Annual Accounts
December 31, 2017

Directors' Report
2017

(With Independent Auditor's Report Thereon)
(Free translation from the originals in Spanish. In the event of discrepancy, the Spanish-language versions prevail.)
Independent Auditor's Report on the Annual Accounts

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the shareholders of Cemex Latam Holdings, S.A.

Opinion

We have audited the annual accounts of Cemex Latam Holdings, S.A. (the “Company”), which comprise the balance sheet at December 31, 2017, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes.

In our opinion, the accompanying annual accounts give a true and fair view, in all material respects, of the equity and financial position of the Company at December 31, 2017, and of its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework (specified in note 2 to the accompanying annual accounts) and, in particular, with the accounting principles and criteria set forth therein.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Annual Accounts section of our report.

We are independent of the Company in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the annual accounts in Spain pursuant to the legislation regulating the audit of accounts. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.
Most Relevant Aspects of the Audit

The most relevant aspects of the audit are those that, in our professional judgment, have been considered as the most significant risks of material misstatement in the audit of the annual accounts of the current period. These risks were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these risks.

Carrying amount of investments in equity instruments of Group companies and associates

Non-current investments in Group companies and associates represent approximately 99% of the Company’s assets, and are therefore the most significant balance sheet item. The recoverable amount of investments in Group companies, in the case of companies showing indications of impairment, is calculated by applying valuation techniques which often require the Directors to exercise judgment and use assumptions and estimates. Due to the significance of the amount and the uncertainty associated with these estimates, this matter has been considered a relevant aspect of the audit.

Our audit procedures included assessing the design and implementation of the key controls relating to the valuation process and evaluating the impairment indicators identified by the Company, as well as the methodology and assumptions used to estimate the recoverable amount, contrasting the information contained in the model with the business plans of the investees for which there are indications of impairment. We are the auditor of the Company’s consolidated financial statements. As part of the audit procedure, we evaluate the impairment analysis of the Company’s goodwill arising from its most significant subsidiaries. This analysis provides us with a basis to evaluate whether or not there are events that could indicate impairment of investments in equity instruments of Group companies and associates from the perspective of the annual accounts. We involved our valuation specialists to assess the reasonableness of the main assumptions used by the Company. We also assessed whether the information disclosed in the annual accounts meets the requirements of the financial reporting framework applicable to the Company.

Other Information: Directors’ Report

Other information solely comprises the 2017 directors’ report, the preparation of which is the responsibility of the Company’s Directors and which does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not encompass the directors’ report. Our responsibility for the directors’ report, in accordance with the requirements of prevailing legislation regulating the audit of accounts, consists of assessing and reporting on the consistency of the directors’ report with the annual accounts, based on knowledge of the entity obtained during the audit of the aforementioned accounts and without including any information other than that obtained as evidence during the audit. It is also our responsibility to assess and report on whether the content and presentation of the directors’ report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described in the preceding paragraph, the information contained in the directors’ report is consistent with that disclosed in the annual accounts for 2017 and the content and presentation of the report are in accordance with applicable legislation.
Directors’ Responsibility for the Annual Accounts

The Directors are responsible for the preparation of the accompanying annual accounts in such a way that they give a true and fair view of the equity, financial position and financial performance of the Company in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Directors are responsible for assessing the Company’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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Annual Accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts 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 prevailing legislation regulating the audit of accounts in Spain 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 annual accounts.

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, 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, and not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the 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 Company’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 annual accounts 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 Company to cease to continue as a going concern.
– Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Directors of the entity 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.

From the significant risks communicated to the Directors of Cemex Latam Holdings, S.A., we determine those that were of most significance in the audit of the annual accounts of the current period and which are therefore the most significant risks.

We describe these risks in our auditor’s report unless law or regulation precludes public disclosure about the matter.

KPMG Auditores, S.L.
On the Spanish Official Register of Auditors (“ROAC”) with No. S0702

(Signed on original in Spanish)

David Hernanz Sayans
On the Spanish Official Register of Auditors (“ROAC”) with No. 20236
March 23, 2018
CEMEX LATAM HOLDINGS, S.A.

Annual Accounts and Directors’ Report

December 31, 2017

(With Independent Auditor’s Report Thereon)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)
CEMEX LATAM HOLDINGS, S.A.
Balance Sheets
December 31, 2017 and 2016
(Expressed in thousands of Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

<table>
<thead>
<tr>
<th>Assets</th>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current investments in Group companies and associates</td>
<td></td>
<td>1,585,220</td>
<td>1,763,229</td>
</tr>
<tr>
<td>Equity instruments</td>
<td>7 and 13 (a)</td>
<td>1,585,220</td>
<td>1,763,229</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td></td>
<td>1,585,223</td>
<td>1,763,232</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td></td>
<td>14,679</td>
<td>77,535</td>
</tr>
<tr>
<td>Trade receivables from Group companies and associates</td>
<td>8 and 13 (a)</td>
<td>13,890</td>
<td>76,855</td>
</tr>
<tr>
<td>Personnel</td>
<td>21</td>
<td>23</td>
<td></td>
</tr>
<tr>
<td>Public entities, other</td>
<td>12</td>
<td>768</td>
<td>657</td>
</tr>
<tr>
<td><strong>Prepayments for current assets</strong></td>
<td></td>
<td>-</td>
<td>14</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td></td>
<td>501</td>
<td>908</td>
</tr>
<tr>
<td>Cash</td>
<td></td>
<td>501</td>
<td>908</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td></td>
<td>15,180</td>
<td>78,457</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>1,600,403</td>
<td>1,841,689</td>
</tr>
</tbody>
</table>

Equity and Liabilities

| Capital and reserves                  |      |             |             |
| Registered capital                    |      | 578,278     | 578,278     |
| Share premium                         |      | 728,266     | 728,266     |
| Treasury shares                       |      | (109,729)   | (110,614)   |
| Reserves                              |      | 159,798     | 92,104      |
| Profit for the year                   |      | 13,774      | 68,579      |
| Translation differences               |      | 53,813      | 253,775     |
| **Total equity**                      |      | 1,424,200   | 1,610,388   |

Payables to Group companies and associates, non-current

Payables to Group companies and associates, current

Trade and other payables

| Trade and other payables               |      |             |             |
| Other payables                         | 10   | 701         | 653         |
| Payables, Group companies and associates | 10 and 13 (a) | 677         | 6,383       |
| Personnel                              | 10   | 268         | 208         |
| Current tax liabilities                | 12   | 4,264       | 1,679       |
| Public entities, other                 | 12   | 196         | 263         |
| **Total current liabilities**          |      | 9,183       | 37,629      |

**Total equity and liabilities**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>1,600,403</th>
<th>1,841,689</th>
</tr>
</thead>
</table>

The accompanying notes form an integral part of the annual accounts for 2017.
CEMEX LATAM HOLDINGS, S.A.

Income Statements
for the years ended
December 31, 2017 and 2016

(Expressed in thousands of Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

<table>
<thead>
<tr>
<th>CONTINUING OPERATIONS</th>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>13 (b) and 14 (a)</td>
<td>96,369</td>
<td>120,757</td>
</tr>
<tr>
<td>Personnel expenses</td>
<td>14 (b)</td>
<td>(2,338)</td>
<td>(2,578)</td>
</tr>
<tr>
<td>Salaries, wages and similar costs</td>
<td>(1,944)</td>
<td>(2,174)</td>
<td></td>
</tr>
<tr>
<td>Employee benefits expense</td>
<td>(394)</td>
<td>(404)</td>
<td></td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>14 (c)</td>
<td>(56,845)</td>
<td>(61,155)</td>
</tr>
<tr>
<td>External services</td>
<td></td>
<td>(2,054)</td>
<td>(1,552)</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td></td>
<td>(54,791)</td>
<td>(59,603)</td>
</tr>
<tr>
<td><strong>Results from operating activities</strong></td>
<td></td>
<td><strong>37,186</strong></td>
<td><strong>57,024</strong></td>
</tr>
<tr>
<td>Finance costs</td>
<td>10</td>
<td>(12,150)</td>
<td>(12,538)</td>
</tr>
<tr>
<td>Payables to Group companies and associates</td>
<td>13 (b)</td>
<td>(12,149)</td>
<td>(12,535)</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>(1)</td>
<td>(3)</td>
</tr>
<tr>
<td>Exchange gains/(losses)</td>
<td></td>
<td>(354)</td>
<td>27</td>
</tr>
<tr>
<td>Impairment and gains/(losses) on disposal of financial instruments</td>
<td>7</td>
<td>-</td>
<td>43,170</td>
</tr>
<tr>
<td>Gains/(losses) on disposal and other</td>
<td></td>
<td>-</td>
<td>43,170</td>
</tr>
<tr>
<td><strong>Net finance income/(cost)</strong></td>
<td></td>
<td>(12,504)</td>
<td>30,659</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td></td>
<td><strong>24,682</strong></td>
<td><strong>87,683</strong></td>
</tr>
<tr>
<td>Income tax</td>
<td>12</td>
<td>(10,908)</td>
<td>(19,104)</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td></td>
<td><strong>13,774</strong></td>
<td><strong>68,579</strong></td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of the annual accounts for 2017.
CEMEX LATAM HOLDINGS, S.A.

Statements of Changes in Equity
for the years ended
December 31, 2017 and 2016

A) Statements of Recognized Income and Expense

(Expressed in thousands of Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the year</td>
<td>13,774</td>
<td>68,579</td>
</tr>
<tr>
<td>Income and expense recognized directly in equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Translation differences</td>
<td>(199,962)</td>
<td>52,775</td>
</tr>
<tr>
<td>Total income and expense recognized directly in equity</td>
<td>(199,962)</td>
<td>52,775</td>
</tr>
<tr>
<td>Total recognized income and expense</td>
<td>(186,188)</td>
<td>121,354</td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of the annual accounts for 2017.
CEMEX LATAM HOLDINGS, S.A.

Statements of Changes in Equity
for the years ended
December 31, 2017 and 2016

B) Statements of Total Changes in Equity
(Expressed in thousands of Euros)
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

<table>
<thead>
<tr>
<th>Registered capital</th>
<th>Share premium</th>
<th>Reserves</th>
<th>Profit for the year</th>
<th>Translation differences</th>
<th>Treasury shares</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balances at December 31, 2015</td>
<td>578,278</td>
<td>728,266</td>
<td>53,373</td>
<td>40,116</td>
<td>201,000</td>
<td>(112,002)</td>
</tr>
<tr>
<td>Recognized income and expense</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>68,579</td>
<td>52,775</td>
<td>-</td>
</tr>
<tr>
<td>Transactions with shareholders or owners</td>
<td>-</td>
<td>-</td>
<td>40,116</td>
<td>(40,116)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Distribution of profit for 2015</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,388</td>
</tr>
<tr>
<td>Other changes</td>
<td>-</td>
<td>-</td>
<td>(1,385)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Balances at December 31, 2016</td>
<td>578,278</td>
<td>728,266</td>
<td>92,104</td>
<td>68,579</td>
<td>253,775</td>
<td>(110,614)</td>
</tr>
<tr>
<td>Recognized income and expense</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>13,774</td>
<td>(199,962)</td>
<td>-</td>
</tr>
<tr>
<td>Transactions with shareholders or owners</td>
<td>-</td>
<td>-</td>
<td>68,579</td>
<td>(68,579)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Distribution of profit for 2016</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>885</td>
</tr>
<tr>
<td>Other changes</td>
<td>-</td>
<td>-</td>
<td>(885)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Balances at December 31, 2017</td>
<td>578,278</td>
<td>728,266</td>
<td>159,798</td>
<td>13,774</td>
<td>53,813</td>
<td>(109,729)</td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of the annual accounts for 2017.
### CEMEX LATAM HOLDINGS, S.A.

**Statements of Cash Flows**

for the years ended

December 31, 2017 and 2016

(Expressed in thousands of Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td>86,573</td>
<td>26,684</td>
</tr>
<tr>
<td>Profit for the year before tax</td>
<td>24,682</td>
<td>87,683</td>
</tr>
<tr>
<td>Adjustments to profit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance costs</td>
<td>10</td>
<td>12,150</td>
</tr>
<tr>
<td>(Gains)/losses on disposals of financial instruments</td>
<td>-</td>
<td>(43,170)</td>
</tr>
<tr>
<td>Exchange (gains)/losses</td>
<td>354</td>
<td>27</td>
</tr>
<tr>
<td>Other income and expenses</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities</td>
<td>55,531</td>
<td>(18,215)</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>55,190</td>
<td>(21,142)</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>348</td>
<td>2,856</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>(7)</td>
<td>71</td>
</tr>
<tr>
<td>Other cash flows used in operating activities</td>
<td>(6,144)</td>
<td>(12,128)</td>
</tr>
<tr>
<td>Interest paid</td>
<td>-</td>
<td>(4,885)</td>
</tr>
<tr>
<td>Income tax received/(paid)</td>
<td>(6,144)</td>
<td>(7,243)</td>
</tr>
<tr>
<td><strong>Cash flows used in investing activities</strong></td>
<td>(45,760)</td>
<td>(75,135)</td>
</tr>
<tr>
<td>Payments for investments</td>
<td>(45,760)</td>
<td>(75,135)</td>
</tr>
<tr>
<td>Group companies and associates</td>
<td>7</td>
<td>(45,760)</td>
</tr>
<tr>
<td><strong>Cash flows from (used in) financing activities</strong></td>
<td>(38,124)</td>
<td>49,716</td>
</tr>
<tr>
<td>Proceeds from and payments for financial liability instruments</td>
<td>98,691</td>
<td>101,181</td>
</tr>
<tr>
<td>Payables to Group companies and associates</td>
<td>98,691</td>
<td>101,181</td>
</tr>
<tr>
<td>Redemption and repayment of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables to Group companies and associates</td>
<td>(136,815)</td>
<td>(51,465)</td>
</tr>
<tr>
<td><strong>Effect of exchange rate fluctuations</strong></td>
<td>(3,096)</td>
<td>(975)</td>
</tr>
<tr>
<td><strong>Net increase/(decrease) in cash and cash equivalents</strong></td>
<td>(407)</td>
<td>290</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>908</td>
<td>618</td>
</tr>
<tr>
<td>Cash and cash equivalents at year end</td>
<td>501</td>
<td>908</td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of the annual accounts for 2017.
1. **Nature and Activities of the Company**

Cemex Latam Holdings, S.A. (hereinafter the “Company” or “Cemex Latam”) was incorporated on April 17, 2012 as a public limited liability company (“sociedad anónima”), for an unlimited period. Its registered office is located at Calle Hernández de Tejada, 1, in Madrid.

The statutory and principal activities of the Company consist of the management and administration of equity securities of entities not resident in Spain through the organization of material and human resources, as well as the subscription, buy-back, holding, use, management or disposal of securities and stakes in companies, except those subject to specific legislation.

Without prejudice to the foregoing, the Company’s statutory activity also includes the following activities:

- Rendering technical assistance, business management and support services to other companies in its group;
- Research and development in the field of construction materials;
- The manufacture, production, purchase, sale, distribution, transportation, marketing, export and import of cement, aggregates, concrete, mortar and any other construction materials, as well as any other product or activity directly or indirectly related to the cement industry and construction materials, and the exploration and operation of mines; and
- Management of all types of by-products and/or waste, in the broadest sense, including collection, transportation by road, sorting, recovery, marketing, treatment, conversion into fuel or raw materials, and disposal.

At December 31, 2017 and 2016 the first two activities listed above are carried out directly by the Company, while the activities described in the last two points are conducted through its subsidiaries.

As detailed in note 13 (b), a significant part of the Company’s transactions are with related parties.
As explained in note 7, the Company has investments in subsidiaries and associates, and is the parent of a group of companies located in Colombia, Panama, Costa Rica, Nicaragua, Guatemala, El Salvador and Brazil (hereinafter “the Group” or “the Cemex Latam Group”), engaged mainly in the manufacture of cement, concrete and mortar, the extraction of aggregates, and the sale and distribution of the products extracted and manufactured. For the purposes of clarification, (i) the definition provided in this document for the terms “Group” and “Cemex Latam Group” is not contained in the provisions of Title VII, Chapter VI of Income Tax Law 27/2014 of November 27, 2014 on consolidated tax groups, and (ii) although the Company is the parent of a group of companies as defined under legislation in force, and therefore obliged to file consolidated annual accounts, it does not prepare consolidated annual accounts in Spain because the group of which it is the parent forms part of a Spanish group headed by Cemex España, S.A. (hereinafter the “Cemex España Group” or “Cemex España”), which presents consolidated annual accounts pursuant to article 43.2 of the Spanish Code of Commerce. Cemex España’s registered office is located at Calle Hernández de Tejada, 1, in Madrid. Cemex España’s consolidated annual accounts will be filed at the Madrid Mercantile Registry.

As stated in section c) below, the Company’s shares were admitted to trading on the Colombian Stock Exchange (“BVC”) on November 16, 2012. As a Spanish company, Cemex Latam is governed by the Spanish Companies Act, as well as its Bylaws, the Regulations of the General Shareholders Meeting, the Regulations of the Board of Directors and other rules approved by the Company’s internal governing bodies. As Cemex Latam is not a listed Spanish corporation, it is not subject to Spanish corporate governance regulations applicable to corporations listed in Spain. Because it is not a Colombian company, neither is it required to abide by the best practice recommendations applicable to Colombian companies listed on Colombia’s stock exchange. However, Cemex Latam decided to voluntarily comply with the key best practices included in the former Spanish Unified Good Governance Code and has decided to comply with the same practices in the current Spanish Good Governance Code, as well as the best practices applicable to Colombian listed companies. Since its admission to trading, Cemex Latam has brought its corporate governance system into line with Spanish and international best practices.

The Company is part of the Cemex Group (hereinafter the Cemex Group), the ultimate parent of which is Cemex, S.A.B. de C.V. (hereinafter Cemex), which is domiciled in Monterrey (Mexico) and listed on the Mexican Stock Exchange (BMV) and the New York Stock Exchange (NYSE).

(Continued)
Relevant event and changes in management and corporate governance

In relation to the construction of a new cement plant in Maceo, in the Antioquia department of Colombia, in 2016 Cemex received reports through its whistle-blowing channel of possible deficiencies in the land purchasing process. Through investigation and internal audit, in accordance with its corporate governance policy and code of ethics, Cemex and the Company were able to confirm that there were irregularities in this process. As a result, on September 23, 2016 the Cemex Latam Group and Cemex Colombia, S.A. decided to terminate the labor relationship with the Vice President of Planning of the Cemex Latam Group and Cemex Colombia, S.A. and with the Director of Legal Affairs of the Cemex Latam Group and Cemex Colombia, S.A., and accepted the resignation tendered by the CEO of the Cemex Latam Group and President of Cemex Colombia, S.A. to facilitate the investigations. To reinforce leadership, management and corporate best practice, in October 2016 the Company's Board of Directors decided to segregate the roles of Chairman of the Board of Directors, Company CEO and Director of Cemex Colombia, S.A., immediately making the pertinent appointments to these posts. Moreover, at the request of the respective Audit Committees of Cemex and the Company, an audit firm specialized in forensic audit was hired to conduct an independent investigation of the Maceo project. Cemex Colombia, S.A. and the Company also hired a firm of external lawyers to assist the Company and Cemex Colombia, S.A. in cooperating, as required, with the Colombian Public Prosecutor's Office, while the management brought in a firm of external lawyers for its own advisory purposes.

Specifically as regards ongoing efforts to remedy the irregularities arising in the purchasing process for the land and other assets related with construction of the plant, and taking into consideration the investigations and internal audits as well as the advice received from its external advisors, the Cemex Latam Group continues with its initiatives aimed at resolving the internal control weakness in unusual and significant transactions, which CEMEX, S.A.B. de C.V. and the Group have classified as a material weakness. At December 31, 2017 the remedial initiatives implemented by CEMEX, S.A.B. de C.V. and the Company, with the approval of the Audit Committee and the Board of Directors of the Company, included the new policy for approving significant unusual transactions, creation of a committee to supervise projects that entail substantial investment, reinforcement of internal audit procedures and enhancement of existing controls used for monitoring purposes so as to operate at a sufficiently accurate level. As already stated, at December 31, 2017 the remedial activities had been fully implemented. However, the design, implementation and effectiveness of these initiatives is currently being assessed, and the material weakness in the internal controls cannot be deemed resolved until management of Cemex Latam concludes that the remedial controls have been operating effectively for a sufficient length of time. The Company does not consider that this weakness has had a material impact on the financial statements previously issued by Cemex Latam.

(Continued)
(b) Incorporation of a Branch in Switzerland

On August 1, 2012, the Company resolved to set up a branch in Switzerland (hereinafter the “Branch”). The Branch operates under the name “Cemex Latam Holdings, S.A. Madrid, Swiss Branch Brügg” and its assets, liabilities, expenses and income form an integral part of the Company’s annual accounts. Details at December 31, 2017 and 2016 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Thousands of Euros</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>Current assets</td>
<td>217,929</td>
</tr>
<tr>
<td>Total assets</td>
<td>217,929</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>5,088</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>5,088</td>
</tr>
<tr>
<td>Reserves</td>
<td>186,437</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>28,323</td>
</tr>
<tr>
<td>Translation differences</td>
<td>(1,919)</td>
</tr>
<tr>
<td>Total equity and liabilities</td>
<td>217,929</td>
</tr>
</tbody>
</table>

Total assets include the Branch's balances vis-à-vis its parent, amounting to Euros 204,308 thousand at December 31, 2017 (Euros 183,478 thousand at December 31, 2016), which are eliminated when drawing up the Company's annual accounts.

The Branch’s principal activity is the licensing, use, development, maintenance and protection of the Cemex Latam Group’s intellectual and industrial property rights. Its activity also includes the provision of technical assistance and management services.

The Branch keeps its own accounts, books and ledgers under Swiss accounting principles independently and separately from the Company's accounts. However, the legal person being one and the same, its results are integrated into the accompanying accounts.

(c) Initial public offering

On November 15, 2012, the Company completed its initial public offering on the Colombian Stock Exchange (BVC) of 170,388,000 new ordinary shares at a price of Colombian Pesos 12,250 (US Dollars 6.75) per share. The Company’s shares are listed on the BVC under the ticker CLH. At December 31, 2017, Cemex España, S.A. holds approximately 73.25% of the outstanding ordinary shares of the Company, excluding treasury shares.
(2) **Basis of Presentation**

(a) **True and fair view**

The accompanying annual accounts have been prepared on the basis of the accounting records of Cemex Latam and of its Branch in accordance with prevailing legislation and the Spanish General Chart of Accounts, to present fairly the equity and financial position at December 31, 2017 and results of operations, changes in equity, and cash flows for the reporting period then ended.

The Board of Directors considers that the annual accounts for 2017, authorized for issue on March 19, 2018, will be approved with no changes by the shareholders at their annual general meeting.

In addition, as a foreign issuer of securities on the BVC and in accordance with Colombian securities exchange rules, the Company presents separate (individual) and consolidated financial statements under International Financial Reporting Standards as issued by the International Accounting Standards Board (“IASB”). The financial statements were approved by the Company’s Board of Directors on February 7, 2018 and filed with the Financial Superintendency of Colombia (“SFC” – the Colombian securities market regulator). Those financial statements are not submitted to the shareholders for approval at the annual general meeting. However, they may be consulted on the Company’s website ([www.cemexlatam.com](http://www.cemexlatam.com)) in the Reports Archive section of the Investor Center tab.

(b) **Comparative information**

The balance sheet, income statement, statement of changes in equity, statement of cash flows and the notes thereto for 2017 include comparative figures for 2016, which formed part of the annual accounts approved by shareholders at the annual general meeting held on June 29, 2017.

(c) **Functional and presentation currency**

The figures disclosed in the annual accounts are expressed in thousands of Euros, rounded off to the nearest thousand. The Company’s functional currency is the US Dollar, as this is the currency in which most of its transactions are carried out.

The following criteria were applied when translating the functional currency to Euros:

- Assets and liabilities are translated at the closing rate at the reporting date.
- Income and expenses are translated at the average exchange rate for the period.
- Exchange gains and losses arising from application of the above criteria are recognized as translation differences in equity.
Critical issues regarding the valuation and estimation of relevant uncertainties and judgments used when applying accounting principles

Relevant accounting estimates and judgments and other estimates and assumptions have to be made when applying the Company’s accounting principles to prepare the annual accounts. A summary of the items requiring a greater degree of judgment or which are more complex, or where the assumptions and estimates made are significant to the preparation of the annual accounts, is as follows:

The annual accounts of the Company for the years ended December 31, 2017 and 2016 reflect the estimates calculated by Company management and the Cemex Group to measure certain assets, liabilities and commitments disclosed therein. Estimates affecting the most significant items relate to impairment of investments in Group companies and associates, and the projections supporting recognition of tax credits for tax loss carryforwards.

The Company tests investments in Group companies and associates for impairment on an annual basis when there are indications of impairment. Calculating the recoverable amount of these investments requires the Cemex Group to use estimates. The recoverable amount is the higher of fair value less costs to sell and value in use. The Cemex Group determines value in use by applying discounted cash flow methods, which are generally based on the future projections in the budgets approved by the Cemex Group.

The flows take into consideration past experience and represent the Cemex Group’s best estimate of future market performance. From the final year cash flows are extrapolated using perpetual growth rates. The key assumptions employed when determining fair value less costs to sell and value in use include growth rates, the weighted average cost of capital and tax rates. The estimates, including the methodology used, could have a significant impact on values and impairment.

Tax projections are determined based on the budgets approved by the Board of Directors and other estimates prepared by the Company's different departments. These projections, which encompass a maximum period of 10 years, take into consideration past experience and represent management’s best estimate of future market performance.

