	Revenues
Colombia	\$ 293,905	204,275	11,267	56,202	(4)	565,645
Panamá	161,840	87,618	3,955	12,860	(192)	266,081
Costa Rica	99,175	14,505	17,868	17,307	(20,061)	128,794
Rest of CLH	204,531	22,969	5,566	16,049	(3,182)	245,933
Continuing operations	759,451	329,367	38,656	102,418	(23,439)	1,206,453
Discontinued operations	36,419	-	-	26	-	36,445
Total	\$ 795,870	329,367	38,656	102,444	(23,439)	1,242,898

As of December 31, 2018 and 2017, selected consolidated information of the statements of financial position by reportable segments is as follows:

2018	Total Assets	Total Liabilities	Net assets by segment	Capital expenditures
Colombia ¹	\$ 2,064,889	793,058	1,271,831	21,992
Panamá	418,713	239,765	178,948	12,031
Costa Rica	150,696	56,673	94,023	3,098
Rest of CLH	193,968	87,155	106,813	7,706
Others ³	219,515	353,529	(134,014)	-
Total	\$ 3,047,781	1,530,180	1,517,601	44,827

2017	Total Assets	Total Liabilities	Net assets by segment	Capital expenditures
Colombia ¹	\$ 2,047,992	807,795	1,240,197	62,287
Panamá	379,984	238,737	141,247	8,123
Costa Rica	139,011	38,474	100,537	2,298
Rest of CLH ²	254,769	119,322	135,447	7,826
Others ³	472,233	546,616	(74,383)	-
Total	\$ 3,293,989	1,750,944	1,543,045	80,534

¹ As of December 31, 2018 and 2017, total assets of the "Colombia" operating segment for \$2,064,889 and \$2,047,992, respectively, includes its own goodwill, as well as goodwill generated in the acquisition of Costa Rica and Nicaragua by CEMEX Colombia in 2009 for a total of \$893,631 in 2018 and \$944,560 in 2017 (note 14).

² As of December 31, 2017, totals assets and total liabilities of the operating segment "Rest of CLH" include \$68,878 and \$27,632, respectively, related to the Brazilian operating segment (notes 2A and 3B).

³ As of December 31, 2018 and 2017, total assets of the operating segment "Other and eliminations" for \$219,354 and \$472,233, respectively, includes goodwill generated in the acquisition of Panamá, Guatemala and El Salvador by CCL in 2012 for a total of \$594,585 in 2018 and \$607,124 in 2017 (note 14).

4) DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense for the years ended December 31, 2018 and 2017 is detailed as follows:

	2018	2017
Depreciation and amortization expense of assets used in the production process	\$ 51,662	52,836
Depreciation and amortization expense of assets used in administrative and selling activities	23,034	22,550
	<u>\$ 74,696</u>	<u>75,386</u>

5) OTHER EXPENSES, NET

Other expenses, net for the years 2018 and 2017 is detailed as follows:

	2018	2017
Results from valuation and sale of assets, sale of scrap and other non-operating products and expenses, net ¹	\$ 11,194	94
Damage recoveries	71	36
Assumed taxes, fines and other penalties ²	(3,415)	(29,897)
Impairment losses ³	(2,756)	(1,790)
Severance payments for reorganization and other personnel costs	(1,337)	(2,829)
	<u>\$ 3,757</u>	<u>(34,386)</u>

1 For the year 2018, includes the write off of the provision that had been recognized in relation to the legal proceeding for alleged damages to rice farm land adjacent to the Caracolito plant in Colombia for approximately \$12.5 million.

2 In 2017, mainly refers to an expense in Colombian Pesos equivalent to approximately \$24,722 related to a fine imposed by the Superintendence of Industry and Commerce in Colombia associated with a market investigation procedure (note 23A).

3 Refers to impairment losses in Colombia and Panamá in 2018 and Panamá in 2017 (note 13).

6) FINANCIAL INCOME AND OTHER ITEMS, NET

Financial income and other items, net in 2018 and 2017 are as follows:

	2018	2017
Interest cost on employee benefits	\$ (2,426)	(3,414)
Financial income	704	121
	<u>\$ (1,722)</u>	<u>(3,293)</u>

7) CASH AND CASH EQUIVALENTS

Consolidated cash and cash equivalents as of December 31, 2018 and 2017 are as follows:

	2018	2017
Cash and bank accounts	\$ 26,068	28,105
Fixed-income securities and other cash equivalents	11,058	17,049
	<u>\$ 37,126</u>	<u>45,154</u>

8) TRADE ACCOUNTS RECEIVABLE

For the reported periods the Company does not maintain programs for the sale of trade receivables. As of December 31, 2018 and 2017, consolidated trade accounts receivable are detailed as follows:

	2018	2017
Trade accounts receivable	\$ 95,769	122,033
Allowances for doubtful accounts	(8,304)	(6,558)
	<u>\$ 87,465</u>	<u>115,475</u>

Allowances for expected credit losses were established until December 31, 2017 based on incurred loss analyses over delinquent accounts considering aging of balances, the credit history and risk profile of each customer and legal processes to recover accounts receivable. Beginning in 2018, such allowances are determined and recognized upon origination of the trade accounts receivable based on a model that calculates the expected credit loss ("ECL") of the trade accounts receivable (note 2A).

Trade accounts receivable - continued

Under this ECL model, CEMEX Latam segments its accounts receivable in a matrix by country, type of client or homogeneous credit risk and days past due and determines for each segment an average rate of ECL, considering actual credit loss experience over the last 24 months and analyses of future delinquency. This ECL rate is applied to the balance of accounts receivable. The average ECL rate increases in each segment of days past due until the rate is 100% for the segment of 365 days or more past due.

As of December 31, 2018, balances of trade accounts receivable and the allowance for ECL were as follows:

	Accounts receivable	ECL allowance	ECL average rate
Colombia	\$ 34,851	652	1.9%
Panamá	28,611	2,623	9.2%
Costa Rica ¹	12,992	4,719	36.3%
Rest of CLH	19,315	310	1.6%
	<u>\$ 95,769</u>	<u>8,304</u>	

¹ Balances of clients and the estimate of PCE include approximately \$3.7 million of trade receivables in process of legal recovery that were fully provisioned.

Changes in the allowance for expected credit losses in 2018 and 2017 were as follows:

	2018	2017
Allowance for expected credit losses at beginning of the period	\$ 6,558	5,733
Adoption effects of IFRS 9 charged to retained earnings (note 2A)	853	-
Additions during the year charged to administrative and selling expenses	4,049	1,859
Deductions during the year	(2,778)	(975)
Foreign currency translation effects	(378)	(59)
Allowance for expected credit losses at end of the period	<u>\$ 8,304</u>	<u>6,558</u>

9) BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Balances receivable from and payable to related parties as of December 31, 2018 and 2017 are detailed as follows:

Short-term accounts receivable	2018	2017
Torino RE	\$ 14,165	-
CEMEX España, S.A.	3,735	4,871
CEMEX Central, S.A. de C.V.	2,149	53
CEMEX, S.A.B. de C.V.	509	327
Trinidad Cement L.T.D.	214	-
CEMEX Research Group, AG	199	3,188
CEMEX Dominicana, S.A.	54	12
CEMEX Denmark ApS	53	96
Beijing Import & Export Co., Ltd	25	-
CEMEX de Puerto Rico, Inc.	20	-
New Sunward Holding B.V.	-	93
Mustang Re Limited	-	980
CEMEX Holdings Inc.	-	10
Others	15	17
Total assets with related parties	\$ 21,138	9,647

Balances and transactions with related parties - continued

	2018	2017
Short-term accounts payable		
CEMEX Holdings Inc. ¹	\$ 22,441	21,660
CEMEX Research Group, AG ²	14,340	1,181
CEMEX Central, S.A. de C.V. ²	3,425	534
CEMEX Internacional, S.A. de C.V.	830	531
CEMEX, S.A.B. de C.V. ²	727	-
CEMEX España, S.A. ³	618	194,484
Beijing Import & Export Co., Ltd	234	197
Pro Ambiente, S.A. de C.V.	99	63
Fujur, S.A. de C.V.	38	120
CEMEX Jamaica Limited	32	35
CEMEX Dominicana, S.A.	29	29
Neoris de México, S.A. de C.V.	24	-
Latinamerican Trading S.A.	21	23
CEMEX México, S.A. de C.V.	8	171
New Sunward Holding B.V. ⁴	-	139,084
CEMEX Central Europe GmbH	-	12
Others	4	10
	\$ 42,870	358,134
Long-term accounts payable		
Lomez International B.V. ⁴	\$ 641,092	-
CEMEX España, S.A. ³	194,010	-
New Sunward Holding B.V. ⁴	-	584,684
	\$ 835,102	584,684
	\$ 877,972	942,818
Total liabilities with related parties		

1 Balances are generated by imports of clinker and grey cement.

2. Balances related to royalties resulting from technical assistance agreements, use of licenses and brands, software and administrative processes.

3. Accounts payable related to a loan originally negotiated in October 2010 by CEMEX Colombia with CEMEX España, subsequently renegotiated, which is outstanding until December 28, 2020, bearing 6-month LIBOR rate plus 200 basis points. In 2017, CEMEX Colombia increased its line of credit with CEMEX España; proceeds used to settle obligations with other related parties.

4. On February 2017, the Parent Company and its subsidiary CCL refinanced their respective debt with New Sunward Holding, B.V. ("NSH") that expired in 2018, extending their maturity until 2023 and modifying the applicable interest rate, according to market conditions at the date of renegotiation, which decreased from 7% to 5.65%. As a result, renegotiation costs were incurred for \$11,999, which are presented net of the debt balance and are amortized to financial expenses over the term of such debt. On March 1, 2018, NSH assigned to Lomez International, B.V., a Dutch subsidiary of CEMEX, the loans that had been granted by NSH to the Parent Company, CCL and Cemento Bayano. The conditions of these credits and loans were not affected by the referred assignment. The balances as of December 31, 2018 and 2017, include: a) loan agreement and accrued interest negotiated by CCL of \$344,110 in 2018 and \$387,519 in 2017; b) loan agreement and accrued interest negotiated by the Parent Company of \$94,131 in 2018 and \$88,223 in 2017, as well as a revolving credit of \$72,656 in 2018 and \$115,951 in 2017; and c) loan agreement and accrued interest negotiated by Cemento Bayano of \$130,195 in 2018 and \$132,075 in 2017. The later was renewed on June 29, 2018 and expires on June 29, 2020 bearing an interest rate of 6-month LIBOR plus 250 basis points.

Balances and transactions with related parties - continued

The maturities of non-current accounts payable as of December 31, 2018 are as follows:

Debtor	2020	2023	Total
Corporación Cementera Latinoamericana, S.L.U. (5.65% annual)	\$ -	344,110	344,110
CEMEX Latam Holdings, S.A. (5.65% annual)	-	166,787	166,787
CEMEX Colombia S.A (6M Libor +200 bps)	194,010	-	194,010
Cemento Bayano, S.A. (6M Libor +250 bps)	130,195	-	130,195
	<u>\$ 324,205</u>	<u>510,897</u>	<u>835,102</u>

The Company's main transactions entered into with related parties for the years ended December 31, 2018 and 2017 are shown below:

Purchases of raw materials	2018	2017
CEMEX Holdings Inc	\$ 48,941	59,289
CEMEX Internacional, S.A. de C.V.	6,151	5,532
Beijing Import & Export Co., Ltd	53	32
Others	11	-
	<u>\$ 55,156</u>	<u>64,853</u>

Administrative and selling expenses	2018	2017
CEMEX Central, S.A. de C.V.	\$ 30	30
Neoris de México, S.A. de C.V.	4	5
	<u>\$ 34</u>	<u>35</u>

Royalties and technical assistance (note 22B)	2018	2017
CEMEX Research Group, AG.	\$ 35,779	38,682
CEMEX Central, S.A. de C.V.	15,114	16,841
CEMEX, S.A.B. de C.V.	4,514	4,800
	<u>\$ 55,407</u>	<u>60,323</u>

Balances and transactions with related parties - continued

	2018	2017
Financial expenses		
Lomez International B.V.	\$ 34,386	-
CEMEX España, S.A.	9,419	6,090
New Sunward Holding B.V.	\$ 7,646	48,284
	\$ 51,451	54,374

Pursuant to the services and the rights of use, operation and enjoyment of CEMEX brands, names and intellectual property assets, under the agreement of non-exclusive use, enjoyment and exploitation of license asset, management services agreement and business support and licensing agreement, the Parent Company has agreed to pay CEMEX (which includes CEMEX, S.A.B. de C.V., CEMEX Research Group, A.G. as well as CEMEX Central, S.A. de C.V.), consistent with the market practices and principles of unrelated parties, a fee equivalent to 5% of consolidated revenues. The aforementioned fee cannot be increased without the consent of the independent directors of CEMEX Latam Holdings expressed during a meeting of the board of directors.

During the years ended December 31, 2018 and 2017, the members of the Parent Company's Board of Directors, in fulfillment of their functions, accrued compensation for a total of approximately \$407 and \$376, respectively, including remuneration and annual allowances. The Company's directors have not received advances or loans from the Company has not provided guarantee or assumed obligations on pensions and insurance for such directors. There aren't employees of the parent company such as members of senior management.

In addition, for the years ended December 31, 2018 and 2017, the aggregate compensation amounts accrued by members of the Company's top management were approximately \$8,504 and \$6,628, respectively, out of which, \$7,845 in 2018 and \$6,018 in 2017, corresponded to base remuneration plus performance bonuses including pensions and other postretirement benefits. In addition, approximately \$660 in 2018 and \$610 in 2017 out of the aggregate compensation corresponded to allocations of shares under the executive stock-based compensation programs.

In its cement operations in Panamá, which represented approximately 12% of the consolidated sales during the year ended December 31, 2018, the Company carries out transactions with Cemento Interoceánico, S.A (formerly Industrias Básicas, S.A.), competitor and local producer of cement, in market conditions and for amounts not considered significant. A subsidiary of CEMEX, S.A.B. de C.V. holds an ownership interest of 25% in the common stock of Cemento Interoceánico, S.A. During 2017, Cemento Interoceánico S.A. and Comercial Interoceánico, S.A., subsidiaries of Industrias Básicas, S.A. were merged and absorbed by this last entity, changing its legal name to Cemento Interoceánico, S.A.

10) OTHER ACCOUNTS RECEIVABLE

10A) OTHER CURRENT ACCOUNTS RECEIVABLE

Consolidated other accounts receivable as of December 31, 2018 and 2017 consisted of:

	2018	2017
Non-trade accounts receivable ¹	\$ 12,867	13,591
Loans to employees and others	1,140	1,243
	<u>\$ 14,007</u>	<u>14,834</u>

¹ In 2018 and 2017, includes CEMEX Colombia's residual interest in a trust oriented to promote housing projects, which its only asset is land in the municipality of Zipaquira, Colombia and its only liability is a bank credit, guaranteed by CEMEX Colombia, for \$6,589 y \$7,176, respectively, obtained to purchase the land. As of the reporting date, according to recent quotations, the estimated realizable value of the land covers the repayment of the loan. In connection with this structure, on December 17, 2018, CEMEX Colombia and the other partner in the project accepted the binding offer of a local construction firm, pending of execution, whom, pursuant to the agreements, will join the trust as beneficiary and joint obligor of the debt and will acquire the project through the full repayment of the trust's debt by means of a repayment of approximately 50% during 2019 and the remaining portion in November 2020. Upon formalization of the agreements later in 2019, the construction firm will sign promissory notes to CEMEX Colombia securing its obligations and additionally the firm and the other partner will pledge their beneficial interest in the trust in favor of CEMEX Colombia. In addition, balances include stage of completion estimates related to infrastructure projects in Panamá for \$2,820 and \$853 as of December 31, 2018 and 2017, respectively.

10B) OTHER INVESTMENTS AND NON-CURRENT ACCOUNTS RECEIVABLE

Consolidated balances of other assets and non-current accounts receivable as of December 31, 2018 and 2017 are detailed as follows:

	2018	2017
Loans and notes receivable ¹	\$ 3,780	6,279
Guaranty deposits and recoverable VAT ²	60	3,666
Other non-current assets ³	466	374
	<u>\$ 4,306</u>	<u>10,319</u>

¹ This line item mainly includes: a) fund of CEMEX Panamá to secure seniority premium payments in 2018 and 2017 of \$3,041 and \$2,649, respectively; b) advance payments for the purchase of fixed assets of \$2,555 in 2017, and c) receivables from the structured construction system used in Costa Rica for \$521 in 2017.

² Refers mainly to a VAT accounts receivable in El Salvador for \$60 in 2018 and \$380 in 2017, as well as guarantee deposits in Brazil related to certain legal proceedings for \$3,286 in 2017.

³ Includes other investments of Colombia, Panamá, Costa Rica, Guatemala and Nicaragua.

11) INVENTORIES

Consolidated balances of inventories as of December 31, 2018 and 2017 are summarized as follows:

	2018	2017
Materials	\$ 24,263	23,723
Finished goods	10,574	11,491
Work-in-process	17,742	19,830
Raw materials	19,619	19,150
Inventory in transit	9,295	9,197
Other inventories	474	-
Allowance for inventory obsolescence	(795)	(716)
	\$ 81,172	82,675

12) OTHER CURRENT ASSETS

As of December 31, 2018 and 2017 consolidated other current assets consisted of:

	2018	2017
Advance payments ¹	\$ 21,898	19,539
Assets held for sale ²	4,354	6,206
Restricted cash ³	12,315	-
	\$ 38,567	25,745

¹ As of December 31, 2018 and 2017, advance payments include \$19,083 and \$19,463, respectively, associated with insurance premiums.

² Assets held for sale are stated at their estimated realizable value and include mainly properties received in payment of trade accounts receivable.

³ In 2018, refers to restricted cash of CEMEX Colombia subject to a temporary restriction on its availability due to a seizure order within a legal proceeding initiated by a supplier in connection with a commercial dispute over an amount in Colombian Pesos being claimed equivalent to approximately \$2 million. CEMEX Latam considers that such seizure order was excessive in relation to the amount claimed, and as of the reporting date, considering the nature of the proceeding, CEMEX Colombia's defense arguments that were put forth in its negotiations with the supplier have not yet been evaluated. As of the issuance date of these consolidated financial statements, CEMEX Colombia is following the required legal procedures in the civil court and considers probable that the cash amounts will be released in the short term.