Although the estimates made by the Company’s Board of Directors were based on the best information available at December 31, 2017, future events may require changes to these estimates in future reporting periods. Any effect on the annual accounts of adjustments to be made in subsequent years would be recognized prospectively.
(3) Distribution of Profit

The distribution of the Euros 68,578,718.55 profit for the year ended December 31, 2016, proposed by the Board of Directors and approved by the shareholders at their annual general meeting on June 29, 2017, was as follows:

<table>
<thead>
<tr>
<th>Distribution</th>
<th>Euros</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal reserve</td>
<td>6,857,871.85</td>
</tr>
<tr>
<td>Voluntary reserves</td>
<td>61,720,846.70</td>
</tr>
<tr>
<td></td>
<td>68,578,718.55</td>
</tr>
</tbody>
</table>

The Board of Directors will propose to the shareholders at their annual general meeting that the Euros 13,773,636.33 profit for the year ended December 31, 2017 be distributed as follows:

<table>
<thead>
<tr>
<th>Distribution</th>
<th>Euros</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal reserve</td>
<td>1,377,363.63</td>
</tr>
<tr>
<td>Voluntary reserves</td>
<td>12,396,272.70</td>
</tr>
<tr>
<td></td>
<td>13,773,636.33</td>
</tr>
</tbody>
</table>

The Company’s freely distributable reserves are nonetheless subject to the legal limits. Dividends may not be distributed if equity would be less than share capital as a result. Moreover, the distribution of dividends by the Company with a charge to reserves is subject to the limits set out in the Framework Agreement, as explained in note 16.

(4) Significant Accounting Policies

(a) Leases

The Company has rights to use certain assets through lease contracts.

Leases in which, upon inception, the Company assumes substantially all the risks and rewards incidental to ownership are classified as finance leases, otherwise they are classified as operating leases.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

(Continued)
(b) **Financial instruments**

The Company recognizes financial instruments when it becomes party to the contract or legal transaction, in accordance with the terms set out therein.

Debt instruments are recognized from the date on which the legal right to receive or legal obligation to pay cash arises. Financial liabilities are recognized at the trade date.

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument.

The Company classifies financial instruments into different categories based on the nature of the instruments and the Company's intentions on initial recognition.

A financial asset and a financial liability are offset only when the Company currently has the legally enforceable right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(i) **Loans and receivables**

These assets mainly include receivables from Group companies and are initially recognized at fair value, including transaction costs, and subsequently measured at amortized cost using the effective interest method. Nevertheless, financial assets which have no established interest rate, which mature or are expected to be received in the short term, and for which the effect of discounting is immaterial, are measured at their nominal amount.

(ii) **Investments in Group companies and associates**

Group companies are those over which the Company, either directly, or indirectly through subsidiaries, exercises control as defined in article 42 of the Spanish Code of Commerce, or when the companies are controlled by one or more individuals or entities acting jointly or under the same management through contractual agreements or statutory clauses.

Control is the power to govern the financial and operating policies of an entity or business so as to obtain benefits from its activities. In assessing control, potential voting rights held by the Company or other entities that are exercisable or convertible at the end of each reporting period are considered.

Investments in Group companies are initially recognized at cost, which is equivalent to the fair value of the consideration given net of transaction costs, and are subsequently measured at cost net of any accumulated impairment.

The Company assesses its investments in Group companies to determine whether there is any indication of impairment, recognizing an impairment loss where the carrying amount exceeds the recoverable amount.

(Continued)
Dividends from investments in equity instruments are recognized when the Company is entitled to receive them. If the dividends are clearly derived from profits generated prior to the acquisition date because amounts higher than the profits generated by the investment since acquisition have been distributed, the carrying amount of the investment is reduced.

(iii) **Derecognition and modification of financial assets**

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received, net of transaction costs, including any new asset obtained less any new liability assumed and any cumulative gain or loss deferred in recognized income and expense, is recorded in profit or loss. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the consideration received is recognized in liabilities. Transaction costs are recognized in profit and loss using the effective interest method.

(iv) **Impairment of financial assets**

A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and the event or events have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Company recognizes impairment of loans and receivables and debt instruments when estimated future cash flows are reduced or delayed due to debtor insolvency.

For equity instruments, objective evidence of impairment exists when the carrying amount of an asset is uncollectible due to a significant or prolonged decline in its fair value.

(v) **Financial liabilities**

Financial liabilities mainly include payables to Group companies and trade payables and are recognized initially at fair value less any directly attributable transaction costs. After initial recognition, liabilities classified under this category are measured at amortized cost.

Nevertheless, financial liabilities which have no established interest rate, which mature or are expected to be settled in the short term, and for which the effect of discounting is immaterial, are measured at their nominal amount.

(vi) **Derecognition and modification of financial liabilities**

The Company derecognizes all or part of a financial liability when it either discharges the liability by paying the creditor, or is legally released from primary responsibility for the liability either by process of law or by the creditor.
(c) **Own equity instruments**

Equity instruments acquired by the Company are shown separately at cost of acquisition as a reduction in capital and reserves in the balance sheet. Any gains or losses on transactions with own equity instruments are not recognized in profit or loss.

Transaction costs related to own equity instruments are accounted for as a reduction in reserves, net of any tax effect.

(d) **Cash and cash equivalents**

Cash and cash equivalents include cash on hand and demand deposits in financial institutions.

(e) **Defined contribution plans**

The Company recognizes the contributions payable to a defined contribution plan in exchange for a service when an employee has rendered services. The contributions payable are recognized as an expense for the period, and as a liability after deducting any contribution already paid.

(f) **Revenues from the rendering of services**

Cemex Latam’s revenues represent the pre-VAT value of royalties paid by its direct and indirect subsidiaries for the use of intangible assets, trademarks and management services of Cemex under licensing agreements arranged through the Branch in Switzerland. These revenues are measured at the fair value of the consideration received or receivable and are recognized once the corresponding service has been provided.

(g) **Income tax**

The income tax expense or tax income for the year comprises current tax and deferred tax.

Current tax assets or liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

Current and deferred tax are recognized as income or an expense and included in profit or loss for the year, except to the extent that the tax arises from a transaction or event which is recognized, in the same or a different year, directly in equity, or from a business combination.

The Company has elected to file tax under the tax regime for entities holding foreign securities (“ETVEs” in the Spanish acronym), having sent the Spanish Ministry of Finance the pertinent notification on November 28, 2012. ETVEs are defined as entities whose corporate purpose consists of managing and administering equity securities of entities not resident in Spain through the organization of material and human resources. Such entities are regulated under Chapter XIII of Income Tax Law 27/2014 of November 27, 2014.
The Company files consolidated tax returns with its principal shareholder, Cemex España, S.A., and with the latter’s subsidiaries, Cemex España Operaciones, S.L.U., Corporación Cementera Latinoamericana, S.L.U., CCL Business Holdings S.L.U., Cementos de Andorra, S.A., Business Material Funding, S.L., Macoris Investments, Solvades S.L.U., Cemex Ventures España, S.L.U. and Cemex España Gestión y Servicios, S.L.U. The Company recognizes income tax payable or recoverable with a debit or credit to receivables from or payables to Group companies in accordance with the figures included in the consolidated income tax return.

The Company only recognizes deferred tax assets when it is probable that future taxable profit will be generated against which they may be offset within the period stipulated in applicable tax legislation, up to a maximum period of ten years, unless there is evidence that their recovery in a longer period of time is probable and tax legislation provides for their utilization in a longer period or stipulates no time limit for their utilization.

It is considered probable that the Company will generate sufficient taxable profit to recover deferred tax assets when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which are expected to reverse in the same tax period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from a deductible temporary difference can be carried back or forward.

In order to determine future taxable profit the Company takes into account tax planning opportunities, provided it intends or is likely to adopt them.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the years when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted. The tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amount of its assets or liabilities are also reflected in the measurement of deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognized in the balance sheet under non-current assets or liabilities, irrespective of the expected date of recovery or settlement.

(h) **Share-based payment transactions**

On January 16, 2013, having received a report from the Appointments and Remuneration Committee approving the initiative, the Company’s Board of Directors approved a long-term incentive scheme for certain Cemex Latam Group executives in the form of an annual remuneration program with payment in Company shares, effective from January 1, 2013.

The cost associated with this long-term incentive scheme is the fair value of the shares at the delivery date and is recognized in the income statements of the Cemex Latam Group companies in which the executives adhering to the scheme render their services. The shares underlying the scheme, which are treasury shares of the Company, are delivered fully paid-in over a period of four years under each annual program. The Company recognizes a reduction in treasury shares with a charge to other capital reserves in the amount of the shares delivered to the executives at the delivery date thereof.
CEMEX LATAM HOLDINGS, S.A.

Notes to the Annual Accounts

(i) Classification of assets and liabilities as current and non-current

The Company classifies assets and liabilities in the balance sheet as current and non-current. Assets and liabilities are classified as current when they are expected to be realized or settled within 12 months after the reporting date. All other assets and liabilities are classified as non-current.

(j) Transactions between Group companies

Transactions between Group companies are recognized at the fair value of the consideration given or received. Any difference between this value and the amount agreed is recognized in line with the underlying economic substance of the transaction.

(k) Foreign currency transactions, balances and cash flows

Foreign currency transactions have been translated to US Dollars using the spot exchange rate applicable at the transaction date.

Monetary assets and liabilities denominated in foreign currencies have been translated to US Dollars at the closing rate, while non-monetary assets and liabilities measured at historical cost have been translated at the exchange rate applicable at the transaction date.

In the statement of cash flows, cash flows from foreign currency transactions have been translated to US Dollars at the exchange rates at the dates the cash flows occur.

The effect of exchange rate fluctuations on cash and cash equivalents denominated in foreign currencies is recognized separately in the statement of cash flows as effect of exchange rate fluctuations.

Exchange gains and losses arising on the settlement of foreign currency transactions and the translation to US Dollars of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

(5) Operating Leases - Lessee

Since July 1, 2012 the Company has rented 100m² of space in a building located at Calle Hernández de Tejada, 1 (Madrid) from Cemex España, S.A. under an operating lease. On September 29, 2015, due to Cemex España, S.A. selling the buildings in which the aforementioned space is located to Hermandad Nacional de Arquitectos Superiores y Químicos, Mutualidad de Previsión Social a Prima Fija, and the ensuing lease agreement between the two parties, the Company entered into a new sublease agreement, as sublessee, with Cemex España, S.A. for rental of that same space. The previous lease agreement was therefore terminated. On June 12, 2017 the sublease agreement was amended to reduce the leased surface area and the associated rent, in line with the Company's needs. The remaining terms and conditions of the sublease agreement are unchanged. The new sublease agreement has a term of 10 years and may be extended for two additional periods of two and three years, respectively.

Similarly, since November 2012 the Swiss Branch has leased 300m² of office space from Cemex Research Group AG (CRG) in Brügg, Switzerland. On September 1, 2017, following the amendment of the aforementioned agreement with the consent of the parties, the lease was
extended for a further five years, and is automatically renewable for additional one-year periods unless either of the parties gives written notice to the contrary one month in advance of the expiry date of the period in question.

Operating lease payments recognized as expenses amounted to Euros 147 thousand in 2017 and Euros 149 thousand in 2016.

Projected future minimum payments under non-cancelable operating leases are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Thousands of Euros</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>Up to one year</td>
<td>137</td>
</tr>
<tr>
<td>One to five years</td>
<td>533</td>
</tr>
<tr>
<td>More than five years</td>
<td>98</td>
</tr>
<tr>
<td></td>
<td>769</td>
</tr>
</tbody>
</table>

(6) Risk Management Policy

The Company’s activities are exposed to various financial risks, primarily liquidity risk, cash flow interest rate risk and capital risk. The Company’s global risk management program focuses on uncertainties in its sector of operations and in financial markets, and aims to minimize the potentially adverse effects on the Company’s financial performance.

The Company’s Finance and Management departments (“Comptroller, Internal Control and Internal Audit”) work in coordination to jointly oversee the management of the Company’s risks based on the policies, procedures and systems (“the Policies and Systems”) in place and/or adopted specifically by the Company and other Cemex Latam Group companies. The strategic planning, tax and legal areas are also involved in the process. These departments identify, measure and manage the operating and financial risks to which the Company is exposed, in close collaboration with other Group areas and always under the supervision of the Company’s senior management.

The Audit Committee is responsible for supervising the effectiveness of the Company’s internal control and for managing corporate risks directly, in line with the duties expressly conferred on it in the Regulations of the Board of Directors. The Audit Committee is assisted in this task by the Company’s Internal Audit area, which reports to the Committee. The Board of Directors is ultimately responsible for the appropriate management of the Company’s risks, approving and defining suitable guidelines and policies, subject to a prior report by the Audit Committee.

The key indicators of the effectiveness of the Company’s internal control and corporate risk management are detailed in the pertinent sections of the Annual Corporate Governance Report, which is attached as an Appendix to the Directors’ Report.
(a) **Liquidity risk**

The Company applies a prudent policy to cover its liquidity risks based on having sufficient cash, as well as sufficient financing through credit facilities. One of the objectives of the Company’s and the Cemex Group’s Treasury department is to maintain flexible financing through drawdowns on credit facilities arranged with Cemex Group companies. Details of financial liabilities by contractual maturity date are provided in notes 10 and 11 (b).

(b) **Cash flow interest rate risk**

The Company is exposed to interest rate risk from borrowings (loans and credit facilities) vis-à-vis Cemex Group companies. Fixed-rate loans are exposed to fair value interest rate risk, and are subject to review by the Cemex Group to confirm whether market interest rates are being used.

(c) **Capital risk**

At December 31, 2017 and 2016 the Company has no financial instruments or transactions involving treasury shares or shares of Cemex S.A.B. de C.V. or third parties, except the share-based payment plans granted to executives. As such, the Company does not expect any changes in forecast cash flows due to variations in share prices.

(7) **Investments in Equity Instruments of Group Companies and Associates**

Information on equity investments in Group companies and associates is provided in Appendices I and II. At December 31, 2017 and 2016 no indications of impairment have been identified and no impairment has been recognized for investments.

Details of and movement in investments in Group companies and associates in 2017 and 2016 are as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporación Cementera Latinoamericana, S.L.U.</td>
<td>1,763,046</td>
<td>45,760</td>
<td>(223,747)</td>
<td>1,585,059</td>
</tr>
<tr>
<td>Equipos Para Uso de Guatemala, S.A.</td>
<td>107</td>
<td>-</td>
<td>(13)</td>
<td>94</td>
</tr>
<tr>
<td>Inversiones Secoya, S.A.</td>
<td>76</td>
<td>-</td>
<td>(9)</td>
<td>67</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,763,229</strong></td>
<td><strong>45,760</strong></td>
<td><strong>(223,769)</strong></td>
<td><strong>1,585,220</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporación Cementera Latinoamericana, S.L.U.</td>
<td>1,630,728</td>
<td>75,135</td>
<td>57,183</td>
<td>1,763,046</td>
</tr>
<tr>
<td>Equipos Para Uso de Guatemala, S.A.</td>
<td>104</td>
<td>-</td>
<td>3</td>
<td>107</td>
</tr>
<tr>
<td>Maverick RE Ltd.</td>
<td>460</td>
<td>(453)</td>
<td>(7)</td>
<td>-</td>
</tr>
<tr>
<td>Inversiones Secoya, S.A.</td>
<td>74</td>
<td>-</td>
<td>2</td>
<td>76</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,631,366</strong></td>
<td><strong>74,682</strong></td>
<td><strong>57,181</strong></td>
<td><strong>1,763,229</strong></td>
</tr>
</tbody>
</table>

(*) The Company’s equity investments in Cemex El Salvador, S.A. de C.V., Cemex Transportes de Colombia, S.A., Cimento Vencemos Do Amazonas, Ltda., Cemex Guatemala, S.A. (formerly Global Cement, S.A.) and Central de Mezclas, S.A. are not listed in the above table because the amounts are less than one thousand Euros.
In 2017 the Company increased its investment in Corporación Cementera Latinoamericana, S.L.U. by Euros 45,760 thousand (Euros 75,135 thousand in 2016) by way of contributions made to offset this subsidiary’s losses.

On December 30, 2016 the Company sold 100% of its investment in Maverick RE Ltd. to Apollo RE, Ltd, a Cemex Latam Group company, for a sale price of Euros 43,623 thousand (US Dollars 48,133 thousand). This transaction generated a gain of Euros 43,170 thousand (US Dollars 47,633 thousand), which was recognized under “Impairment and gains/(losses) on disposal of financial instruments” at December 31, 2016. Subsequently, on November 27, 2017, Maverick RE, Ltd (absorbed company) merged with and into Apollo RE, Ltd. (absorbing company). The absorbed company was dissolved and all of its rights and obligations were transferred to the absorbing company.

The functional currencies of foreign operations are the currencies of the countries in which they are domiciled.

(8) Financial Assets by Category

Financial assets classified as current at December 31, 2017 and 2016, broken down by category and class, except for equity investments in Group companies and associates, are as follows:

<table>
<thead>
<tr>
<th></th>
<th>At amortized cost or cost</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td></td>
</tr>
<tr>
<td>Trade receivables from Group companies and associates (note 13 (a))</td>
<td>13,890</td>
</tr>
<tr>
<td>Personnel</td>
<td>21</td>
</tr>
<tr>
<td></td>
<td>13,911</td>
</tr>
</tbody>
</table>

The carrying amount of trade and other receivables does not differ significantly from their fair value.

Trade receivables from Group companies and associates reflect the balances receivable from the Cemex Latam Group subsidiaries to which the Company charges royalties for use of intangible assets, trademarks and Cemex management services provided through the Swiss Branch. Moreover, at December 31, 2016 this balance includes the amount receivable from Apollo RE, Ltd., a Cemex Latam Group company, for the sale of Maverick RE, Ltd, amounting to Euros 43,623 thousand (see note 7).

(9) Equity

Details of equity and movement during the year are shown in the statement of changes in equity.

(a) Capital

At December 31, 2017 and 2016 the Company’s share capital amounts to Euros 578,278,342, represented by 578,278,342 ordinary shares with a par value of Euros 1 each. All the shares are subscribed and fully paid in.

(Continued)
The Company’s shares are listed on the BVC under the ticker CLH.

(b) **Share premium**

The share premium includes contributions made by shareholders where shares are issued above par.

The share premium is unrestricted, unless there are negative reserves or losses that reduce equity to below share capital.

(c) **Reserves**

Details of reserves and profit/loss and movement during the year are shown in Appendix III.

(i) **Legal reserve**

The legal reserve has been appropriated in compliance with article 274 of the Spanish Companies Act, which requires that companies transfer 10% of profits for the year to a legal reserve until this reserve reaches an amount equal to 20% of share capital.

The legal reserve is not distributable to shareholders and if it is used to offset losses, in the event that no other reserves are available, the reserve must be replenished with future profits.

(ii) **Voluntary reserves**

The Company’s voluntary reserves are freely distributable, subject to the legal limits. Dividends may not be distributed if equity would be less than share capital as a result.

(iii) **Other reserves**

Other reserves include the cumulative effect of items and transactions recognized directly in equity.

In 2017 and 2016, other reserves were reduced by Euros 885 thousand and Euros 1,385 thousand, respectively, primarily as a result of transactions involving own equity instruments in relation to the Company shares delivered to executives of the Cemex Latam Group under the share-based payment plans.

(d) **Treasury shares**

At December 31, 2017 and 2016 the Company holds 21,457,624 and 21,630,605 treasury shares, respectively.

In 2017 and 2016, treasury shares were reduced by Euros 885 thousand and Euros 1,388 thousand, respectively, as a result of the shares delivered to executives of the Cemex Latam Group under the aforementioned share-based payment plans (see note 4 (h)).
(10) Financial Liabilities by Category

The classification of financial liabilities by category and class at December 31, 2017 and 2016 is as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Non-current</td>
<td>Current</td>
</tr>
<tr>
<td>Payables to Group companies and associates</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed-rate loans (note 11)</td>
<td>73,196</td>
<td>-</td>
</tr>
<tr>
<td>Fixed-rate credit facilities (note 11)</td>
<td>93,824</td>
<td>-</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>3,077</td>
<td>3,077</td>
</tr>
<tr>
<td></td>
<td>167,020</td>
<td>3,077</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other payables</td>
<td>-</td>
<td>701</td>
</tr>
<tr>
<td>Payables, Group companies and associates</td>
<td>-</td>
<td>677</td>
</tr>
<tr>
<td>Personnel</td>
<td>-</td>
<td>268</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>1,646</td>
</tr>
<tr>
<td></td>
<td>167,020</td>
<td>4,723</td>
</tr>
</tbody>
</table>

Debts and payables, for both trade and non-trade transactions, are measured at amortized cost or cost, which is a reasonable approximation of fair value.

At December 31, 2016, “Payables, Group companies and associates” essentially reflect the balance payable to Cemex España in respect of the Company’s current tax expense for 2016, which is offset against tax losses of the companies in the tax group together with which the Company files tax returns in Spain, and of which Cemex España is the parent (see note 12).

Details of gains and losses on financial liabilities recognized in the income statement in 2017 and 2016 are as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance costs at amortized cost</td>
<td>12,150</td>
<td>12,538</td>
</tr>
</tbody>
</table>

(Continued)
(11) Payables and Trade Payables

(a) Main characteristics of financial debt:

The terms and conditions of loans and financial debt at December 31, 2017 and 2016 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Currency</th>
<th>% effective and nominal rate</th>
<th>Start</th>
<th>Maturity</th>
<th>Nominal amount in original currency (thousands)</th>
<th>Current</th>
<th>Non-current</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2017</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Group companies and associates</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed-rate loans</td>
<td>USD</td>
<td>5.65%</td>
<td>2012</td>
<td>2023</td>
<td>229,507</td>
<td>-</td>
<td>73,196</td>
</tr>
<tr>
<td>New Sunward Holding, B.V.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed-rate credit facilities</td>
<td>USD</td>
<td>5.65%</td>
<td>2012</td>
<td>2023</td>
<td>300,000</td>
<td>-</td>
<td>93,824</td>
</tr>
<tr>
<td>New Sunward Holding, B.V.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-</td>
<td>167,020</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Currency</th>
<th>% effective and nominal rate</th>
<th>Start</th>
<th>Maturity</th>
<th>Nominal amount in original currency (thousands)</th>
<th>Current</th>
<th>Non-current</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2016</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Group companies and associates</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed-rate loans</td>
<td>USD</td>
<td>7%</td>
<td>2012</td>
<td>2018</td>
<td>1,150,000</td>
<td>26,119</td>
<td>26,378</td>
</tr>
<tr>
<td>New Sunward Holding, B.V.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed-rate credit facilities</td>
<td>USD</td>
<td>7%</td>
<td>2012</td>
<td>2018</td>
<td>220,000</td>
<td>-</td>
<td>167,294</td>
</tr>
<tr>
<td>New Sunward Holding, B.V.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>26,119</td>
<td>193,672</td>
</tr>
</tbody>
</table>

On February 24, 2017, the Company refinanced its debt to New Sunward Holding, B.V. by extending the maturity date to 2023 and reducing the interest rate from 7% to 5.65%, in accordance with market conditions at the renegotiation date. By changing these credit agreements the Company incurred renegotiation expenses of approximately Euros 3,410 thousand (US Dollars 3,867 thousand), which are deferred in debt on a net basis, over the term of the debt.
(b) Classification of non-current financial liabilities by maturity

At December 31, 2017 and 2016 the classification by maturity of non-current financial liabilities, all of which are payables to Group companies and associates, is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Thousands of Euros</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>Two years</td>
<td>-</td>
</tr>
<tr>
<td>Six years</td>
<td>167,020</td>
</tr>
<tr>
<td></td>
<td>167,020</td>
</tr>
</tbody>
</table>

(c) Average supplier payment period. “Reporting requirement”, second additional provision of Law 3/2014 of December 3, 2014

Details of the average supplier payment period are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average supplier payment period</td>
<td>62</td>
<td>17</td>
</tr>
<tr>
<td>Transactions paid ratio</td>
<td>62</td>
<td>17</td>
</tr>
<tr>
<td>Transactions payable ratio</td>
<td>12</td>
<td>17</td>
</tr>
<tr>
<td>Total payments made</td>
<td>58,094</td>
<td>70,374</td>
</tr>
<tr>
<td>Total payments outstanding</td>
<td>71</td>
<td>272</td>
</tr>
</tbody>
</table>
(12) **Taxation**

Details of current balances vis-à-vis public entities at December 31, 2017 and 2016 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Thousands of Euros</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
</tr>
<tr>
<td>Value added tax and similar taxes</td>
<td>768</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
</tr>
<tr>
<td>Current tax liabilities</td>
<td>4,264</td>
</tr>
<tr>
<td>Social Security</td>
<td>102</td>
</tr>
<tr>
<td>Withholdings</td>
<td>94</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,460</td>
</tr>
</tbody>
</table>

Details by company of intercompany receivables and payables resulting from the tax effect of filing consolidated tax returns are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Thousands of Euros</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
</tr>
<tr>
<td>Cemex España, S.A.</td>
<td>57</td>
</tr>
</tbody>
</table>

In accordance with current legislation, taxes cannot be considered definitive until they have been inspected by the taxation authorities or before the four-year inspection period has elapsed.

In accordance with Spanish corporate income tax legislation, losses declared may be carried forward to be offset against profits of future accounting periods, indefinitely. Losses are offset when the tax return is filed, without prejudice to the taxation authorities’ power of inspection. However, on December 3, 2016 *Royal Decree-Law 3/2016 of December 2, 2016, adopting tax-related measures aimed at consolidating public finances and other urgent welfare measures*, was published. Pursuant to this legislation, among other tax matters, with effect from January 1, 2016 tax losses may be offset up to a limit of 25% of taxable income before application of the carryforward.

The Company files consolidated income tax returns with its main shareholder, Cemex España, S.A., and the other Cemex Group entities that are resident in Spain for tax purposes. The standard rate of tax is 25%, which may be reduced by certain credits.

The Company is also subject to the tax regime applicable to entities holding foreign securities, in accordance with Title VII, Chapter XIII of Spanish Income Tax Law 27/2014 of November 27, 2014. Under this regime, dividends paid by the Company to shareholders not resident in Spain are not subject to taxation in Spain, unless the shareholder is a resident of a tax haven as defined in Spanish taxation terms, and provided that the dividends originate from tax-exempt income of the Company.