13) PROPERTY, MACHINERY AND EQUIPMENT, NET

As of December 31, 2018 and 2017 the consolidated balances of property, machinery and equipment, net consisted of:

	2018				
	Land and mineral reserves	Buildings	Machinery and equipment	Construction in progress ¹	Total
Cost at beginning of the period	\$ 235,870	212,375	768,621	289,747	1,506,613
Capital expenditures	213	1,565	2,816	40,233	44,827
Total additions	213	1,565	2,816	40,233	44,827
Disposals	(5,695)	(4,361)	(4,906)	(514)	(15,476)
Reclassifications	6,314	4,844	28,574	(39,732)	-
Impairment ¹	-	(235)	(2,521)	-	(2,756)
Depreciation and depletion for the period	(7,062)	(6,454)	(42,046)	-	(55,562)
Foreign currency translation effects	(10,315)	(13,872)	(47,716)	(21,171)	(93,074)
Cost at end of the period	226,387	200,316	744,868	268,563	1,440,134
Accumulated depreciation and depletion	(42,015)	(43,723)	(191,724)	-	(277,462)
Net book value at end of the period	\$ 184,372	156,593	553,144	268,563	1,162,672

	2017				
	Land and mineral reserves	Buildings	Machinery and equipment	Construction in progress ¹	Total
Cost at beginning of the period	\$ 224,893	204,928	755,806	274,553	1,460,180
Capital expenditures	1,943	1,662	8,153	68,776	80,534
Total additions	1,943	1,662	8,153	68,776	80,534
Disposals	(327)	(604)	(11,291)	-	(12,222)
Reclassifications	4,927	6,593	40,589	(52,109)	-
Impairment ¹	-	-	(1,790)	-	(1,790)
Depreciation and depletion for the period	(7,149)	(5,674)	(42,758)	-	(55,581)
Foreign currency translation effects	4,434	(204)	(22,846)	(1,473)	(20,089)
Cost at end of the period	235,870	212,375	768,621	289,747	1,506,613
Accumulated depreciation and depletion	(36,946)	(43,947)	(175,199)	-	(256,092)
Net book value at end of the period	\$ 198,924	168,428	593,422	289,747	1,250,521

¹ In 2016, CEMEX Colombia finished the construction of a cement plant in the municipality of Maceo in the Antioquia department in Colombia with an annual capacity of approximately 1.1 million tons. The plant has not started commercial operations. As of the reporting date, the development of the access road to the plant remains suspended and the beginning of commercial operations is subject to the successful conclusion of several ongoing processes related to operating permits and the evolution of certain legal proceedings in progress, as well as required agreements with authorities for the use of the assets of the plant that are included in an expiration of property procedure. As of December 31, 2018 and 2017, the carrying amount of the project, net of adjustments (note 23A), is for amounts in Colombian Pesos equivalent to approximately \$280 and \$304 million, respectively, considering the exchange rates as of December 31, 2018 and 2017, respectively. Changes in the project's investment expressed in dollars terms during the period ended December 31, 2018 was mainly due to the variation in exchange rates. Out of the aforementioned investment of \$280 million, a portion equivalent to approximately \$79.9 million is recognized in the books of the entity Zona Franca Especial Cementera del Magdalena Medio S.A.S. ("Zomam"), a subsidiary of CEMEX Colombia and holder of the free zone declaration and the rights to build the cement plant. Of these \$79.9 million, approximately \$49.6 million correspond to the equipment contributed by CEMEX Colombia as equity contribution and the complement of \$30.3 million corresponded to investments made by Zomam with financing from CEMEX, mainly through a loan granted by CCL amounting to approximately \$46.2 million including capitalized interest. The rest of the investment in Maceo is held directly in the books of CEMEX Colombia. All amounts at the exchange rate of December 31, 2018. As mentioned in note 23A, Zomam's shares are held within an expiration of property process carried by the Colombian authorities.

Property, machinery and equipment, net - continued

During the years ended December 31, 2018 and 2017, impairment losses of fixed assets by country were as follows:

	2018	2017
Colombia	\$ 2,323	-
Panamá	433	1,790
	<u>\$ 2,756</u>	<u>1,790</u>

Considering the closing of operations, change of business model or maintaining idle assets, in 2018, the Company recognized impairment losses of mining assets in Colombia, and, in 2018 and 2017, related to a portable cement mill in Panamá.

14) GOODWILL AND INTANGIBLE ASSETS

14A) BALANCES AND CHANGES DURING THE PERIOD

As of December 31, 2018, and 2017, consolidated goodwill, intangible assets and deferred assets is summarized as follows:

	2018			2017		
	Cost	Accumulated amortization	Net book value	Cost ¹	Accumulated amortization	Net book value
Intangible assets of indefinite useful life						
Goodwill	\$ 1,488,216	-	1,488,216	1,551,684	-	1,551,684
Intangible assets of definite useful life						
Customer relations	191,343	(125,301)	66,042	197,506	(106,280)	91,226
Extraction permits and licenses	-	-	-	74,215	(22,867)	51,348
Industrial property and trademarks	706	(703)	3	2,938	(2,245)	693
Mining projects	1,386	(326)	1,060	356	(356)	-
Other intangibles and deferred assets	92	-	92	47	-	47
	<u>\$ 1,681,743</u>	<u>(126,330)</u>	<u>1,555,413</u>	<u>1,826,746</u>	<u>(131,748)</u>	<u>1,694,998</u>

Balances and changes during the period - continued

Changes in intangible assets during the year ended December 31, 2018 and 2017 are as follows:

	2018				
	Goodwill	Customer relations	Permits and licenses	Others	Total
Net book value at beginning of the period	\$ 1,551,684	91,226	51,348	740	1,694,998
Additions (disposals), net	-	-	(37,953)	1,060	(36,893)
Amortization during the period	-	(17,736)	(1,210)	(188)	(19,134)
Foreign currency translation effects	(63,468)	(7,448)	(12,185)	(457)	(83,558)
Net book value at end of the period	\$ 1,488,216	66,042	-	1,155	1,555,413

	2017				
	Goodwill	Customer relations	Permits and licenses	Others	Total
Net book value at beginning of the period	\$ 1,563,836	107,763	101,831	118	1,773,548
Additions (disposals), net	-	-	-	600	600
Amortization during the period	-	(19,682)	(4,116)	(112)	(23,910)
Impairment ¹	-	-	(44,959)	-	(44,959)
Foreign currency translation effects	(12,152)	3,145	(1,408)	134	(10,281)
Net book value at end of the period	\$ 1,551,684	91,226	51,348	740	1,694,998

¹ During the last quarter of 2017, the Company recognized impairment losses associated with its operating segment in Brazil for a total of \$44,959 corresponding to an operating license that represents the country's main asset and the origin of all its revenues. The total amount of the loss corresponded to the excess of the net book value of the operating license over its corresponding fair value. In the determination of the present value of the projected cash flows in Brazil, the Company used a discount rate of 11.4% and a long-term growth rate of 2.0%. The loss was mainly generated by strong competitive market dynamics, the growing imports of cement, the increase in the cost of inputs and the reduction in sales prices, which had the combined effect of significantly reducing the profitability and expected cash flows from the operations in that country. This loss was reclassified as part of the discontinued operations.

When impairment indicators exist, for each intangible asset, CEMEX Latam determines its projected revenue streams over the estimated useful life of the asset. In order to obtain discounted cash flows attributable to each intangible asset, such revenues are adjusted for operating expenses, changes in working capital and other expenditures, as applicable, and discounted to net present value using the risk adjusted discount rate of return. Significant management judgment is necessary to determine the appropriate valuation method and estimates under the key assumptions, among which are: a) the useful life of the asset; b) the risk adjusted discount rate of return; c) royalty rates; and d) growth rates. Assumptions used for these cash flows are consistent with internal forecasts and industry practices.

The fair values of intangible assets are very sensitive to changes in the significant assumptions used in their calculation. Certain key assumptions are more subjective than others. In respect of trademarks, CEMEX Latam considers that the most subjective key assumption in the determination of revenue streams is the royalty rate. In respect of extraction rights and customer relationships, the most subjective assumptions are revenue growth rates and estimated useful lives. CEMEX Latam validates its assumptions through benchmarking with industry practices and the corroboration of third party valuation advisors.

14B) ANALYSIS OF GOODWILL IMPAIRMENT

As of December 31, 2018 and 2017 goodwill balances allocated by reportable operating segment are as follows:

	2018	2017
Costa Rica	\$ 400,846	428,283
Panamá	344,703	344,703
Colombia	299,036	312,840
Guatemala	234,794	247,333
Nicaragua	193,749	203,437
El Salvador	15,088	15,088
	\$ 1,488,216	1,551,684

The Company assesses its balances of goodwill for impairment at least once a year during the last quarter of the year, or as required upon the existence of indicators, at the level of the groups of CGUs to which goodwill balances were allocated and which are commonly comprised for the operation segments corresponding to the Company's operations in each country. Impairment tests are significantly sensitive to, among other factors, the estimation of future prices of the Company products, the development of operating expenses, local and international economic trends in the construction industry, the long-term growth expectations in the different markets, as well as the discount rates and the long-term growth rates applied.

CEMEX Latam cash flow projections to determine the value in use of its CGUs to which goodwill has been allocated consider the use of long-term economic assumptions. The Company believes that its discounted cash flow projections and the discount rates used reasonably reflect current economic conditions at the time of the calculations, considering, among other factors that: a) the cost of capital reflects current risks and volatility in the markets; and b) the cost of debt represents the average of industry specific interest rates observed in recent transactions. Other key assumptions used to determine CEMEX Latam discounted cash flows are volume and price increases or decreases by main product during the projected periods. Volume increases or decreases generally reflect forecasts issued by trustworthy external sources, occasionally adjusted based on CEMEX Latam actual backlog, experience and judgment considering its concentration in certain sectors, while price changes normally reflect the expected inflation in the respective country. Operating costs and expenses during all periods are maintained as a fixed percent of revenues considering historic performance.

During the years 2018 and 2017, CEMEX Latam did not determine impairment losses in any of the groups of CGUs to which goodwill balances have been allocated in the different countries where the Company operates, including Nicaragua. During 2018 and at the end of the year, the Company carried out goodwill impairment tests in its operating segment in Nicaragua, considering impairment indicators arising from the social unrest and the economic and political instability in such country. Considering the available elements the results of the impairment tests did not present goodwill impairment losses. In these calculations, the estimated moderate reduction in the projected future cash flows was offset by a reduction in the discount rate, in which, despite of the increase in the country risk by approximately 100 basis points as compared to December 31, 2017, this effect was offset by a reduction in the interest rate. CEMEX Latam maintains a close supervision over the CGUs in which goodwill has been allocated that have presented a relative risk of goodwill impairment in any of the reported periods and, in the event that the economic assumptions relevant to the determination of the projected cash flows become more negative, it could result in future impairment losses.

Analysis of goodwill impairment - continued

As of December 31, 2018 and 2017, pre-tax discount rates and long-term growth rates used to determine the discounted cash flows in the group of CGUs with the main goodwill balances are as follows:

Groups of CGUs	Discount rates		Growth rates	
	2018	2017	2018	2017
Costa Rica	10.6%	11.1%	3.4%	3.9%
Colombia	9.5%	10.5%	3.6%	3.7%
Panamá	9.1%	10.0%	5.5%	5.5%
Nicaragua	12.6%	13.1%	4.2%	4.5%
Guatemala	10.2%	11.5%	3.5%	4.0%
El Salvador	11.5%	11.9%	2.2%	2.0%

As of December 31, 2018, the discount rates used by CEMEX Latam in its cash flows projections in the countries with the most significant goodwill balances decreased slightly in most cases in a range of 0.4% up to 1 percentage point, as compared to the values determined in 2017. This reduction was mainly attributable to general decreases in the country specific sovereign yields in the majority of the countries where CEMEX Latam operates and the weighing of debt in the calculation, effects that were partially offset by increases during 2018 in the funding cost observed in the industry that changed from 6.1% in 2017 to 7.3% in 2018 and the risk free rate associated with CEMEX Latam which increased from 2.8% in 2017 to 2.9% in 2018. With respect to long-term growth rates, following general practice under IFRS, CEMEX uses country specific rates, which are mainly obtained from Consensus Economics, a compilation of analysts' forecasts worldwide or from the International Monetary Fund when the former is not available for a specific country.

In connection with the assumptions included in the table above, CEMEX Latam performed sensitivity analyses to changes in assumptions, affecting the value in use of all groups of CGUs with an independent reasonably possible increase of 1% in the pre-tax discount rate, and an independent possible decrease of 1% in the long-term growth rate. In addition, CEMEX Latam performed cross-check analyses for reasonableness of its results using multiples of Operating EBITDA. To arrive at these multiples, which represent a reasonableness check of the discounted cash flow models, CEMEX Latam determined a weighted average multiple of Operating EBITDA to enterprise value observed in the industry and/or in recent mergers and acquisitions in the industry. The average multiple was then applied to a stabilized amount of Operating EBITDA and the result was compared to the corresponding carrying amount for each group of CGUs to which goodwill has been allocated. CEMEX Latam considered an industry weighted average Operating EBITDA multiple of 11.1 times in 2018 and 9.0 times in 2017. The lowest multiple observed by CEMEX Latam was 6.7 times in 2018 and 6.5 times in 2017, and the highest multiple observed was 14.9 times in 2018 y 18.9 times in 2017. As of December 31, 2018 and 2017, none of the Company's sensitivity analysis indicated potential risk of impairment in its operating segments.

15) FINANCIAL INSTRUMENTS

15A) SHORT-TERM AND LONG-TERM DEBT

As of December 31, 2018 and 2017, consolidated debt by type of financial instruments is summarized as follows:

	2018	2017
Trust guarantee for the development of housing projects ¹	\$ 6,589	7,176
Foreign currency-denominated promissory notes, variable rate ²	546	8,085
Promissory note due to Banco de Bogotá, annual rate 10.52% ³	-	1,732
Leasing Bancolombia, S.A., anticipated quarterly DTF plus 390 bps ^{4,5}	-	366
Helm Leasing, S.A., anticipated quarterly DTF plus 385 bps ^{4,5}	-	131
Leasing Bogotá, S.A., anticipated quarterly DTF plus 465 bps ^{4,5}	-	33
Total	\$ 7,135	17,523
Long-term debt	-	-
Short-term debt	\$ 7,135	17,523

1 Guarantee granted by CEMEX Colombia on the amount borrowed through a promissory note by the trust for the development of housing projects as described in note 10A. The promissory note is being renewed at maturity by the trust every 180 days until finding the developer who buys the project, or until, by agreement of the parties, it is decided to sell the asset in order to liquidate the debt and extinguish the trust. The loan accrues interest at DTF rate plus 4.55%.

2 As of December 31, 2018 and 2017, refers to notes payable with a maturity of one year negotiated by CEMEX Colombia, bearing DTF rate plus 3.85% and bearing DTF rate plus 4%.

3 In July 2017, CEMEX Colombia signed a promissory note with Banco de Bogotá associated with housing projects in process, which was repaid in January 2018.

4 Referred to finance leases with commercial finance companies denominated in Colombian Pesos negotiated in 2012 with a maturity of sixty months finished in September 2018.

5 The fixed-term deposit rate (Tasa de Depósito a Término Fijo or DTF) is the average interest rate paid by financial institutions in Colombia on fixed-term certificates. As of December 31, 2018, the anticipated quarterly DTF rate was 4.54%.

15B) FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial assets and liabilities

CEMEX Latam carrying amounts of cash, trade accounts receivable, other accounts receivable, trade accounts payable, other accounts payable and accrued expenses, as well as short-term debt, approximate their corresponding estimated fair values due to the short-term maturity of these financial assets and liabilities. Temporary investments (cash equivalents) and certain long-term investments are recognized at fair value, considering to the extent available, quoted market prices for the same or similar instruments. The estimated fair value of CEMEX Latam long-term debt is level 2, and is either based on estimated market prices for such or similar instruments, considering interest rates currently available for CEMEX Latam to negotiate debt with the same maturities, or determined by discounting future cash flows using market-based interest rates currently available to CEMEX Latam. The carrying amounts of assets and liabilities and their fair value estimated on December 31, 2018 and 2017 are as follows:

Thousands of U.S. Dollars	2018		2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Other assets and non-current accounts receivable (note 10B)	\$ 4,306	4,306	10,319	10,319
Financial liabilities				
Long-term payables to related parties (note 9)	\$ 835,102	795,588	584,684	594,492
Other non-current liabilities (note 16)	17,575	17,575	15,626	15,626
	\$ 852,677	813,163	600,310	610,118

16) OTHER ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As of December 31, 2018 and 2017 consolidated other current accounts payable and accrued expenses were detailed as follows:

	2018	2017
Others provisions and liabilities	\$ 22,210	23,586
Accrued expenses	20,556	47,391
Advances from customers	14,126	17,283
Provisions for employee benefits	4,075	6,544
Provisions for legal claims and other commitments	3,557	14,673
Contract liabilities with customers (note 3A)	267	471
Others	683	922
	\$ 65,474	109,870

Other accounts payable and accrued expenses - continued

As described in the different items of the table above, the amounts refer mainly to employee benefits accrued at the reporting date, insurance, litigation and environmental resolutions, for the portion that is expected to be settled in the short term. These are revolving amounts and are expected to be settled and replaced for similar amounts within the next 12 months. As of December 31, 2017, accrued expenses payable includes the amount of the fine associated with the market investigation imposed by the Colombian Superintendence of Industry and Commerce (the "SIC") for approximately \$25 million. CEMEX Colombia made the payment of the fine on January 5, 2018 and will continue its defense process as described in note 23A. The decrease in provisions for legal claims and other commitments corresponds mainly to the reversal of the provision that had been created in relation to the litigation for alleged damages to rice farm land adjacent to the Caracolito plant in Colombia for approximately \$12.5 million (notes 5 and 23A).

For the years ended December 31, 2018 and 2017, changes in the combined balance of provisions for legal claims and other commitments, provisions for employee benefits and other provisions and liabilities presented in the table above were as follows:

	2018	2017
Balance at beginning of period	\$ 44,274	35,542
Additions of the period for new obligations or increases in estimates	69,390	67,211
Reductions of the period due to payments or decrease in estimates	(81,262)	(58,848)
Foreign currency translation adjustment	(2,293)	369
Balance at end of period	\$ 30,109	44,274

As of December 31, 2018 and 2017, consolidated other non-current liabilities were detailed as follows:

	2018	2017
Provision for asset retirement obligations ¹	\$ 4,463	4,949
Other taxes	3,456	5,318
Other provisions and liabilities	3,922	3,698
Deferred income	5,734	1,661
	\$ 17,575	15,626

¹ Asset retirement obligations include future estimated costs for demolition, dismantling and cleaning of production sites at the end of their operation, which are initially recognized against the related assets and are depreciated over their estimated useful life.

17) RISK MANAGEMENT

Enterprise risks may arise from any of the following situations: i) the potential change in the value of assets owned or reasonably anticipated to be owned, ii) the potential change in value of liabilities incurred or reasonably anticipated to be incurred, iii) the potential change in value of services provided, purchase or reasonably anticipated to be provided or purchased in the ordinary course of business, iv) the potential change in the value of assets, services, inputs, product or commodities owned, produced, manufactured, processed, merchandised, leased or sell or reasonably anticipated to be owned, produced, manufactured, processed, merchandising, leasing or selling in the ordinary course of business, or v) any potential change in the value arising from interest rate or foreign exchange rate exposures arising from current or anticipated assets or liabilities.

To manage some of these risks, such as credit risk, interest rate risk, foreign exchange risk, equity risk and liquidity risk, considering the guidelines set forth by the Board of Directors, which represent CEMEX Latam's risk management framework and that are supervised by several Committees, CEMEX Latam's management establishes specific policies that determine strategies oriented to obtain natural hedges to the extent possible, such as avoiding customer concentration on a determined market or aligning the currencies portfolio in which CEMEX Latam incurs its debt, with those in which CEMEX Latam generates its cash flows.

Risk management framework

The Company's management has overall responsibility for the development, implementation and monitoring of the conceptual framework and policies for an effective risk management. The Company's risk management policies are intended to: a) identify and analyze the risks faced by the Company;

b) implement appropriate risk limits and controls; and c) monitor the risks and the compliance with the limits. Policies and risk management systems are regularly reviewed to reflect changes in market conditions and in the Company's activities. By means of its policies and procedures for risk management, the Company aims to develop a disciplined and constructive control environment where all employees understand their roles and obligations. As of December 31, 2018 and 2017, the Company has not entered into derivative financial instruments.

Credit risk

Credit risk is the risk of financial loss faced by the Company if a customer or counterpart to a financial instrument does not meet its contractual obligations and originates mainly from trade accounts receivable. As of December 31, 2018 and 2017, the maximum exposure to credit risk is represented by the balance of financial assets. Management has developed policies for the authorization of credit to customers. The exposure to credit risk is monitored constantly according to the behavior of payment of the debtors. Credit is assigned on a customer-by-customer basis and is subject to assessments which consider the customers' payment capacity, as well as past behavior regarding due dates, balances past due and delinquent accounts. In cases deemed necessary, the Company's management requires guarantees from its customers and financial counterparties with regard to financial assets.

The Company's management has established a policy of low risk which analyzes the creditworthiness of each new client individually before offering the general conditions of payment terms and delivery, the review includes external ratings, when references are available, and in some cases bank references. Threshold of purchase limits are established for each client, which represent the maximum purchase amounts that require different levels of approval. Customers that do not meet the levels of solvency requirements imposed by CEMEX Latam can only carry out transactions by paying cash in advance. As of December 31, 2018 and 2017, considering the Company's best estimate of potential losses based on an analysis of age and considering recovery efforts, the allowance for doubtful accounts was \$8,304 and \$6,558, respectively.

Credit risk - continued

The aging of trade accounts receivable as of December 31, 2018 and 2017 are as follows:

	2018	2017
Neither past due, nor impaired portfolio	\$ 61,554	93,912
Less than 90 days past due portfolio	18,509	11,529
More than 90 days past due portfolio	15,706	16,592
	\$ 95,769	122,033

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates, which only affects results if the fixed-rate long-term debt is measured at fair value. Long-term debt is carried at amortized cost and therefore is not subject to interest rate risk. Exposure to the risk of changes in market interest rates relates primarily to its long-term debt obligations with floating interest rates. As of December 31, 2018 and 2017, CEMEX Latam was subject to the volatility of floating interest rates, which, if such rates were to increase, may adversely affect its financing cost and the results for the period. CEMEX Latam manages its interest rate risk by balancing its exposure to fixed and variable rates while attempting to reduce its interest costs.

Nonetheless, it is not economically efficient to concentrate in fixed rates in a high point when the interest rates market expects a downward trend, this is, there is an opportunity cost for remaining long periods paying a determined fixed interest rate when the market rates have decreased and the entity may obtain improved interest rate conditions in a new loan or debt issuance. CEMEX Latam manages its interest rate risk by balancing its exposure to fixed and variable rates while attempting to reduce its interest costs. In addition, when the interest rate of a debt instrument has turned relatively high as compared to current market rates, CEMEX Latam intends to renegotiate the conditions or repurchase the debt, to the extent the net present value of the expected future benefits from the interest rate reduction would exceed the incentives that would have to be paid in such renegotiation or repurchase of debt.

Foreign currency risk

The Company has foreign currency exposures due to the relevant balances in each country in other currencies than their functional currency. The Company has not implemented any derivative financing instrument hedging strategy to address this foreign currency risk.

As of December 31, 2018 and 2017, excluding from the sensitivity analysis the impact of translating the net assets of foreign operations into the Company's reporting currency, considering a hypothetical 10% strengthening of the U.S. Dollar against the Colombian Peso, with all other variables held constant, The Company's net income for the years ended on December 31, 2018 and 2017 would have decreased by approximately \$6,295 and \$4,641, respectively, as a result of higher foreign exchange losses on the Company's Dollar-denominated net monetary liabilities held in consolidated entities with other functional currencies. Conversely, a hypothetical 10% weakening of the U.S. Dollar against the Colombian Peso would have the opposite effect.

Equity risk

As of December 31, 2018 and 2017, the Company has no financial instruments or transactions related with the Parent Company shares, or of any subsidiary of CEMEX Latam or third parties, except by executive compensation programs (note 20D), whereby, there are not effects in the expected cash flows of the Company from changes in the price of such shares.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient funds available to meet its obligations. Although the Company has fulfilled its operational liquidity, debt service and capital expenditures needs through its own operations. As of December 31, 2017, current liabilities exceeded current assets in \$355,550. As of December 31, 2018 current assets exceeded current liabilities in \$14,614. In order to reduce its liquidity risk, on June 29, 2018, the Company renegotiated to a two-year maturity the loan granted by LOMEZ International B.V to Cemento Bayano \$130,195. In addition, on December 28, 2018, CEMEX Colombia renewed its credit line with CEMEX España with a maturity of 2 years (note 9). The Company's management considers that CEMEX Latam will generate sufficient net cash flows from operations in the future to allow it to cope with any liquidity risk in the short term. In case it is deemed necessary, CEMEX Latam considers that it would succeed in renegotiating on a long-term basis the maturity of some short-term payables to CEMEX. The Company's consolidated net cash flows from operations after interest expense and income taxes amounted to \$124,430 in 2018 and \$146,439 in 2017. The maturities of the Company's contractual obligations are included in note 22A.

18) PENSIONS AND OTHER POSTRETIREMENT EMPLOYEE BENEFITS

Defined contribution pension plans

The consolidated cost of defined contribution plans for the years ended December 31, 2018 and 2017 were approximately \$12 and \$17, respectively. The Company contributes periodically the amounts offered by the plan to the employee's individual accounts, not retaining any remaining liability as of the statement of financial position date.

Defined benefit pension plans

The Company sponsors a defined benefit plan in Colombia, which is closed to new participants and whose beneficiaries are all retirees. For the years ended December 31, 2018 and 2017, the net periodic cost was recognized as follows:

	2018	2017
Recorded in financial income and other items, net		
Financial cost	\$ 2,421	2,597
Recorded in other comprehensive income, net		
Actuarial losses	815	2,985
Net periodic cost	\$ 3,236	5,582

Defined benefit pension plans - continued

The reconciliation of the actuarial benefits obligation as of December 31, 2018 and 2017 are presented as follows:

	2018	2017
Change in benefits obligation		
Projected benefits obligation at beginning of period	\$ 40,415	38,401
Financial cost	2,421	2,597
Benefits paid	(3,727)	(3,768)
Actuarial loss	815	2,985
Foreign currency translation	(3,263)	200
Projected benefits obligation at end of period	\$ 36,661	40,415

As of December 31, 2018, estimated payments for postretirement benefits over the next ten years are as follows:

	Pagos estimados
2019	\$ 3,410
2020	3,397
2021	3,380
2022	3,353
2023	3,316
2024-2028	15,541
	\$ 32,397

As of December 31, 2018 and 2017, the most significant assumptions used in the determination of the net periodic cost were as follows:

	2018	2017
Discount rate	6.25%	6.20%
Pension growth rate	3.00%	3.00%

Sensitivity analysis of pensions and other postretirement benefits

For the year ended December 31, 2018, CEMEX Latam performed sensitivity analyses on the most significant assumptions that affect the PBO, considering reasonable independent changes of plus or minus 50 basis points in each of these assumptions. The increase (decrease) that would have resulted in the projected benefits obligation as of December 31, 2018 is shown below:

Variables:	+50pbs	-50pbs
Discount rate	(1,414)	1,521
Pension growth rate	1,648	(1,542)

19) INCOME TAXES

19A) INCOME TAXES FOR THE PERIOD

For the years ended December 31, 2018 and 2017, income tax expense recognized in the consolidated income statements was as follows:

	2018	2017
Current income taxes	\$ 54,922	62,314
Deferred income taxes	(18,329)	(5,420)
	<u>\$ 36,593</u>	<u>56,894</u>
Out of which:		
Colombia ^{1, 2, 3}	\$ (637)	16,263
Costa Rica ⁴	15,946	10,673
Panamá	1,174	6,451
Rest of CLH and others ⁵	20,110	23,507
	<u>\$ 36,593</u>	<u>56,894</u>

1 Beginning January 1, 2015, a tax on wealth became effective in Colombia, which was calculated considering the balance of net equity for tax purposes outstanding as of January 1, 2015. The tax was valid during the years 2015, 2016 and 2017. The effect for the period ended as of December 31, 2017 was approximately \$1,939 and is included in the income taxes in such year.

2 As of January 1, 2017, as part of a package of tax modifications, was established only the income tax and its surtax, with consolidated tax rates estimated by these two concepts of 40% in 2017 and 37% in 2018.

3 As part of a tax modifications package effective as of January 1, 2019, the income tax rate is modified to 32% in 2020, 31% in 2021 and 30% in 2022 and onwards. The rate for 2019 was maintained at 33%.

4 For the period as of December 31, 2018, includes an adjustment of income taxes plus interest, related to a 2008 tax litigation for a total amount in Colones equivalent to approximately \$6 million (see note 19D).

5 Includes the Company's operations in Nicaragua, Guatemala, and El Salvador as well as the effects on income taxes of the Parent Company, other sub-holding companies and other consolidation adjustments.

Income taxes for the period - continued

As of December 31, 2018, the Company has unamortized tax loss carryforwards and other tax credits of \$187,842, which has not been subject to accounting recognition. As of the same date, such tax loss carryforwards and other tax credits can be offset against taxable income in any future fiscal year without expiration. The balance of tax loss carryforwards as of December 31, 2018 by expiration date was as follows:

	Pérdidas por amortizar
2029	\$ 2,279
2030	7,340
No time limit	178,223
	\$ 187,842

19B) DEFERRED INCOME TAXES

As of December 31, 2018 and 2017, the main temporary differences that generated the consolidated deferred income tax assets and liabilities are presented below:

	2018	2017
Deferred tax assets:		
Tax loss carryforwards and other tax credits	\$ 267	381
Accounts payable and accrued expenses	15,495	10,164
Others	457	319
Total deferred tax assets	\$ 16,219	10,864
Deferred tax liabilities:		
Property, machinery and equipment	\$ 139,039	186,286
Goodwill	205,475	241,211
Others	1,771	(115)
Total deferred tax liabilities	346,285	427,382
Net deferred tax liabilities	\$ 330,066	416,518

Deferred income taxes - continued

The breakdown of changes in consolidated deferred income taxes during 2018 and 2017 were as follows:

	2018	2017
Deferred income tax benefit credited to the income statement	\$ (18,329)	(5,420)
Reduction of the deferred tax liability from disposals (note 3B)	(21,309)	-
Deferred income tax benefit credited to stockholders' equity ¹	(46,814)	(1,445)
Change in deferred income tax during the period	\$ (86,452)	(6,865)

¹ In 2018, includes a deferred income tax of \$242 resulting from the adoption of IFRS 9 as of January 1, 2018.

The Parent Company has not recognized any deferred tax liability for the undistributed earnings generated by its subsidiaries accounted under the equity method, considering that such undistributed earnings are not expected to be distributed and generate income tax in the foreseeable future. Moreover, the Parent Company does not recognize a deferred income tax liability related to its investments in subsidiaries considering that the Company controls the reversal of the temporary differences arising from these investments.

19C) EFFECTIVE TAX RATE

Differences between the financial basis and the corresponding tax basis of assets and liabilities and the different income tax rates and laws applicable to the Company, among other factors, give rise to permanent differences between the average statutory tax rate of the entities included in this consolidated financial statement, and the effective tax rate presented in the consolidated income statement. For the years ended as of December 31, 2018 and 2017 these differences were as follows:

	2018	2017
	%	%
Statutory tax rate in Spain	25.0	25.0
Other non-taxable income	(7.4)	(0.4)
Expenses and other non-deductible items	13.0	11.4
Other taxable non-accounting benefits	(0.5)	(1.4)
Differences in income tax rates ¹	(2.3)	4.1
Special tax on wealth	-	1.2
Others	5.8	1.9
Effective consolidated tax rate	33.6	41.8

¹ Includes the effects of the different income tax rates applicable in the countries that are part of these consolidated financial statements.

19D) UNCERTAIN TAX POSITIONS AND SIGNIFICANT TAX PROCEEDINGS

CEMEX Latam is involved in several ongoing tax proceedings which have not required the recognition of accruals since the Company does not consider probable an adverse resolution after considering the evidence at its disposal. Nonetheless, the Company cannot assure it will obtain a favorable resolution. As of December 31, 2018, a summary of relevant facts of the most significant proceedings in progress, or which were resolved during the reported periods, were as follows:

Colombia

- On April 6, 2018, CEMEX Colombia received a special proceeding from the Colombian Tax Authority (the "Tax Authority"), where certain deductions included in the 2012 income tax return were rejected. The Tax Authority assessed an increase in the income tax payable by CEMEX Colombia and imposed an inaccuracy penalty for amounts in Colombian Pesos equivalent to approximately \$38 million of income tax and \$38 million of penalty. On June 22, 2018, CEMEX Colombia filed a response to the special proceeding within the legal term. On December 28, 2018 CEMEX Colombia received an official review settlement ratifying the rejected deductible items and amounts. CEMEX Colombia will file a reconsideration request within the next two months. If the proceeding would be adversely resolved in the final stage, CEMEX Colombia must pay the amounts determined in the official settlement plus interest accrued on the amount of the income tax adjustment until the payment date. As of December 31, 2018, in this stage of the proceeding, CEMEX Latam believes an adverse resolution in this proceeding after conclusion of all available defense procedures is not probable, however, it is difficult to assess with certainty the likelihood of an adverse result in the proceeding; but if adversely resolved, CEMEX Latam believes this proceeding could have a material adverse impact on its operating results, liquidity or financial position.
- In September, 2012, the Tax Authority requested CEMEX Colombia to amend its income tax return for the year 2011 in connection with several deductible expenses including the amortization of goodwill. CEMEX Colombia rejected the arguments of the ordinary request and filed a motion requesting the case to be closed. The 2011 income tax return was under audit of the Tax Authority from August 2013 until September 5, 2018, when CEMEX Colombia was notified of a special requirement in which the Tax Authority rejects certain deductions included in such income tax return of the year 2011 and determined an increase in the income tax payable and imposed a penalty for amounts in Colombian Pesos equivalent to approximately \$26 million of income tax and \$26 million of penalty. CEMEX Colombia filed a response to the special requirement on November 30, 2018. If the proceeding would be adversely resolved in its final stage, CEMEX Colombia would have to pay the amounts determined in the official settlement plus interest accrued on the amount of the income tax adjustment until the date of payment. As of December 31, 2018, in this stage of the proceeding, CEMEX Latam believes an adverse resolution in this proceeding after conclusion of all available defense procedures is not probable, however, it is difficult to assess with certainty the likelihood of an adverse result in the proceeding; but if adversely resolved, CEMEX Latam believes this proceeding could have a material adverse impact on its operating results, liquidity or financial position.
- In April, 2011, the Tax Authority notified CEMEX Colombia of a special proceeding rejecting certain deductions taken by CEMEX Colombia in its 2009 tax return considering they are not linked to direct revenues recorded in the same fiscal year, and assessed an increase in the income tax payable by CEMEX Colombia and imposed a penalty for amounts in Colombian Pesos equivalent to approximately \$28 million of income tax and approximately \$28 million of penalty, considering changes in the law that reduced the original sanction. After several appeals of CEMEX Colombia to the Colombian Tax Authority's special proceeding in the applicable courts in which CEMEX Colombia obtained negative resolutions in each case over the years, in July 2014, CEMEX Colombia filed an appeal against this resolution before the Colombian State Council (Consejo de Estado). If the proceeding would be adversely resolved in the final stage, CEMEX Colombia must pay the amounts determined in the official settlement plus interest accrued on the amount of the income tax adjustment until the payment date. As of December 31, 2018, in this stage of the proceeding, CEMEX Latam believes an adverse resolution in this proceeding after conclusion of all available defense procedures is not probable, however, it is difficult to assess with certainty the likelihood of an adverse result in the proceeding; but if adversely resolved, CEMEX Latam believes this proceeding could have a material adverse impact on its operating results, liquidity or financial position.

Uncertain tax positions and significant tax proceedings - continued

- The municipality of San Luis (the "Municipality") has issued requirements to CEMEX Colombia related with the payment of the industry and commerce tax (impuesto de industria y comercio) in such municipality for the fiscal years from 1999 to 2013. The Municipality argues that the tax is generated as a result of CEMEX Colombia's industrial activities in such jurisdiction. CEMEX Colombia considers that its activity in this municipality is strictly mining and therefore pays royalties for mineral extraction in this jurisdiction, based on the applicable law, which bans municipalities from collecting the industry and commerce tax, when the amount payable of royalties is equal or exceeds to the amount of such tax. CEMEX Colombia has duly submitted legal resources appealing these requirements. The processes from 1999 to 2012 have finalized without disbursements for CEMEX Colombia. In relation to the fiscal year 2013, there is a requirement from the Municipality that has been appealed by CEMEX Colombia, for amounts in Colombian Pesos equivalent to approximately \$5 million of purported tax and \$8 million of penalties, considering the exchange rate as of December 31, 2018. If the proceeding would be adversely resolved in the final stage, CEMEX Colombia must pay the amounts determined in the official settlement plus interest accrued on the tax adjustments until the payment date. As of the date of the financial statements, in this stage of the proceeding, CEMEX Latam considers that it is not probable that it will have to make payments in relation to this proceeding.