(Continued)
The Branch in Switzerland is a permanent establishment there for the purposes of the double taxation treaty between Switzerland and Spain, and is subject to Swiss tax legislation. It is liable for Swiss corporate income tax, which has a nominal rate of over 10%.

Income tax is calculated based on accounting profit or loss obtained by applying generally accepted accounting principles, which is not necessarily the same as the taxable income or tax loss. A provisional reconciliation of the accounting profit for 2017 and 2016 with the taxable income for income tax purposes is as follows:

<table>
<thead>
<tr>
<th>Thousands of Euros</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>Profit before tax</td>
</tr>
<tr>
<td>Permanent differences Of the Branch</td>
</tr>
<tr>
<td>Temporary differences Prior years’ finance costs</td>
</tr>
<tr>
<td>Taxable accounting income/tax loss in Spain</td>
</tr>
<tr>
<td>Taxable income/(tax loss) of the Company</td>
</tr>
</tbody>
</table>

Negative permanent differences of the foreign Branch relate to income it obtained in Switzerland that is exempt from taxation in Spain.

The Company has not recognized any deferred tax assets or liabilities at December 31, 2017 or 2016.
Details of the income tax expense related to profit/loss for 2017 and 2016 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Thousands of Euros</td>
<td>Thousands of Euros</td>
</tr>
<tr>
<td></td>
<td>Company</td>
<td>Branch</td>
</tr>
<tr>
<td>Profit/(loss) for the year before tax</td>
<td>(14,489)</td>
<td>39,171</td>
</tr>
<tr>
<td>Tax paid abroad</td>
<td>-</td>
<td>(7,680)</td>
</tr>
<tr>
<td>Tax at 25%/9.64%</td>
<td>(3,622)</td>
<td>3,036</td>
</tr>
<tr>
<td>Tax credits and deductions not capitalized in the year</td>
<td>3,622</td>
<td>-</td>
</tr>
<tr>
<td>Tax paid abroad</td>
<td>-</td>
<td>7,680</td>
</tr>
<tr>
<td>Other (adjustment of final tax for prior year)</td>
<td>60</td>
<td>132</td>
</tr>
<tr>
<td>Income tax expense/(income)</td>
<td>60</td>
<td>10,848</td>
</tr>
</tbody>
</table>

(*) The Branch is subject to a dual tax regime entailing full taxation at federal level and partial exemption at cantonal and local level. The tax rate of 9.64% is the effective rate applicable to the Branch.

At December 31, 2017 tax paid abroad, amounting to Euros 7,680 thousand (Euros 9,657 thousand at December 31, 2016) mainly reflects withholdings in the countries where the Swiss Branch receives royalties from Cemex Latam Holdings subsidiaries.

In 2017 the Company incurred a tax loss on an individual basis, which has not been capitalized or utilized by any of the companies in the tax group. In 2016 the Company generated taxable income on an individual basis, and therefore utilized current tax losses for the year of the other tax group companies, recognizing a tax expense of Euros 6,006 thousand with a credit to payables to Cemex España, the parent of the tax group (see note 10).

Details of the income tax expense (income) in 2017 and 2016 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Thousands of Euros</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>Current tax</td>
<td></td>
</tr>
<tr>
<td>Present year</td>
<td>10,716</td>
</tr>
</tbody>
</table>
(13) Related Party Balances and Transactions

Balances and transactions with the Parent reflect those carried out with the principal shareholder, Cemex España, S.A. Balances and transactions with Group companies and other related parties are those conducted with Cemex Latam Group companies and other Cemex Group companies, respectively.

(a) Related party balances

Details of balances with related parties at December 31, 2017 and 2016 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Parent</th>
<th>Group companies</th>
<th>Other related parties</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current investments in Group companies and associates</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity instruments (note 7)</td>
<td>-</td>
<td>1,585,220</td>
<td>-</td>
<td>1,585,220</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td>3</td>
<td>1,585,220</td>
<td>-</td>
<td>1,585,223</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade receivables from Group companies and associates, current (note 8)</td>
<td>4</td>
<td>13,862</td>
<td>24</td>
<td>13,890</td>
</tr>
<tr>
<td>Total current assets</td>
<td>4</td>
<td>13,862</td>
<td>24</td>
<td>13,890</td>
</tr>
<tr>
<td>Total assets</td>
<td>7</td>
<td>1,599,082</td>
<td>24</td>
<td>1,599,113</td>
</tr>
<tr>
<td>Payables to Group companies and associates, non-current (note 10)</td>
<td>-</td>
<td>-</td>
<td>167,020</td>
<td>167,020</td>
</tr>
<tr>
<td>Total non-current liabilities</td>
<td>-</td>
<td>-</td>
<td>167,020</td>
<td>167,020</td>
</tr>
<tr>
<td>Payables to Group companies and associates, current (note 10)</td>
<td>-</td>
<td>-</td>
<td>3,077</td>
<td>3,077</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables, Group companies and associates</td>
<td>103</td>
<td>153</td>
<td>421</td>
<td>677</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>103</td>
<td>153</td>
<td>3,498</td>
<td>3,754</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>103</td>
<td>153</td>
<td>170,518</td>
<td>170,774</td>
</tr>
</tbody>
</table>

(Continued)
### Notes to the Annual Accounts

#### 2016

<table>
<thead>
<tr>
<th></th>
<th>Parent</th>
<th>Group companies</th>
<th>Other related parties</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-current investments in Group companies and associates</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity instruments (note 7)</td>
<td>-</td>
<td>1,763,229</td>
<td></td>
<td>1,763,229</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>3</td>
<td>1,763,229</td>
<td></td>
<td>1,763,232</td>
</tr>
</tbody>
</table>

|                           |        |                 |                       |         |
| **Trade and other receivables** |        |                 |                       |         |
| Trade receivables from Group companies and associates, current (note 8) | -      | 75,833           | 1,022                | 76,855  |
| **Total current assets** | -      | 75,833           | 1,022                | 76,855  |
| **Total assets** | 3      | 1,839,062        | 1,022                | 1,840,087 |

|                           |        |                 |                       |         |
| **Payables to Group companies and associates, non-current (note 10)** | -      |                 |                       |         |
| **Total non-current liabilities** | -      |                 |                       |         |

|                           |        |                 |                       |         |
| **Payables to Group companies and associates, current (note 10)** | -      |                 | 28,443            | 28,443  |
| **Trade and other payables** | 6,025  | 244             | 114                 | 6,383   |
| **Total current liabilities** | 6,025  | 244             | 28,557             | 34,826  |
| **Total liabilities** | 6,025  | 244             | 222,229            | 228,498 |

#### (b) Related party transactions

The amounts of transactions with related parties in 2017 and 2016 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Parent</th>
<th>Group companies</th>
<th>Other related parties</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2017</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from royalties or licenses</td>
<td>-</td>
<td>76,476</td>
<td>-</td>
<td>76,476</td>
</tr>
<tr>
<td>Use of trademark</td>
<td>-</td>
<td>4,879</td>
<td>-</td>
<td>4,879</td>
</tr>
<tr>
<td>Management services</td>
<td>-</td>
<td>15,004</td>
<td>-</td>
<td>15,004</td>
</tr>
<tr>
<td>Other services rendered</td>
<td>-</td>
<td>10</td>
<td>-</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td>-</td>
<td>96,369</td>
<td>-</td>
<td>96,369</td>
</tr>
</tbody>
</table>

|                           |        |                 |                       |         |
| **Expenses**              |        |                 |                       |         |
| Expenses for royalties or licenses | -      | -               | -                     | 35,508  |
| Use of trademark          | -      | -               | -                     | 4,845   |
| Management services       | -      | -               | -                     | 14,438  |
| Other services received   | 38     | -               | -                     | 147     |
| Personnel expenses        | -      | -               | 331                   | 331     |
| Finance costs             | -      | -               | 12,149                | 12,149  |
| **Total expenses**        | 38     | -               | 67,049                | 67,418  |

(Continued)
On February 9, 2016 the Company signed a guarantee arrangement for the credit facility agreements entered into by its direct and indirect subsidiaries with Citigroup Inc. or any of the latter's subsidiaries, whereby the Company undertakes to act as guarantor in the event that any of its subsidiaries should fail to meet their payment obligations to Citigroup Inc. under those credit facilities. The Company would only be liable for an amount of up to US Dollars 30,000 thousand. At December 31, 2017 Cemento Bayano, S.A. and Cemex Costa Rica, S.A. have drawn down US Dollars 5,655 thousand and US Dollars 1,857 thousand, respectively, from the aforementioned credit facilities.

(c) Information on the Company's directors and senior management personnel

During the years ended December 31, 2017 and 2016, the Company’s directors did not carry out any transactions outside the ordinary course of business or that were not under market conditions.

The Company has no senior management personnel other than the members of the Board of Directors.

In 2017 and 2016 the members of the Board of Directors did not receive any loans or advances, nor did the Company extend any guarantees on their behalf or pay any civil liability insurance premiums for damage or loss caused by actions or omissions in the performance of their duties. The Company has no pension or life insurance obligations with its former or current directors.

In 2017 and 2016 the members of the Board of Directors accrued Euros 331 thousand and Euros 263 thousand, respectively, as remuneration and allowances for attendance at meetings of the Board and its Committee. These amounts were paid during the years in question. In 2016, as a result of the circumstances investigated at the Maceo plant (see note 1 (a)), some of the Company's corporate bodies held extraordinary meetings that were not in the respective
schedules approved at the start of 2016. The portion of allowances payable to the three independent directors for their attendance at these additional meetings was therefore Euros 26 thousand more than the amount set by the Company's shareholders at their general meeting. These expenses were approved at the general shareholders meeting held in Madrid on June 29, 2017.

The directors of the Company and their related parties have had no conflicts of interest requiring disclosure in accordance with article 229 of the Spanish Companies Act.
(14) **Income and Expenses**

(a) **Revenues**

Revenues include royalties from the use of intangible assets and trademarks, and the services provided to direct and indirect subsidiaries through the human and material resources located in the Swiss Branch. Details of revenues by category of activity are provided in note 13 (b). All of these revenues are generated in Latin America and are accrued in US Dollars.

(b) **Personnel expenses and employee information**

Details of personnel expenses in 2017 and 2016 are as follows:

<table>
<thead>
<tr>
<th>Thousands of Euros</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, wages and similar costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and wages</td>
<td>1,440</td>
<td>1,637</td>
</tr>
<tr>
<td>Charges to defined contribution plans</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>Other remuneration</td>
<td>497</td>
<td>529</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,944</td>
<td>2,174</td>
</tr>
</tbody>
</table>

Employee benefits expense

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Security payable by the Company</td>
<td>194</td>
<td>222</td>
</tr>
<tr>
<td>Other employee benefits expenses</td>
<td>200</td>
<td>182</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>394</td>
<td>404</td>
</tr>
</tbody>
</table>

**Total personnel expenses**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Salaries and wages</strong></td>
<td>1,637</td>
<td>1,859</td>
</tr>
<tr>
<td><strong>Other remuneration</strong></td>
<td>529</td>
<td>529</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,174</td>
<td>2,388</td>
</tr>
</tbody>
</table>

**Employee benefits expense**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Security payable by the Company</td>
<td>222</td>
<td>222</td>
</tr>
<tr>
<td>Other employee benefits expenses</td>
<td>182</td>
<td>182</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>404</td>
<td>404</td>
</tr>
</tbody>
</table>

**Total personnel expenses**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Salaries and wages</strong></td>
<td>1,859</td>
<td>2,041</td>
</tr>
<tr>
<td><strong>Other remuneration</strong></td>
<td>529</td>
<td>529</td>
</tr>
<tr>
<td><strong>Employee benefits expense</strong></td>
<td>404</td>
<td>404</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,388</td>
<td>2,578</td>
</tr>
</tbody>
</table>

The average number of employees and directors of the Company in 2017 and 2016, by professional category, is as follows:

<table>
<thead>
<tr>
<th>Professional category</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Management</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Middle management and supervisors</td>
<td>14</td>
<td>16</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>24</td>
<td>26</td>
</tr>
</tbody>
</table>

(Continued)
The distribution of personnel by gender at December 31, 2017 and 2016 is as follows:

<table>
<thead>
<tr>
<th>Professional category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Female</td>
</tr>
<tr>
<td>Directors</td>
<td>2</td>
</tr>
<tr>
<td>Management</td>
<td>-</td>
</tr>
<tr>
<td>Middle management and supervisors</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>10</td>
</tr>
</tbody>
</table>

In 2017 and 2016 the Company had no employees with a disability rating of 33% or higher on its workforce.

(c) **Other operating expenses**

Other operating expenses mainly include royalty payments for use of intangible assets and trademarks recognized in the Swiss Branch, and management services provided by the Cemex Group.

(15) **Audit Fees**

The auditor of the Company's annual accounts, KPMG Auditores, S.L., accrued the following fees in 2017 and 2016 in respect of professional services rendered to the Company:

<table>
<thead>
<tr>
<th></th>
<th>Euros</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>Audit services</td>
<td>347,687</td>
</tr>
<tr>
<td>Other services</td>
<td>15,560</td>
</tr>
<tr>
<td></td>
<td>363,247</td>
</tr>
</tbody>
</table>

Other services comprise reviews of the consolidated and individual interim financial statements under international standards, carried out by KPMG Auditores, S.L. on behalf of Cemex Latam Holdings, S.A. during the years ended December 31, 2017 and 2016.

The amounts shown in the above table reflect the fees for 2017 and 2016, irrespective of the date of invoice.
At December 31, 2017, the Company has the following relevant commitments:

- On November 15, 2012, Cemex Latam, through its Branch in Switzerland, entered into an agreement with Cemex, S.A.B. de C.V. for use of Cemex trademarks. This agreement has a term of five years and is automatically renewable for equal periods, unless it is terminated by either of the parties one month in advance of the expiry date in question. In 2017 the agreement was renewed for a five-year period until July 1, 2022. Cemex Latam Group companies must pay an annual amount for use of the trademarks. The royalty is calculated based on net annual sales of goods and services, and market prices. The total royalty charge recognized in the income statement for the use of the trademark amounts to Euros 4,845 thousand at December 31, 2017 (Euros 6,720 thousand in 2016).

- On November 15, 2012, Cemex Latam, through its Branch in Switzerland, entered into an agreement with Cemex Research Group AG for the use, operation and exploitation of intangible assets. This agreement was replaced on January 1, 2014. The agreement has a term of five years as of the novation date and is automatically renewable for equal periods, unless it is terminated by either of the parties one month in advance of the expiry date in question. Cemex Latam Group companies must pay an annual royalty calculated based on net annual sales of goods and services, and market prices. The total royalty charge recognized in the income statement for the use of intangible assets amounts to Euros 35,508 thousand at December 31, 2017 (Euros 33,745 thousand in 2016).

- On November 15, 2012, Cemex Latam, through its Branch in Switzerland, entered into a technical assistance agreement with Cemex Central, S.A. de C.V., for the technical, financial, market analysis, legal, human resources and IT areas, and other technical assistance. This agreement has a term of five years and is automatically renewable for equal periods, unless it is terminated by either of the parties one month in advance of the expiry date in question. In 2017 the agreement was renewed for a five-year period until July 1, 2022. Cemex Latam Group companies must pay an annual amount for technical assistance based on net annual sales of goods and services, and market prices. The total expense recognized in the income statement for services received amounts to Euros 14,438 thousand at December 31, 2017 (Euros 19,138 thousand in 2016).

In respect of these three agreements, Cemex Latam has agreed to pay Cemex an amount equivalent to 5% of the Cemex Latam Group’s annual consolidated revenues. The 5% rate approved for these agreements cannot be increased without the consent of Cemex Latam’s independent directors.

With respect to the IPO (see note 1 (c)) and to prevent potential conflicts of interest, on October 5, 2012, the Company also entered into a framework agreement with Cemex, S.A.B. de C.V. and Cemex España (the “Framework Agreement”). Under the Framework Agreement and in order to help Cemex honor its debt obligations, the Cemex Latam Group will require the prior consent of Cemex S.A.B. de C.V. and Cemex España:

- To carry out any consolidation, merger or cooperation arrangement (joint venture) with any natural or legal person other than Cemex S.A.B. de C.V. or its subsidiaries;
- To carry out any sale, lease, exchange or other arrangement, or acquisition from any person other than Cemex S.A.B. de C.V. or its subsidiaries;

(Continued)
To issue or sell any shares or equity derivatives or to operate any share-based incentive plans, except (i) the issue of shares by the Company to Cemex S.A.B. de C.V. or its subsidiaries, (ii) the issue of shares to carry out the long-term incentive plan for executives, for an amount not exceeding US Dollars 1.75 million;

To declare, resolve or pay out dividends, or other distributions by the Company related to its shares, other than (i) through the issuance of ordinary shares of the Company or pre-emptive subscription rights to shareholders of the Company in proportion to their stakes, provided that no cash is paid and no other assets of Cemex S.A.B. de C.V. or its subsidiaries (or any interest in the cash or asset) related to such distribution or interest are transferred to another person who does not belong to Cemex S.A.B. de C.V. or its subsidiaries (other than the Company) and/or (ii) in proportion to non-controlling interests in the Company, provided that each shareholder receives their share of any dividend, distribution or payment of interest at the same time;

For the Company to (i) create, assume, grant or guarantee any type of debt, and (ii) pledge or encumber any assets for a total amount of more than US Dollars 25 million at any time (considering both (i) and (ii));

To grant loans or assume a creditor position in respect of any type of debt, except (i) with respect to trade loans granted to customers under normal trade terms and in the ordinary course of business, (ii) as deferred consideration in respect of any sale, lease, exchange or other arrangement which the Company or its subsidiaries are authorized to perform without the consent of Cemex S.A.B. de C.V. and Cemex España; and

To take any action that could reasonably cause Cemex S.A.B. de C.V. or its subsidiaries to breach any agreement or contract, including the debt agreement reached by Cemex S.A.B. de C.V. or its subsidiaries with a banking syndicate and any refinancing, substitution or amendment thereto, and comply with the notification requirements of Cemex S.A.B. de C.V. or its subsidiaries set out in the Framework Agreement for contracts or agreements other than (i) the debt agreement and any refinancing, substitution or amendment thereto, and (ii) the deeds of issuance of Cemex S.A.B. de C.V. or its subsidiaries and any substitution or amendment thereto.

The Framework Agreement may be amended or terminated if agreed in writing between Cemex, S.A.B. de C.V., Cemex España and Cemex Latam, subject to authorization by the independent directors. In addition, the Framework Agreement will be rendered null and void if the Company ceases to be subordinate to Cemex or if Cemex ceases to recognize its investment in Cemex Latam according to the full consolidation or equity method of accounting (or any other method applying similar principles). At its meeting held on March 28, 2017 the Board of Directors approved an amendment to the Framework Agreement to include a mutual interest principle between Cemex, S.A.B. de C.V., Cemex España and the Company in relation to the management of and response to legal proceedings, administrative matters and investigations conducted by governmental authorities or regulators.
(17) **Events after the Reporting Period**

On March 1, 2018, as part of the process to simplify the Cemex Group's corporate structure, New Sunward Holding, B.V. (“NSH”) transferred the loans it had extended to the Company, amounting to US Dollars 191,411 thousand (Euros 156,523 thousand), to Lomez International, B.V., a Dutch firm that is also part of the Cemex Group. The terms and conditions of these loans have not been affected by the transfer.
## Information on Group Companies and Associates

December 31, 2017

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

<table>
<thead>
<tr>
<th>Name</th>
<th>Registered office</th>
<th>Activity</th>
<th>Auditor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apollo Re, Ltd.</td>
<td>Bridgetown (Barbados)</td>
<td>Insurance company</td>
<td>KPMG</td>
</tr>
<tr>
<td>Cemex Bayano, S.A.</td>
<td>Panama City (Republic of Panama)</td>
<td>Manufacture and sale of cement and concrete</td>
<td>KPMG</td>
</tr>
<tr>
<td>Cemex El Salvador, S.A de C.V.</td>
<td>La Libertad (El Salvador)</td>
<td>Sale of cement</td>
<td>KPMG</td>
</tr>
<tr>
<td>Cemex Nicaragua, S.A.</td>
<td>Managua (Nicaragua)</td>
<td>Manufacture and sale of cement</td>
<td>KPMG</td>
</tr>
<tr>
<td>Cemex Transportes de Colombia, S.A.</td>
<td>Bogota (Colombia)</td>
<td>Freight</td>
<td>KPMG</td>
</tr>
<tr>
<td>Central de Mezclas, S.A.</td>
<td>Bogota (Colombia)</td>
<td>Mining permits</td>
<td>KPMG</td>
</tr>
<tr>
<td>Cimento Vencernos do Amazonas Ltda.</td>
<td>Manaus (Brazil)</td>
<td>Sale of cement</td>
<td>KPMG</td>
</tr>
<tr>
<td>Corporación Cementera Latinoamericana, S.L.U.</td>
<td>Madrid (Spain)</td>
<td>Holding company</td>
<td>KPMG</td>
</tr>
<tr>
<td>Equipos Para Uso de Guatemala, S.A.</td>
<td>Guatemala City (Guatemala)</td>
<td>Equipment hire</td>
<td>KPMG</td>
</tr>
<tr>
<td>Cemex Guatemala, S.A. (formerly Global Cement, S.A.)</td>
<td>Puerto Quetzal (Guatemala)</td>
<td>Manufacture and sale of cement and concrete</td>
<td>KPMG</td>
</tr>
<tr>
<td>Cemex Colombia, S.A.</td>
<td>Bogota (Colombia)</td>
<td>Manufacture and sale of cement and concrete</td>
<td>KPMG</td>
</tr>
<tr>
<td>Cemex Costa Rica, S.A.</td>
<td>San José (Costa Rica)</td>
<td>Manufacture and sale of cement</td>
<td>KPMG</td>
</tr>
<tr>
<td>Lomas del Tempisque, S.R.L.</td>
<td>San José (Costa Rica)</td>
<td>Holding company</td>
<td>KPMG</td>
</tr>
<tr>
<td>Pavimentos Especializados, S.A.</td>
<td>Panama City (Republic of Panama)</td>
<td>Consultancy, advisory, study, design and consumer services</td>
<td>KPMG</td>
</tr>
<tr>
<td>Cemex Lan Trading Corporation</td>
<td>Bridgetown (Barbados)</td>
<td>Sale of cement</td>
<td>-</td>
</tr>
<tr>
<td>Cemex Premezclados de Colombia, S.A.</td>
<td>Bogota (Colombia)</td>
<td>Manufacture and sale of construction materials</td>
<td>KPMG</td>
</tr>
<tr>
<td>Inversiones Secoya, S.A.</td>
<td>Managua (Nicaragua)</td>
<td>Manufacture and sale of construction materials</td>
<td>KPMG</td>
</tr>
<tr>
<td>CCL Business Holdings, S.L.</td>
<td>Madrid (Spain)</td>
<td>Holding company</td>
<td>-</td>
</tr>
<tr>
<td>Cemex Finance Latam, B.V.</td>
<td>Amsterdam (Netherlands)</td>
<td>Finance</td>
<td>-</td>
</tr>
<tr>
<td>Superquímicos de Centroamérica, S.A.</td>
<td>Panama City (Republic of Panama)</td>
<td>Manufacture of chemicals for industry</td>
<td>Carlos Alvarado</td>
</tr>
<tr>
<td>Zona Franca Especial Cementera del Magdalena Medio S.A.S.</td>
<td>Maceo (Colombia)</td>
<td>Sale of construction materials and cement production</td>
<td>Auditores S.A.S.</td>
</tr>
</tbody>
</table>

This appendix forms an integral part of note 7 to the annual accounts for 2017, in conjunction with which it should be read.
CEMEX LATAM HOLDINGS, S.A.

Information on Group Companies and Associates

December 31, 2016

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

<table>
<thead>
<tr>
<th>Name</th>
<th>Registered office</th>
<th>Activity</th>
<th>Auditor</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Subsidiaries</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Apollo Re, Ltd.</td>
<td>Bridgetown (Barbados)</td>
<td>Insurance company</td>
<td>-</td>
</tr>
<tr>
<td>Cemento Bayano, S.A.</td>
<td>Panama City (Republic of Panama)</td>
<td>Manufacture and sale of cement and concrete</td>
<td>KPMG</td>
</tr>
<tr>
<td>Cemex El Salvador, S.A de C.V.</td>
<td>La Libertad (El Salvador)</td>
<td>Sale of cement</td>
<td>KPMG</td>
</tr>
<tr>
<td>Cemex Nicaragua, S.A.</td>
<td>Managua (Nicaragua)</td>
<td>Manufacture and sale of cement</td>
<td>KPMG</td>
</tr>
<tr>
<td>Cemex Transportes de Colombia, S.A.</td>
<td>Bogota (Colombia)</td>
<td>Freight</td>
<td>KPMG</td>
</tr>
<tr>
<td>Central de Mezclas, S.A.</td>
<td>Bogota (Colombia)</td>
<td>Mining permits</td>
<td>KPMG</td>
</tr>
<tr>
<td>Cimento Vencemos do Amazonas Ltda.</td>
<td>Manaus (Brazil)</td>
<td>Sale of cement</td>
<td>KPMG</td>
</tr>
<tr>
<td>Corporación Cementera Latinoamericana, S.L.U.</td>
<td>Madrid (Spain)</td>
<td>Holding company</td>
<td>-</td>
</tr>
<tr>
<td>Equipos Para Uso de Guatemala, S.A.</td>
<td>Guatemala City (Guatemala)</td>
<td>Equipment hire</td>
<td>KPMG</td>
</tr>
<tr>
<td>Cemex Guatemala, S.A. (formerly Global Cement, S.A.)</td>
<td>Puerto Quetzal (Guatemala)</td>
<td>Manufacture and sale of cement and concrete</td>
<td>KPMG</td>
</tr>
<tr>
<td>Cemex Colombia, S.A.</td>
<td>Bogota (Colombia)</td>
<td>Manufacture and sale of cement and concrete</td>
<td>KPMG</td>
</tr>
<tr>
<td>Lomas del Tempisque, S.R.L.</td>
<td>San José (Costa Rica)</td>
<td>Manufacture and sale of cement</td>
<td>KPMG</td>
</tr>
<tr>
<td>Maverick RE Ltd</td>
<td>San José (Costa Rica)</td>
<td>Holding company</td>
<td>KPMG</td>
</tr>
<tr>
<td>Pavimentos Especializados, S.A.</td>
<td>Hamilton (Bermuda)</td>
<td>Insurance company</td>
<td>KPMG</td>
</tr>
<tr>
<td>Cemex Lan Trading Corporation</td>
<td>Panama City (Republic of Panama)</td>
<td>Consultancy, advisory, study, design and consumer services</td>
<td>KPMG</td>
</tr>
<tr>
<td>Cemex Premezclados de Colombia, S.A.</td>
<td>Bridgetown (Barbados)</td>
<td>Sale of cement</td>
<td>-</td>
</tr>
<tr>
<td>Inversiones Secoya, S.A.</td>
<td>Bogota (Colombia)</td>
<td>Manufacture and sale of construction materials</td>
<td>KPMG</td>
</tr>
<tr>
<td>CCL Business Holdings, S.L.</td>
<td>Managua (Nicaragua)</td>
<td>Manufacture and sale of construction materials</td>
<td>KPMG</td>
</tr>
<tr>
<td>Cemex Finance Latam, B.V.</td>
<td>Madrid (Spain)</td>
<td>Holding company</td>
<td>-</td>
</tr>
<tr>
<td>Superquímicos de Centroamérica, S.A.</td>
<td>Amsterdam (Netherlands)</td>
<td>Finance</td>
<td>-</td>
</tr>
<tr>
<td>Zona Franca Especial Cementera del Magdalena Medio S.A.S.</td>
<td>Panama City (Republic of Panama)</td>
<td>Manufacture of chemicals for industry</td>
<td>Castaño</td>
</tr>
<tr>
<td></td>
<td>Maceo (Colombia)</td>
<td>Sale of construction materials and cement production</td>
<td>Arboleda</td>
</tr>
</tbody>
</table>

This appendix forms an integral part of note 7 to the annual accounts for 2017, in conjunction with which it should be read.
### CEMEX LATAM HOLDINGS, S.A.

**Other Information on Group Companies and Associates**

**December 31, 2017**

(Expressed in thousands of Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

This appendix forms an integral part of notes 1 and 7 to the annual accounts for 2017, in conjunction with which it should be read.

<table>
<thead>
<tr>
<th>Name</th>
<th>% ownership</th>
<th>Capital</th>
<th>Reserves</th>
<th>Other equity line items</th>
<th>Operating activities</th>
<th>Continuing operations</th>
<th>Total equity</th>
<th>Carrying amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsidiaries</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Apollos, Re, Ltd</td>
<td>-</td>
<td>100.00%</td>
<td>100.00%</td>
<td>54,304</td>
<td>-</td>
<td>4,908</td>
<td>1,718</td>
<td>1,776</td>
</tr>
<tr>
<td>Cemex Bayano, S.A.</td>
<td>-</td>
<td>99.48%</td>
<td>99.48%</td>
<td>125,980</td>
<td>23,500</td>
<td>(11,436)</td>
<td>41,911</td>
<td>28,657</td>
</tr>
<tr>
<td>Cemex El Salvador, S.A de CV</td>
<td>0.01%</td>
<td>99.99%</td>
<td>100.00%</td>
<td>2,280</td>
<td>17,531</td>
<td>(1,152)</td>
<td>669</td>
<td>17,990</td>
</tr>
<tr>
<td>Cemex Nicaragua, S.A.</td>
<td>98.85%</td>
<td>98.85%</td>
<td>7</td>
<td>52,659</td>
<td>(9,489)</td>
<td>14,402</td>
<td>11,423</td>
<td>54,600</td>
</tr>
<tr>
<td>Cemex Transportes de Colombia, S.A.</td>
<td>100.00%</td>
<td>100.00%</td>
<td>117</td>
<td>2,515</td>
<td>(22)</td>
<td>985</td>
<td>809</td>
<td>3,419</td>
</tr>
<tr>
<td>Central de Mercas, S.A.</td>
<td>100.00%</td>
<td>100.00%</td>
<td>3,161</td>
<td>5,301</td>
<td>(605)</td>
<td>(3)</td>
<td>(121)</td>
<td>7,736</td>
</tr>
<tr>
<td>Cimento Vencemos do Amazonas Ltda.</td>
<td>100.00%</td>
<td>100.00%</td>
<td>9,159</td>
<td>47,131</td>
<td>7,543</td>
<td>(42,720)</td>
<td>(26,257)</td>
<td>37,577</td>
</tr>
<tr>
<td>Corporacion Cementera Latinamericana, S.L.U.</td>
<td>100.00%</td>
<td>100.00%</td>
<td>1,314,761</td>
<td>277,756</td>
<td>142,416</td>
<td>(134,118)</td>
<td>(161,613)</td>
<td>1,573,320</td>
</tr>
<tr>
<td>Equipos Para Uso de Guatemala, S.A.</td>
<td>1.00%</td>
<td>99.00%</td>
<td>1</td>
<td>17,974</td>
<td>(1,479)</td>
<td>94</td>
<td>(153)</td>
<td>16,343</td>
</tr>
<tr>
<td>Cemex Guatemala, S.A.</td>
<td>100.00%</td>
<td>100.00%</td>
<td>17,783</td>
<td>231,075</td>
<td>8,161</td>
<td>8,077</td>
<td>8,077</td>
<td>248,775</td>
</tr>
<tr>
<td>Cemex Colombia, S.A.</td>
<td>99.74%</td>
<td>99.74%</td>
<td>182,296</td>
<td>610,409</td>
<td>8,107</td>
<td>6,545</td>
<td>6,545</td>
<td>807,356</td>
</tr>
<tr>
<td>Cemex Costa Rica, S.A.</td>
<td>98.83%</td>
<td>98.83%</td>
<td>360</td>
<td>97,353</td>
<td>(10,991)</td>
<td>39,603</td>
<td>28,889</td>
<td>115,611</td>
</tr>
<tr>
<td>Lomas del Tempisque, S.R.L.</td>
<td>99.74%</td>
<td>99.74%</td>
<td>109,978</td>
<td>23,192</td>
<td>(12,063)</td>
<td>10</td>
<td>(2,985)</td>
<td>118,122</td>
</tr>
<tr>
<td>Pavimentos Especializados, S.A.</td>
<td>99.74%</td>
<td>99.74%</td>
<td>137</td>
<td>(957)</td>
<td>57</td>
<td>(158)</td>
<td>(358)</td>
<td>(1,120)</td>
</tr>
<tr>
<td>Cemex Lan Trading Corporation</td>
<td>100.00%</td>
<td>100.00%</td>
<td>-</td>
<td>16,429</td>
<td>(1,771)</td>
<td>4,960</td>
<td>5,036</td>
<td>19,694</td>
</tr>
<tr>
<td>CCL Business Holdings, S.L.</td>
<td>100.00%</td>
<td>100.00%</td>
<td>4</td>
<td>65</td>
<td>(6)</td>
<td>-</td>
<td>6</td>
<td>68</td>
</tr>
<tr>
<td>Cemex Precemeltados de Colombia, S.A.</td>
<td>100.00%</td>
<td>100.00%</td>
<td>40</td>
<td>339</td>
<td>(30)</td>
<td>914</td>
<td>112</td>
<td>462</td>
</tr>
<tr>
<td>Inversiones Secoya, S.A.</td>
<td>100.00%</td>
<td>100.00%</td>
<td>7,131</td>
<td>1,528</td>
<td>(1,441)</td>
<td>3,692</td>
<td>1,171</td>
<td>8,390</td>
</tr>
<tr>
<td>Cemex Finance Latam, B.V.</td>
<td>100.00%</td>
<td>100.00%</td>
<td>2,025</td>
<td>21</td>
<td>(249)</td>
<td>(23)</td>
<td>(46)</td>
<td>1,752</td>
</tr>
<tr>
<td>Superquímicos de Centroamérica, S.A.</td>
<td>100.00%</td>
<td>100.00%</td>
<td>8</td>
<td>(266)</td>
<td>(50)</td>
<td>1,433</td>
<td>1,242</td>
<td>933</td>
</tr>
<tr>
<td>Zona Franca Especial Cementera del Magdalena Medio S.A.S.</td>
<td>99.74%</td>
<td>99.74%</td>
<td>56,171</td>
<td>(8,520)</td>
<td>(10,765)</td>
<td>(4,949)</td>
<td>(7,280)</td>
<td>29,606</td>
</tr>
</tbody>
</table>

(1) One share is held by Cemex Latam Holdings.

(2) The Company’s interests in Cemex El Salvador, S.A. de C.V., Cemex Transportes de Colombia, S.A., Cimento Vencemos Do Amazonas Ltda., Cemex Guatemala S.A. (formerly Global Cement, S.A.) and Central de Mezclas, S.A. are not listed in the above table because the amounts are less than one thousand Euros.

(3) Consolidated figures
### CEMEX LATAM HOLDINGS, S.A.

**Other Information on Group Companies and Associates**

**December 31, 2016**

(Expressed in thousands of Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

This appendix forms an integral part of notes 1 and 7 to the annual accounts for 2017, in conjunction with which it should be read.

<table>
<thead>
<tr>
<th>Subsidiaries</th>
<th>% ownership</th>
<th>Operating activities</th>
<th>Continuing operations</th>
<th>Total equity</th>
<th>Carrying amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Name</strong></td>
<td>Direct</td>
<td>Indirect</td>
<td>Total</td>
<td>Capital</td>
<td>Reserves</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Apollo, Re, Ltd</td>
<td>-</td>
<td>100.00%</td>
<td>100.00%</td>
<td>119</td>
<td>-</td>
</tr>
<tr>
<td>Cemex Bayano, S.A. (3)</td>
<td>-</td>
<td>99.48%</td>
<td>99.48%</td>
<td>125,986</td>
<td>26,471</td>
</tr>
<tr>
<td>Cemex Nicaragua, S.A.</td>
<td>-</td>
<td>98.85%</td>
<td>98.85%</td>
<td>2,280</td>
<td>19,674</td>
</tr>
<tr>
<td>Cemex Transportes de Colombia, S.A. (1)</td>
<td>-</td>
<td>100.00%</td>
<td>100.00%</td>
<td>7</td>
<td>34,213</td>
</tr>
<tr>
<td>Central de Mecas, S.A. (1)</td>
<td>-</td>
<td>100.00%</td>
<td>100.00%</td>
<td>117</td>
<td>2,134</td>
</tr>
<tr>
<td>Cimento Vencemos Do Amazonas Ltd. (1)</td>
<td>-</td>
<td>100.00%</td>
<td>100.00%</td>
<td>3,161</td>
<td>6,754</td>
</tr>
<tr>
<td>Corporación Cementera Latinoamericana, S.L.U.</td>
<td>100.00%</td>
<td>100.00%</td>
<td>1,314,761</td>
<td>(2,350)</td>
<td>745,655</td>
</tr>
<tr>
<td>Equipos Para Uso de Guatemala, S.A. (1)</td>
<td>1.00%</td>
<td>99.00%</td>
<td>100.00%</td>
<td>1,733</td>
<td>767</td>
</tr>
<tr>
<td>Cemex Guatemala, S.A. (formerly Global Cement, S.A.) (1)(3)</td>
<td>-</td>
<td>100.00%</td>
<td>100.00%</td>
<td>19,434</td>
<td>257,872</td>
</tr>
<tr>
<td>Cemex Colombia, S.A. (1)</td>
<td>-</td>
<td>99.74%</td>
<td>99.74%</td>
<td>179,614</td>
<td>590,647</td>
</tr>
<tr>
<td>Cemex Costa Rica, S.A. (1)</td>
<td>-</td>
<td>99.74%</td>
<td>99.74%</td>
<td>81,062</td>
<td>3,252</td>
</tr>
<tr>
<td>Lomas del Tempisque, S.R.L.</td>
<td>-</td>
<td>99.74%</td>
<td>99.74%</td>
<td>109,978</td>
<td>19,899</td>
</tr>
<tr>
<td>Maverick R.E. Ltd</td>
<td>-</td>
<td>100.00%</td>
<td>100.00%</td>
<td>457</td>
<td>32,665</td>
</tr>
<tr>
<td>Pavimentos Especializados, S.A.</td>
<td>-</td>
<td>99.74%</td>
<td>99.74%</td>
<td>137</td>
<td>(2,204)</td>
</tr>
<tr>
<td>Cemex Lan Trading Corporation</td>
<td>-</td>
<td>100.00%</td>
<td>100.00%</td>
<td>-</td>
<td>12,044</td>
</tr>
<tr>
<td>CCL Business Holdings, S.L.</td>
<td>-</td>
<td>100.00%</td>
<td>100.00%</td>
<td>4</td>
<td>73</td>
</tr>
<tr>
<td>Cemex Premienciados de Colombia, S.A.</td>
<td>-</td>
<td>100.00%</td>
<td>100.00%</td>
<td>40</td>
<td>313</td>
</tr>
<tr>
<td>Inversiones Secoya, S.A.</td>
<td>1.00%</td>
<td>99.00%</td>
<td>100.00%</td>
<td>7,131</td>
<td>74,811</td>
</tr>
<tr>
<td>Cemex Finance Latam, B.V.</td>
<td>-</td>
<td>100.00%</td>
<td>100.00%</td>
<td>2,025</td>
<td>6</td>
</tr>
<tr>
<td>Superquímicos de Centroamérica, S.A.</td>
<td>-</td>
<td>100.00%</td>
<td>100.00%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Zona Franca Especial Cementera del Magdalena Medio S.A.S.</td>
<td>-</td>
<td>99.74%</td>
<td>99.74%</td>
<td>56,171</td>
<td>1,763,229</td>
</tr>
</tbody>
</table>

**Footnotes:**

1. One share is held by Cemex Latam Holdings.
2. The Company’s interests in Cemex El Salvador, S.A. de C.V., Cemex Transportes de Colombia, S.A., Cimento Vencemos Do Amazonas, Ltd, Cemex Guatemala S.A. (formerly Global Cement, S.A.) and Central de Mezclas, S.A. are not listed in the above table because the amounts are less than one thousand Euros.
3. Consolidated figures

This appendix forms an integral part of notes 1 and 7 to the annual accounts for 2017, in conjunction with which it should be read.
CEMEX LATAM HOLDINGS, S.A.

Details of Reserves
December 31, 2017 and 2016

(Expressed in thousands of Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

<table>
<thead>
<tr>
<th></th>
<th>Legal reserve</th>
<th>Voluntary reserves</th>
<th>Other reserves</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at December 31, 2015</strong></td>
<td>6,515</td>
<td>56,334</td>
<td>(9,476)</td>
<td>53,373</td>
</tr>
<tr>
<td>Distribution of profit</td>
<td>4,012</td>
<td>36,104</td>
<td>-</td>
<td>40,116</td>
</tr>
<tr>
<td>Other changes in equity</td>
<td>-</td>
<td>-</td>
<td>(1,385)</td>
<td>(1,385)</td>
</tr>
<tr>
<td><strong>Balance at December 31, 2016</strong></td>
<td>10,527</td>
<td>92,438</td>
<td>(10,861)</td>
<td>92,104</td>
</tr>
<tr>
<td>Distribution of profit</td>
<td>6,858</td>
<td>61,721</td>
<td>-</td>
<td>68,579</td>
</tr>
<tr>
<td>Other changes in equity</td>
<td>-</td>
<td>-</td>
<td>(885)</td>
<td>(885)</td>
</tr>
<tr>
<td><strong>Balance at December 31, 2017</strong></td>
<td>17,385</td>
<td>154,159</td>
<td>(11,746)</td>
<td>159,798</td>
</tr>
</tbody>
</table>

This appendix forms an integral part of note 9 to the annual accounts for 2017, in conjunction with which it should be read.
1.- Nature and activities of the Company

Cemex Latam Holdings, S.A. (hereinafter the “Company” or “Cemex Latam”, interchangeably) was incorporated on April 17, 2012 as a public limited liability company (“sociedad anónima”), for an unlimited period. Its registered office is located at Calle Hernández de Tejada, 1, in Madrid.

The Company was incorporated to head a group of companies engaged in the cement business, the parent of which is Cemex S.A.B. de C.V. (hereinafter “Cemex” or the “Cemex Group”), in certain South and Central American countries, including Colombia, Panama, Costa Rica, Nicaragua, Guatemala, El Salvador and Brazil (hereinafter the “Group” or the “Cemex Latam Group”, interchangeably) for the purpose of carrying out an Initial Public Offering on the Colombian Stock Exchange (hereinafter interchangeably referred to as “the Initial Public Offering” or the “IPO”), which was completed on November 15, 2012. The Company’s shares, all of the same class, have been traded on the Colombian Stock Exchange (“BVC”) since November 16, 2012.

The statutory and principal activities of the Company consist of the management and administration of equity securities of entities not resident in Spain through the organization of material and human resources, as well as the subscription, buy-back, holding, use, management or disposal of securities and stakes in companies, except those subject to specific legislation.

Without prejudice to the foregoing, the Company’s statutory activity also includes the following activities:

- Rendering technical assistance, business management and support services to other companies in its group;
- Research and development in the field of construction materials;
- The manufacture, production, purchase, sale, distribution, transportation, marketing, export and import of cement, aggregates, concrete, mortar and any other construction materials, as well as any other product or activity directly or indirectly related to the cement industry and construction materials, and the exploration and operation of mines; and
- Management of all types of by-products and/or waste, in the broadest sense, including the collection, transportation by road, sorting, recovery, marketing, treatment, conversion into fuel or raw materials, and disposal.

At December 31, 2017 the first two activities listed above are carried out directly by the Company, while the activities described in the last two points are conducted through its subsidiaries.

The Company has investments in subsidiaries and associates, and is the parent of a group of companies (the “Cemex Latam Group”) engaged mainly in the manufacture of cement, concrete and mortar, the extraction of aggregates, and the sale and distribution of the products extracted and manufactured. For the purposes of clarification, (i) the definition provided in this document for the terms “Group” and “Cemex Latam Group” is not contained in the provisions of Title VII, Chapter VI of Income Tax Law 27/2014 of November 27, 2014 on consolidated tax groups, and (ii) although the Company is the parent of a group of companies as defined under legislation in force, and therefore obliged to file consolidated annual accounts, it does not prepare consolidated annual accounts in Spain because the group of which it is the parent forms part of a higher level Spanish group headed by Cemex España, S.A. (hereinafter “the Cemex España Group” or “Cemex España”), which presents individual and consolidated annual accounts pursuant to article 43.2 of the Spanish Code of Commerce.
Cemex España's registered office is located at Calle Hernández de Tejada, 1, in Madrid. The consolidated annual accounts of Cemex España will be filed at the Madrid Mercantile Registry once they have been approved by the shareholders at the annual general meeting.

The Company is part of the Cemex Group, the ultimate parent of which is Cemex, S.A.B. de C.V., which is domiciled in Monterrey (Mexico) and listed on the Mexican Stock Exchange (BMV) and the New York Stock Exchange (NYSE).

In the period from January 1, 2017 to December 31, 2017 the Company’s revenues mainly consisted of royalties paid by its direct and indirect subsidiaries for use of intangible assets, trademarks and Cemex management services under licensing agreements arranged through the Branch in Switzerland. These revenues form part of the Company’s main business operations.

2.- Business performance of the Cemex Latam Group

Key indicators for 2017 include the following:

- Consolidated volumes of domestic gray cement, concrete and aggregates decreased by 0%, 6% and 4%, respectively, in 2017 compared to 2016.

- Consolidated net sales were down 6% on 2016, amounting to US Dollars 1,243 million (Euros 1,096 million), primarily due to the lower volumes of cement and prices in Colombia.

- When adjusted for exchange rate fluctuations, the reduction in unit prices for domestic gray cement, concrete and aggregates was 8%, 1% and 5%, respectively, compared to 2016.

- Consolidated EBITDA for 2017 dropped 27% with respect to the prior year, from US Dollars 424 million (Euros 384 million) to US Dollars 310 million (Euros 273 million), mainly because of the lower volumes of cement and prices in Colombia.
The main performance trends of the Cemex Latam Group’s businesses in the South and Central American markets in which it operates are summarized below:

- **Colombia**

Volumes of domestic gray cement, concrete and aggregates decreased by 6%, 13% and 17%, respectively, in 2017 compared to 2016. Domestic gray cement and concrete prices in local currency dropped by 19% and 2%, respectively, while prices of aggregates in local currency rose by 4%, compared to 2016.

Cement consumption during the year was affected by weak demand for industrial and commercial products and for housing development.

In 2017 EBITDA in Colombia fell by 47% to US Dollars 113 million (Euros 100 million), compared to US Dollars 214 million (Euros 194 million) in 2016, while net sales contracted by 15% to US Dollars 566 million (Euros 499 million) during the same period.

- **Panama**

Our volumes of domestic gray cement, concrete and aggregates grew by 3%, 9% and 13%, respectively, in 2017 compared to the same period of 2016.

Net sales totaled US Dollars 266 million (Euros 235 million) in 2017, up 4% on the same period of the prior year.

EBITDA dropped 7% to US Dollars 108 million (Euros 95 million) in 2017 with respect to 2016, due to lower aggregates prices, and the higher cost of fuel and raw materials.

- **Costa Rica**

Volumes of domestic gray cement, concrete and aggregates rose by 3%, 11% and 36%, respectively, in 2017 compared to 2016.

Daily nationwide cement consumption in 2017 felt the positive effect of wider-scale industrial and commercial construction projects coupled with lower cement imports in the local market.

Net sales were down 2% on the previous year, to US Dollars 149 (Euros 131 million). Despite higher volumes in the three sectors in 2017, prices in local currency declined by 3% (domestic gray cement), 10% (concrete) and 49% (aggregates).

EBITDA totaled US Dollars 53 million (Euros 47 million) during the year, down 12% on the same period of the prior year due to lower net sales and higher fuel costs.

- **Other Cemex Latam Group countries**

In the “Rest of CLH” region, which includes our operations in Nicaragua, Guatemala, El Salvador and Brazil, volumes of domestic gray cement, concrete and aggregates climbed by 9%, 45% and 101%, respectively, compared to 2016.

The robust growth in volumes of cement in Nicaragua and concrete in Guatemala was offset by weaker demand in other markets, most notably by the results of our operations in Brazil.

Net sales in 2017 totaled US Dollars 286 million (Euros 252 million), up 8% on 2016. EBITDA for the year amounted to US Dollars 85 million (Euros 75 million), which is one million more than in the same period of the prior year.
3.- Outlook for the Cemex Latam Group

In 2018, cement volumes are expected to be similar to those reported for 2017. Volumes of concrete and aggregates, meanwhile, are both expected to rise by 2%. Investments in property, plant and equipment for maintenance and strategic purposes are forecast to total US Dollars 50 million and US Dollars 5 million (Euros 42 million and Euros 4 million), respectively.

4.- Risks and uncertainties

The Company’s activities are exposed to various financial risks, primarily liquidity risk, cash flow interest rate risk and capital risk. The Company’s global risk management program focuses on uncertainties in its sector of operations and in financial markets, and aims to minimize the potentially adverse effects on the Company’s financial performance.

The Company’s Finance and Management departments (“Comptroller, Internal Control and Internal Audit”) work in coordination to jointly oversee the management of the Company’s risks based on the policies, procedures and systems (“the Policies and Systems”) in place and/or adopted specifically by the Company and other Cemex Latam Group companies. The strategic planning, tax and legal areas are also involved in the process. These departments identify, measure and manage the operating and financial risks to which the Company is exposed, in close collaboration with other Group areas and always under the supervision of the Company’s senior management.

The Audit Committee is responsible for supervising the effectiveness of the Company’s internal control and for managing corporate risks directly, in line with the duties expressly conferred on it in the Regulations of the Board of Directors. The Audit Committee is assisted in this task by the Company’s Internal Audit area, which reports to the Committee. The Board of Directors is ultimately responsible for the appropriate management of the Company’s risks, approving and defining suitable guidelines and policies, subject to a prior report by the Audit Committee.

The key indicators of the effectiveness of the Company’s internal control and corporate risk management are detailed in the pertinent sections of the Annual Corporate Governance Report, which is attached as an Appendix to the Directors’ Report.

The main risks and uncertainties identified are:

(a) Liquidity risk

The Company applies a prudent policy to cover its liquidity risks based on having sufficient cash, as well as sufficient financing through credit facilities. One of the objectives of the Company’s and the Cemex Group’s Treasury department is to maintain flexible financing through drawdowns on credit facilities arranged with Cemex Group companies.

(b) Cash flow interest rate risk

The Company is exposed to interest rate risk from borrowings (loans and credit facilities) vis-à-vis Cemex Group companies. Fixed-rate loans are exposed to fair value interest rate risk, and are subject to review by the Cemex Group to confirm whether market interest rates are being used.

(c) Capital risk

At December 31, 2017 and 2016 the Company has no financial instruments or transactions involving treasury shares or shares of Cemex S.A.B. de C.V. or third parties, except the share-based payment plans granted to executives. As such, the Company does not expect any changes in forecast cash flows due to variations in share prices.
5.- Research and development activities (R&D)

Through its Branch in Switzerland, the Company has developed Cemex Group industrial property aimed at and adapted for Latin American countries.

As a result, the Branch now adapts the Cemex Group’s intangible assets to meet the specific needs of the Latin American markets in which the Cemex Latam Group operates.

Cemex Latam Holdings, S.A. (Swiss Branch) has therefore signed agreements to provide services and to manage and develop industrial property, sublicensing the use of this industrial property to the Latin American countries in question. It has also signed licensing agreements with the Cemex Group.

6.- Treasury shares

At December 31, 2017 the Company held 21,457,624 treasury shares. These shares were bought back on December 12, 2012 when the put option granted to the underwriters in the aforementioned Initial Public Offering was exercised.