Costa Rica

- In January 2011, the Costa Rican Tax Department (Dirección General de Tributación or the "Tax Department") informed the beginning of audits for the 2008 fiscal year in CEMEX Costa Rica, S.A. ("CEMEX Costa Rica"), which included income tax, payroll withholding tax and sales tax. In August 2013, the Tax Department issued a provisional regularization proposal. After several resolutions and appeals to them, actions of unconstitutionality, cancellation and replenishment of the processes over the years, In July, 2017, the Tax Department confirmed by means of notification the sanctions imposed, which were appealed by CEMEX Costa Rica before the Administrative Tax Court. The purported tax due plus accrued interest for these items is for an amount in Colones equivalent to approximately \$6 million and the sanction determined in the resolution is for an amount in Colones equivalent to approximately \$1 million. On April 9, 2018, the Administrative Tax Court issued an adverse resolution to the appeal filed by CEMEX Costa Rica in all its aspects. With the objective of preventing any seizure order, on July 6, 2018, CEMEX Costa Rica filed a precautionary measure before the Administrative Litigation Court, in which requested the non-execution of the resolution issued by the administrative authority and proposed a letter of credit as guarantee while the proceeding is handled in the courts. On September 18, 2018, the General Tax Office notified a request for payment of the resolution no later than October 9, 2018 for amounts in Colones equivalent to approximately \$3 million of purported tax, allowing CEMEX Costa Rica to decide regarding the settlement of accrued interest. On October 9, 2018, the contentious administrative judge ordered the temporary suspension of the payment request issued on September 18, 2018, meanwhile the precautionary measure was resolved, however, on November 8, 2018, the contentious administrative court notified CEMEX Costa Rica a negative resolution in respect to the precautionary measure, As a result, CEMEX Costa Rica proceeded with the payments of the tax adjustment plus accrued interest determined according by law for an amount in Colones equivalent to approximately \$6 million. On December 21, 2018, CEMEX Costa Rica filed a claim against the Costa Rican State before the Administrative Contentious Court. As of December 31, 2018, at this stage of the proceeding, CEMEX Latam believes an adverse resolution in this proceeding after conclusion of all available defense procedures is not probable, however, it is difficult to assess with certainty the likelihood of an adverse result in the proceeding; but if adversely resolved, CEMEX Latam believes this proceeding could not have a material adverse impact on its operating results, liquidity or financial position.

20) STOCKHOLDERS' EQUITY

20A) COMMON STOCK AND ADDITIONAL PAID-IN CAPITAL

As of December 31, 2018 and 2017, the line item common stock and additional paid-in capital was detailed as follows:

	2018			2017		
	Authorized	Treasury shares	Total	Authorized	Treasury shares	Total
Common stock	\$ 718,124	-	718,124	718,124	-	718,124
Additional paid-in capital	894,701	(143,093)	751,608	894,701	(144,838)	749,863
	\$ 1,612,825	(143,093)	1,469,732	1,612,825	(144,838)	1,467,987

During the years ended December 31, 2018 and 2017 the Parent Company carried out physical deliveries of shares to the executives subject to the benefits of the stock-based long-term compensation programs (note 20D), which increased additional paid-in capital for amounts of \$1,745 and \$1,169, respectively, as result of the decrease in treasury shares, which were delivered to these executives.

As of December 31, 2018 and 2017, the Parent Company's subscribed and paid shares by owner were as follows:

Shares	2018	2017
	Owned by CEMEX España:	
Initial contribution by CEMEX España on April 17, 2012	60,000	60,000
CEMEX España capital increase on July 31, 2012	407,830,342	407,830,342
	407,890,342	407,890,342
Owned by third-party investors	149,188,887	148,930,376
Total subscribed and paid shares	557,079,229	556,820,718

As of December 31, 2018 and 2017, the Parent Company's common stock was represented by 578,278,342 ordinary shares with a nominal value of 1 euro per share. The number of subscribed and paid shares of CEMEX Latam Holdings presented in the table above excludes 21,199,113 in 2018 and 21,457,624 shares in 2017 held in the Company's treasury (treasury shares).

As of December 31, 2018 and 2017, CEMEX España owned approximately 73.22% and 73.25%, respectively, of the Parent Company's common shares, excluding shares held in treasury.

20B) OTHER EQUITY RESERVES

As of December 31, 2018 and 2017, the items within other equity reserves are summarized as follows:

	2018	2017
Reorganization of entities under common control and other effects ¹	\$ (300,422)	(300,422)
Currency translation effects of foreign subsidiaries ²	(639,478)	(547,845)
Stock-based compensation ³	11,574	9,664
	<u>\$ (928,326)</u>	<u>(838,603)</u>

1 Effects resulting mainly from the difference between the amount of compensation determined in the reorganization of entities effective as of July 1, 2012, by means of which the Parent Company acquired its consolidated subsidiaries, and the value of the net assets acquired of such subsidiaries, net of other purchase adjustments.

2 Represents the balance of cumulative currency translation effects of foreign subsidiaries generated during each period. The effects generated during the periods ended December 31, 2018 and 2017 are included in the statements of comprehensive income.

3 The line item refers to the effects associated with the executive stock-based compensation programs (note 20D), and which costs are recognized in the operating results of each subsidiary during the vesting period of the awards against other equity reserves. Upon physical delivery of the Parent Company's shares the amounts accrued in other equity reserves are reclassified to additional paid-in capital.

20C) RETAINED EARNINGS

In accordance with the provisions of the Corporations Law in Spain, the Parent Company must allocate 10% of its profit for the year, determined on a stand-alone basis, to a legal reserve until it reaches at least an amount equivalent to 20% of the common stock. At December 31, 2018, and 2017, the legal reserve of the Parent Company amounted to \$22,174 and \$20,612, respectively.

20D) EXECUTIVE STOCK-BASED COMPENSATION

Effective January 1, 2013, a long-term incentives plan for certain executives of CEMEX Latam was approved, consisting of an annual compensation plan based on the delivery of shares of the Parent Company. The cost associated with the equity instruments delivered to the Company's eligible executives is recognized in the operating results during the periods in which the executives subject to the benefits of the plan render services and vest the program's exercise rights. The underlying shares in the aforementioned long-term incentives plan, which are held in the Company's treasury, are delivered fully vested over a 4-year period under each annual program.

In addition, certain executives that join the Company coming from other CEMEX's operations participated until their transfer in CEMEX's stock-based long-term incentives program. In any such case, eligible executives of the stock-based long term compensation plan that join the Company from CEMEX stop receiving CEMEX, S.A.B. de C.V. shares and start receiving shares of the Parent Company in the following date of grant after joining the Company.

For the years ended December 31, 2018 and 2017, compensation expense related to the long-term incentive plans described above, which was recognized in the results of operations, amounted to \$1,910 and \$1,378, respectively.

Executive stock-based compensation - continued

Under the annual long-term incentives plan with CEMEX Latam Holdings shares, the Parent Company granted rights on its own shares to the executives subject to the plan's benefits for 622,145 shares in 2018 and 544,714 shares in 2017, in connection with 100% of the potential benefits to be vested within each annual program. During 2018 and 2017, the Parent Company carried out the physical delivery of 258,511 and 172,981 shares, respectively, corresponding to the vested portion of prior period grants. Based on the aforementioned, as of December 31, 2018, there are approximately 1,162,186 shares of the Parent Company, corresponding to the portion of shares still unvested under these annual programs, which are expected to be physically delivered over the following years as the executives render services. The weighted average prices of the Parent Company's shares granted during the periods were for amounts in Colombian Pesos equivalent to approximately 4.15 Dollars per share in 2018 and 4.42 Dollars per share in 2017.

As of December 31, 2018 and 2017, the Company has no commitments to make cash payments to executives based on changes in the market prices of CEMEX, S.A.B de C.V.'s or the Parent Company's shares.

20E) NON-CONTROLLING INTERESTS

Non-controlling interest represents the share of non-controlling stockholders in the results and equity of consolidated entities. As of December 31, 2018 and 2017, non-controlling interest in stockholders equity amounted to approximately \$5,296 and \$4,910, respectively.

21) BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net income attributable to ordinary equity holders of the Parent Company (the numerator) by the weighted average number of shares outstanding (the denominator) during the period. Shares that would be issued depending only on the passage of time should be included in the determination of the basic weighted average number of shares outstanding. Diluted earnings per share should reflect in both, the numerator and denominator, the assumption that convertible instruments are converted, that options or warrants are exercised, or that ordinary shares are issued upon the satisfaction of specified conditions, to the extent that such assumption would lead to a reduction in basic earnings per share or an increase in basic loss per share, otherwise, the effects of potential shares are not considered because they generate anti-dilution.

Basic earnings per share - continued

The amounts considered for calculations of earnings per share ("EPS") for the years ended December 31, 2018 and 2017 were as follows:

	2018	2017
Denominator (thousands of shares)		
Weighted average number of shares outstanding – Basic EPS	\$ 556,905	556,677
Effect of dilutive instruments – stock-based compensation	1,162	799
Weighted average number of shares outstanding – Diluted EPS	\$ 558,067	557,476
Numerator		
Consolidated net income from continuing operations	\$ 72,506	79,537
Less: non-controlling interest net income	(194)	(316)
Controlling interest net income from continuing operations	72,312	79,221
Net loss from discontinued operations	(9,556)	(33,126)
Controlling interest net income	62,756	46,095
Controlling interest basic earnings per share	0.11	0.08
Controlling interest basic earnings per share from continuing operations	0.13	0.14
Basic loss per share from discontinued operations	(0.02)	(0.06)
Controlling interest diluted earnings per share	0.11	0.08
Controlling interest diluted earnings per share from continuing operations	0.13	0.14
Diluted loss per share from discontinued operations	\$ (0.02)	(0.06)

22) COMMITMENTS

22A) CONTRACTUAL OBLIGATIONS

As of December 31, 2018 and 2017, the Company had the following contractual obligations:

(Thousands of Dollars)	2018					2017
	Menos de 1 año	1-3 años	3-5 años	Más de 5 años	Total	Total
Debts						
Long-term debt with related parties ¹	\$ 42,870	324,205	510,897	–	877,972	942,818
Interest payments on debt ²	45,017	69,830	33,222	–	148,069	185,363
Operating leases ³	2,708	5,196	4,834	4,722	17,460	19,463
Finance lease obligations ⁴	546	–	–	–	546	530
Pension plans and other benefits ⁵	3,410	6,777	6,669	15,541	32,397	35,302
Purchases of raw materials, fuel and energy ⁶	41,861	62,801	–	–	104,662	315,936
Investments in property, plant and equipment ⁷	3,050	–	–	–	3,050	4,264
Total contractual obligations	\$ 139,462	468,809	555,622	20,263	1,184,156	1,503,676

1 This line item refers entirely to the Company's liabilities with related parties described in note 9.

2 Includes future interest payments under debt owed to third-party creditors, finance leases and debt owed to related parties using the current interest rates on the contracts as of December 31, 2018.

3 The amounts of payments under operating leases have been determined on the basis of nominal cash flows. This line item mainly refers to the lease contract initiated in January 2001 with the Government of the Republic of Nicaragua for a term of 25 years, which includes the operative and administrative assets, trademark rights, quarry extraction rights and other assets of Compañía Nacional Productora de Cemento, S.A, for \$1,700 to less than one year, \$3,400 from one to three years, \$3,400 from three to five years and \$3,400 to more than five years. In addition, includes operating leases negotiated by the Parent Company with CEMEX España and CEMEX Research Group A.G. with terms of 5 years for its corporate offices in Spain and the research and development offices in Switzerland for \$164 to less than one year, \$329 from one to three years, \$188 from three to five years and \$76 to more than five years.

4 Refers to finance leases of machinery and equipment negotiated by CEMEX Colombia in 2012 with an original maturity of 60 months.

5 Represents the estimated annual payments under defined benefit plans over the next 10 years.

6 Includes commitments of the Company for the purchase of raw material, fuel and energy mainly from Colombia and Panamá.

7 Correspond to the purchase of operating assets mainly in Colombia, as well as small amounts in Panamá, Costa Rica, Nicaragua, Guatemala and El Salvador.

Contractual obligations - continued

As of December 31, 2018, the summary of certain concepts related to the contracts for the purchase of raw materials, inputs and others presented in the previous table, which are negotiated in the local currency of each subsidiary, is as follows:

(U.S. Dollars millions)					
Counterpart	Contractor	Concept	Start date	Term	Annual approximate amount
General de Maquinaria y Excavación Colombia S.A.S.	CEMEX Colombia	Quarry exploitation	July 2018	4 years	\$ 2
Turgas S.A. E.S.P.	CEMEX Colombia	Natural gas	September 2017	4 years	10
Exxonmobil Colombia S.A.	CEMEX Colombia	Fuels	July 2017	4 years	10
Excavaciones y Proyectos de Colombia S.A.S.	CEMEX Colombia	Raw materials	May 2017	5 years	6
Wärtsilä Colombia S.A.	CEMEX Colombia	Energy	June 2014	5 years	10
IBM	Various subsidiaries	Administrative services	July 2012	10 years	4
En el Fortuna, S.A.	Cemento Bayano, S.A.	Energy	January 2010	10 years	13

22B) OTHER COMMITMENTS

In addition, as of December 31, 2018, the parent company had the following relevant contracts with CEMEX entities for several concepts, the amounts of which, except for the leasing of offices, are based on fixed percentages over the life of the contracts on consolidated revenues based on market conditions, which are summarized below:

(Millions of dollars)					
Counterpart	Contractor	Concept	Start date	Term	Annual approximate amount
CEMEX, S.A.B de C.V.	Parent Company	Trademarks use	July 2017	5 years	\$ 4.5
CEMEX Research Group A.G ¹	Parent Company	Use, operation and enjoyment of assets	January 2014	5 years	35.8
CEMEX Central, S.A. de C.V.	Parent Company	Administrative services	July 2017	5 years	15.1

¹ In January 2019 this Contract was renewed with the same conditions.

Others commitments - continued

The relationship between the Parent Company and CEMEX S.A.B. de C.V, CEMEX España and their subsidiaries, is regulated by a Framework Agreement effective since November 2012, which includes limits and restrictions for the Parent Company, entity that needs the previous authorization of CEMEX S.A.B. de C.V. and CEMEX España, in connection with: a) any consolidation, merger or partnership with a third party; b) any sale, lease, exchange or other disposition, acquisition to any person other than CEMEX; c) the issuance of shares and equity securities; d) the declaration, decree or payment of dividends or other distribution by the Parent Company in connection with its shares; e) grant or guarantee any type of debt, and/or the creation of liens outside the ordinary business course; and f) take any action that could result on default for CEMEX S.A.B. de C.V. breach any contract or agreement. Moreover, beginning March 28, 2017, the Framework Agreement includes a principle of common interest and reciprocity between the three companies in connection with the management and responses related to legal proceedings, administrative matters and investigations by authorities or governmental regulators. In addition, the Framework Agreement will cease to have effect if the Parent Company ceases to be a subsidiary of CEMEX, S.A.B. de C.V. or if CEMEX, S.A.B. de C.V. no longer has to account for its investment in the Parent Company on a consolidated basis or under the equity method for accounting purposes (or any other method that applies similar principles).

CEMEX Colombia has been developing thirteen social interest housing projects in the departments of Cesar, Quindío, Risaralda and Norte de Santander, consisting of 5,344 units whose buyers were benefited with contributions from government entities in the form of subsidies and preferential interest rates with an aggregate selling price of approximately Col \$254 billion (\$87 million). As of December 31, 2018, beneficiaries, government entities and financial entities have deposited in a trust funds for approximately Col \$225 billion (\$69 million) which partially guarantee the payment of the homes, and that have been released to CEMEX Colombia as advance payment as the technical and financial closure of the projects has occurred considering the documentation and delivery of the homes to the customers satisfaction. As of December 31, 2018, the construction of the homes has a weighted average advance of 100% and a total of 5,189 homes have been documented in the public registry.

In December, 2007, Cemento Bayano S.A. entered into a long-term clinker supply contract in the Republic of Panamá with Cemento Panamá, S.A. (currently Argos Panamá, S.A.). The supply contract was established for a period of 10 years since the first supply which was made in 2010 and includes annual partial deliveries of clinker in metric tons ("MT") of 1,138,020 MT for the period from 2017 to 2018 and by an approximate amount of 939,700 MT from 2019 to 2020. This contract was extended on December 14, 2018 until August 31, 2020.

23) LEGAL PROCEEDINGS

23A) LIABILITIES RESULTING FROM LEGAL PROCEEDINGS

CEMEX Latam is involved in several significant legal proceedings, other than those associated with taxes (note 19D), the resolutions of which are deemed probable and imply the incurrence of losses and/or cash outflows or the delivery of other resources owned by CEMEX Latam. As a result, certain provisions or losses have been recorded in the financial statements, representing the best estimate of amounts payable or impaired assets. Therefore, CEMEX Latam considers that it will not make significant expenditure or incur significant losses in excess of the amounts recorded. As of December 31, 2018, the details of the most significant legal proceedings giving effect to provisions or losses are as follows:

Liabilities resulting from legal proceedings - continued

- In December, 2017, in the context of a market investigation initiated in 2013 against five cement companies and 14 executives of said companies, including two former executives of CEMEX Colombia, for alleged practices against free competition, and after several procedures over the years, the SIC imposed CEMEX Colombia a penalty for an amount in Colombian Pesos equivalent to approximately \$25 million, which was accrued against "Other expenses, net" as of December 31, 2017. CEMEX Colombia paid the penalty on January 5, 2018. On June 7, 2018, CEMEX Colombia filed with the Administrative Contentious Court a claim for nullity and reinstatement of rights, seeking the cancellation of the charges imposed by the SIC and the restitution of the penalty paid, plus any adjustment indicated by Colombian law. This claim can take up to six years to resolve. As of December 31, 2018, CEMEX Latam is not able to assess the likelihood of recovering the penalty imposed by the SIC.
- In connection with the construction of the cement plant in the municipality of Maceo in Colombia (note 13), in August, 2012, CEMEX Colombia signed a memorandum of understanding ("MOU") with the representative of CI Calizas y Minerales S.A. ("CI Calizas"), for the acquisition of assets consisting of land, the mining concession and environmental permit, the shares of Zomam (holder of the free trade zone concession) and the rights to develop the cement plant. After the signing of the MOU, a former shareholder of CI Calizas, who presumptively transferred its shares of CI Calizas two years before the signing of the MOU, was linked to a process of expiration of property initiated by Colombia's Attorney General (the "Attorney General"). Amongst other measures, the Attorney General ordered the seizure and consequent suspension of the right to dispose the assets subject to the MOU, including the shares of Zomam acquired by CEMEX Colombia before the beginning of such process. As a third party acting in good faith and free of guilt, CEMEX Colombia joined the expiration of property process and fully cooperates with the Attorney General. As of December 31, 2018, it is estimated that it may take between five and ten years for a final resolution to be issued on the aforementioned process, which is in the investigatory stage, waiting for the legal counsels of the defendants appointed by the Attorney General to assume functions, which opens the evidentiary stage. In addition, in 2013, CEMEX Colombia also engaged the same representative of CI Calizas to represent in the name and on behalf of CEMEX Colombia in the acquisition of land adjacent to the plant, signing a new memorandum of understanding (the "Land MOU").

In July 2013, CEMEX Colombia signed with the provisional depository appointed by the Drugs National Department (*Dirección Nacional de Estupefacientes* or the "DNE") (then depository of the affected assets), which functions after its liquidation were assumed by the Administration of Special Assets (*Sociedad de Activos Especiales S.A.S.* or the "SAE"), a lease contract for a period of five years, by means of which CEMEX Colombia was duly authorized to build and operate the plant (the "Lease Contract"). Moreover in 2014, the provisional depository granted a mandate to CEMEX Colombia for the same purposes.

On July 15, 2018, the initial term of the Lease Contract signed by CEMEX Colombia with the DNE expired. Notwithstanding the expiry, CEMEX Colombia considers that it is entitled to continue to build and use the plant pursuant to the terms of an accompanying mandate until the conclusion of the expiration of property proceeding. As of December 31, 2018, CEMEX Colombia maintains negotiations with the SAE in order to enter into a new long term lease contract that would replace precedent agreements and would allow CEMEX Colombia to continue the construction and operation of the plant during a term of 21 years from the signing date with a potential extension of 10 additional years.

During 2016, through an investigation and internal audit in accordance with the corporate governance policies and code of ethics of CEMEX and CEMEX Latam considering reports of deficiencies in the purchasing process received in CEMEX's anonymous reporting line, and after confirming the irregularities, in September, 2016, CEMEX Latam and CEMEX Colombia terminated the employment relationship with the Vice President of Planning of CEMEX Latam and CEMEX Colombia; with the Vice President of Legal Counsel of CEMEX Latam and CEMEX Colombia; and accepted the resignation of the Chief Executive Officer of CEMEX Latam and President of CEMEX Colombia. In order to strengthen the levels of leadership, management and best practices of corporate governance, in October 2016, the Parent Company's Board of Directors separated the roles of Chairman of the Board of Directors, Chief Executive Officer of CEMEX Latam and President of CEMEX Colombia, and made the corresponding appointments. Moreover, CEMEX, S.A.B. de C.V.'s Audit Committee and the Parent Company's Audit Commission performed an independent investigation of the Maceo project through experts in forensic audit. Additionally, the management of CEMEX Colombia and the Parent Company engaged legal advisors for the required collaboration with the Attorney General and other purposes.

Liabilities resulting from legal proceedings - continued

The investigation and internal audit initiated during 2016 found that under the MOU and the Land MOU, CEMEX Colombia made deposits in the representative's bank account for advances and paid interests, settled in kind following its instructions, for amounts in Colombian Pesos equivalent to approximately \$13,412 and \$1,252, respectively, considering the exchange rate as of December 31, 2016. These payments were made in breach of CEMEX's and CEMEX Latam's policies. As a result, both, the Parent Company and CEMEX Colombia reported these facts to the Attorney General, providing the findings on hand. In December 2016, CEMEX Colombia filed a claim in the civil courts aiming that all property rights of the land acquired under de Land MOU, some of which were assigned to the representative, would be transferred to CEMEX Colombia. As of December 31, 2018, due to the process of expiration of property of the assets under the MOU and the deficient formalization of the acquisitions under the Land MOU, CEMEX Colombia is not the rightful owner of the aforementioned assets.

As a result, considering the legal opinions available and low probability of recovering such advances, in December 2016, the Company reduced investments in process for a net amount in Colombian Pesos equivalent to approximately \$14,134, which included: a) a reduction of \$14,257 for impairment of assets against "Other expenses, net," including approximately \$2,344 of impairment losses not related with the MOU or the Land MOU; b) a reduction of \$9,073 against "Other accounts payable" for the cancellation of the remaining account payable to CI Calizas under the MOU; and c) an increase in investments in process for \$9,196 recognized against VAT accounts payable related with certain purchases of equipment installed outside the polygon of the free zone that were not exempted from this tax. All these amounts considering the exchange rate as of December 31, 2016. During 2017, CEMEX Colombia further determined an adjustment and payment of additional VAT in the free zone for approximately \$5 million.

Moreover, there is an ongoing criminal investigation by the Attorney General which is in its second investigatory stage. The hearing for indictments was held between June 12 and 29, 2018, whereas charges were brought against two of the former executives of CEMEX Colombia and the representative of CI Calizas, and pretrial detention of the defendants was determined. CEMEX Latam cannot predict the actions that the Attorney General could implement or the possibility and degree in which any of these actions could have a material adverse effect on CEMEX Latam's results of operation, liquidity or financial position. Under the presumption that CEMEX Colombia acted in good faith, CEMEX Latam considers that it will retain ownership of the plant and that the rest of its investments are protected by Colombian law, under which, if a person builds on the property of a third party, with full knowledge of such third party, this third party may: a) take ownership of the plant paying indemnity to CEMEX Colombia, or otherwise, b) oblige CEMEX Colombia to purchase the land. Nonetheless, had this not be the case, CEMEX Colombia would take all necessary actions to safeguard the project in Maceo. At this respect, in the event that the expiration of property over the assets subject to the MOU is ordered in favor of the State, the SAE may decide not to sell the assets to CEMEX Colombia, or, the SAE may elect to maintain ownership of the assets and not extend the Lease Contract. In both cases, under Colombian law, CEMEX Colombia would be entitled to an indemnity for the amount of its incurred investments. Nonetheless, although as of December 31, 2018 CEMEX Latam cannot estimate if the expiration of property of the assets subject to the MDE would be declared in favor of the State, or as the case may be, if the SAE would determine to sell or not those assets to CEMEX Colombia or if a new Lease Contract would be negotiated or not, CEMEX Colombia does not consider probable that any of these adverse results may occur, but would any of these adverse results occur upon which an adverse resolution is received, such adverse resolution could have a material adverse effect on the CEMEX Latam's results of operations, liquidity or financial condition.

Liabilities resulting from legal proceedings - continued

In addition and specifically in connection with the deficiencies occurred in the purchase process of the land and other assets related to the construction of the plant and considering the investigations and internal audit as well as the advice received from external advisors, CEMEX Latam continue with the efforts and activities oriented to remediate the internal control weakness related to unusual and significant transactions, and that CEMEX, S.A.B. de C.V. and CEMEX Latam defined as material weakness. Among the remediation practices implemented in 2017, with the approval of the Parent Company's Audit Commission and Board of Directors, there is the approval policy on significant unusual transactions, the creation of a committee that oversees material investment projects, the strengthening of internal audit procedures and the improvement of existing monitoring controls in order to operate in a satisfactory level of precision. As of December 31, 2018, the remediation activities have been fully implemented. Nonetheless, the effectiveness of such remediation activities is still under evaluation; therefore, the material weakness in internal controls will not be considered remediated until the Company's management concludes that the remediation controls have been operating for a sufficient period in an effective way. The Parent Company considers that this weakness has not materially affected in any significant aspect the financial statements issued by CEMEX Latam in prior periods.

As of December 31, 2018, the start-up of the Maceo plant and the construction of the access road remain suspended, mainly considering certain permits required to finalize the access road, as well as ongoing requests and procedures with the relevant authorities oriented to: a) resolve any overlap of the project with an Integrated Management District ("IMD"); b) modify the land use where the project is located to harmonize it with industrial and mining use; c) modify the environmental license to increase the permitted production up to 950 thousand tons per year; and d); obtain the extension of the free zone to cover the entire plant, and e) resolve the ownership of the environmental license and the mining title which transfer to a subsidiary of CEMEX Colombia was revoked by the regional environmental authority; until progress is achieved in these processes. CEMEX Colombia continues working to address these issues as soon as possible, In October 2017, CEMEX Colombia presented the initial request for the partial subtraction of the Maceo project from the IMD to test the feasibility of achieving the proposed expansion of the activity in the project and comments were received in May 2018. In this regard, on October 11, 2018, CEMEX Colombia submitted a response to the latest request for information in connection with such extraction process. This process of partial extraction of the Maceo project, would allow the removal of the cement operation productive area from the IMD. This request requires evidence of the viability to develop the proposed activity of the cement project in said area. Meanwhile, CEMEX Colombia will limit its activities to those on which it has the relevant authorizations.

- On July 16, 2018, the Colombian Supreme Court of Justice issued a final ruling favorable to CEMEX Colombia in relation to the proceeding initiated in 1999 by several companies belonging to the Laserna family, in which it was sought the declaration of non-contractual civil responsibility and consequently the corresponding compensation for alleged damages caused by emissions from the Caracolito plant to rice-growing land. As a result of this resolution, during the third quarter of 2018, CEMEX Colombia reversed the provision it had accrued in prior years related to this proceeding for approximately \$12.5 million (note 5).

23B) CONTINGENCIES RESULTING FROM LEGAL PROCEEDINGS

As of December 31, 2018, CEMEX Latam is involved in various legal proceedings, in addition to those related to tax matters (note 19D), which have not required the recognition of accruals based on the evidence at its disposal. The Company considers low the likelihood of an adverse resolution; nonetheless, it cannot assure that a favorable resolution in these proceedings will be obtained. The disclosure of facts of the most significant proceedings with a quantification of the potential loss is as follows:

Contingencies from market related proceedings

- On June 12, 2018, the Consumer Protection and Defense of Competition Authority in Panamá initiated an administrative investigation of officio to Cemento Bayano and another local producer for the presumed commission of practices against free competition in the market of gray concrete and ready-mix concrete. As a result of the investigation, the authority determined that there are elements that serve as a basis to consider the possible existence of absolute monopolistic practice, such as: (i) pricing and / or restriction of production in the gray cement market sold to companies producing ready-mix concrete in Panamá, (ii) unilateral or joint predatory acts and / or exchange of subsidies in the concrete market. In October 2018, the Authority requested additional information to Cemento Bayano to continue such investigation. The Authority is gathering the necessary elements to make an informed decision regarding if there were violations to the law. Cemento Bayano considers it did not committed improper acts and is fully cooperating with the Panamánian Authority. In December 2018, two executives of Cemento Bayano render statements before the Panamánian Authority. As of December 31, 2018, CEMEX Latam cannot determine if the investigation would result in a fine, penalization or remediation, or if such fine, penalization or remediation, should any exist, could have a material adverse effect on CEMEX Latam's operating results, its liquidity or its financial position.

Contingencies from environmental proceedings

- In March, 2015, certain members of the surrounding communities of the cement plant in Panamá filed a claim against Cemento Bayano for alleged breach of environmental regulations in the operation of its quarries and requested the review of the environmental impact' studies that support the new raw material quarries of the plant. These community members are being assisted by non-governmental organizations and environmentalist groups with the purpose of achieving fines to Cemento Bayano and the cancellation of the new quarries' environmental impact studies. In April 2015, the authorities resolved that the allegations in connection with water pollution, erosion control, air quality and impact control of protected areas, sustained the investigation.

In June 2015, in connection with the claim against Cemento Bayano, the Environmental Authority conducted a physical inspection in attention to the plaintiffs, and by means of a Technical Inspection Report of July 2015, it was concluded that during the inspection there were no physical evidence of the issues related with the claim. Nonetheless, in January 2016, the process was referred to the Panamá North Regional Administration of the Environment Ministry (the "Regional Administration"), which in November 2016, requested the Environmental Economic Unit to calculate the fine to be imposed to Cemento Bayano. As of December 31, 2018, Cemento Bayano is awaiting for the final resolution, which if it is adverse will be appealed. Fines related to environmental matters do not have an established limit and depend on the severity of the damage, the recidivism, the investments level and the economic situation of the offender. At this stage of the proceeding, although is not able to assess with full certainty, Cemento Bayano considers low the probability of an adverse resolution or potential damages that could be imposed. An adverse resolution in this proceeding could have a material adverse effect on the Company's results of operations, liquidity or financial position.

Contingencies from environmental proceedings - continued

- In June 2010, the District Environmental Secretary of Bogota (the "District Secretary"), ordered the suspension of the mining activities of CEMEX Colombia and other two companies in the quarry El Tunjuelo, located in Bogotá. The District Secretary alleged that over the past 60 years, CEMEX Colombia and the other companies, illegally changed the course of the Tunjuelo River, used the underground waters without permission and improperly invaded the edge of the Tunjuelo river for mining activities. CEMEX Colombia considers that its mining activities at El Tunjuelo quarry were supported by the appropriate authorizations required by the applicable environmental laws, and that all the environmental impact studies submitted by CEMEX Colombia were reviewed and authorized by the Ministry of Environment and Sustainable Development. Since June 2010, the local authorities closed down the quarry and prohibited the removal of aggregates inventory. In July, 2018, the District Secretary of Bogotá notified CEMEX Colombia of the imposition of a fine in Colombian Pesos equivalent to approximately \$427, considering the exchange rate of August 1, 2018, the date on which it was liquidated. The fine is imposed based on the risk of having provoked affectation or harm in the use of the underground waters in the Tunjuelo river's middle basin, without the corresponding permit issued by the environmental authority. CEMEX Colombia was exonerated from the other initial charges of conduct against the water resource, as it was found that there was no effective use of the waters, nor was any damage caused. With the imposition of this fine, all the proceedings and possible claims against CEMEX Colombia related to this matter were finalized, which could have resulted in sanctions with a significant impact on the Company's financial statements.

In addition, in the ordinary course of business, the Company is subject to extensive laws and regulations on environmental issues in each of the jurisdictions in which it operates. These laws and regulations impose increasingly stringent environmental protection standards regarding air pollutant emissions, wastewater discharges, the use and handling of hazardous materials or waste disposal practices and the remediation of pollution or environmental damage. Among other things, these laws and regulations expose the Company to a risk of substantial environmental costs and responsibilities, including responsibilities associated with divested assets and past activities and, in some cases, to the acts and omissions of prior owners or operators of a property or plant. Also, in some jurisdictions, certain environmental laws and regulations impose obligations without regard the fault or the legality of the original activity at the moment of the actions which gave rise to the responsibility.

Other legal proceedings

- On September 4, 2018, CEMEX Colombia answered the lawsuit filed by a constructor, through which the payment of damages is sought for an alleged breach of the contract for the supply of concrete for the construction of civil works called "Túnel de Crespo" located in the city of Cartagena, for an amount in Colombian Pesos equivalent to approximately \$12.8 million. CEMEX Colombia considers that it has the legal and technical arguments that demonstrate compliance with the supply contract that is the subject of this litigation and will exercise the pertinent actions at each stage of the process. On October 2, 2018, CEMEX Colombia answered the lawsuit filed by a constructor. Simultaneously, CEMEX Colombia filed a counterclaim against the aforementioned constructor, in order to be recognized an amount in Colombian Pesos equivalent to approximately \$7.3 million for expenditures made during the years 2014 and 2015 in repairs to civil works by causes allegedly imputable to the constructor. As of December 31, 2018, CEMEX Latam is analyzing the bases of the procedure and it is premature in this phase to qualify the loss probabilities. Nonetheless an adverse resolution in this case could have a material adverse impact on CEMEX Latam's results of operations, liquidity or financial position.

Other legal proceedings - continued

- As a result of the premature damages presented in the slabs of Transmilenio's North Highway, six civil claims were filed against CEMEX Colombia. The Administrative Litigation Court decided to declare the nullity of five claims and, currently, the claim filed by a citizen is under process and is pending of judgment in the first instance. As of December 31, 2018, CEMEX Latam considers remote the probability of an adverse resolution or potential damages which could be borne by CEMEX Colombia. An adverse resolution in this case could have a material adverse impact on CEMEX Latam's results of operations, liquidity or financial position.

In addition, as of December 31, 2018, the Company is involved in various legal proceedings of minor impact that have arisen in the ordinary course of business. These proceedings involve: 1) product warranty claims; 2) claims for environmental damages; 3) indemnification claims relating to acquisitions.

24) MAIN SUBSIDIARIES

The Parent Company's main direct and indirect subsidiaries as of December 31, 2018 and 2017 are as follows:

Subsidiary	Country	Activity	% of interest	
			2018	2017
Corporación Cementera Latinoamericana, S.L.U. ¹	Spain	Parent	100.0	100.0
CEMEX Colombia S.A.	Colombia	Operating	99.7	99.7
Zona Franca Especial Cementera del Magdalena Medio S.A.S. ²	Colombia	Operating	100.0	100.0
CEMEX (Costa Rica), S.A.	Costa Rica	Operating	99.2	99.1
CEMEX Nicaragua, S.A.	Nicaragua	Operating	100.0	100.0
Cemento Bayano, S.A.	Panamá	Operating	99.5	99.5
Cimentos Vencemos do Amazonas, Ltda. ³	Brazil	Operating	-	100.0
CEMEX Guatemala, S.A.	Guatemala	Operating	100.0	100.0
Equipos para Uso de Guatemala, S.A. ⁴	Guatemala	Operating	-	100.0
Cementos de Centroamérica, S.A. ⁴	Guatemala	Operating	100.0	100.0
CEMEX Lan Trading Corporation	Barbados	Trading	100.0	100.0
CEMEX El Salvador, S.A.	El Salvador	Operating	100.0	100.0
Inversiones SECOYA, S.A.	Nicaragua	Operating	100.0	100.0
Apollo RE, Ltd. ⁵	Barbados	Reinsurance	100.0	100.0
CEMEX Finance Latam, B.V.	Holland	Finance	100.0	100.0

¹ CEMEX Latam Holdings, S.A., indirectly controls through Corporación Cementera Latinoamericana, S.L.U. the Parent Company's operations in Colombia, Costa Rica, Panamá, Nicaragua, Guatemala and El Salvador.

² This entity, whose shares are included in the expiration of property process (note 23A), holds a significant portion of the investments in the Maceo plant project and is the holder of the free trade zone concession.

³ As mentioned in note 2A on September 27 2018, the sale to Votorantim of the Company's operations in Brazil was concluded.

⁴ On July 26, 2018, the merger by absorption of Cementos de Centroamérica, S.A. was registered in the general mercantile registry of the Republic of Guatemala. with the company Equipos para Uso de Guatemala, a merger in which the former absorbs the latter, which is why Cementos de Centroamérica, S.A. retains its legal personality and acquires the assets, liabilities, rights and obligations of the absorbed company.

⁵ On November 27, 2017, Apollo RE, Ltd., merged and absorbed Maverick RE, Ltd., with the extinction of the absorbed entity and the transfer to the merging entity of all its rights and obligations.

NON-FINANCIAL INFORMATION

BUILDING SOLUTIONS	2014	2015	2016	2017	2018
Production covered with CEMEX CO2 Footprint Tool (%)	100	100	100	100	100
Annual ready-mix sales derived from products with outstanding sustainable attributes (%)	40	36	37	17	7
Affordable and/or resource-efficient buildings where CEMEX is involved (N°)	1,835	749	4,097	8,532	1,798
Affordable and/or resource-efficient buildings where CEMEX is involved (thousand m2)	87	46	72	685	77
Green building projects under certification where CEMEX is involved (N°)	-	-	54	17	84
Green building projects under certification where CEMEX is involved (thousand m2)	200	966	1,142	980	128
Installed concrete pavement area (thousand m2)	855	739	253	337	372
HEALTH AND SAFETY ^[1]	2014	2015	2016	2017	2018
Sites with a Health and Safety Management System implemented (%)	99	100	100	100	100
Compliance with CSI Safety Recommended Practices (%): Driving	76	76	76	88	95
Compliance with CSI Safety Recommended Practices (%): Contractor	78	78	78	80	80
Sites certified with OHSAS 18001 (%)	1	7	20	85	85
Cement	10	18	27	13	13
Ready-mix	0	6	22	60	60
Aggregates	0	0	0	12	12
Fatalities (No.)	2	0	2	3	1
Employees	0	0	1	1	0
Employee Fatality Rate (per 10,000 employed)	0	0	0.001	0.001	0.000
Contractors	1	0	1	0	0
Total Lost Time Injuries (No.)	16	13	11	12	10
Employees	8	9	5	7	6
Contractors	8	4	6	5	4
Lost Time Injury Frequency Rate (per million hours worked)					
Employees	0.77	0.64	0.39	0.60	0.52
Contractors	-	0.26	0.59	0.59	0.50
Lost Time Injury Severity Rate (lost days per million hours worked): Employees	-	28	23	52	56
Sickness Absence Rate (%)	0.2	0.7	0.7	0.7	0.1

[1] All H&S statistics are in accordance with the CSI Reporting Guidelines.