In 2017 and 2016, a total of 544,714 and 377,412 treasury shares, respectively, were blocked due to the implementation of the long-term incentive scheme approved by the Board of Directors at its meeting held on January 16, 2013, with effect from January 1, 2013, following receipt of a report from the Appointments and Remuneration Committee approving the initiative. This scheme is an annual remuneration program for certain Cemex Latam Group executives based on Company shares, which are delivered fully paid-in in four 25% blocks per year under each of the annual programs.

In 2017, 172,981 shares were delivered to certain executives, corresponding to the portion accrued under the program for the prior year.

7.- Annual Corporate Governance Report

Although the Company has not issued any securities admitted for trading in any member state of the European Union and its shares are only admitted to trading on the Colombian Stock Exchange, it has decided voluntarily to prepare an Annual Corporate Governance Report and to include it in this Directors’ Report.

Consequently, the Annual Corporate Governance Report for the year ended December 31, 2017 is attached to and forms an integral part of this report, together with the Code of Best Corporate Practices – Colombia (the “Country Code Survey”), based on the template provided in External Circular No. 28 of September 30, 2014 issued by the Financial Superintendency of Colombia (“SFC”).

This report also includes the Annual Report on Directors and Senior Executives and their Compensation for the reported year.

8.- Average supplier payment period

The average supplier payment period is 62 days. In the first quarter of 2018 steps will be taken to comply with legislation on late payment, by improving the procedures and systems for the receipt, automation and validation of supplier invoices. Any invoices paid after 60 days are Cemex Group company invoices and therefore do not affect the ratio of late payments to third-party suppliers.

9.- Events after the reporting period

On March 1, 2018, as part of the process to simplify the Cemex Group’s corporate structure, New Sunward Holding, B.V. (“NSH”) transferred the loans it had extended to the Company, amounting to US Dollars 191,411 thousand (Euros 156,523 thousand), to Lomez International, B.V., a Dutch firm that is also part of the Cemex Group. The terms and conditions of these loans have not been affected by the transfer.
APPENDIX I

ANNUAL CORPORATE GOVERNANCE REPORT

YEAR ENDED DECEMBER 31, 2017
ANNUAL CORPORATE GOVERNANCE REPORT

Year ended December 31, 2017
CONTENTS:

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTRODUCTION</td>
<td>3</td>
</tr>
<tr>
<td>A. OWNERSHIP STRUCTURE</td>
<td>5</td>
</tr>
<tr>
<td>B. SHAREHOLDERS' GENERAL MEETING</td>
<td>11</td>
</tr>
<tr>
<td>C. COMPANY MANAGEMENT STRUCTURE</td>
<td>15</td>
</tr>
<tr>
<td>D. RELATED PARTY TRANSACTIONS AND INTRAGROUP TRANSACTIONS</td>
<td>68</td>
</tr>
<tr>
<td>E. RISK CONTROL AND MANAGEMENT SYSTEMS</td>
<td>79</td>
</tr>
<tr>
<td>F. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS RELATED TO FINANCIAL REPORTING (ICOFR)</td>
<td>97</td>
</tr>
<tr>
<td>G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS</td>
<td>118</td>
</tr>
<tr>
<td>H. OTHER INFORMATION OF INTEREST</td>
<td>142</td>
</tr>
</tbody>
</table>
INTRODUCTION

CEMEX LATAM HOLDINGS, S.A. (hereinafter the “Company” or “Cemex Latam”) was incorporated on April 17, 2012 as a public limited liability company (sociedad anónima), for an unlimited period. Its registered office is in Madrid at calle Hernández de Tejada, 1.

The Cemex Latam Group, in turn, is included as a subgroup in the corporate group headed by CEMEX España, S.A., its main shareholder (hereinafter “CEMEX España Group” or “Cemex España”, as appropriate).

The Company is also part of the international cement and building materials group CEMEX (“CEMEX Group”), whose parent company is Cemex S.A.B. de C.V. (hereinafter “CEMEX S.A.B. de C.V.”), a company incorporated in Monterrey (Mexico) and listed on the Mexican Stock Exchange (BMV) and the New York Stock Exchange (NYSE).

The statutory activity of the Company consists of holding stakes in companies mainly engaged in the manufacture and sale of cement and other building materials in South America, Central America and the Caribbean. At present the Cemex Latam Group’s main operations are in Colombia, Panama, Nicaragua, Costa Rica, Guatemala, El Salvador and Brazil.

In November 2012 the Company placed approximately 26% of its share capital in an initial public offering in Colombia. Its shares were admitted to trading on the Colombia Stock Exchange on November 16, 2012.

Even though it is a Spanish company, Cemex Latam is not admitted to trading in Spain. However it is admitted on the Colombian Stock Exchange. It is therefore not subject to Spanish corporate governance recommendations for listed companies, nor is it required to abide by the best practice recommendations applicable to Colombian issuers whose shares are listed on the Colombian Stock Exchange.

However, Cemex Latam decided to voluntarily comply with the key best practices included in the former Spanish Unified Good Governance Code and has decided to comply with the same practices in the current Spanish Good Governance Code as well as the best practices applicable to Colombian listed companies and, since it was admitted to trading, Cemex Latam’s corporate governance system has been adapted to Colombian and international best practices.

Consequently, this Report details Cemex Latam’s degree of compliance with the Good Governance Code. For those recommendations where the Company is not compliant (“Comply or Explain”), we have included an explanation.
After receiving a report from the Corporate Governance Committee, at its meeting on March 19, 2018 the Company’s Board of Directors approved this Annual Corporate Governance Report, using as a reference the template provided in CNMV Circular 7/2015, of December 22, 2015, for listed public limited liability companies.

Its preparation and subsequent approval comply with the provisions of article 49 of the Bylaws and article 43 of the Regulations of the Board of Directors.

A. OWNERSHIP STRUCTURE

A.1. Complete the following table on the company’s share capital:

<table>
<thead>
<tr>
<th>Date of last modification</th>
<th>Share capital (Euros)</th>
<th>Number of shares</th>
<th>Number of voting rights</th>
</tr>
</thead>
<tbody>
<tr>
<td>11/07/2012</td>
<td>578,278,342</td>
<td>578,278,342</td>
<td>578,278,342</td>
</tr>
</tbody>
</table>
Indicate whether there are different types of shares with different associated rights:

**No**

A.2. List the direct and indirect holders of significant ownership interests in your organization at the end of the reporting period, excluding directors.

<table>
<thead>
<tr>
<th>Name or company name of shareholder</th>
<th>Number of direct voting rights</th>
<th>Indirect voting rights</th>
<th>% of total voting rights</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEMEX España, S.A. (1)</td>
<td>407,890,342</td>
<td>-</td>
<td>73.25 (2)</td>
</tr>
</tbody>
</table>

(1) Controlled by CEMEX S.A.B. de C.V.

Note: Treasury shares represent 3.71% of the share capital, as detailed in section A.8.

(2) Cemex España, S.A. holds 70.53% of the outstanding shares at December 31, 2017, without subtracting the treasury shares whose voting rights have been suspended (21,457,624 shares) from the total number of shares representing the share capital (578,278,342). Cemex España, S.A. therefore holds 73.25% of the shares with voting rights after subtracting the aforementioned treasury shares.

Indicate the most significant changes in the shareholder structure during the year:*

<table>
<thead>
<tr>
<th>Name or company name of shareholder</th>
<th>Date of transaction</th>
<th>Description of the transaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(*) The Company is listed exclusively on the Colombian Stock Exchange. As set forth in Colombian legislation on the securities exchange applicable to the Company, in its capacity as a foreign issuer of securities, its shareholders are not required to notify the Colombian regulator or the issuer on changes in their shareholdings since, pursuant to Spanish legislation, shareholdings are only considered significant if they exceed the statutory threshold of 3%. Based on the information that the Company periodically requests from Deceval, S.A. (Depósito Centralizado de Valores de Colombia), the Company is aware of the variations that can arise at the end of each month.

A.3. Complete the following tables on voting rights held by the company’s directors.
Complete the following tables on stock options held by the company’s directors.

<table>
<thead>
<tr>
<th>Name or company name of director</th>
<th>Number of direct options</th>
<th>Indirect options</th>
<th>Number of equivalent shares</th>
<th>% of total voting rights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jaime Muguiro Domínguez</td>
<td>125,403*</td>
<td>N/A</td>
<td>125,403</td>
<td>0.02%</td>
</tr>
</tbody>
</table>

*Direct options are as a percentage of total shares before tax and correspond to the directors as a result of their executive duties at the Company

A.4. Indicate any family, commercial, contractual or corporate relationships between owners of significant shareholdings, insofar as these are known by the company, unless they are insignificant or arise from ordinary trading or exchange activities.

<table>
<thead>
<tr>
<th>Name or company name of related parties</th>
<th>Type of relationship</th>
<th>Brief description</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>
A.5. Indicate any commercial, contractual or corporate relationships between owners of significant shareholdings and the company and/or its group, unless they are insignificant or arise from ordinary trading or exchange activities.

<table>
<thead>
<tr>
<th>Name or company name of related parties</th>
<th>Type of relationship</th>
<th>Brief description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cemex España, S.A.</td>
<td>Corporate</td>
<td>Controlling shareholder. The shareholder and the Company belong to the same corporate group, which is headed by CEMEX, S.A.B. de C.V.</td>
</tr>
<tr>
<td>CEMEX España, S.A.</td>
<td>Contractual</td>
<td>Intragroup financing.</td>
</tr>
</tbody>
</table>

A.6. Indicate whether the company has been notified of any associative arrangements between shareholders that affect it, pursuant to articles 530 and 531 of the Spanish Companies Act. If so, please describe these arrangements and list the shareholders they bind:

**No**

<table>
<thead>
<tr>
<th>Parties to the associative arrangement</th>
<th>% of share capital affected</th>
<th>Brief description of the arrangement</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

- Indicate whether the company is aware of the existence of any concerted actions among its shareholders. Give a brief description as applicable.

**No**

<table>
<thead>
<tr>
<th>Shareholders involved in concerted actions</th>
<th>% of share capital affected</th>
<th>Brief description of the arrangement</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>
Expressly indicate any amendments to or termination of such arrangements or concerted actions during the period:

No

A.7 Indicate whether any natural persons or legal entities currently exercise control or could exercise control over the company in accordance with article 5 of the Spanish Securities Market Law. Please identify them below.

Yes

Name or company name: Cemex España, S.A.
Observations: Owner of an interest of 70.53% of share capital – 73.25% excluding treasury shares

A.8. Complete the following tables on the company’s treasury shares.

At the end of the reporting period:

<table>
<thead>
<tr>
<th>Number of shares held directly</th>
<th>Number of shares held indirectly (*)</th>
<th>% of total share capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>21,457,624</td>
<td>0</td>
<td>3.71</td>
</tr>
</tbody>
</table>

(*) Through:

<table>
<thead>
<tr>
<th>Name or company name of direct shareholder</th>
<th>Number of shares held directly</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Total:</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Explain any significant changes during the period, in accordance with Royal Decree 1362/2007.

<table>
<thead>
<tr>
<th>Explain the significant changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
</tr>
</tbody>
</table>
A.9. Give details of the applicable conditions and term of any resolutions approved by the shareholders at the shareholders’ general meeting, authorizing the board of directors to issue, purchase or transfer treasury shares.

Date of resolution: May 15, 2013
Term: 5 years

Conditions:

a. The acquisition may be made directly by the Company or indirectly through its subsidiaries.

b. The acquisition may take the form of a purchase, swap or any other legally accepted transaction, once or more than once, providing that the shares acquired, in addition to those the Company already holds, do not exceed the maximum number allowed by law.

c. These transactions may not be carried out at a price which is (i) greater than the higher of (a) 120% of the listed price of the shares and (b) the Subscription Offer price; (ii) less than one euro cent (Euros 0.01).

d. The maximum term of this resolution is five (5) years.

e. A restricted reserve equivalent to the amount of the parent’s shares classified as assets will be recognized on the liability side of the acquiring company’s balance sheet. This reserve must be maintained as long as the shares have not been disposed of or redeemed, in accordance with article 148 of the Spanish Companies Act.

Shares acquired by virtue of this authorization may be disposed of or redeemed, or else applied to the compensation schemes set out in paragraph 3 of article 146 1.a) of the Spanish Companies Act.

A.9. bis Estimated free float.

<table>
<thead>
<tr>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated free float</td>
</tr>
</tbody>
</table>
A.10 Indicate if there is any restriction on the transfer of securities and/or any restrictions on voting rights. Indicate, in particular, any restrictions on the takeover of the company by means of share purchases on the market.

There are no restrictions (i) on the transfer of securities or (ii) on voting rights or (iii) that may constitute an obstacle to the takeover of the Company by means of share purchases on the market.

A.11 Indicate whether at the shareholders' general meeting the shareholders agreed to take neutralization measures to prevent a public takeover bid by virtue of Law 6/2007.

No

A.12 Indicate whether the company has issued securities not traded in a regulated market of the European Union. If so, indicate the share class and, for each class of share, the rights and obligations conferred by them.

Yes

All of the Company’s shares, of a given class, have been listed exclusively on the Colombian Stock Exchange since November 16, 2012, the date that they were admitted to trading.

B. SHAREHOLDERS’ GENERAL MEETING

B.1. Indicate the quorum required for convening the shareholders’ general meeting and describe any differences with respect to the quorum required under the Spanish Companies Act.

Yes No

<table>
<thead>
<tr>
<th>Quorum required for first notice</th>
<th>Quorum % other than that established in article 193 of the Spanish Companies Act for general cases</th>
<th>Quorum % other than that established in article 194 of the Spanish Companies Act for the special cases described in article 194</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>Article 31 of the Bylaws requires a vote in favor by one-half plus one of the share capital</td>
<td>No</td>
</tr>
</tbody>
</table>
B.2. Indicate and, if applicable, describe any differences between the company’s framework for adopting corporate resolutions and the framework set forth in the Spanish Companies Act.

Yes  No

Describe how it differs from the framework established under the Spanish Companies Act.
B.3 Indicate the rules governing amendments to the company’s bylaws. In particular, indicate the majorities required to amend the bylaws and, if applicable, the rules for protecting shareholders’ rights when changing the bylaws.

Amendments to the Company’s Bylaws are governed by article 22 (Establishment of a Quorum for the Shareholders’ General Meeting), article 31 (Approval of Resolutions by the Shareholders at the Shareholders’ General Meeting) and article 39 (Quorum and majoriy for adoption of resolutions by the Board of Directors) of the Bylaws, as well as by article 22 and article 34 of the Regulations of the Shareholders’ General Meeting.

Exceptionally, amendments to article 39 of the Bylaws and approval of the resolution to delegate to the Board of Directors the power to issue non-convertible or convertible and/or exchangeable bonds must receive a vote in favor by one-half plus one of the Company’s share capital represented.
B.4. Indicate the attendance figures at the shareholders’ general meetings held in the year to which this report refers and the prior year.

<table>
<thead>
<tr>
<th>Date of the Shareholders’ General Meeting</th>
<th>% attending in person</th>
<th>% by proxy</th>
<th>% remote voting</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Electronic voting</td>
<td>Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>06/29/2017</td>
<td>74.28 (*)</td>
<td>0</td>
<td>N/A</td>
<td>13.68</td>
</tr>
<tr>
<td>06/20/2016</td>
<td>74.32 (*)</td>
<td>0</td>
<td>N/A</td>
<td>12.31</td>
</tr>
</tbody>
</table>

(*) Excludes the number of shareholders voting remotely, which is included under "Other." This remote vote was made using the remote voting cards made available to the Company's shareholders.

At the Shareholders’ Ordinary General Meeting held on June 29, 2017, the total share capital represented at the meeting was 508,645,069 shares (all of which were personally in attendance, and none of which were represented by proxy), with a quorum equivalent to 87.96% of share capital.

The voting rights attached to 21,621,856 treasury shares represented in the quorum had been suspended; hence the represented share capital in attendance and with voting rights totaled 487,023,213 shares, representing 84.22% of share capital.

Of the share capital in attendance and with voting rights, 79,132,871 shares, representing 13.68% of share capital and 15.55% of the share capital in attendance, voted remotely.

The 21,621,856 treasury shares that the Company held at the date of the Shareholders’ General Meeting, which represented 3.74% of share capital, have their voting and other rights suspended, in accordance with article 148 of the Spanish Companies Act. Pursuant to article 148.b), treasury shares were considered as share capital in order to calculate the quorum required for convening the meeting and adopting resolutions therein. However, the shares did not confer any votes. Treasury shares accounted for 4.25% of the represented share capital in attendance at the meeting.

B.5. Indicate whether the bylaws impose any minimum requirements on the number of shares required to attend the shareholders' general meetings.

Yes  No

B.6 Section repealed
B.7. Indicate the address and mode of accessing corporate governance content on the company’s website as well as other information on shareholders' general meetings which must be made available to shareholders on the website.

The address of the Company's website is www.cemexlatam.com. It is available in both Spanish and English.

The homepage contains special direct access entitled “Investor Center” (“Inversionistas” in Spanish). It includes the following information:

In the Company Profile section:

- Key Company Figures
- Contact IR (Institutional Relations)

In the Reports section:

- Reports Archive (reports)
- Prospectus
- Financial Superintendency

In the Stock Information section:

- Stock Information
- Events and Calendar
- Earnings Webcast

In the Corporate Governance section:

- Board of Directors
- Management Team
- Committees
- Code of Ethics
- Bylaws and Regulations
- 2017 Shareholders' Meeting
C. COMPANY MANAGEMENT STRUCTURE

C.1. Board of directors

C.1.1 Maximum and minimum number of directors established in the bylaws:

<table>
<thead>
<tr>
<th>Maximum number of directors</th>
<th>9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum number of directors</td>
<td>5</td>
</tr>
</tbody>
</table>

C.1.2 Complete the following table with details of board members:

<table>
<thead>
<tr>
<th>Name or company name of director</th>
<th>Proxy</th>
<th>Director’s category</th>
<th>Position on the Board</th>
<th>Date of first appointment</th>
<th>Date of last appointment</th>
<th>Election process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Jaime Muguiro Dominguez</td>
<td>N/A</td>
<td>Executive Director</td>
<td>Chairman / CEO</td>
<td>10/04/2012</td>
<td>06/20/2016</td>
<td>Decision of the sole shareholder / resolution of the Board of Directors / resolution of the Shareholders’ General Meeting</td>
</tr>
<tr>
<td>Mr. Jaime Gerardo Elizondo Chapa</td>
<td>N/A</td>
<td>Proprietary Director</td>
<td>Vice-Chairman / Director</td>
<td>04/10/2012</td>
<td>20/06/2016</td>
<td>Decision of the sole shareholder / resolution of the Board of Directors / resolution of the Shareholders’ General Meeting</td>
</tr>
<tr>
<td>Mr. Juan Pablo San Agustín Rubio</td>
<td>N/A</td>
<td>Proprietary Director</td>
<td>Director</td>
<td>10/04/2012</td>
<td>06/20/2016</td>
<td>Decision of the sole shareholder / resolution of the Shareholders’ General Meeting</td>
</tr>
<tr>
<td>Mr. José Luis Orti García</td>
<td>N/A</td>
<td>Proprietary Director</td>
<td>Director</td>
<td>06/20/2016</td>
<td></td>
<td>Resolution of the Shareholders’ General Meeting</td>
</tr>
<tr>
<td>Ms. Carmen Burgos Casas</td>
<td>N/A</td>
<td>Proprietary Director</td>
<td>Director</td>
<td>06/20/2016</td>
<td></td>
<td>Resolution of the Shareholders’ General Meeting</td>
</tr>
</tbody>
</table>
Total number of Directors  9

Indicate any board members who left during the reporting period:

No Board members left in 2017

C.1.3 Complete the following tables on board members and their respective categories:

**EXECUTIVE DIRECTORS**

<table>
<thead>
<tr>
<th>Name or company name of director</th>
<th>Position at the Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Jaime Muguiro Domínguez</td>
<td>CEO</td>
</tr>
</tbody>
</table>
**CEMEX LATAM HOLDINGS, S.A.**  
**ANNUAL CORPORATE GOVERNANCE REPORT**

<table>
<thead>
<tr>
<th>Total number of Executive Directors</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of the Board</td>
<td>11.11</td>
</tr>
</tbody>
</table>

**NON-EXECUTIVE PROPRIETARY DIRECTORS**

<table>
<thead>
<tr>
<th>Name or company name of director</th>
<th>Name or company name of significant shareholder represented or proposing appointment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Juan Pablo San Agustín Rubio</td>
<td>Cemex España, S.A.</td>
</tr>
<tr>
<td>Mr. Jaime Gerardo Elizondo Chapa</td>
<td>Cemex España, S.A.</td>
</tr>
<tr>
<td>Mr. José Luis Orti García</td>
<td>Cemex España, S.A.</td>
</tr>
<tr>
<td>Ms. Carmen Burgos Casas</td>
<td>Cemex España, S.A.</td>
</tr>
<tr>
<td>Mr. Juan Pelegrí y Girón</td>
<td>Cemex España, S.A.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total number of Proprietary Directors</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of the Board</td>
<td>55.55</td>
</tr>
</tbody>
</table>

**INDEPENDENT NON-EXECUTIVE DIRECTORS**

<table>
<thead>
<tr>
<th>Name or company name of director</th>
<th>Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Gabriel Jaramillo Sanint</td>
<td>Financial sector expert. Has held different positions of responsibility at various financial institutions, including the position of director.</td>
</tr>
<tr>
<td>Ms. Coloma Armero Montes</td>
<td>Lawyer specializing in commercial law. Director and a member of the Audit Committee of a regulated company.</td>
</tr>
</tbody>
</table>
Mr. Rafael Santos Calderón

News media expert. Has held various positions of responsibility such as publications editor and director. Rector of Universidad Central de Colombia.

<table>
<thead>
<tr>
<th>Total number of Independent Directors</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of the Board</td>
<td>33.33</td>
</tr>
</tbody>
</table>

List any independent directors who receive any amount or payment from the company or the group other than director compensation or who maintain or have maintained during the period in question a business relationship with the company or any group company, either in their own name or as a significant shareholder, director or senior executive of an entity which maintains or has maintained such a relationship.

No

If so, include a statement from the board detailing why the director may perform duties as an independent director.

<table>
<thead>
<tr>
<th>Name or company name of director</th>
<th>Description of relationship</th>
<th>Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

**OTHER NON-EXECUTIVE DIRECTORS**

Identify any other non-executive directors and list the reasons why they cannot be considered proprietary or independent directors and detail their relationships with the company, its executives or shareholders:

<table>
<thead>
<tr>
<th>Name or company name of director</th>
<th>Reasons</th>
</tr>
</thead>
</table>
List any changes in the category of each director which have occurred during the period:

<table>
<thead>
<tr>
<th>Name or company name of director</th>
<th>Date of change</th>
<th>Former category</th>
<th>Current category</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

C.1.4 Complete the following table on the number of female directors over the past four years and their title:

<table>
<thead>
<tr>
<th></th>
<th>Number of female directors</th>
<th>% of total directors in each category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Proprietary</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Independent</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Other non-executive</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total:</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>
C.1.5 Explain any measures that have been adopted to ensure that a sufficient number of female directors are included on the board of directors, ensuring a balanced presence of men and women.

Explanation of the measures:

Due to the expiry of the Directors' positions as mentioned in the Annual Corporate Governance Report for 2016, and in line with the target to increase the number of women on the Board of Directors, the Appointments and Remuneration Committee submitted a favorable report to the Board of Directors on the appointment of Ms. Carmen Burgos Casas as a new Company Director. On June 20, 2016, this appointment was in turn proposed by the Board to and approved by the shareholders at the Shareholders' General Meeting held, raising the percentage of women on the Board of Directors to 22.22%.

Moreover, following a favorable report from the Appointments and Remuneration Committee, at their meeting held on December 18, 2017 the Board of Directors approved the policy for selecting candidate directors, the aims of which, as provided for in the policy itself, include seeking to ensure that women account for at least 30 percent of Board members in 2020. Furthermore, at its meetings held on December 15, 2017 and February 5, 2018, the Committee worked on the preliminary approach to the preparation of guidelines of how to achieve the above percentage. Thus, notwithstanding the ongoing work on such guidelines by the Committee in 2018, at its meeting of December 15, 2017 the Board of Directors agreed, at the proposal of the Appointments and Remuneration Committee, that the Committee be supported in this area by the independent external consultant contracted to perform the annual evaluation of the functioning and quality of the work of the Board of Directors, the Chairman’s performance, the functioning of the Committees and the evaluation of the Directors for 2017.

C.1.6 Explain any measures taken by the appointments committee to ensure that the selection processes are not subject to implicit bias that would make it difficult to select female directors, and whether the company makes a conscious effort to search for female candidates with the required professional profile:

Explanation of the measures:

Among its various functions and competences, the Bylaws and the Regulations of the Board of Directors entrust the Appointments and Remuneration Committee with the function of ensuring that when new vacancies are filled or new Directors are appointed, the selection processes are free of any implicit bias entailing
discrimination of any kind and, in particular, of any bias that makes the selection of female Directors difficult. With a view to proposing two new Directors to fill the vacant positions of Mr. Madridejos and Mr. Ruiz de Haro outlined in the 2016 Annual Corporate Governance Report, and also taking into account best corporate governance practices, in particular the goal that at least 30% of Board members should be women by 2020, Cemex España, S.A., the Company’s majority shareholder, evaluated various profiles within the Group’s organizational structure, including those of three women and one man, and proposed the appointment of Ms. Carmen Burgos Casas to occupy one of the aforementioned vacant positions.

The Company therefore has two female Directors, one of whom at the date of this report, Ms. Coloma Armero is a member of the three Committees of the Board of Directors and President of the Audit Committee and the other, Ms. Carmen Burgos Casas, is a member and Secretary of the Appointments and Remuneration Committee. Moreover, while she is not a Director, following a favorable report by the Appointments and Remuneration Committee, at their meeting held on December 18, 2017 the Board of Directors resolved to appoint Ms. Sandra Vizcaíno Cantón (who is not a Director) as Non-director Vice-Secretary of the Company.