OUR PEOPLE	2014	2015	2016	2017	2018
Workforce	4,929	4,788	4,655	4,297	4,067
Workforce, by country (%)					
Colombia	62	64	64	62	62
Panamá	18	15	15	16	17
Costa Rica	8	9	8	9	9
Rest of CLH	12	12	12	13	12
Workforce, by gender (%)					
Female	11	11	12	13	14
Male	90	89	88	87	86
Workforce, by age (%)					
Under 30 years	30	27	26	25	24
31-40 years	40	41	42	41	40
41-50 years	23	23	23	23	24
51 years and over	8	9	10	10	12
Workforce, by seniority (%)					
Less than 1 year in the company	23	15	13	12	11
1-5 year	47	55	50	47	43
6-10 years	15	19	24	25	27
10 years and over	16	11	13	15	19
Workforce, by responsibility (%)					
Executive positions	5	5	5	6	5
Non-executive positions	32	32	32	34	36
Operational positions	63	63	63	61	59
Engagement Survey "Voces en Acción" [2]					
Participation rate (%)	-	77	-	82	-
Employees that perceive they are enabled to perform their job effectively (%)	-	81	-	85	-
Employees that are engaged to the company (%)	-	87	-	86	-
Male to female wage ratio (%)	-	-	-	-	1.33
Employee turnover (No.)	708	924	830	951	713
Employee hiring (No.)	1,205	765	696	570	483
Employee average hours of training (No.)					
Executive positions	6	10	-	-	19
Non-executive positions	4	37	-	-	31
Operational positions	3	56	-	-	21

[2] Measured every 2 years.

STRENGTHEN LOCAL COMMUNITIES (accumulated figures)	2014	2015	2016	2017	2018
Individuals positively impacted from our social and inclusive businesses (No.)	111,161	120,482	137,358	159,557	173,406
Patrimonio Hoy (No.)	105,386	112,619	121,883	130,634	139,068
Bloqueras Solidarias (No.)	4,999	6,705	7,270	8,963	13,438
ConstruApoyo (No.)	776	1,158	8,206	19,960	20,900
Area built by Patrimonio Hoy (thousand m2)	148	167	188	213	236
Priority sites that have implemented Community Engagement Plans (%)	-	-	-	-	100
ENVIRONMENTAL MANAGEMENT	2014	2015	2016	2017	2018
Sites with CEMEX Environmental Management System implemented (%)	37	38	36	39	44
Cement	90	100	100	100	100
Ready-mix	-	-	20	22	26
Aggregates	-	-	44	50	100
Sites with ISO 14001 Certification (%)	13	13	14	16	18
Cement	-	65	73	73	90
Ready-mix	-	-	-	2	2
Aggregates	-	-	-	-	0
Sites with ISO 9001 Certification (%)	-	-	33	19	68
Cement	-	-	91	91	100
Ready-mix	-	-	-	2	67
Aggregates	-	-	-	-	0
Environmental incidents (No.)	83	74	25	28	40
Major environmental incidents - Category 1	0	0	0	0	1
Moderate environmental incidents - Category 2	21	7	11	8	5
Minor environmental incidents - Category 3	49	51	7	16	28
Complaints	13	16	7	4	6
Environmental fines (No.)	-	-	1	3	2
Environmental fines (US\$ thousand)	-	-	0	48	430
Social incidents (No.) ^[3]	-	-	-	-	3
WASTE MANAGEMENT	2014	2015	2016	2017	2018
Hazardous waste disposal (ton)	178	125	135	126	95
Non-hazardous waste disposal (ton)	-	-	3,848	18,944	28,760

[3] Starting from 2018 social incidents are also monitored and registered as part of the CEMEX Environmental Incidents Global Report

CARBON STRATEGY

	2014	2015	2016	2017	2018
Power from renewable energy sources (%): Cement ^[4]	-	-	47	64	65
Absolute gross CO ₂ emissions (million ton) ^[5]	4.0	4.0	4.1	4.1	3.8
Absolute net CO ₂ emissions (million ton) ^[5]	3.8	3.9	3.9	4.0	3.6
Specific gross CO ₂ emissions (kg CO ₂ /ton of cementitious product) ^[5]	581	609	618	644	647
Specific net CO ₂ emissions (kg CO ₂ /ton of cementitious product) ^[5]	549	579	586	616	623
Scope 1 CO ₂ emissions (million ton)	-	-	4.1	4.1	3.8
Scope 2 CO ₂ emissions (million ton)	-	-	0.1	0.1	0.1
Specific heat consumption (MJ/ton clinker)	3,681	3,755	3,801	3,828	3,797
Clinker Factor (%): Cementitious	-	-	70.5	72.6	73.3
Alternative raw material rate (%)	-	-	1.2	1.5	1.9
Power Consumption (GWh)	-	-	471	462	431
Total Energy Consumption (GWh)	-	-	5,448	5,522	5,025
Specific power consumption (kWh/ton cem)	95.9	98.2	98.5	101.0	103.7
Fuel Consumption (TJ)	-	-	17,917	18,214	16,539
Primary Fuels (%)	77.6	80.8	80.5	82.5	84.0
Petroleum coke	47.3	44.6	44.1	22.7	18.5
Coal	30.1	36.0	36.2	59.5	65.2
Fuel oil + Diesel	0.2	0.1	0.3	0.2	0.3
Natural gas	0.00	0.00	0.00	0.00	0.00
Alternative Fuels (%)	22.4	19.2	19.5	17.5	16.0
Fossil based waste	-	14.2	15.2	12.9	11.3
Biomass	-	5.0	4.3	4.6	4.7

[4] Includes direct supply contracts plus renewable share from the power grid.

[5] Calculation according to the Cement Sustainability Initiative (CSI) CO₂ and Energy Protocol v 3.0.

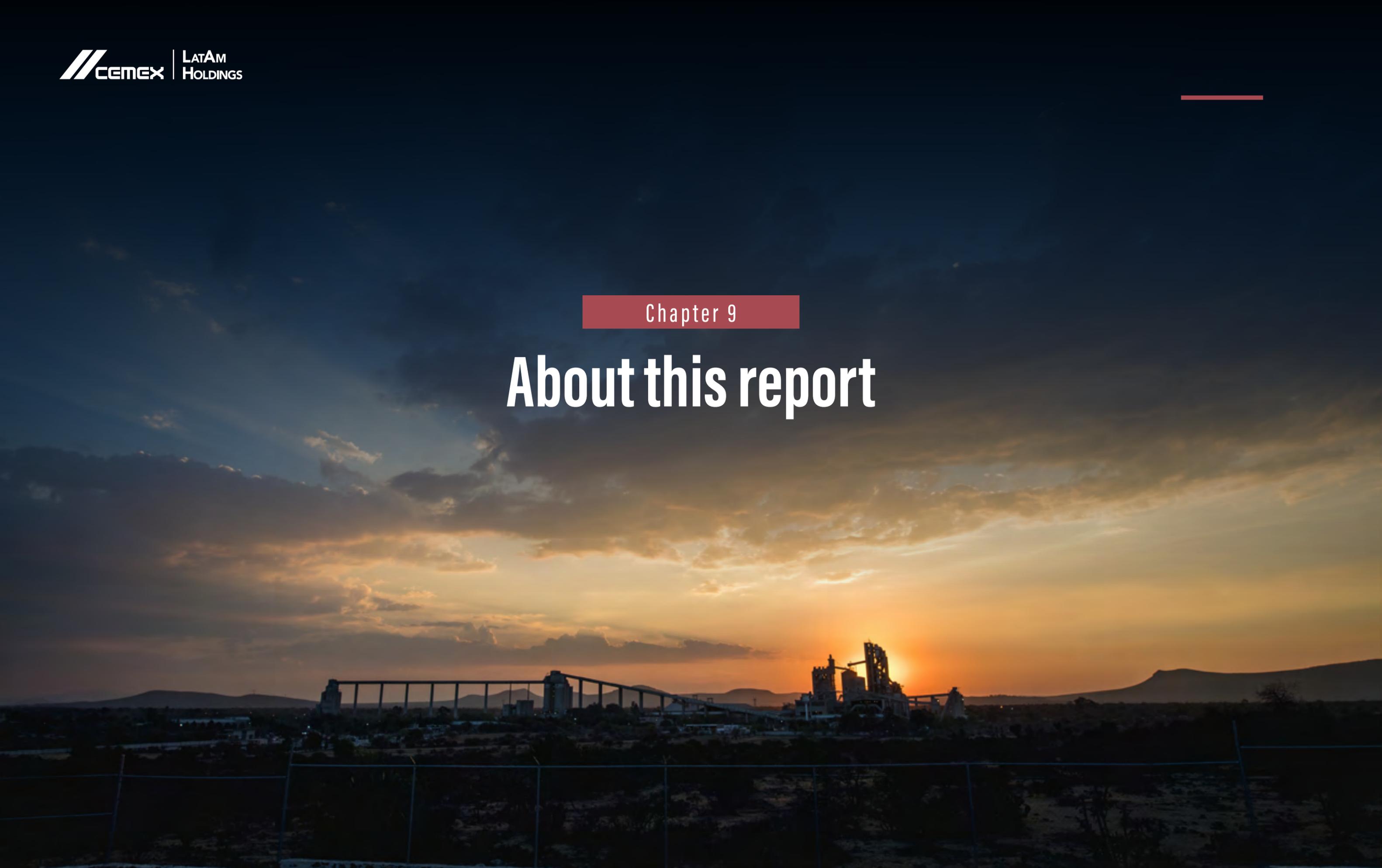
AIR QUALITY

	2014	2015	2016	2017	2018
Clinker produced with continuous monitoring of major emissions (%): Dust, NOx and SOx	92	92	92	97	92
Clinker produced with monitoring of major and minor emissions (%): Dust, NOx, SOx, Hg, Cd, TI, VOC, PCDD/F	48	48	48	48	68
Absolute dust emissions (ton/year)	724	543	493	335	229
Specific dust emissions (g/ton clinker)	156	116	108	71	53
Absolute NOx emissions (ton/year)	4,522	5,598	5,403	5,305	4,123
Specific NOx emissions (g/ton clinker)	975	1,197	1,182	1,157	991
Absolute SOx emissions (ton/year)	5,640	5,598	4,653	4,122	4,617
Specific SOx emissions (g/ton clinker)	1,216	1,197	1,018	871	1,065

BIODIVERSITY MANAGEMENT	2014	2015	2016	2017	2018
Active sites with quarry rehabilitation plans (%)	91	85	97	94	100
Cement	87	81	100	96	100
Aggregates	100	100	88	86	100
Active quarries within or adjacent to high biodiversity value areas (No.)	2	4	3	4	3
With biodiversity action plans actively implemented (No.)	0	2	3	2	3
Quarry rehabilitation plans, Biodiversity Action Plans (BAPs), and third party certification (% from target quarries)	-	-	-	-	68
WATER MANAGEMENT	2014	2015	2016	2017	2018
Sites with water recycling systems (%)	71	76	72	71	82
Specific water consumption					
Cement (l/ton)	234	395	247	240	212
Ready-mix (l/m ³)	179	173	167	228	183
Aggregates (l/ton)	34	80	72	37	29
Total consumption (million m ³): Total withdrawal - Total discharge	2.2	3.2	2.2	2.1	1.7
Cement	1.6	2.5	1.6	1.5	1.2
Ready-mix	0.6	0.5	0.5	0.6	0.5
Aggregates	0.1	0.1	0.1	0.04	0.01
Total water withdrawals (million m ³): By source	2.5	3.5	2.5	2.4	1.7
Surface	1.2	2.1	1.2	0.8	0.7
Ground	0.8	0.8	0.8	1.0	0.6
Municipal	0.3	0.3	0.2	0.3	0.3
Rain	0.2	0.2	0.1	0.2	0.1
Sea	0.0	0.0	0.0	0.0	0.0
Other	0.1	0.1	0.1	0.1	0.1
Total water discharge (million m ³): By destination	0.3	0.3	0.3	0.2	0.1
Surface	0.3	0.3	0.3	0.2	0.0
Ground	0.0	0.0	0.0	0.0	0.0
Municipal	0.0	0.0	0.0	0.0	0.0
Sea	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0

Chapter 9

About this report



Reporting scope



General considerations

CEMEX Latam Holdings S.A. was organized and incorporated in Spain in April 2012 as a capital stock corporation (sociedad anónima). Since it is a Spanish company, it is governed mainly by the Royal Legislative Decree (Ley de Sociedades de Capital), as well as by the provisions of its bylaws, the regulations of the General Shareholders Meeting and the Board of Directors, and other internal regulations duly approved by the Company's governing bodies. Except as the context otherwise may require, references in this integrated report to "CEMEX Latam Holdings", "us" or "our" refer to CEMEX Latam Holdings S.A.



Reporting cycle

CEMEX Latam Holdings has been publishing an annual Sustainable Development Report since 2013, covering a wide range of economic, environmental, social, and corporate governance issues. Since 2017, CEMEX Latam Holdings publishes an Integrated Report designed to provide a holistic analysis of the company's strategic vision, performance, corporate governance, and value creation, while fostering a more in-depth understanding of the financial and non-financial key performance indicators that the company uses to manage its business over the short-, medium-, and long- terms.



Boundary and reporting period

In preparation of this report, we consolidated information from all of our countries and operations. It covers our cement, ready-mix concrete, and aggregates business lines, presenting our financial and non-financial performance, progress, achievements, and challenges for the 2018 calendar year, which is also the company's fiscal year. Our materiality analysis guided our reporting process, and the issues included in this report particularly match those that CEMEX Latam Holdings management and our stakeholders found of highest importance for our operations, as reflected in our recently

updated Materiality Matrix covering both financial and sustainability issues.

Unless otherwise indicated, the information provided in this report is for CEMEX Latam Holdings as a whole. We have included information for the operations in which we have financial and operative control. If a plant is sold, its information is no longer included in our data or considered in our targets. If we have restated certain data sets from previous years because of improvements to our data-collection systems or changes to our business, each case is clearly marked. Unless something

else is explicitly indicated, all monetary amounts are reported in U.S. dollars. All references to "tons" are to metric tons.

The information in our 2018 Integrated Report came from several sources, including internal management systems and performance databases, as well as annual surveys applied across all of our countries. We continually aim to improve the transparency and completeness of each report that we produce, while streamlining our processes and the way in which we provide information.



Data-measurement techniques

We employ the following protocols and techniques for measuring the sustainability key performance indicators (KPI) that we report:

CO₂ emissions: CEMEX Latam Holdings reports absolute and specific CO₂ emissions following the latest version of the Cement Sustainability Initiative (CSI) Protocol, denominated: Cement CO₂ and Energy Protocol, version 3.0, published in May 2011. It considers direct emissions occurring from sources that are owned or controlled by the company, excluding those from the combustion of biomass that are reported separately (Scope 1) and indirect emissions from the generation of purchased electricity consumed in the company's owned or controlled equipment (Scope 2). Historical data shall remain unchanged given that the previous protocol is closely aligned with the simple methods for the reporting of CO₂ emissions from calcination.

Dust, NOx and SOx emissions: Absolute and specific figures are calculated based on kiln measurements taken from Continuous Emissions Monitoring Systems (CEMs) (in those sites where kilns are equipped with such technology) or spot analysis. These methods fully comply with the CSI Guidelines for Emissions Monitoring and Reporting. All information is exported to the CEMEX databases, processed, calculated, and validated to provide a final group value. The values are calculated in Standard for 0°C, 1 atmosphere and 10% Oxygen (O₂) content at measuring point.

Energy: Fuel consumption indicators are reported to internal CEMEX databases in which "conventional," "alternative," and "biomass fuels" are classified according to the CSI Cement CO₂ Protocol spreadsheet. Heat values are obtained from on-site analysis (where applicable), value provided by supplier or standards from the CSI Guidelines for the Selection and Use of Fuels and Raw Materials in the Cement Manufacturing Process.

Clinker factor and alternative fuels: All material consumption is reported to internal CEMEX databases in which "alternative materials" are defined following the standards from the CSI Guidelines for the Selection and Use of Fuels and Raw Materials in the Cement Manufacturing Process. The "clinker/cement factor" is calculated using the CSI procedures indicated in the Cement CO₂ and Energy Protocol spreadsheet with information obtained from the databases.

Health and safety: SISTER, which is an internal database, collects all related health and safety information from each site and automatically provides the appropriate information to calculate the indicators. The database is configured using the CSI definitions.



Alignment with Global Reporting Initiative (GRI)

From 2013 to 2016, in preparing its Sustainable Development Reports, CEMEX Latam Holdings applied the GRI-G4 Guidelines, using the “in accordance” core option. As of the 2017 Integrated Report, we have migrated to the GRI Standards. Our GRI Content Index, included in this Report, is cross referenced to the UN Global Compact (UNGC) principles, as well as to the UN Sustainable Development Goals (SDGs).



United Nations Global Compact-- Communication on Progress

CEMEX Colombia and CEMEX Panamá, our two largest operations, are signatories of the United Nations Global Compact, a strategic initiative to get companies to commit to aligning their operations with 10 universally accepted principles in the areas of human rights, labor, the environment, and anticorruption. Both operations annually submit their Communication on Progress (COP) to the Global Compact, demonstrating a strong commitment to adhering to these principles. This Integrated Report supports the COP on our operations in Colombia and Panama, for a more profound understanding of the progress made throughout the year.



Sustainable Development Goals (SDGs)

The 17 Sustainable Development Goals (SDGs) were adopted at the General Assembly of the United Nations held in September 2015. The 169 targets contained in them aim to end poverty, protect the planet, and ensure prosperity for all as part of the new sustainable development agenda. To showcase our commitment to contribute to the implementation of the SDGs, on page 20 of this report the reader will find a list of how our main initiatives made a contribution to the SDGs in 2018.



Terms we use

Financial

bps (Basis Point) is a unit of percentage measure equal to 0.01%, used to measure the changes to interest rates, equity indexes, and fixed-income securities.

pp equals percentage points.

Net working capital CEMEX Latam Holdings defines it as accounts receivable plus inventories minus operating accounts payable. Working capital is not a GAAP measure.

Total debt CEMEX Latam Holdings defines it as short-term and long-term debt plus operating leases. Total debt is not a GAAP measure.

Free cash flow CEMEX Latam Holdings defines it as operating EBITDA minus net interest expense, maintenance capital expenditures, change in working capital, taxes paid, and other cash items (net other expenses less proceeds from the disposal of obsolete and/or substantially depleted operating fixed assets that are no longer in operation). Free cash flow is not a GAAP measure.

Operating EBITDA CEMEX Latam Holdings defines it as operating earnings before other expenses, net, plus depreciation and amortization. Operating EBITDA does not include revenues and expenses that are not directly related to CEMEX Latam Holdings' main activity, or which are of an unusual or non-recurring nature under International Financial Reporting Standards (IFRS). Operating EBITDA is not a GAAP measure.

Maintenance capital expenditures CEMEX Latam Holdings defines it as investments incurred with the purpose of ensuring the company's operational continuity. These include capital expenditures on projects required to replace obsolete assets or maintain current operational levels and mandatory capital expenditures, which are projects required to comply with governmental regulations or company policies. Maintenance capital expenditures is not a GAAP measure.

Strategic capital expenditures CEMEX Latam Holdings defines it as investments incurred with the purpose of increasing the company's profitability. These include capital expenditures on projects designed to increase profitability by expanding capacity, and margin improvement capital expenditures, which are projects designed to increase profitability by reducing costs. Strategic capital expenditures is not a GAAP measure.

LIBOR (London Interbank Offered Rate) is a reference rate based on the interest rates at which banks borrow unsecured funds from other banks in London.

Industry

Aggregates are sand and gravel, which are mined from quarries. They give ready-mix concrete its necessary volume and add to its overall strength. Under normal circumstances, one cubic meter of fresh concrete contains two tons of gravel and sand.

Clinker is an intermediate cement product made by sintering limestone, clay, and iron oxide in a kiln at around 1,450 degrees Celsius. One ton of clinker is used to make approximately 1.1 tons of gray Portland cement.

Fly ash is a combustion residue from coal-fired power plants that can be used as a non-clinker cementitious material.

Cement is a hydraulic binding agent with a composition by weight of at least 95% clinker and 0–5% of a minor component (usually calcium sulfate). It can set and harden underwater and, when mixed with aggregates and water, produces concrete or mortar.

Metric ton is the equivalent of 1.102 short tons. In this report we refer to metric tons as tons.

Petroleum coke (petcoke) is a by-product of the oil refining cooking process.

Ready-mix concrete is a mixture of cement, aggregates, and water.

Slag is the by-product of smelting ore to purify metals.

Content Index, GRI Standards

GRI Standard	Disclosure	Page number(s) and/or URL(s)	SDG	UNGC
General Disclosures				
	102-1 Name of the organization	CEMEX Latam Holdings S.A.		
	102-2 Activities, brands, products, and services	p. 8, Company snapshot p. 9, Our portfolio p. 54-61, Portfolio of products, services and solutions We do not sell products that are banned in certain markets or that were the subject of stakeholder questions or public debate.		
	102-3 Location of headquarters	Calle Hernández de Tejada 1, CP 28027 Madrid, Spain		
	102-4 Location of operations	p. 9, Our portfolio p. 200, Main subsidiaries		
	102-5 Ownership and legal form	CEMEX Latam Holdings S.A. was organized and incorporated in Spain on April 2012, as a capital stock corporation. Corporate Structure: http://www.cemexlatam.com/InvestorCenter/CorporateStructure.aspx		
	102-6 Markets served	p. 8, Company snapshot p. 9, Our portfolio p. 54-61, Portfolio of products, services and solutions		
	102-7 Scale of the organization	p. 8, Company snapshot p. 64, Employees p. 38-42, Consolidated results p. 134, Consolidated Financial Statements http://www.cemexlatam.com/InvestorCenter/ReportsArchive.aspx		
Organizational profile	102-8 Information on employees and other workers	p. 64, Employees p. 202, Non-financial information: Our people, Workforce We do not have a substantial number of workers who are legally recognized as self-employed. Seasonal variations are insignificant.	8, 10	6
	102-9 Supply chain	p. 96, Developing local suppliers for our operations p. 99-100, We hire responsible suppliers CEMEX Latam Holdings manages its supply chain in a comprehensive way, from supplying raw materials at our quarries, to utilizing CEMEX Energy in order to increase our ability to become self-sufficient in energy production, to using our products in several building solutions. The process passes through the production of cement, concrete, and mortar, as well as through logistics and transportation processes across the chain. Since it is vertically integrated, managing material aspects throughout the value chain is primarily an internal determination. How Cement Is Made: http://www.cemexnicaragua.com/ProductosServicios/ComoHacemosCemento.aspx		3
	102-10 Changes to the organization and supply chain	p. 142, 158, Discontinued operations		
	102-11 Precautionary Principle or approach	p. 22-32, Report on the risk management systems We apply the precautionary principle in our environmental management for example with the implementation of Biodiversity Action Plans (p. 109), the operation of water recycling plants that allow us to reuse water in our operations (p. 108), the investment in technology to minimize emissions (p. 108), promoting the circular economy (p. 104), neutralizing the CO2 emissions from our vehicle fleet and working (p. 106) to reduce the intensity of our carbon footprint (p. 103, 105).		
	102-12 External initiatives	Inter-American Cement Federation (FICEM). CEMEX Colombia and CEMEX Panama, our two largest operations, are signatories of the United Nations Global Compact. CEMEX SAB de CV has been a signatory to the UNGC since 2004. For more information, see www.unglobalcompact.org . CEMEX SAB de CV is a founding member of the Cement Sustainability Initiative, a voluntary sector project of the World Business Council for Sustainable Development established in 1999, as well as the new Global Cement and Concrete Association (GCCA), founded in 2018.		
	102-13 Membership of associations	Inter-American Cement Federation (FICEM). Taking part in associations is a task implemented at the local level in each of the countries where we operate.		

GRI Standard	Disclosure	Page number(s) and/or URL(s)	SDG	UNGC
Strategy	102-14 Statement from senior decision-maker	p. 4-7, Letter to our stakeholders		
	102-15 Key impacts, risks, and opportunities	p. 14, Understanding the net value we generate for society p. 18, 2030 CEMEX Sustainability Ambitions p. 19, Contribution to the UN Sustainable Development Goals p. 22-32, Report on the risk management systems p. 12-13, Our sustainability priorities		
Ethics and integrity	102-16 Values, principles, standards, and norms of behavior	p. 10, Our business strategy p. 11, Our Value Creation Model p. 119, Sustainability management Code of Ethics and Business Conduct: https://www.cemex.com/sustainability/policies-and-positions/policies	16	10
	102-17 Mechanisms for advice and concerns about ethics	p. 124, ETHOSline p. 125, Ethics committees		
Governance	102-18 Governance structure	p. 114-117, Board of Directors and Management Team p. 119, Sustainability management Commissions: http://www.cemexlatam.com/InvestorCenter/Committees.aspx		
Stakeholder engagement	102-40 List of stakeholder groups	p. 21, Partnerships for achieving the UN Sustainable Development Goals p. 83, New Community Engagement Plans p. 12-13, Our sustainability priorities Employees, customers, suppliers, analysts, investors, shareholders, community, opinion leaders, government, management, civil society organizations, associations, foundations, universities.		
	102-42 Identifying and selecting stakeholders	p. 11, Our Value Creation Model p. 44, The partner of choice for our customers p. 83, New Community Engagement Plans Our Stakeholder Management Model is a process by which a business unit identifies the opportunities to engage with stakeholders, sets specific goals, selects the most relevant stakeholders and creates an action plan. The first step to identifying stakeholders is to analyze the issues represented in our Materiality matrix, Public Affairs agenda, Risk agenda and the strategic business plans. For each issue, we identify what objectives we want to achieve and the expected outcomes we are targeting.		
	102-43 Approach to stakeholder engagement	p. 10, Our business strategy p. 11, Our Value Creation Model p. 21, Partnerships for achieving the UN Sustainable Development Goals p. 44, The partner of choice for our customers p. 83, New Community Engagement Plans p. 12-13, Our sustainability priorities p. 85-86, Managing our Social Investment Strategy, What are the key factors for success? p. 102, Committed to operating sustainably		
	102-44 Key topics and concerns raised	Our Sustainability Model reflects those issues of greatest concern to both our stakeholders and the company. We have structured this report based on the aspects identified as having the greatest materiality. The issues the stakeholders showed the greatest interest in are: - Employees: Customer experience and satisfaction, Business ethics and transparency, Health and safety. - Customers: Customer experience and satisfaction, Product quality and innovation, Business ethics and transparency, Transport and logistics optimization. - Suppliers: Business ethics and transparency, Health and safety, Supplier management. - Analysts, communities, government agencies, NGOs, universities: Business ethics and transparency, Environmental and air emissions management, Local community development, Biodiversity preservation.		

GRI Standard	Disclosure	Page number(s) and/or URL(s)	SDG	UNGC
Reporting practice	102-45 Entities included in the consolidated financial statements	p. 139, Notes to the Consolidated Financial Statements p. 207-208, Reporting scope p. 200, Main subsidiaries		
	102-46 Defining report content and topic Boundaries	p. 11, Our Value Creation Model p. 12-13, Our sustainability priorities p. 207-208, Reporting scope		
	102-47 List of material topics	p. 12-13, Our sustainability priorities p. 14, Understanding the net value we generate for society		
	102-48 Restatements of information	P. 201-205, Footnotes / p. 207-208, Reporting scope		
	102-49 Changes in reporting	P. 201-205, Footnotes / p. 207-208, Reporting scope		
	102-50 Reporting period	2018		
	102-51 Date of most recent report	June 2018		
	102-52 Reporting cycle	Annual		
	102-53 Contact point	p. 222, Investor, media and sustainability information		
	102-54 Reporting in accordance with GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option		
	102-55 GRI content index	p. 211, Content Index, GRI Standards		
102-56 External assurance	p. 129, Financial information: Independent auditor's report in accordance with international standards on auditing. No relation between CEMEX Latam Holdings and KPMG. Neither our highest governance body nor senior executives are involved in seeking assurance for the organization's sustainability report. The non-financial information in this report does not have external assurance. The information in our 2018 Integrated Report came from several sources aligned with CEMEX data gathering protocols, including: internal management systems, performance databases, as well as annual surveys.			
MATERIAL DISCLOSURES				
Economic performance				
GRI 201 MA: Economic Performance	103-1 Explanation of the material topic	p. 11, Our Value Creation Model / p. 14, Understanding the net value we generate for society		
	103-2 The management approach	p. 44, The partner of choice for our customers		7
	103-3 Evaluation of the management approach	p. 119, Sustainability management / p. 12-13, Our sustainability priorities / p. 123, Our Values		
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	p. 11, Our Value Creation Model / p. 14, Understanding the net value we generate for society p. 38, Consolidated operational results p. 39-42, Review of local operations	5, 7, 8, 9	7
Customer experience and satisfaction [not covered in the GRI Standards]				
GRI 103 MA	103-1 Explicación del tema material	p. 11, Our Value Creation Model / p. 14, Understanding the net value we generate for society		
	103-2 El enfoque de gestión	p. 44-53, The partner of choice for our customers		
	103-3 Evaluación del enfoque de gestión	p. 119, Sustainability management / p. 12-13, Our sustainability priorities / p. 123, Our Values		
Growth in existing markets and countries [not covered in the GRI Standards]				
GRI 103 MA	103-1 Explicación del tema material	p. 11, Our Value Creation Model / p. 14, Understanding the net value we generate for society		
	103-2 El enfoque de gestión	p. 119, Sustainability management / p. 12-13, Our sustainability priorities / p. 123, Our Values		
	103-3 Evaluación del enfoque de gestión			

GRI Standard	Disclosure	Page number(s) and/or URL(s)	SDG	UNGC
Return on capital employed [not covered in the GRI Standards]				
GRI 103 MA	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 11, Our Value Creation Model / p. 14, Understanding the net value we generate for society p. 119, Sustainability management / p. 12-13, Our sustainability priorities / p. 123, Our Values		
Health and safety				
GRI 403 MA: Occupational Health and Safety	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 11, Our Value Creation Model / p. 14, Understanding the net value we generate for society p. 72-81, Our commitment to zero incidents p. 99-100, We hire responsible suppliers p. 119, Sustainability management / p. 12-13, Our sustainability priorities / p. 123, Our Values CEMEX Health and Safety Policy: https://www.cemex.com/sustainability/policies-and-positions/policies		
	403-1 Workers representation in formal joint management-worker health and safety committees	Health and Safety committees are managed at a local (country) level.	8	6
GRI 403: Occupational Health and Safety	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	p. 72, Employees lost time injuries, contractor lost time injuries p. 201, Non-financial information: Health and safety • Type of employee/contractor injuries: slip; fall from uneven level; hit by moving object; hit by falling object; incidents involving moving vehicles; injured while handling, lifting or carrying; hit against fixed or stationary objects; contact with machinery; fall from a height. • LTI Severity: Colombia 130.6, Costa Rica 116, El Salvador 0, Guatemala 0, Nicaragua 0.0, Panama 17.2. • Absentee rate: Colombia 1.9, Costa Rica 0.6, El Salvador 0.1, Guatemala 0.2, Nicaragua 1.1, Panama 0.6. • When calculating lost days, we register natural days starting from the first day of absence. System of rules applied: CSI reporting protocol and internal reporting guidelines.	3, 8	
	403-4 Health and safety topics covered in formal agreements with trade unions	Some of the topics covered at local and global level are: consultation over safe work practices, safety clothing and equipment, and safety training, among others.	8	
GRI 416 MA: Client health and safety	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 11, Our Value Creation Model / p. 14, Understanding the net value we generate for society p. 72-81, Our commitment to zero incidents p. 119, Sustainability management / p. 12-13, Our sustainability priorities / p. 123, Our Values Health and Safety is considered in each and every phase of product development, from design to disposal. We abide by all applicable legislation and H&S requirements when designing our products. The Material Safety Data Sheets describe potential hazards and precautions to take when handling each of our products.		
GRI 416: Client health and safety	416-1 Assessment of the health and safety impacts of product and service categories	The health and safety aspects of all of our products are considered at all life cycle stages. We strive to consistently ensure that our products are safe to transport, store, handle, use and dispose of. However, some products may carry risks to people's health and safety if the proper precautions are not taken. To prevent such risks, we have compiled a range of product safety sheets which outline any main hazards and precautions that should be taken when handling these products. For more information, local sales offices should be contacted.		
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Any relevant fines or non-compliance cases would be included in Note 23 to the Consolidates Financial Statements p. 194-200, Legal proceedings	16	
Employee engagement and development				
GRI 401 MA: Employment	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 11, Our Value Creation Model / p. 14, Understanding the net value we generate for society p. 64, we offer an excellent work experience p. 67, Continuous feedback keeps our priorities in focus p. 99-100, We hire responsible suppliers p. 119, Sustainability management / p. 12-13, Our sustainability priorities / p. 123, Our Values		

GRI Standard	Disclosure	Page number(s) and/or URL(s)	SDG	UNGC
GRI 401: Employment	401-1 New employee hires and employee turnover	p. 202, Non-financial information: Our people: Employee hiring and turnover	5, 8, 10	6
	401-2 Benefits provided to full-time employees that are not provided to temporary / part-time employees	Some of the benefits to Full-Time or Part-Time Employees: Life Insurance, Health Care, Disability and invalidity coverage, Parental leave, Retirement Provision.	3, 5, 8	
	401-3 Parental leave	Maternity and parental leave may vary depending on the regulations within the countries that we operate on. But all of them do agree upon the employee's return after parental leave and have policies regarding that matter.	5, 8	6
GRI 404 MA: Training and education	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 11, Our Value Creation Model / p. 14, Understanding the net value we generate for society p. 64, We offer an excellent work experience p. 67, Continuous feedback keeps our priorities in focus p. 119, Sustainability management / p. 12-13, Our sustainability priorities / p. 123, Our Values We support our people in achieving their full potential by providing a comprehensive development offering. CEMEX development philosophy considers experiences as a cornerstone supported by coaching and traditional learning programs. We have shared responsibility for development, the individual commitment to meet development objectives plus feedback and coaching provided from our supervisors and colleagues is considered key for our professional and personal growth. Executives and staff have access to an online professional development tool, while other employees and operators receive performance feedback and professional development guidance directly from their supervisors.		
GRI 404: Training and education	404-1 Average annual hours of training per employee	p. 202, Non-financial information: Our people, Employee average hours of training	4, 5, 8	6
	404-2 Programs for upgrading employee skills and transition assistance programs	p. 66, Challenging opportunities for professional growth p. 69, A wide range of training opportunities p. 70, Building Strategic Capabilities	8	
	404-3 Percentage of employees receiving regular performance and career development reviews	p. 67, Continuous feedback keeps our priorities in focus	5, 8, 10	6
GRI 405 MA: Diversity and equal opportunity	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 11, Our Value Creation Model / p. 14, Understanding the net value we generate for society p. 64, We offer an excellent work experience p. 65, Encouraging a diverse and inclusive company p. 127, Promoting diversity and equal opportunities p. 119, Sustainability management / p. 12-13, Our sustainability priorities / p. 123, Our Values		
GRI 405: Diversity and equal Opportunity	405-1 Diversity of governance bodies and employees	p. 114, Board of Directors p. 114-117, Board of Directors and Management Team p. 202, Non-financial information: Our people: Workforce	5, 8	6
	405-2 Ratio of basic salary and remuneration of women to men	p. 202, Non-financial information: Our people: Male to female wage ratio	5, 8, 10	6
Product quality and innovation [not covered in the GRI Standards]				
GRI 103 MA	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 11, Our Value Creation Model / p. 14, Understanding the net value we generate for society p. 44-53, The partner of choice for our customers p. 55, Innovation in concrete makes us the best option for our customers p. 119, Sustainability management / p. 12-13, Our sustainability priorities / p. 123, Our Values		