When there are few or no female directors despite the measures taken, explain the reasons why:

N/A

C.1.6 bis Explain the conclusions of the appointments committee regarding verification of compliance with the director selection policy. In particular, explain how this policy favors the target of women representing at least 30% of the board of directors by 2020.

See above answer.

C.1.7 Explain how shareholders with significant holdings are represented on the board.

During the reporting period, the only shareholder with significant holdings represented on the Board is Cemex España, S.A., which has a direct holding of 70.53%.
Of the nine (9) members of the Board, one (1) is an Executive Director and five (5) are Non-executive Proprietary Directors, all of whom represent the shareholder Cemex España, S.A.

At December 31, 2017, 25.75% of share capital is held by non-controlling shareholders. This percentage is rounded down, and the exact figure is 25.754099%.

The three Non-executive Independent Directors account for 33.33% of the Board of Directors.

C.1.8. Explain, if applicable, why proprietary directors have been appointed at the request of shareholders who hold less than 3% of share capital.

During this period, no Proprietary Directors were appointed at the request of shareholders who hold less than 3% of share capital.

<table>
<thead>
<tr>
<th>Name or company name of shareholder</th>
<th>Justification</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

- Provide details of any rejected formal requests for board representation from shareholders whose shareholding is equal to or greater than that of other shareholders who have successfully requested the appointment of proprietary directors. Where appropriate, explain why these requests were not successful:

  No such request has been received.

C.1.9. Indicate whether any director has resigned from office before his/her term of office expired, whether that director has given the board his/her reasons and, if so, through what channel. If this was stated in writing, explain at least the reasons given by the director:

  No.

C.1.10 Indicate what powers, if any, have been delegated to the CEO(s):

<table>
<thead>
<tr>
<th>Name or company name of the director</th>
<th>Brief description</th>
</tr>
</thead>
</table>
C.1.11 List the directors, if any, who are directors or executives in other companies belonging to the listed company’s group:

In order to provide greater transparency, we have included the offices held by Board members in companies belonging to the CEMEX Group as a whole and not just the Cemex Latam subgroup.

<table>
<thead>
<tr>
<th>Name or company name of director</th>
<th>Company name of the group entity</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Juan Pablo San Agustín Rubio</td>
<td>Cemex Ventures España. S.L.U.</td>
<td>Chairman of the Board of Directors</td>
</tr>
<tr>
<td>Company Name</td>
<td>Role</td>
<td></td>
</tr>
<tr>
<td>------------------------------------</td>
<td>----------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Cemex Colombia, S.A.</td>
<td>Second substitute of the legal representative and principal member of the Board of Directors</td>
<td></td>
</tr>
<tr>
<td>Cemex Administraciones LTDA</td>
<td>Main legal representative</td>
<td></td>
</tr>
<tr>
<td>Cemex Premezclados de Colombia, S.A.</td>
<td>Main legal representative and principal member of the Board of Directors</td>
<td></td>
</tr>
<tr>
<td>Cemex Transporte de Colombia, S.A.</td>
<td>Main legal representative and principal member of the Board of Directors</td>
<td></td>
</tr>
<tr>
<td>Central de Mezclas, S.A.</td>
<td>Second substitute of the legal representative and principal member of the Board of Directors</td>
<td></td>
</tr>
<tr>
<td>Cemento Bayano, S.A.</td>
<td>Chairman of the Board of Directors</td>
<td></td>
</tr>
<tr>
<td>Pavimentos Especializados, S.A.</td>
<td>Chairman of the Board of Directors</td>
<td></td>
</tr>
<tr>
<td>Superquímicos de Centroamérica, S.A.</td>
<td>Vice-chairman of the Board of Directors</td>
<td></td>
</tr>
<tr>
<td>Distribuidora de Materiales de Construcción DIMACO DMC, S.A. (Costa Rica)</td>
<td>Chairman of the Board of Directors</td>
<td></td>
</tr>
<tr>
<td>Cemex Guatemala, S.A.</td>
<td>Chairman of the Board of Directors</td>
<td></td>
</tr>
<tr>
<td>Cementos de Centro América, S.A.</td>
<td>Chairman of the Board of Directors</td>
<td></td>
</tr>
<tr>
<td>Global Concrete, S.A</td>
<td>Chairman of the Board of Directors</td>
<td></td>
</tr>
<tr>
<td>Gestión Integral de Proyectos, S.A.</td>
<td>Chairman of the Board of Directors</td>
<td></td>
</tr>
<tr>
<td>Equipos para Uso de Guatemala, S.A.</td>
<td>Chairman of the Board of Directors</td>
<td></td>
</tr>
<tr>
<td>Cemex El Salvador</td>
<td>Director-Chairman of the Board of Directors</td>
<td></td>
</tr>
<tr>
<td>Cemex Caribe, S.A.</td>
<td>Chairman of the Board of Directors</td>
<td></td>
</tr>
<tr>
<td>Cemex Perú, S.A.</td>
<td>Director of the Board of Directors</td>
<td></td>
</tr>
<tr>
<td>Cemex Costa Rica</td>
<td>Chairman of the Board of Directors</td>
<td></td>
</tr>
<tr>
<td>Lomas del Tempisque, S.R.L.</td>
<td>Manager</td>
<td></td>
</tr>
<tr>
<td>Cemex El Salvador</td>
<td>Chairman of the Board of Directors</td>
<td></td>
</tr>
</tbody>
</table>
C.1.12. List any of the company’s directors who also sit on the boards of directors of other non-group entities that are listed on official securities markets, insofar as these have been disclosed to the company:

<table>
<thead>
<tr>
<th>Name or company name of director</th>
<th>Company name of the listed entity</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ms. Carmen Burgos Casas</td>
<td>Cemex España Operaciones, S.L.U.</td>
<td>Director</td>
</tr>
<tr>
<td></td>
<td>Balboa Investment B.V.</td>
<td>Director</td>
</tr>
<tr>
<td></td>
<td>Cemex Deutschland AG</td>
<td>Member of the Oversight Board</td>
</tr>
<tr>
<td></td>
<td>Cemex UK</td>
<td>Director</td>
</tr>
<tr>
<td></td>
<td>Corporación Cementera Latinoamericana, S.L.U.</td>
<td>Representative of the Sole Director Cemex Latam Holdings, S.A.</td>
</tr>
<tr>
<td></td>
<td>New Sunward Holding, B.V.</td>
<td>Director</td>
</tr>
<tr>
<td></td>
<td>Lomez International, B.V.</td>
<td>Director</td>
</tr>
<tr>
<td>Mr. Juan Pelegri y Girón</td>
<td>Cemex Hrvatska d.d.</td>
<td>Member of the Oversight Board</td>
</tr>
<tr>
<td></td>
<td>Sierra Trading, Ltd.</td>
<td>Director</td>
</tr>
<tr>
<td></td>
<td>CCL Business Holdings, S.L.U.</td>
<td>Representative of the Sole Director Corporación Cementera Latinoamericana, S.L.U.</td>
</tr>
<tr>
<td></td>
<td>Business Material Funding, S.L.U.</td>
<td>Representative of the Sole Director Cemex España, S.A.</td>
</tr>
<tr>
<td></td>
<td>Cemex Ventures BV</td>
<td>Director</td>
</tr>
<tr>
<td></td>
<td>Cemex Ventures España, S.L.U.</td>
<td>Non-Director Secretary</td>
</tr>
</tbody>
</table>
C.1.13 Indicate whether the regulations of the board of directors establish rules on the maximum number of boards of companies on which its directors may sit, and if so, explain what the rules are:

Yes

Explanation:

Pursuant to article 12.1. a) of the Regulations of the Board of Directors, natural persons or legal entities holding the position of director in more than three (3) companies whose shares are admitted to trading on national or overseas stock exchanges may not be appointed Directors.

C.1.14 Section repealed

C.1.15 List the total compensation paid to the board of directors:

| Board compensation (thousands of Euros) | 331 |
| Amount of current Board members' accumulated pension rights (thousands of Euros) | 0 |
| Amount of former Board members' accumulated pension rights (thousands of Euros) | 0 |

C.1.16 List any members of senior management who are not executive directors and indicate the total compensation accrued during the period:

<table>
<thead>
<tr>
<th>Name or company name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Josué R. González Rodríguez</td>
<td>CFO at Cemex Latam and CEMEX Colombia</td>
</tr>
<tr>
<td>Mr. Fernando Enríquez Martel</td>
<td>Vice-President of Operations at Cemex Latam and CEMEX Colombia</td>
</tr>
<tr>
<td>Mr. Francisco Aguilera Mendoza</td>
<td>Vice-President of Planning at Cemex Latam and CEMEX Colombia</td>
</tr>
</tbody>
</table>
Total senior management compensation (in thousands of Euros): 4,163

The above amount refers to total aggregate compensation of senior executives in the preceding table.

C.1.17 List any board members who are also members of the boards of directors of companies of significant shareholders and/or group companies:

<table>
<thead>
<tr>
<th>Name or company of director</th>
<th>Company name of significant shareholder</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ms. Ana María Gómez Montes</td>
<td>Director of Legal Affairs at Cemex Latam and Compliance Officer at Cemex Latam.</td>
<td></td>
</tr>
<tr>
<td>Mr. Ricardo Naya Barba</td>
<td>Director of Colombia</td>
<td></td>
</tr>
<tr>
<td>Mr. Andrés Jiménez Uribe</td>
<td>Director of Panama</td>
<td></td>
</tr>
<tr>
<td>Mr. Enrique Alberto García Morelos</td>
<td>Director of Costa Rica</td>
<td></td>
</tr>
<tr>
<td>Mr. Yuri de los Santos Llanas.</td>
<td>Director of Nicaragua and El Salvador</td>
<td></td>
</tr>
<tr>
<td>Mr. Guillermo García Clavier</td>
<td>Director of Brazil</td>
<td></td>
</tr>
<tr>
<td>Mr. Guillermo Rojo de Diego</td>
<td>Director of Guatemala</td>
<td></td>
</tr>
</tbody>
</table>

Note: Section C.1.11 indicates the companies of the CEMEX Group, the parent of which is CEMEX, S.A.B. de C.V., on whose Boards of Directors the Directors of CEMEX Latam Holdings are present.
List, if applicable, the relevant relationships other than those included in the preceding section that link members of the board of directors with significant shareholders and/or group companies:

<table>
<thead>
<tr>
<th>Name or company name of director or related director</th>
<th>Name or company name of related significant shareholder</th>
<th>Description of relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jaime Muguiro Domínguez</td>
<td>CEMEX Colombia, S.A. and Cemex España Gestión y Servicios, S.L.</td>
<td>Employment</td>
</tr>
<tr>
<td>Juan Pablo San Agustín Rubio</td>
<td>Cemex España Gestión y Servicios, S.L.</td>
<td>Employment</td>
</tr>
<tr>
<td>Jaime Gerardo Elizondo Chapa</td>
<td>Cemex España, S.A.</td>
<td>Employment</td>
</tr>
<tr>
<td>José Luis Orti García</td>
<td>Cemex España Gestión y Servicios, S.L.</td>
<td>Employment</td>
</tr>
<tr>
<td>Carmen Burgos Casas</td>
<td>Cemex España Operaciones, S.L.U.</td>
<td>Employment</td>
</tr>
<tr>
<td>Juan Pelegrí y Girón</td>
<td>Cemex España Gestión y Servicios, S.L.</td>
<td>Employment</td>
</tr>
</tbody>
</table>

C.1.18 Indicate whether any changes have been made to the regulations of the board of directors during the period:

No

C.1.19 Indicate the procedures for selecting, appointing, re-electing, appraising and removing directors. List the competent bodies and the processes and criteria to be followed for each procedure.

The following procedures are detailed in the Company’s Bylaws and Regulations:

1) Nomination and appointment of candidates

Nomination of candidates
1. The Board of Directors shall ensure that: (i) the existing Director selection policy: (a) is specific and verifiable; (b) ensures that the proposed appointments or re-elections are supported by prior analysis of the requirements of the Board of Directors; (c) promotes diversity of knowledge, experience and gender in the Board; and (d) the result of the prior analysis regarding the Board’s requirements is contained in the supporting report or proposal by the Appointments and Remuneration Committee published when convening the Shareholders’ General Meeting to approve, appoint or re-elect Directors.

2. The Board of Directors and the Appointments and Remuneration Committee, within their area of authority, endeavor to ensure that the candidates proposed to the shareholders at a Shareholders’ General Meeting for appointment or re-election as a Director, as well as the Directors appointed directly to fill vacancies by the method of co-option, are honorable and qualified persons, of renowned solvency, competence, experience, qualifications, training, availability and commitment to their post.

3. In particular, the Board of Directors and the Appointments and Remuneration Committee consider the following principles:

   (a) That all Directors contribute a professional specialty and that they have previous experience related to the Company’s activities;
   (b) That all Directors have enough time to responsibly comply with the performance of their duties, and
   (c) That all Directors have the basic skills required to perform their duties properly.

4. In the case of a Director that is a legal entity, the individual representing it in the performance of the duties inherent to the position of Director is subject to the same requirements referred to in the preceding paragraph and is also personally subject to the incompatibilities and bound by the duties established for Directors in the Company’s Internal Regulations.

Appointment

1. Directors are appointed by the shareholders at the Shareholders’ General Meeting pursuant to statutory requirements and the provisions of the Bylaws.

2. The proposals for the appointment and re-election of Directors submitted by the Board of Directors for approval by the shareholders at the Shareholders’ General Meeting, and the appointments made by the Board of Directors using the
statutory method of co-option must be preceded by: (a) the corresponding proposal from the Appointments and Remuneration Committee, in the case of Independent Directors or (b) a report from the Appointments and Remuneration Committee, in the case of the other Directors. The new Director must be classified into one of the categories envisioned in the Regulations of the Board of Directors.

3. Directors shall accept their positions in a letter in which, among other matters, they commit not to directly or indirectly trade Company shares for a specific period in the event of circumstances such as takeover bids or other significant transactions, such as mergers or spin-offs.

2) Term of office and re-election

1. Directors hold office for three (3) years, so long as the shareholders at the Shareholders’ General Meeting do not resolve to remove them and the Directors do not resign from their position.

2. Directors may be re-elected for an unlimited number of three (3) year terms.

3. The law states that vacancies may be filled by members of the Board of Directors until the next Shareholders’ General Meeting. At this meeting, shareholders will confirm the appointments or elect the replacements of Directors who have not been ratified, unless they decide to eliminate the vacant positions.

4. The proposed re-elections that the Board of Directors decides to submit to the shareholders at the Shareholders’ General Meeting are subject to a process of preparation, which must include a proposal (for Independent Directors) or a report (for other Directors) issued by the Appointments and Remuneration Committee, containing an analysis of the quality of the work performed and the dedication to the position shown by the proposed directors during their previous term in office as well as an express evaluation of their honorability, suitability, solvency, competence, availability and commitment to their duties.

Accordingly, the members of the Appointments and Remuneration Committee are evaluated by the Committee itself, which shall use the internal and external means it deems appropriate for such purpose. All Directors will excuse themselves from meetings during any deliberations or votes that affect them.

5. If the Chairman, Vice-Chairman, Coordinating Director and, should they be Directors, the Secretary and the Vice-Secretaries of the Board of Directors are re-elected as members of the Board of Directors by the shareholders at their
Shareholders’ General Meeting, they will continue to hold their previous positions on the Board without the need to be re-assigned. The foregoing does not withstand the power held by the Board of Directors to revoke the above positions.

3) Evaluation

Pursuant to article 26 of the Regulations of the Board of Directors, the Appointments and Remuneration Committee has the competencies required to report and review the selection criteria for Directors and to evaluate their performance. In particular, this Committee drafts and oversees an annual program for an ongoing evaluation and review of the qualifications and training required to hold the position of Director and to be a member of a Committee.

4) Removal

The Appointments and Remuneration Committee reports any proposed removals of Directors put forward by the Board.

Pursuant to article 13.3 of the Regulations of the Board of Directors, should the Directors find themselves in one of the situations in which they are forced to tender their resignation (these situations are listed in the answer to the question in C.1.21 below), the Board will request that the Director formally resign from his/her position and, if applicable, will propose his/her removal to the Shareholders’ General Meeting. The shareholders at the Shareholders’ General Meeting have the power to approve the removal of the Director in question, as indicated in article 7.1 (b) of its Regulations.

C.1.20 Explain the extent to which the annual evaluation of the board has prompted significant changes in its internal organization and the processes applicable to its operations:
Following the results obtained in the annual evaluation, measures have been taken in order to ensure (i) greater dedication by the Board of Directors to strategy, business and risk-related matters; (ii) greater access and availability of documentation for the Directors; (iii) more ongoing training for Directors.

C.1.20 bis Describe the process and areas of the evaluation carried out by the board of directors, assisted, if necessary, by an external advisor, regarding the powers and diversity of the board’s members, the functioning and composition of its committees, the performance of the chairman of the board of directors and the CEO and the performance and contribution of each director.

In 2014, 2015 and 2016 an internal evaluation was performed of the Board of Directors and the Directors, without the aid of an external consultant, as follows: (i) the Appointments and Remuneration Committee prepared the evaluation questionnaires; (ii) the services of PricewaterhouseCoopers, S.L. (PwC) were commissioned to send the aforementioned questionnaires to their addressees and to receive their replies, maintaining the confidentiality of the replies at all times; (iii) PwC sent the results of the Directors’ evaluations to the Chairman of the Board; (iv) the Chairman of the Board held individual meetings with each of the Directors; (v) the appropriate measures were adapted in order to improve the functioning of the Board of Directors, its Committees, the work of its Chairman and CEO as well as the appropriateness of its composition.

Nonetheless, as noted in section C.1.5, at its meeting held on December 18, 2017 and at the proposal of the Appointments and Remuneration Committee on December 15, 2017, the Board of Directors resolved to engage an independent external consultant to perform the annual evaluation of the functioning and quality of the work of the Board of Directors, the Chairman’s performance and the functioning of the Committees and the evaluation of the Directors for 2017. At its meeting of February 6, 2018, the Appointments and Remuneration Committee approved the terms of the tender to select the above consultant.

C.1.20 ter Disclose, if applicable, any business relationships that the advisor or any of the companies of its group has with the company or any company of its group.
N/A. See response to C.1.20 bis

C.1.21 Indicate the cases in which directors must resign.

Directors must tender their resignation:

(a) when, due to unforeseen circumstances, they are involved in one of the scenarios of incompatibility or prohibition envisaged by the law, the Bylaws or the Regulations of the Board of Directors;

(b) when, as a result of any events or conduct attributable to the Director, serious damage is caused to the value or reputation of the Company or Group companies or there is a risk to the Company or Group companies of criminal liability;

(c) when they cease to have the honorability, suitability, solvency, competence, availability or commitment to their duties required of a Director of the Company;

(d) when their presence on the Board of Directors may jeopardize, directly, indirectly or through related parties (in accordance with the definition given in article 37.2 of the Regulations of the Board of Directors), the faithful and diligent performance of their duties in furtherance of the corporate interest;

(e) when the reasons for which the Director was appointed cease to exist and, in particular, in the case of Proprietary Directors, when the shareholder or shareholders who proposed, requested or decided on their appointment sell or transfer all or part of their shareholding, with the result that it ceases to be significant or sufficient to justify the appointment;

(f) when they are severely reprimanded by the Board of Directors for failing to fulfill any of their duties as Directors, through a resolution adopted by a majority of two thirds of the Board (2/3).

(g) when an Independent Director is affected, at any time following his/her appointment as such, by any of the circumstances that prevent him/her from holding office provided for in the Regulations of the Board of Directors, and;

(g) when the activities carried out by the Director, the companies they directly or indirectly control, natural persons or legal entities that are shareholders of or related to any one of them or individuals representing a Director that is a legal entity may compromise a Director’s suitability to hold office.
C.1.22 Section repealed

C.1.23 Are qualified majorities, other than those prescribed by law, required to make any decisions?

Yes  No

Give a brief description of any differences.

Description of the differences:

Quorum for the adoption of resolutions

General rule: resolutions must be adopted by an absolute majority of the members attending the meeting in person or by proxy.

Qualified majorities: pursuant to paragraph 3 of article 39 of the Bylaws, a two-thirds majority is required before the Board can adopt resolutions on any one of the following matters:

(a) when the Company is extended loans, credit facilities or any other financing whereby it shall incur a liability in the reporting period for an accumulated amount in excess of two hundred and fifty million Euros (Euros 250,000,000) or the equivalent amount in other currencies, including any debt repayments;

(b) any investments in the reporting period for an accumulated amount in excess of two hundred and fifty million Euros (Euros 250,000,000) or the equivalent amount in other currencies;

(c) issuance of non-convertible or convertible and/or exchangeable bonds as delegated by shareholders at the Shareholders' General Meeting;

(d) acquisition or sale of any assets for an accumulated amount in the reporting period in excess of two hundred and fifty million Euros (Euros 250,000,000) or the equivalent amount in other currencies;

(e) transactions of any nature with people or entities from countries sanctioned by the United States or the European Union;
(f) use of cash for purposes other than repaying debt (including the debt of Cemex Group companies other than the Company or its subsidiaries) for an accumulated amount in the reporting period in excess of one hundred and fifty million Euros (Euros 150,000,000) or the equivalent amount in other currencies; and

(g) powers granted for any of the above competences.

(h) Appointment of members to the Executive Committee and delegation of powers thereto.

A resolution must also be approved by two thirds of the Directors to:

a) Appoint CEOs (article 37.4 of the Bylaws).

b) Amend the Regulations of the Board of Directors (article 4.1 of the Regulations of the Board of Directors).

c) Reprimand Directors for failing to fulfill any of their duties as Directors (article 13.2 (f) of the Regulations of the Board of Directors)

C.1.24 Indicate whether the chairman of the board of directors must fulfill any specific requirements other than those relating to the directors before being appointed.

Description of the requirements:

The Chairman does not have to fulfill any specific requirements other than those asked of Directors. However, the appointment of the Chairman must be preceded by a report from the Appointments and Remuneration Committee on the competency of the candidate, in order to:

- Evaluate the skills, knowledge and experience required on the Board. With this aim, the Committee will define the functions and capabilities required of the candidates for each vacancy, and assess the time and dedication necessary for them to perform their duties effectively;

- Report on and make proposals of appointments to executive positions on the Board of Directors and on proposals of the members of Committees (with the exception of the members of the Appointments and Remuneration Committee);
• Examine and organize the succession of the Chairman of the Board and CEO of the Company, making any recommendations to the Board to ensure that the handover proceeds in an orderly and planned manner.

C.1.25 Indicate whether the chairman has the deciding vote:

Yes  No

Matters on which the Chairman has the deciding vote:

Pursuant to paragraph 2 of article 39 of the Bylaws, the Chairman shall have the deciding vote in the event of a tie although the matters to which this applies are not specifically defined.

C.1.26 Indicate whether the bylaws or the regulations of the board of directors set any age limit for directors:

Yes  No

C.1.27 Indicate whether the limit set by the bylaws or the regulations of the board of directors on the term of office of independent directors is different to the statutory limit:

Yes  No

In accordance with article 529 duodecies of the Spanish Companies Act, article 8.2.i of the Regulations of the Board of Directors stipulates that persons who have held the position of Director for more than twelve years may not be considered Independent Directors.

C.1.28 Indicate whether the bylaws or regulations of the board of directors stipulate specific rules on appointing a proxy to the board, the procedures for doing so and, in particular, the maximum number of proxies a director may appoint. Also indicate whether any limits have been established with regard to the categories which may be appointed as proxies, in addition to those stipulated by law. If so, give brief details of these rules.
Pursuant to article 30 of the Regulations of the Board of Directors, any Directors unable to attend Board meetings in person may give a proxy to another Director as follows:

(i) They must give the proxy appropriate instructions;  
(ii) The proxy must be granted specially for the Board meeting in question;  
(iii) The proxy may be sent by any means that will ensure that it is received;  
(iv) A proxy may not be granted in connection with matters that represent a conflict of interest for a Director; and  
(v) Non-executive Directors may only appoint proxies who are also Non-executive Directors.

Therefore, the Company’s Internal Regulations do not establish a maximum number of proxies that may be appointed by a Director and do not stipulate any restriction of the proxy to a Director from the same category other than that contained in section two of article 529 quater of the Spanish Companies Act.

C.1.29 Indicate the number of board meetings held during the period and, if appropriate, the number of times it was convened in the absence of the chairman. For the calculation, proxies given specific instructions should be considered as attendance:

| Number of Board meetings | 11\(^{(1)}\) |
| Number of Board meetings convened in the absence of the Chairman | 1 |

\(1\) The Board of Directors decided upon one (1) vote in writing instead of in a meeting, as permitted by article 28.8 of the Regulations of the Board of Directors.

If the chairman is an executive director, indicate the number of meetings chaired by the coordinating director without any executive directors in attendance or represented

| Number of meetings | N/A |

Indicate the number of meetings held by the various board committees during the period:
C.1.30 Indicate the number of board meetings held during the period attended by all board members. For the calculation, proxies given specific instructions should be considered as attendance:

| Number of meetings attended by all Directors | 11 |
| Number in attendance as a % of total votes in the period | 100% |

C.1.31 Indicate whether the individual and consolidated annual accounts submitted to the board for approval had been certified:

Yes  No

C.1.32 Explain any mechanisms established by the board of directors to prevent the separate and consolidated financial statements it authorizes for issue from being presented to the shareholders at the shareholders' general meeting with a qualified auditor's report.

The Board of Directors has not established any specific mechanisms in this regard. Nonetheless, one of the functions of the Audit Committee is to oversee the process of preparing and presenting financial information and reviewing the annual accounts before they are submitted to the Board of Directors and the shareholders at the Shareholders' General Meeting for approval or authorization for issue. The purpose of this is to allow for identification of any possible objections and, where applicable, to make it easier to correct them and,
consequently, avoid receiving a qualified auditor’s report from the Company’s auditor. The Audit Committee regularly receives information on the audit program and on the results of that program from the auditor.

C.1.33 Is the secretary of the board also a director?

Yes  No

C.1.34 Section repealed

C.1.35 Describe any specific mechanisms that have been established by the company to safeguard the independence of external auditors, financial analysts, investment banks and rating agencies.

The Audit Committee must approve the auditor selection policy and make proposals to the Board for the appointment, reappointment or replacement of the auditors, to be submitted to the shareholders for subsequent authorization at the Shareholders’ General Meeting.

To safeguard its independence, the Company may not appoint as its auditor any person or firm that has received revenues representing 25% or more of their annual revenues for the previous year from the Company and/or the companies to which it is related directly or indirectly, through any of the control relationships listed in article 42 of the Code of Commerce, or appoint individuals or firms subject to the incompatibilities provided for in prevailing legislation at any given time.

In addition, the Audit Committee must receive from the auditor an annual written confirmation of its independence from the Company and all entities directly or indirectly related to it and information on the additional services rendered of any nature and the corresponding fees received by the auditor and its related entities from the Company or aforementioned entities, in accordance with applicable legislation.

Lastly, the Committee must issue an annual report expressing an opinion on auditor independence. This report must also include the value of additional services provided other than statutory audits, as mentioned in the above paragraph, both individually and as a whole, with regard to the independence framework and in accordance with audit legislation.
To date no mechanisms to preserve the independence of financial analysts, investment banks and rating agencies have been implemented.

C.1.36 Indicate whether the company has changed its external auditor during the period. If so, identify the incoming and outgoing audit firm:

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Outgoing auditor</th>
<th>Incoming auditor</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

C.1.37 Indicate whether the audit firm performs non-audit work for the company and/or its group. If so, state the amount of fees paid for such work and the percentage they represent of all fees invoiced to the company and/or its group:

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

In 2017, the KPMG Group, through its KPMG International affiliates, performed non-audit work for the Cemex Latam Group.

<table>
<thead>
<tr>
<th>Amount for non-audit work (thousands of Euros)</th>
<th>Company</th>
<th>Group</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>16</td>
<td>93</td>
<td>109</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Amount for non-audit work as a % of the total invoiced by the audit firm</th>
<th>Company</th>
<th>Group</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4.3%</td>
<td>10.4%</td>
<td>9.0%</td>
</tr>
</tbody>
</table>

C.1.38 Indicate whether the auditor’s report on the previous year’s annual accounts is qualified or includes reservations. Indicate the reasons given by the president of the audit committee to explain the content and scope of those reservations or qualifications.

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

The auditor's report expresses an unqualified opinion and does not include reservations.

C.1.39 Indicate the number of consecutive years during which the current audit firm has been auditing the annual accounts of the company and/or its group. Likewise, indicate for how many years the current firm has been auditing the annual accounts as a percentage of the total number of years during which the annual accounts have been audited:

“KPMG Auditores, S.L.” was initially appointed as the Company and Group auditor on November 6, 2012, to audit the annual accounts of “Cemex Latam Holdings, S.A.” and its subsidiaries for 2012, 2013 and 2014. In addition, the reappointment of the aforementioned auditor for these years was approved at the Shareholders’ General Meetings held in 2015, 2016 and 2017.

KPMG Auditores, S.L. has been the auditor of “Cemex España, S.A.” (previously “Compañía Valenciana de Cementos Portland, S.A.”), the Company’s controlling shareholder, since 1992. In addition, the KPMG International Group audits the entire CEMEX Group, the parent of which is CEMEX, S.A.B. de C.V.

<table>
<thead>
<tr>
<th>Number of consecutive years</th>
<th>Company</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>6</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>No. of years audited by the current audit firm/No. of years that the Company has been audited (%)</th>
<th>Company</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

C.1.40 Indicate whether there is a procedure whereby directors can contract external advisory services and, if applicable, provide details:

Yes  No

Details of the processes:

Directors may request external advice providing that a majority of the Directors present at the Board meeting authorize them to do so.
Members of the Board Committees may also at any time request the services of external advisors when they feel it necessary in order to correctly carry out their duties.

C.1.41 Indicate and, where appropriate, describe any processes in place to provide directors with the information they need in a timely fashion to prepare for meetings held by the governing bodies:

Yes No

Details of the processes:

Except for certain justified cases where information cannot be provided in sufficient time, Directors shall receive the documentation needed to prepare for meetings of the Board and Board Committees at least three (3) days before the date of the meeting. Likewise, at the request of the Board of Directors on February 9, 2018, it will be proposed that the documentation of the Board of Directors be handed out five (5) days in advance, following Colombian good governance recommendations.

C.1.42 Indicate and, where appropriate, give details of whether the company has established rules requiring directors to inform the board of any circumstances that might harm the organization’s name or reputation and, if necessary, to tender their resignation:

Yes No

Details of rules

Article 13 of the Regulations of the Board of Directors states that Directors to which these circumstances apply must tender their resignation to the Board of Directors and formally resign from their position.

If these circumstances arise for any individuals representing legal-entity Directors, they will be disqualified as representatives.
C.1.43 Indicate whether any directors have notified the company that they have been indicted or tried for any of the offenses referred to in article 213 of the Spanish Companies Act:

Yes   No

C.1.44 Detail the significant agreements to which the company is a party and which will take effect, be amended or terminate upon a change of control of the company as a result of a public takeover bid and the consequences of such an event.

The Company has entered into a number of intragroup contracts with other companies in the CEMEX Group. These contracts contain change-of-control clauses that would cause them to be terminated if the Company ceases to be controlled, either directly or indirectly, by the parent of the CEMEX Group.

The contracts are as follows:

- Framework Agreement entered into on October 5, 2012 by the Company, CEMEX, S.A.B. de C.V. and CEMEX España, S.A., governing intragroup relations, which was novated on March 28, 2017.

- Credit facilities arranged by the Company with Construction Funding Corporation (finance company of the CEMEX Group) on August 31, 2012. These credit facilities were extended by Construction Funding Corporation to New Sunward Holding, B.V. (the CEMEX Group's finance company) on January 1, 2015, which transferred them to Lomez International International BV in the first quarter of 2018.

- License agreement for the use of intangible assets entered into with Cemex Research Group AG (holding company that owns the intellectual-industrial property rights over the Group’s intangible assets), which entered into effect on July 1, 2012.

- License agreement entered into with CEMEX, S.A.B. de C.V. for the use of trademarks, which took effect on July 1, 2012.

- Business support and management services agreement entered into with Cemex Central, S.A. de C.V, which took effect on July 1, 2012.
Note: The Company has, in turn, entered into sub-licensing agreements with its Group subsidiaries. They state that the contracts will be terminated if any of the Group subsidiaries are excluded from the CEMEX Group as a result of a change in control thereof.

C.1.45 Identify, in aggregate form, and provide detailed information on, agreements between the company and its directors, management and employees that provide indemnities, or “golden parachute” clauses, in the event of resignation, unfair dismissal or termination as a result of a takeover bid or other transactions.

<table>
<thead>
<tr>
<th>Number of beneficiaries</th>
<th>0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of beneficiary</td>
<td>Description of the agreement</td>
</tr>
<tr>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

There are no agreements between the Company and its Directors, management or employees that provide indemnities, or “golden parachute” clauses, in the event of resignation, unfair dismissal or termination as a result of a takeover bid or other transactions.

Indicate whether these agreements must be reported to and/or authorized by the decision-making bodies of the company or its group:

<table>
<thead>
<tr>
<th>Body clauses</th>
<th>Board of Directors</th>
<th>Shareholders' General Meeting</th>
</tr>
</thead>
<tbody>
<tr>
<td>authorizing</td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

If such agreements exist, the authorization procedure is as follows:

In accordance with the Bylaws, the competences of the Board of Directors include the approval, upon request by the Chairman of the Board or the CEO, of the appointment or removal of the Company’s senior executives, and establishment of the terms of their contract and severance package or compensation in the event of their removal.

However, under a proposal put forward by the Chairman of the Board in this connection, the Audit Committee is responsible for submitting, as applicable, a reasoned proposal to the Board of Directors on the selection, appointment or removal of the Director of the Internal Audit Department. For this purpose, Directors who report directly to the Board of Directors, its Chairman or the
Company’s CEO, and the Director of the Internal Audit Department shall be considered senior management, as well as any other manager whom the Board of Directors regards as a senior manager.

The Appointments and Remuneration Committee is also responsible for reporting any proposed appointments or removals of senior managers and proposing the basic terms of their contracts to the Board of Directors.

Are the shareholders notified of such clauses at the Shareholders' General Meeting?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

Note: The shareholders are notified of such clauses at the Shareholders' General Meeting if the nature of the contract so requires.

C.2. Committees of the board of directors

C.2.1 Provide details on the committees of the board of directors, its members and the proportion of executive, proprietary, independent and other non-executive directors therein:

**AUDIT COMMITTEE**

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ms. Coloma Armero Montes</td>
<td>President</td>
<td>Independent Director</td>
</tr>
<tr>
<td>Mr. Rafael Santos Calderón</td>
<td>Member:</td>
<td>Independent Director</td>
</tr>
<tr>
<td>Mr. Gabriel Jaramillo Sanint</td>
<td>Member:</td>
<td>Independent Director</td>
</tr>
<tr>
<td>Mr. José Luis Ortí García</td>
<td>Secretary</td>
<td>Proprietary Director</td>
</tr>
</tbody>
</table>
% Executive Directors
% Proprietary Directors 25%
% Independent Directors 75%
% other Non-executive Directors

Explain the duties assigned to this committee, describe the procedures and rules that apply to the organization and functioning thereof and summarize its key actions during the year.

1) Organizational and operational rules:

Pursuant to article 43 of the Bylaws and article 25 of the Regulations of the Board of Directors, the organizational and operational rules of the Audit Committee are as follows:

- The Board of Directors has created a standing Audit Committee, a non-executive internal reporting and consultation body with reporting, advisory and proposal-making powers within its area of activities.

- The Audit Committee is made up of a minimum of three (3) and a maximum of five (5) Directors appointed by the Board of Directors from among Non-executive Directors proposed by the Appointments and Remuneration Committee, the majority of whom must be Independent Directors. One of the Independent Directors must be appointed based on their knowledge and experience in either accounting or audit matters, or both.

- The Board of Directors will select the President of the Audit Committee from among its Independent Directors. It will also appoint the Secretary of the Committee, who need not be a Director but must comply with the obligations applicable to Directors established in the Regulations of the Board of Directors. The President of the Audit Committee may only serve in this role for a maximum of four (4) years, upon conclusion of which the President may not be re-elected until at least one (1) year has elapsed since his/her removal, without prejudice to his/her continuing presence or re-election as member of the Committee.
The Board of Directors will endeavor to ensure that the members of the Audit Committee and, in particular, the President, have the right knowledge, skills and experience in accounting, audit or risk management matters for the functions they are called upon to perform.

Members of the Audit Committee will be appointed for a maximum term of three (3) years and may be re-elected on one or more occasions for maximum terms of three (3) years.

To fulfill its duties, the Audit Committee may request that the services of external advisors be contracted, when considered necessary, in accordance with the Company’s general terms of business.

The Audit Committee will meet as many times as its President deems necessary to perform the competences entrusted to the Committee and at least once (1) every quarter. It will also meet when so requested by at least two (2) of its members. The Chairman of the Board of Directors and the CEO may request a meeting with the Audit Committee for information purposes on an exceptional basis.

The Audit Committee may be validly convened when the majority of its members attend meetings in person or by proxy, and its resolutions may be adopted upon a simple majority of those present or represented. In the event of a tie, the President of the Audit Committee has the deciding vote.

The members of the Audit Committee may delegate their vote to another member of the Committee. The resolutions adopted by the Audit Committee are recorded in the minutes of the meeting, which must be signed by the President and the secretary and specify the form that the meeting took, the identity of those in attendance and the number of votes cast in favor of each of the items on the agenda.

Directors may be obliged to attend meetings held by the Audit Committee should the President of this Committee ask the Chairman of the Board of Directors to approve such a request. The President of the Committee may also request the attendance of any Director, manager or employee of the Company or Group companies, as well as any member of the management bodies of its investees whose appointment was proposed by the Company, provided that there is no legal impediment that prevents them from doing so.
The Company’s auditors may also attend the meetings of the Audit Committee where they will have the right to speak but not to vote.

The President of the Audit Committee will report to the Board of Directors on the matters discussed and the resolutions adopted at the Committee meetings in the first meeting of the Board of Directors after the Audit Committee’s meetings. Within three (3) months of the end of the reporting period, the Audit Committee will also submit for approval by the Board of Directors a report detailing its work in the prior period, which will subsequently be made available to the shareholders when the Shareholders’ General Meeting is called.

2) Functions and responsibilities of the Audit Committee.

The Audit Committee shall have the competences established by law – with the exception of that relating to prior reviewing and reporting of transactions with related parties to the Board of Directors, which is assigned to the Corporate Governance Committee – and any other competences assigned by the Board of Directors.

The Audit Committee has the following competences and powers, according to the Regulations of the Board of Directors:

(a) Reporting to the shareholders at the Shareholders' General Meeting regarding issues raised therein by shareholders on matters within its area of authority;

(b) Overseeing the effectiveness of (i) the Company’s internal control; (ii) Internal Audit, which will report to the Audit Committee, and compliance with the internal audit program, which shall take into account the corporate risks and assess all the divisions of the Company as a whole; (iii) the risk management systems, including those relating to tax, and; (iv) discussing with the auditor significant weaknesses in the internal control system identified in the course of the audit;

(c) Monitoring the independence of the Internal Audit unit; proposing the selection, appointment, re-election and removal of the head of the Internal Audit Division; proposing the department's budget; approving its training and work programs, ensuring that its activity primarily focuses on the Company's key risks; receiving regular reports on its activities; and verifying that senior management considers the conclusions and recommendations of its reports.
For the purposes of the above paragraph, the Audit Committee shall ensure that the head of the Internal Audit unit presents an annual work program to the Audit Committee, reports to it directly on any incidents arising during its implementation, and submits an activities report at the end of each period;

(d) Supervising a mechanism whereby staff can report, confidentially and, if possible and appropriate, anonymously, any significant irregularities detected in the course of their duties, in particular financial or accounting irregularities with potentially serious implications for the Company and the Group companies;

(e) Overseeing the preparation, filing and comprehensiveness of the regulated financial information pertaining to the Company and its Group, ensuring compliance with regulatory requirements, the suitable demarcation of the consolidated Group and the correct application of accounting policies, and establishing the policies and practices to be applied by the Company in the construction, disclosure and dissemination of its financial information;

(f) Assessing all matters concerning the Company's non-financial risks, such as operational, technological, legal, social, environmental, political and reputational risks;

(g) Proposing the selection, appointment, reappointment or replacement of the auditors and the terms of business therewith to the Board of Directors for approval at the Shareholders’ General Meeting, in accordance with applicable legislation, regularly gathering information from the auditors regarding the audit plan and its implementation and safeguarding the independence of the auditors in the course of their duties.

The Company may not appoint as its auditor any person or firm that has received revenues representing at twenty-five percent (25%) or more of their annual revenues for the previous year from the Company and/or the companies directly or indirectly related to it through a control relationship as provided for in article 42 of the Code of Commerce;
(h) Establishing a good relationship with the auditors in order to obtain information, for examination by the Audit Committee, on issues that might jeopardize their independence, and any other issues relating to the audit process as well as other communications required by audit legislation and other auditing standards;

(i) Investigating the issues giving rise to the resignation of any external auditor;

(j) Ensuring that the external auditor's compensation for its work does not compromise the quality of its work or its independence;

(k) Ensuring the Company reports any change of auditor to the applicable regulatory authority, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for such disagreements;

(l) Ensuring that the external auditor holds an annual meeting with the full Board of Directors to report on the work performed and on the Company's accounting circumstances and risks;

(m) Ensuring that the Company and the auditor comply with prevailing legislation regarding non-audit services, limits on the concentration of the auditor's business and, in general, other standards on auditor independence;

(n) Receiving an annual letter from the auditors confirming their independence with respect to the Company and all entities directly or indirectly related to it, as well as information regarding any additional services provided and the corresponding fees received by the auditor and its related entities from the Company or aforementioned entities, in accordance with applicable legislation;

(o) Issuing, prior to the auditor's report on annual accounts, an annual report expressing an opinion on the independence of the auditor. This report must also address the value of additional services provided other than statutory audits, as mentioned in the above section, both individually and as a whole, with regard to the independence framework and in accordance with audit legislation;

(p) Ensuring that the Board of Directors presents the annual accounts to the shareholders at the Shareholders’ General Meeting without limitations or qualifications in the auditors’ report. Should such limitations or
qualifications exist, both the President of the Audit Committee and the auditors should clearly explain account to the shareholders the content and scope of such limitations or qualifications;

(q) Ensuring compliance with specific legislation applicable to the Company;

(r) Reviewing the financial statements before their submission for approval to the Board of Directors and the shareholders at the Shareholders' General Meeting, ensuring that the interim financial statements are drafted in accordance with the same accounting standards as the annual accounts, and considering for this purpose the possibility of auditing such interim financial statements or submitting them for a limited review;

(s) Coordinating the process of reporting non-financial information and data on diversity, in accordance with applicable legislation and international standards;

(t) Defining mechanisms to consolidate the information of the issuer’s control bodies to be submitted to the Board of Directors;

(u) Issuing such other reports or carrying out such other activities as may fall within its purview pursuant to the Company’s Internal Regulations or as may be requested by the Board of Directors or its Chairman;

(v) Reporting matters provided for by the law, the Bylaws and the Regulations of the Board of Directors in advance, in particular:

1. - The financial information that the Company must periodically disclose,

2. - The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens; and

(w) Performing all other functions assigned by the Board of Directors or that correspond to them by law.

The Audit Committee must be informed of the structural and corporate changes the Company or any Group company intends to make, to analyze such actions and issue a prior report to the Board of Directors concerning economic conditions and their accounting and tax impact and, in particular, on any proposed share exchange ratios.
The Audit Committee shall also prepare an annual Oversight Systems Report on Risk Management which will be included in the Annual Corporate Governance Report and the Directors’ Report. Once this report has been approved by the Board of Directors and included in the Annual Corporate Governance Report it will be made available to all shareholders along with the rest of the documentation for the shareholders at the Shareholders' Ordinary General Meeting.

3) Key actions during the year.

a) Supervising the preparation and presentation of regulated financial information (both the Financial Statements and the Annual Accounts)

b) Supervising the activities and independence of the Internal Audit Area, in particular the results on anonymous and confidential channels for complaints, the main results of the assessment of the operational risks identified in the countries where the Company operates and of the potential financial losses in these countries, among other matters. The Committee has also monitored the necessary actions and recommendations issued by the Colombian Institute of Internal Auditors (IIA) so as to secure IIA Global certification.

c) Issuing a report on the independence of the auditors and proposing reappointment of the auditors. In this regard, it should be noted that the auditors have been in constant contact with the Audit Committee and have attended most of its meetings. The Committee has also reviewed and authorized the various non-audit services provided by KPMG Auditores, S.L. that the Committee has considered to be permitted under European and Spanish legislation.

d) On September 23, 2016 an extraordinary meeting of the Audit Committee was convened in which the Committee was informed of potential irregularities in the acquisition of the plots and other assets located in Maceo where Cemex Colombia, a subsidiary of the Company, was constructing the Maceo plant. These irregularities came to light as a result of the internal investigation commissioned by the Company after receiving an anonymous complaint. Consequently, the Commission held six meetings in 2016 at which, as a matter of priority, it dedicated its work to the events at the Maceo plant.
In 2017 the Committee continued to focus on issues relating to the Maceo plant.

e) Issue of the report on the Group's corporate tax policy

Identify the director who has been appointed to the audit committee on the basis of their knowledge and experience in either accounting or audit activities or both. Indicate the number of years that the president of this committee has held their position.

<table>
<thead>
<tr>
<th>Name of the experienced director</th>
<th>Mr. Gabriel Jaramillo Sanint, Ms. Coloma Armero and Mr. José Luis Orti</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of years the President has held this position</td>
<td>1 year(1)</td>
</tr>
</tbody>
</table>

(1) On January 24, 2017 the Board of Directors approved the appointment of Ms. Coloma Armero Montes as President of the Audit Committee, replacing Mr. Gabriel Jaramillo upon the expiry of the four-year period as stipulated in article 25.3 of the Regulations of the Board of Directors.

Also at the aforementioned meeting of the Board of Directors, the Appointments and Remuneration Committee’s proposal to appoint Mr. José Luis Orti García as a member of the Audit Committee was approved, as was his appointment as Secretary of this Committee, replacing Ms. Coloma Armero Montes in this position. This brings the number of Directors who are Committee members from three to four.
Explain the duties assigned to this committee, describe the procedures and rules that apply to the organization and functioning thereof and summarize its key actions during the year.

1) Organizational and operational rules:

Pursuant to article 44 of the Bylaws and article 26 of the Regulations of the Board of Directors, the main organizational and operational rules of the Appointments and Remuneration Committee are as follows:

- The Board of Directors has created a standing Appointments and Remuneration Committee, which is a non-executive internal reporting and consultation body with reporting, advisory and proposal-making powers within its area of activities.

- The Appointments and Remuneration Committee is made up of a minimum of three (3) and a maximum of five (5) Directors appointed by the Board of Directors from among Non-executive Directors, the majority of whom must be Independent Directors.
The Board of Directors will select the President of the Appointments and Remuneration Committee from its Independent Directors who are members of the Committee. It will also appoint the Secretary of the Committee, who need not be a Director but must comply with the obligations applicable to Directors established in the Regulations of the Board of Directors.

The Board of Directors will endeavor to ensure that the members of the Appointments and Remuneration Committee have the appropriate knowledge, skills and experience for the duties they are called upon to perform.

Members of the Appointments and Remuneration Committee are appointed for a maximum term of three (3) years and may be re-elected on one or more occasions for maximum terms of three (3) years.

To fulfill its duties, the Appointments and Remuneration Committee may request that the services of external advisors be contracted, when considered necessary, in accordance with the Company’s general terms of business.

The Appointments and Remuneration Committee will meet as many times as its President deems necessary to carry out the competences entrusted to it and at least once (1) a year. It will also meet when so requested by at least two (2) of its members. The Chairman of the Board of Directors and the CEO may request a meeting with the Appointments and Remuneration Committee for information purposes on an exceptional basis.

The Appointments and Remuneration Committee may be validly convened when the majority of its members attend meetings in person or by proxy, and its resolutions may be adopted upon a simple majority of those present or represented. In the event of a tie, the President of the Appointments and Remuneration Committee has the deciding vote.

The members of the Appointments and Remuneration Committee may delegate their vote to another member of the Committee. The resolutions adopted by the Appointments and Remuneration Committee are recorded in the minutes of the meeting, which must be signed by the President and the secretary and specify the form that the meeting took.
the identity of those in attendance and the number of votes cast in favor of each of the items on the agenda.

- Directors may be obliged to attend meetings held by the Appointments and Remuneration Committee should the President of the Committee ask the Chairman of the Board of Directors to approve such a request. The President of the Committee may also request the attendance of any Director, manager or employee of the Company or Group companies, as well as any member of the management bodies of its investees whose appointment was proposed by the Company, provided that there is no legal impediment that prevents them from doing so.

- The President of the Appointments and Remuneration Committee will report to the Board of Directors on the matters discussed and the resolutions adopted at the Committee meeting in the first meeting of the Board of Directors after the Committee’s meetings. Within three (3) months of the end of the Company’s reporting period, the Appointments and Remuneration Committee will also submit a report detailing its work during the prior period for approval by the Board of Directors.

2) Functions and responsibilities of the Appointments and Remuneration Committee:

(a) Evaluate the skills, knowledge and experience required on the Board. With this aim, the Committee will define the functions and capabilities required of the candidates for each vacancy, and assess the time and dedication necessary for them to perform their duties effectively;

(b) Setting out the Committee’s prior analysis of the requirements of the Board of Directors in a supporting report, which must be published when convening the Shareholders’ General Meetings during which Directors are approved, appointed or re-elected;

(c) Establishing a target representation of the least-represented gender on the Board of Directors and preparing training on how to achieve this target;

(d) Putting forward proposals to the Board of Directors for the appointment of Independent Directors (using the co-option method or submitting it to a decision by the shareholders at the Shareholders’ General Meeting), as well as proposals made by the shareholders at the Shareholders' General Meeting for the re-election or removal of Independent Directors
and reporting on the proposed removal of Independent Directors by the Board of Directors;

(e) Reporting on the proposals for appointment of the other Directors (using the co-option method or submitting it to a decision by the shareholders at the Shareholders' General Meeting), as well as the proposals for re-election or removal of other Directors made by the shareholders at the Shareholders' General Meeting;

(f) Annually verifying compliance with the director selection policy prepared by the Board of Directors, providing information on this in the Annual Corporate Governance Report;

(g) Reporting on any proposed appointments or removals of senior executives and proposing the basic terms of their contracts to the Board of Directors;

(h) Drafting and overseeing an annual program for an ongoing evaluation and review of the qualifications and training required to hold the position of Director and to be a member of a Committee;

(i) Understanding the actions related to the conduct of members of the Company's Board of Directors which may represent breaches of the Internal Regulations, which shall be reported to the Board if considered necessary by the Committee;

(j) Examining and organizing the succession of the Chairman of the Board and CEO of the Company and, where appropriate, making any recommendations to the Board to ensure that the handover proceeds in an orderly and planned manner.

(k) Reporting to the Board of Directors regarding the compensation policy for Directors and senior executives and those performing senior management duties who report directly to the Board of Directors, the Executive Committee or CEOs and also regarding individual compensation and other contractual conditions for Executive Directors, as well as supervising compliance with this policy;

(l) Verifying the information on compensation of Directors and senior executives contained in corporate documentation, including the annual report on the compensation of Directors;
(m) Periodically reviewing the compensation policy applied to Directors and senior executives, including any share-based compensation schemes and the application thereof, and ensuring that individual compensation is proportionate to that paid to other Directors and senior executives at the Company and Group companies; and

(n) Performing all other functions assigned by the Board of Directors or required by law.