GRI Standard	Disclosure	Page number(s) and/or URL(s)	SDG	UNGC
Business ethics and transparency				
GRI 205 MA: Anti-corruption	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 11, Our Value Creation Model p. 112, At the cutting-edge of internal auditing p. 120-122, Policies p. 124, ETHOSline p. 123-125, Integrity and compliance p. 119, Sustainability management / p. 12-13, Our sustainability priorities / p. 123, Our Values Anti-Bribery / Anti-Corruption Policy and Code of Ethics and Business Conduct: https://www.cemex.com/sustainability/policies-and-positions/policies		
	205-1 Operations assessed for risks related to corruption	During 2018, different CEMEX SAB operations were classified as medium to high risk countries for perceived corruption based on Transparency International. All of them were assessed for risks related to corruption and no incidents were found. In addition, all supplier contracts include not only anti-bribery clauses, but also antibribery certification letter. Moreover, CEMEX SAB makes its best effort to analyze suppliers' historical corruption behavior prior to signing a contract.	16	10
GRI 205: Anti-corruption	205-2 Communication and training about anti-corruption policies and procedures	p. 124, Training and communications CEMEX SAB uses different analysis focused on identifying the most vulnerable geographic and functional areas in order to deploy anti-corruption training. Furthermore, communication resources are deployed to distribute the anti-corruption / anti-bribery policy to all employees. Additionally, all employees have access to the Code of Ethics which contains a compliance chapter related to anti-bribery manners were all forms of corruption are explicitly rejected by CEMEX SAB. Supplier contracts include not only anti-bribery clauses. Anti-Bribery / Anti-Corruption Policy and Code of Ethics and Business Conduct: https://www.cemex.com/sustainability/policies-and-positions/policies	16	10
	205-3 Confirmed incidents of corruption and actions taken	There were no incidents that met the Foreign Corrupt Practices Act, nor were any legal cases regarding corrupt practices by either our organization or our employees concluded during the reporting period. We continuously monitor our employee's behavior and compel our employees to report any corruption acts through ETHOSline.	16	10
GRI 206 MA: Anti-competitive Behavior	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 11, Our Value Creation Model p. 112, At the cutting-edge of internal auditing p. 120-122, Policies p. 124, ETHOSline p. 123-125, Integrity and compliance p. 119, Sustainability management / p. 12-13, Our sustainability priorities / p. 123, Our Values Find online the Anti-Bribery / Anti-Corruption Policy and Code of Ethics and Business Conduct: https://www.cemex.com/sustainability/policies-and-positions/policies		
GRI 206: Anti-competitive Behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Any relevant fines or non-compliance cases would be included in Note 23 to the Consolidates Financial Statements p. 194-200, Legal proceedings	16	
GRI 419 MA: Socioeconomic Compliance	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 11, Our Value Creation Model p. 112, At the cutting-edge of internal auditing p. 120-122, Policies p. 124, ETHOSline p. 123-125, Integrity and compliance p. 119, Sustainability management / p. 12-13, Our sustainability priorities / p. 123, Our Values Find online the Anti-Bribery / Anti-Corruption Policy and Code of Ethics and Business Conduct: https://www.cemex.com/sustainability/policies-and-positions/policies		
GRI 419: Socioeconomic Compliance	419-1 Non-compliance with laws and regulations in the social and economic area	Any relevant fines or non-compliance cases would be included in Note 23 to the Consolidates Financial Statements p. 194-200, Legal proceedings	16	

GRI Standard	Disclosure	Page number(s) and/or URL(s)	SDG	UNGC
Products and solutions for sustainable construction [not covered in the GRI Standards]				
GRI 103 MA	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 11, Our Value Creation Model / p. 14, Understanding the net value we generate for society p. 55, Innovation in concrete makes us the best option for our customers p. 56-57, Concrete pavements—a better solution for our customers p. 59, Our comprehensive solutions for building infrastructure p. 60, Our Industrialized Model for Housing p. 119, Sustainability management / p. 12-13, Our sustainability priorities / p. 123, Our Values p. 201, Non-financial information: Building solutions Building Certification Policy: https://www.cemex.com/sustainability/policies-and-positions/policies		
Environmental and air emissions				
GRI 307 MA: Environmental Compliance	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 11, Our Value Creation Model / p. 14, Understanding the net value we generate for society p. 102, Committed to operating sustainably p. 103, Doubling our commitment to climate change mitigation p. 104, CEMEX Latam Holdings' contribution to the circular economy p. 107, Technology to minimize other emissions p. 119, Sustainability management / p. 12-13, Our sustainability priorities / p. 123, Our Values CEMEX Environmental Policy: https://www.cemex.com/sustainability/policies-and-positions/policies		
GRI 307: Environmental Compliance	307-1 Non-compliance with environmental laws and regulations	Any relevant fines or non-compliance cases would be included in Note 23 to the Consolidates Financial Statements p. 194-200, Legal proceedings	16	8
	305-6 Emissions of ozone-depleting substances	Our business does not create significant emissions of ozone-depleting substances.	3, 12	7, 8
GRI 305: Emissions	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	p. 204, Non-financial information: Air quality We report on the air emissions that the CSI Guidelines for Emissions Monitoring and Reporting in the Cement Industry identifies as the most important from the on-site stationary sources we use in our processes: www.wbcscement.org . The standards used in the air emissions measurements, depend on the legal requirements in each country. Standards used also depend from the normal procedures used by the external companies performing the spot measurements. In the case of CEMs (Continuous Measurements), the equipment is maintained, operated, and calibrated according with the standards. Standards used for punctual measurements are EPA, ISO, and EN according to the pollutant and the country. In most cases EPA rules are used for sampling and EPA or ISO methods are used for the calculations at laboratory. All data reported in the stack emissions report is measured even continuously or spot.	3, 12, 14, 15	7, 8
Energy sourcing, efficiency and cost				
GRI 302 MA: Energy	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 11, Our Value Creation Model / p. 14, Understanding the net value we generate for society p. 102, Committed to operating sustainably p. 105, From waste to energy p. 108, Cleaner and more efficient electric power p. 119, Sustainability management / p. 12-13, Our sustainability priorities / p. 123, Our Values CEMEX Environmental Policy: https://www.cemex.com/sustainability/policies-and-positions/policies		

GRI Standard	Disclosure	Page number(s) and/or URL(s)	SDG	UNGC
GRI 302: Energy	302-1 Energy consumption within the organization	p. 204, Non-financial information: Carbon strategy <ul style="list-style-type: none"> • Energy consumption from renewable sources = sewage sludge, wood, paper, carton, animal meal, agricultural, organic and other biomass. • Energy consumption from non-renewable sources = coal and anthracite, petrol coke, fuel oil, natural gas, lignite and diesel, waste oil, tires, RDF, solvents, impregnated saw dust, mixed industrial wastes, other solid fossil based waste and liquid based waste. In 2018, we substituted 16% of primary fuels with alternative fuels, as a result mitigating the use of coal. WBCSD's Guidelines for the Selection and Use of Fuels and Raw Materials in the Cement Manufacturing: www.wbcscement.org/index.php/key-issues/fuels-and-Materials/guidelines-for-selection Units are available in Cement CO2 and Energy Protocol, Version 3.1, CO2 Emissions and Energy Inventory: www.cement-co2-protocol.org/en/	7, 8, 12, 13	7, 8
	302-2 Energy consumption outside of the organization	p. 204, Non-financial information: Carbon strategy Energy consumed outside of the organization is not an issue where we focus our strategy. Production of cement produces CO2 mostly from sources within the organization: combustion of fossil fuels during the calcination of limestone.	7, 8, 12, 13	8
	302-3 Energy intensity	p. 204, Non-financial information: Carbon strategy Types of energy included in the intensity ratio: Fuels	7, 8, 12, 13	8
	302-4 Reduction of energy consumption	p. 204, Non-financial information: Carbon strategy Regarding electricity, during 2018 we managed to consume 65% of our power needs in cement operations from clean energy sources. Energy included: Fuels and electricity used during the process of production. All units are available in Cement CO2 and Energy Protocol, Version 3.1, CO2 Emissions and Energy Inventory: www.cement-co2-protocol.org/en/	7, 8, 12, 13	8, 9
	302-5 Reduction in energy requirements of products and services	p. 55, Innovation in concrete makes us the best option for our customers p. 56-57, Concrete pavements—a better solution for our customers p. 103, Carbon Footprint Tool We have a number of products and solutions that result in energy savings. We however consider this information confidential and key for our business strategy.	7, 8, 12, 13	8
CO₂ management strategy				
GRI 305 MA: Emissions	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 11, Our Value Creation Model / p. 14, Understanding the net value we generate for society p. 102, Committed to operating sustainably p. 103, Doubling our commitment to climate change mitigation p. 104, CEMEX Latam Holdings' contribution to the circular economy p. 106, First company with a carbon-neutral vehicle fleet p. 107, Technology to minimize other emissions p. 119, Sustainability management / p. 12-13, Our sustainability priorities / p. 123, Our Values CEMEX Environmental Policy: https://www.cemex.com/sustainability/policies-and-positions/policies		7, 8, 9

GRI Standard	Disclosure	Page number(s) and/or URL(s)	SDG	UNGC
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	p. 204 - Non-financial information: Carbon strategy, Absolute emissions p. 208 - Reporting scope: Data-measurement techniques More information about our emissions can be found in our CDP submission: www.cdp.net Base year: 1990 following best industry practices (e. g. CSI Protocol).	3, 12, 13, 14, 15	7, 8
	305-2 Energy indirect (Scope 2) GHG emissions	p. 208 - Reporting scope: Data-measurement techniques More information about our emissions can be found in our CDP submission: www.cdp.net Base year: 1990 following best industry practices (e. g. CSI Protocol).	3, 12, 13, 14, 15	7, 8
	305-3 Other indirect (Scope 3) GHG emissions	More information about our emissions can be found in our CDP submission: www.cdp.net	3, 12, 13, 14, 15	7, 8
	305-4 GHG emissions int	p. 204 - Non-financial information: Carbon strategy, Specific emissions p. 208 - Reporting scope: Data-measurement techniques Report where the reductions in GHG emissions occurred: Scope 1. Gases Included: CO2, following the GHG Protocol and the WBCSD CSI Protocol.	15	8
	305-5 Reducción de las emisiones de GEI	p. 204 - Non-financial information: Carbon strategy, Specific emissions p. 208 - Reporting scope: Data-measurement techniques Report where the reductions in GHG emissions occurred: Scope 1. Gases Included: CO2, following the GHG Protocol and the WBCSD CSI Protocol. Base year: 1990 following best industry practices (e. g. CSI Protocol).	14, 15	8, 9
Local community development				
GRI 413 MA: Local communities	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 11, Our Value Creation Model / p. 14, Understanding the net value we generate for society p. 83, New Community Engagement Plans p. 84, Social Investment Strategy p. 85, Managing our Social Investment Strategy p. 119, Sustainability management / p. 12-13, Our sustainability priorities / p. 123, Our Values Before we open, close, or change local operations, we talk with our neighbors in order to improve our mutual understanding of needs and concerns. Community relations are managed at the country level so that they can be tailored to the particular circumstances of each community. This helps us to identify the communities near our operations, our impacts on them, and their needs; and then develop and implement effective, site-specific social programs. Though details are determined locally, the community plans must be in accordance with CEMEX's social-investment guidelines. These internal guidelines provide a common framework for the planning and execution of all of our social-investment strategies: programs we run directly, programs conducted through partnerships with stakeholders, cash and in-kind donations, and employee volunteer efforts.		1
	413-1 Operations with local community engagement, impact assessments, and development programs	p. 203, Non-financial information: Strengthen local communities We have community investment programs in our operations in Colombia, Panama, Costa Rica, Nicaragua, Guatemala and El Salvador.		1
	413-2 Operations with significant actual and potential negative impacts on local communities	p. 203, Non-financial information: Strengthen local communities There were no reports that we are aware of on significant negative impacts on communities.	1, 2	1

GRI Standard	Disclosure	Page number(s) and/or URL(s)	SDG	UNGC
GRI 203 MA: Indirect Economic Impacts	103-1 Explanation of the material topic	p. 11, Our Value Creation Model / p. 14, Understanding the net value we generate for society		
	103-2 The management approach	p. 83, New Community Engagement Plans		
GRI 203: Indirect Economic Impacts	103-3 Evaluation of the management approach	p. 84, Social Investment Strategy p. 85, Managing our Social Investment Strategy p. 119, Sustainability management / p. 12-13, Our sustainability priorities / p. 123, Our Values		
	203-1 Infrastructure investments and services supported	p. 90-93, Sustainable infrastructure p. 209, Non-financial information: Strengthen local communities	5, 7, 9, 11	9
GRI 203: Indirect Economic Impacts	203-2 Significant indirect economic impacts	p. 82-100, Social Investment Strategy CEMEX Latam Holdings' social investment programs, help communities build affordable housing and basic infrastructure, launch new small companies, enhance education and employment training, as well as develop a strong environmental culture.	1, 2, 3, 8, 10, 17	
	OTROS TEMAS NO MATERIALES			
Materials recycling and circular economy				
GRI 301 MA: Materials	103-1 Explanation of the material topic	p. 102, Committed to operating sustainably		
	103-2 The management approach	p. 11, Our Value Creation Model		
GRI 301: Materials	103-3 Evaluation of the management approach	p. 119, Sustainability management / p. 12-13, Our sustainability priorities / p. 123, Our Values		
	301-1 Materials used by weight or volume	Proprietary information.	8, 12	7, 8
GRI 301: Materials	301-2 Recycled input materials used	p. 104, CEMEX Latam Holdings' contribution to the circular economy p. 105, From waste to energy p. 203, Non-financial information: Waste management	8, 12	8
	301-3 Reclaimed products and their packaging materials	We do not consider packaging a Material issue for our industry. In many of the countries where we operate, the majority of our cement production is sold in bulk without packaging. Concrete and aggregates do not require any packaging.	8, 12	8
Direct economic impact on stakeholders [not covered in the GRI Standards]				
GRI 103 MA	103-1 Explanation of the material topic	p. 11, Our Value Creation Model / p. 14, Understanding the net value we generate for society		
	103-2 The management approach	p. 119, Sustainability management / p. 12-13, Our sustainability priorities / p. 123, Our Values		
	103-3 Evaluation of the management approach			
Water management				
GRI 303 MA: Water	103-1 Explanation of the material topic	p. 11, Our Value Creation Model / p. 14, Understanding the net value we generate for society p. 102, Committed to operating sustainably / p. 108, Optimize our water consumption p. 119, Sustainability management / p. 12-13, Our sustainability priorities / p. 123, Our Values		
	103-2 The management approach	Water Policy: https://www.cemex.com/sustainability/policies-and-positions/policies		
	103-3 Evaluation of the management approach	To report our water withdrawals by sources we follow the Water Management Methodology created in 2012 by CEMEX in collaboration with the IUCN, which contains a set of key performance indicators (which are in line with those agreed to within the Cement Sustainability Initiative), operational boundaries, four levels of accuracy for water measurement, guidance on how to report the information and recommendations for meter calibration and maintenance.		
GRI 303: Water	303-1 Water withdrawal by source	p. 205, Non-financial information, Water management	6	7, 8
	303-3 Water recycled and reused	p. 205, Non-financial information, Water management	6, 8, 12	8

GRI Standard	Disclosure	Page number(s) and/or URL(s)	SDG	UNGC
Waste management				
GRI 306 MA: Effluents and waste	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 11, Our Value Creation Model / p. 14, Understanding the net value we generate for society p. 102, Committed to operating sustainably / p. 108, Optimize our water consumption p. 104, CEMEX Latam Holdings' contribution to the circular economy p. 119, Sustainability management / p. 12-13, Our sustainability priorities / p. 123, Our Values Water Policy: https://www.cemex.com/sustainability/policies-and-positions/policies To report our water withdrawals by sources we follow the Water Management Methodology created in 2012 by CEMEX in collaboration with the IUCN, which contains a set of key performance indicators (which are in line with those agreed to within the Cement Sustainability Initiative), operational boundaries, four levels of accuracy for water measurement, guidance on how to report the information and recommendations for meter calibration and maintenance.		
GRI 306: Effluents and waste	306-1 Water discharge by quality and destination	p. 205, Non-financial information, Water management	3, 6, 12, 14	8
	306-2 Waste by type and disposal method	p. 203, Non-financial information, Waste management	3, 6, 12	8
	306-3 Significant spills	p. 203, Non-financial information, Environmental management Any relevant fines or non-compliance cases would be included in Note 23 to the Consolidates Financial Statements p. 194-200, Legal proceedings	3, 6, 12, 14, 15	8
Biodiversity preservation				
GRI 304 MA: Biodiversity	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 11, Our Value Creation Model / p. 14, Understanding the net value we generate for society p. 102, Committed to operating sustainably / p. 108, Optimize our water consumption p. 109, Protect and improve biodiversity p. 119, Sustainability management / p. 12-13, Our sustainability priorities / p. 123, Our Values Biodiversity Policy: https://www.cemex.com/sustainability/policies-and-positions/policies		
GRI 304: Biodiversity	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected area	p. 109, Protect and improve biodiversity	6, 14, 15	3, 8
Supplier management				
GRI 204 MA: Procurement	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 11, Our Value Creation Model / p. 14, Understanding the net value we generate for society p. 96, Developing local suppliers for our operations p. 99-100, We hire responsible suppliers p. 119, Sustainability management / p. 12-13, Our sustainability priorities / p. 123, Our Values Suppliers Code of Conduct: https://www.cemex.com/sustainability/policies-and-positions/policies	1, 5	
GRI 204: Procurement	204-1 Proportion of spending on local suppliers	At a global level, CEMEX SAB estimates that 90% of purchases come from locally based suppliers.	8	

Contact information for investors, media and sustainability analysts

Media relations contact

Andrea Castro Vélez
andrea.castro@cemex.com
Tel: +57 (1) 603 9053

Investor relations contact

Pablo Antonio Gutiérrez Garza
pabloantonio.gutierrez@cemex.com
Tel: +57 (1) 603-9051

Exchange listing

Bolsa de Valores de Colombia
Ticker symbol: CLH



Website

www.cemexlatam.com

Cautionary Statement Regarding

Forward-Looking Statements This integrated report contains forward looking statements within the meaning of applicable securities laws. CEMEX Latam Holdings, S.A. ("CEMEX Latam") intends for these forward-looking statements to be covered by applicable securities laws. In some cases, these statements can be identified by the use of forward-looking words such as, but not limited to, "may," "should," "could," "anticipate," "estimate," "expect," "plan," "believe," "predict," "potential" and "intend" or other similar words. These forward-looking statements reflect CEMEX Latam's current expectations and projections about future events based on CEMEX Latam's knowledge of present facts and circumstances and assumptions about future events. These statements necessarily involve risks and uncertainties that could cause actual

results to differ materially from CEMEX Latam's expectations. Some of the risks, uncertainties and other important factors that could cause results to differ, or that otherwise could have an impact on CEMEX Latam or CEMEX Latam's subsidiaries, include: the cyclical activity of the construction sector; competition; general political, economic and business conditions; the regulatory environment, including environmental, tax and acquisition-related rules and regulations; the ability of CEMEX, S.A.B. de C.V. ("CEMEX") to satisfy its obligations under the Facilities Agreement as well as under the indentures that govern its high yield notes; CEMEX Latam's ability to service its debt; CEMEX's or CEMEX Latam's ability to consummate asset sales, asset acquisitions and/or to achieve cost-savings from CEMEX and CEMEX Latam's cost-reduction initiatives;

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CEMEX Latam generated some of this data internally, and some was obtained from independent industry publications and reports that CEMEX Latam believes to be reliable sources. CEMEX Latam has not independently verified this data nor sought the consent of any organizations to refer to their reports in this integrated report. Copyright CEMEX Latam Holdings, S.A. and its subsidiaries.