Each year, the Appointments and Remuneration Committee also prepares the Report on the Compensation of Directors and Senior Executives. Once this report has been approved by the Board of Directors and included in the Annual Corporate Governance Report it will be made available to all shareholders along with the rest of the documentation for the shareholders at the Shareholders' Ordinary General Meeting.

3) Key actions during the year.

a) Reports and proposals in relation to (i) the policy for the selection of candidate directors, (ii) the appointment of a Non-director Vice-Secretary and a new member of the Audit Committee and (iii) the appointment of a senior executive.

b) Reports on the compensation of senior executives, the proposed Directors’ compensation policy and the proposed modification of the distribution of Directors’ compensation.

c) Proposal to contract an independent external consultant for the evaluation process for 2017 and for the preparation of the terms of the tender process.

CORPORATE GOVERNANCE COMMITTEE

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Gabriel Jaramillo Sanint[1]</td>
<td>President</td>
<td>Independent Director</td>
</tr>
<tr>
<td>Ms. Coloma Armero Montes</td>
<td>Member</td>
<td>Independent Director</td>
</tr>
<tr>
<td>Mr. Juan Pelegrí y Girón</td>
<td>Secretary</td>
<td>Proprietary Director</td>
</tr>
</tbody>
</table>

% Executive Directors
% Proprietary Directors 33.333%
% Independent Directors | 66.667%
% other Non-executive Directors | 

(1) On January 24, 2017 the Board of Directors approved the appointment of Ms. Coloma Armero Montes as President of the Audit Committee, replacing Mr. Gabriel Jaramillo upon the expiry of the four-year period as stipulated in article 25.3 of the Regulations of the Board of Directors. Consequently, the Board approved the appointment of Mr. Gabriel Jaramillo Sanint as President of the Corporate Governance Committee, replacing Ms. Coloma Armero Montes, who tendered her resignation as a result of her appointment as President of the Audit Committee.

Explain the duties assigned to this committee, describe the procedures and rules that apply to the organization and functioning thereof and summarize its key actions during the year.

1) Organizational and operational rules:

Pursuant to article 45 of the Bylaws and article 27 of the Regulations of the Board of Directors, the organizational and operational rules of the Corporate Governance Committee are as follows:

- The Board of Directors has created a standing Corporate Governance Committee, a non-executive internal reporting and consultation body with reporting, advisory and proposal-making powers within its area of activities.

- The Corporate Governance Committee is composed of a minimum of three (3) and a maximum of five (5) Directors appointed by the Board at the proposal of the Appointments and Remuneration Committee, from among the Non-executive Directors, the majority of whom must be Independent Directors.

- The Board of Directors will select the President of the Corporate Governance Committee from among its Independent Directors. It will also appoint the Secretary of the Committee, who need not be a Director but must comply with the obligations applicable to Directors established in the Regulations of the Board of Directors.
• The Board of Directors will endeavor to ensure that the members of the Corporate Governance Committee have the appropriate knowledge, skills and experience for the functions they are called upon to perform.

• Members of the Corporate Governance Committee will be appointed for a maximum term of three (3) years and may be re-elected on one or more occasions for maximum terms of three (3) years.

• To fulfill its duties, the Corporate Governance Committee may request that the services of external advisors be contracted, when considered necessary, in accordance with the Company's general terms of business.

• The Corporate Governance Committee will meet as many times as its President deems necessary to carry out the competences entrusted to it. It will also meet when so requested by at least two (2) of its members. The Chairman of the Board of Directors and the CEO may request a meeting with the Corporate Governance Committee for information purposes on an exceptional basis.

• The Corporate Governance Committee may be validly convened when the majority of its members attend meetings in person or by proxy, and its resolutions may be adopted upon a simple majority of those present or represented. In the event of a tie, the President of the Corporate Governance Committee has the deciding vote.

• The members of the Corporate Governance Committee may delegate their vote to another member of the Committee. The resolutions adopted by the Corporate Governance Committee are recorded in the minutes of the meeting, which must be signed by the President and the secretary and specify the form that the meeting took, the identity of those in attendance and the number of votes cast in favor of each of the items on the agenda.

• Directors may be obliged to attend meetings held by the Corporate Governance Committee should the President of this Committee ask the Chairman of the Board of Directors to approve such a request. The President of the Committee may also request the attendance of any Director, manager or employee of the Company or Group companies, as well as any member of the management bodies of its investees whose appointment was proposed by the Company, provided that there is no legal impediment that prevents them from doing so.
The President of the Corporate Governance Committee will inform the Board of Directors of the matters discussed and the resolutions adopted at the Committee meetings in the first Board meeting after the Committee’s meetings. In addition, within three (3) months of the end of each reporting period, the Corporate Governance Committee will submit a report detailing its work in the prior period for approval by the Board of Directors.

2) Functions and responsibilities of the Corporate Governance Committee:

(a) Periodically reviewing the Company’s Internal Regulations, with special emphasis on the corporate governance and compliance policies, and proposing to the Board of Directors, for approval or submission to the shareholders at the Shareholders’ General Meeting, any amendments and updates that will contribute to their development and ongoing improvement;

(b) Reporting any amendments to the Company’s Internal Regulations that were not proposed by the Corporate Governance Committee;

(c) Promoting the Company’s corporate governance strategy;

(d) Overseeing compliance with statutory requirements and with the rules set forth in the Company’s Internal Regulations;

(e) Ensuring diligent compliance with the rules contained in the Company’s Internal Regulations and proposing to the Board of Directors the amendments it deems necessary to bring corporate governance standards into line with existing best practices;

(f) Overseeing compliance with the Company’s internal codes of conduct and corporate governance rules;

(g) Assisting the Board of Directors in defining the Company’s framework for communicating with shareholders, stakeholders and the market in general, ensuring that they have complete, accurate and timely access to the most relevant information on the Company and supervising the strategy for shareholder and investor communications and relations, including small and medium-sized shareholders;
Periodically assessing the suitability of the Company’s corporate governance system, to ensure that it fulfills its objective of promoting the corporate interest and also takes into account the legitimate interests of other stakeholders;

Reviewing the Company’s corporate responsibility policy, to ensure that it is focused on value creation;

Following the corporate social responsibility strategy and practices and assessing compliance therewith;

Supervising and assessing the processes for relations with different stakeholders;

Knowing, promoting, guiding and overseeing the Company’s corporate reputation initiatives and reporting on them to the Board of Directors or to the Executive Committee, as the case may be;

Coordinating training of new Directors and promoting training and refresher courses for them on matters relating to the Company’s corporate governance;

Prior to their approval, reporting on the Company’s Annual Corporate Governance Report (ACGR) and its Corporate Governance Survey (Country Code – Colombia), should the Board of Directors decide voluntarily to complete it, compiling the reports of the Audit Committee and the Appointments and Remuneration Committee with respect to the sections of the ACGR and survey that fall under their competences, along with the annual sustainability report;

Regularly monitoring trading by members of the Board of Directors of shares issued by the Company or Group companies;

Responding to claims by shareholders or investors who consider that the Company is not applying the corporate governance policies required by law, within a period of ten (10) working days from the date they are submitted;

Reviewing and preparing preliminary reports on related party transactions between the Company and its significant shareholders, Directors, executives or any of their related parties. These transactions are subject to approval by the Board of Directors or, where appropriate, the Executive
Committee. The Corporate Governance Committee must check that such transactions are carried out on an arms’ length basis and do not undermine equal treatment of shareholders.

The Corporate Governance Committee will develop a policy for reviewing the related party transactions referred to in this paragraph and will implement the review processes as a standard part of its operational processes.

Any member of the Corporate Governance Committee that is a party to a related party transaction must abstain from the deliberations of the Committee and voting on the proposal for the approval or ratification of said transaction. However, if such a Director attends a meeting held by the Corporate Governance Committee, he or she will count as part of the quorum.

During the review and approval of related party transactions, the Corporate Governance Committee must take the following into consideration:

(i) the nature of the related parties’ interest in the transaction,

(ii) the essential terms of the transaction, including the amount involved and the type of transaction;

(iii) the importance of the transaction for the Company and the related party;

(iv) whether the transaction could undermine the impartiality of a Company Director with respect to the interests of the Company and of any of its shareholders;

(v) the fair treatment of shareholders, and

(vi) any other circumstance deemed relevant by the Corporate Governance Committee.

In the case of usual and recurrent transactions arising in the ordinary course of business, the Report only requires the general authorization of the Board for the line of transactions and the conditions under which they must be carried out;

(r) Informing the relevant bodies in advance when the Company does not take a business opportunity referred to in the framework agreement.
entered into by the Company and its Group’s listed parent (the “Framework Agreement”);

(s) Reporting on a regular basis on compliance with the Framework Agreement;

(t) Issuing a report on any amendments to the Framework Agreement;

(u) Issuing recommendations and proposals on any matter within the scope of its competence;

(v) Issuing the relevant reports and carrying out the actions that fall within its competence, pursuant to the Company’s Internal Regulations or as requested by the Board of Directors or its Chairman;

(w) Reporting any related party transactions between the Company and its subsidiaries; and

(x) Performing all other functions assigned by the Board of Directors.

3) Key actions during the year.

a) Proposed amendment of the Framework Agreement signed by CEMEX S.A.B. de C.V., Cemex España and the Company

Proposed communication policy and relations with shareholders, institutional investors and voting advisors

b) Proposed separation of powers of the Compliance Officer and approval of the related work plan

c) Issuance of the report for the refinancing of the debt that the CLH Group has arranged with the CEMEX Group.

C2.2 Complete the following table on the number of female directors on the committees of the board of directors at the last four reporting dates:

<table>
<thead>
<tr>
<th>Number of female directors</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
</tbody>
</table>
Audit Committee 33.33 33.33 33.33 33.33
Appointments and Remuneration Committee 66.66 66.66 33.33 33.33
Corporate Governance Committee 33.33 33.33 33.33 33.33

C.2.3 Section repealed

C.2.4 Section repealed

C.2.5. Indicate, as appropriate, whether there are any regulations governing the board committees. If so, indicate where they can be consulted, and whether any amendments have been made during the period. Also indicate whether an annual report on the activities of each committee has been prepared voluntarily.

The Bylaws and the Regulations of the Board of Directors govern the Board Committees. The following table identifies the main precepts contained in the Bylaws and Regulations:

<table>
<thead>
<tr>
<th>Committee</th>
<th>Bylaws</th>
<th>Regulations of the Board of Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>General aspects</td>
<td>41</td>
<td>23</td>
</tr>
<tr>
<td>Audit</td>
<td>43</td>
<td>25</td>
</tr>
<tr>
<td>Appointments and Remuneration</td>
<td>44</td>
<td>26</td>
</tr>
<tr>
<td>Corporate Governance</td>
<td>45</td>
<td>27</td>
</tr>
</tbody>
</table>

Both documents are available on the Company’s website (www.cemexlatam.com).

C.2.6 Section repealed

D. RELATED PARTY TRANSACTIONS AND INTRAGROUP TRANSACTIONS.

D.1 Explain, if applicable, the processes for approving related party or intragroup transactions.
Procedure for reporting approval of related party transactions

Competent body for the authorization of related party transactions

The Board of Directors is responsible for overseeing, analyzing and authorizing related party transactions carried out by the Company or Group companies provided that it first receives a favorable report from the Corporate Governance Committee.

Pursuant to the Company’s Internal Regulations, the following are considered related parties: (i) Directors, (ii) significant shareholders, (iii) executives, or (iv) the parties related to these persons (“Related Parties”).

Procedure for the approval of related party transactions

Review by and prior report from the Corporate Governance Committee.

The Corporate Governance Committee must review and report in advance on all related party transactions which are to be approved by the Board of Directors. It checks that the transactions are carried out on an arms’ length basis and that they do not undermine equal treatment of shareholders. The Corporate Governance Committee implements the review processes for related party transactions as a standard part of its operational processes.

Any member of the Corporate Governance Committee that is a party to a proposed related party transaction must abstain from the deliberations of the Committee and voting on the proposal for the approval or ratification of said transaction. However, if such a Director attends a meeting held by the Corporate Governance Committee, he or she will count as part of the quorum.

During the review and approval of related party transactions, the Corporate Governance Committee must take the following into consideration:

(a) the nature of the related parties’ interest in the transaction.
(b) the essential terms of the transaction, including the amount involved and the type of transaction.
(c) the importance of the transaction for the Company and the related party.
(d) whether the transaction could undermine the impartiality of a Company Director with respect to the interests of the Company and of any of its shareholders.
(e) the equitable treatment of shareholders, and
(f) any other circumstance deemed relevant by the Corporate Governance Committee.
Authorization of the Board of Directors.

On the basis of the report issued by the Corporate Governance Committee, the Board of Directors examines and, as applicable, authorizes the proposed related party transaction.

The Board of Directors must ensure that related party transactions are carried out on an arms’ length basis and abide by the principle of equal treatment of shareholders.

If any member of the Board of Directors is affected by a conflict of interest involving the proposed related party transaction, that member must withdraw from the meeting room during the deliberation and voting and will be excluded from the number of members attending for the purpose of the quorum and majorities.

General line of transactions with CEMEX and its subsidiaries.

Pursuant to the Regulations of the Board of Directors, and given that the Company is required to carry out frequent, numerous transactions in the ordinary course of its business with CEMEX, S.A.B. de C.V. (“Cemex”), an indirect majority shareholder, as well as with its subsidiaries, on October 4, 2012, the Company’s Board of Directors, having received a favorable report from the Corporate Governance Committee, approved a “general line of transactions with Cemex and its subsidiaries” for the following:

transactions through which CEMEX (and its subsidiaries other than the Company and its subsidiaries) can request funds from the Company in the form of a loan for a maximum accumulated amount that must not exceed Euros 100 million or the equivalent amount in another currency per reporting period.

transactions other than the above between CEMEX (and its subsidiaries other than the Company and its subsidiaries) and the Company for a maximum accumulated amount of under Euros 25 million, or the equivalent amount in another currency per reporting period.

Consequently, the report from the Corporate Governance Committee and the subsequent authorization or approval by the Board of Directors are not necessary for usual and recurrent transactions arising in the ordinary course of business included in the aforementioned general line of transactions with Cemex and its subsidiaries.
Exceptions to the general system for prior reporting and authorization:

The Company’s Internal Regulations state that Board authorization need not be required for related party transactions that simultaneously meet the following three conditions:

(a) they are governed by standard form agreements applied on an across-the-board basis to a large number of customers.

(b) they are performed at market prices or rates, generally set by the supplier of the goods or services and

(c) the amount is no more than one percent (1%) of the Company’s consolidated annual revenue, as indicated in the audited annual accounts for the last reporting period at the date of the transaction.

Related party transaction disclosures:

The Company will disclose related party transactions in the cases and to the extent provided for by law.

D.2. List transactions that are significant, either due to the amount involved or because of the nature thereof, between the company or group companies and the significant shareholders in the company:

<table>
<thead>
<tr>
<th>Name or company name of the significant shareholder</th>
<th>Name or company name of the company or group company</th>
<th>Nature of the relationship</th>
<th>Type of transaction</th>
<th>Amount (thousands of Euros)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cemex España, S.A. (1)</td>
<td>CEMEX Colombia, S.A.</td>
<td>Contractual</td>
<td>Finance costs for loans and credit facilities</td>
<td>5,370</td>
</tr>
</tbody>
</table>
D.3. Describe any transactions that are significant, either because of the amount involved or because of their nature, between the company or group companies and the company’s directors or executives:

<table>
<thead>
<tr>
<th>Name or company name of the directors or executives</th>
<th>Name or company name of the related party</th>
<th>Relationship</th>
<th>Nature of the transaction</th>
<th>Amount (thousands of Euros)</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

D.4 Report on significant transactions undertaken by the company with other companies in its group that are not eliminated in the process of drawing up the consolidated financial statements and do not (in terms of their purpose and conditions) form part of the company’s ordinary business activities.

Any intragroup transactions carried out with entities resident in countries or territories considered to be tax havens must be disclosed.

Transactions performed with or using tax havens in 2017 were as follows:

Country: Barbados  
Type of transaction: Reinsurance transactions  
Amount: USD 9,774,738

D.5 Indicate the amount of related party transactions.
<table>
<thead>
<tr>
<th>Name or company name of the related party</th>
<th>Name or company name of the company or group entity</th>
<th>Nature of the relationship</th>
<th>Type of transaction</th>
<th>Amount (thousands of Euros)</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Sunward Holding B.V.(1)</td>
<td>Cemex Latam Holdings, S.A.</td>
<td>Contractual</td>
<td>Finance costs for loans and credit facilities</td>
<td>12,149</td>
</tr>
<tr>
<td>Cemex Research Group AG (1)</td>
<td>Cemex Latam Holdings, S.A.</td>
<td>Contractual</td>
<td>Expenses for royalties for the use, operation and enjoyment of intangible assets (license)</td>
<td>35,508</td>
</tr>
<tr>
<td>Cemex Central, S.A. de C.V. (1)</td>
<td>Cemex Latam Holdings, S.A.</td>
<td>Contractual</td>
<td>Expenses for royalties for services and technical assistance</td>
<td>14,438</td>
</tr>
<tr>
<td>New Sunward Holding B.V.(1)</td>
<td>Corporación Cementera Latinoamericana, S.L.U. and Cemento Bayano, S.A</td>
<td>Contractual</td>
<td>Finance costs for loans and credit facilities</td>
<td>30,423</td>
</tr>
<tr>
<td>Cemex Holdings Inc. (1)</td>
<td>Cemex LAN Trading Corporation and Cimentos Vencemos do Amazonas, Ltda</td>
<td>Contractual</td>
<td>Purchase of raw materials</td>
<td>41,962</td>
</tr>
<tr>
<td>Cemex International S.A. de C.V.(1)</td>
<td>Cemex LAN Trading Corporation and Cimentos Vencemos do Amazonas, Ltda</td>
<td>Contractual</td>
<td>Purchase of raw materials</td>
<td>4,878</td>
</tr>
<tr>
<td>Beijing Import &amp; Export Co., Ltd (1)</td>
<td>CEMEX (Costa Rica), S.A.</td>
<td>Contractual</td>
<td>Purchase of raw materials</td>
<td>28</td>
</tr>
</tbody>
</table>

(1) Company related to the CEMEX Group

(2) The foregoing table does not include transactions that are performed within the Company's ordinary business activity between CLH Group companies and eliminated from the financial statements prepared under IFRS which are different to the financial statements prepared under the Spanish General Chart of Accounts.
D.6 Provide details of the mechanisms established to detect, determine and resolve any possible conflicts of interest between the company and/or its group, and its directors, management or significant shareholders.

The Board of Directors must first receive a report from the Corporate Governance Committee. It then analyzes and rules on conflicts of interest between the Company and/or its Group with its (i) directors, (ii) executives and (iii) significant shareholders or (iv) the parties related to these persons.

The rules set forth in the Company’s Internal Regulations on conflicts of interest are listed below:

1) Conflicts of interest between the Company and/or its Group with its Directors and/or related parties.

The Bylaws and the Regulations of the Board of Directors contain the following provisions:

i) **Definition of the concept of “conflict of interest”**: Article 37 of the Regulations of the Board of Directors determines when a conflict of interest exists, as follows:

“A conflict of interest will be deemed to exist in situations in which there is conflict, whether direct or indirect, between the interests of the Company and the personal interests of the Director. Personal interests of the Director are matters that affect the Director or a person related thereto, or, in the case of a Proprietary Director, matters that affect the shareholder or shareholders that proposed or appointed the Director, or that affect persons directly or indirectly related to the aforementioned parties.”

Accordingly, the Regulations of the Board of Directors define related parties of Directors as follows:

a. the spouse of the Director or a person with whom the Director has an equivalent sentimental relationship.

b. the ascendants, descendants and siblings of the Director or of the Director’s spouse (or a person with whom the Director has an equivalent sentimental relationship).

c. the spouses of the Director’s ascendants, descendants and siblings, and
d. the companies in which the Director or his/her respective related parties falls, either directly or indirectly, within any of the statutory instances of control, and the companies or entities in which the Director or any of his/her related parties holds, either directly or indirectly, a management position or directorship from which he/she receives an emolument for any reason, provided that the Director also directly or indirectly exercises significant influence over the financial and operating decisions of such companies or entities.

In the case of a legal entity acting as Director, related parties are defined as:

a. shareholders who, in respect of the legal entity acting as Director, fall within any of the statutory instances of control.

b. companies that form part of the same group, as stated by law, and the shareholders thereof.

c. individuals acting as a Director’s representative, de jure or de facto, insolvency administrators and proxies with general powers of attorney granted by the legal-entity Director, and

d. persons related to the individual representing the legal-entity Director, in accordance with the provisions in the previous section for Directors that are natural persons.

ii) General obligations of Directors:

Article 33 of the Regulations of the Board of Directors states that, in performing their duties, Directors must:

a) avoid conflicts of interest with the Company, disclosing the existence of such a conflict to the other Board members and abstaining from voting on this matter.

b) abstain from participating, directly or indirectly, in activities that imply competition with the Company or in events which incur a conflict of interest for their own personal interests or the interests of third parties.
Notwithstanding the foregoing, the Regulations of the Board of Directors impose other obligations and duties on Directors, from which a failure to observe may result in possible situations of conflict of interest: the obligation not to compete (art. 36), the prohibition to use Company assets to gain a capital advantage without having paid an appropriate capital consideration (art. 38), the prohibition to use insider information (art. 39) and the prohibition to take advantage of business opportunities to the detriment of the Company (art. 40).

iii) Rules to resolve conflicts of interest.

Conflicts of interest involving the Directors are governed by the following rules:

a. **Communication**: the Director must notify the Board of Directors, either through the Chairman or the Secretary of the Board of Directors, of any conflict of interest in which the Director is involved.

b. **Abstention**: In addition to their obligation to abstain in situations of conflicts of interest, as stipulated in article 37.4 (b) of the Regulations of the Board of Directors, article 14 of the Regulations of the Board of Directors prevents Executive Directors from attending meetings relating to proposed appointments, re-elections, removals or reprimands that affect them or proposed contracts with the Company governing their compensation and other rights and obligations during the deliberations and voting of the related resolutions.

c. **Transparency**: the Company will report in the Annual Corporate Governance Report any conflicts of interest in which the Directors have been involved during the reporting period in question, which the Company was made aware of by the Director involved or through another channel.

Article 30 of the Regulations of the Board of Directors stipulates that Directors may not appoint proxies with respect to matters constituting a conflict of interest for them at Board meetings.

If the conflict of interest is, or may reasonably be expected to be, of a nature that constitutes a structural and permanent conflict between the Director (or a person related thereto or, in the case of a Proprietary Director, the shareholder or shareholders that proposed or appointed the Director or any person directly or indirectly related thereto) and the Company, the Director will be considered unsuitable or no longer suitable to hold office pursuant to the Regulations of the Board of Directors.
2) Conflicts of interest between the Company and/or its Group with its significant shareholders:

The Bylaws and the Regulations of the Board of Directors govern conflicts of interest relating to the related party transactions which are disclosed in the answer to question D.1 above.

In addition, the CEMEX Group’s Code of Ethics and Conduct ("Code of Ethics") that the Company incorporated into its own Internal Regulations by virtue of the Board resolution adopted on October 4, 2012, which was updated in 2014 and to which the Company has adhered, also refers to conflicts of interest that might arise out of the Company’s commercial and work relationships with its shareholders.

In this regard, the Code of Ethics provides for:

i) Shareholders as customers or suppliers:

“Shareholders who have or intend to establish a commercial relationship with CEMEX are subject to the same processes and conditions as our other suppliers and customers.”

ii) Shareholders and/or staff whose relatives work at CEMEX:

“The relatives of the staff and/or shareholders of our Company may work for the Company provided they meet the requirements for the position. Such persons shall be hired following the selection procedure established by the Human Resources Department. Nevertheless, a person who works for the Company may not supervise a relative, either directly or indirectly. Any internal change or employment decision is subject to the employment practices and policies applicable to all Cemex staff.”

3) Conflicts of interest between the Company and/or its Group with its executives:

Lastly, regarding possible conflicts of interest between the Company and/or its Group with its executives, Section 9 of the Code of Ethics stipulates the following for executives and all other employees of the Cemex Latam Group ("Personnel"): 
a) Everyone that works for CEMEX is required to act honestly and ethically, always striving to further the interest of the company.

b) CEMEX employees must avoid situations that entail or might entail a conflict between personal interests and corporate interests.

This means that the Cemex Latam Group’s executives and employees must refrain, inter alia, from:

- participating in any business or activity that entails direct or indirect competition or interference with the Company.

- utilizing their employment or position at the Company to obtain personal benefits, including for members of their family or third parties.

In addition, the Code of Ethics governs the process for reporting conflicts of interest for executives and employees:

D.7 Is more than one group company listed in Spain?

Yes No
E. RISK CONTROL AND MANAGEMENT SYSTEMS.

E.1 Describe the scope of the company’s risk management system, including management of tax risks.

The Enterprise Risk Management (ERM) system of Cemex Latam Holdings, S.A. ("the Company", "Cemex Latam" or "CLH") is used to monitor, identify and mitigate the risks to which all of the Group companies are exposed. The Company’s business units (Colombia, Panama, Costa Rica, Nicaragua, El Salvador, Guatemala and Brazil) have ERM systems in place and operating.

The ERM system works in a comprehensive and structured fashion to proactively identify the Group’s main risks and manage them jointly with those responsible for mitigating such risks. Each business unit has an ERM Department, which reports directly to the Country Director and simultaneously to the ERM Director for Central and South America and the Caribbean, who in turn reports directly to Cemex Latam’s Managing Director and CEO and, in coordination, to the Director of Global Enterprise Risk Management to ensure the process is uniform. The ERM Department is structured at global, regional and country levels, and applies processes which promote discussion of risks with production units, management, the Managing Director and CEO of CLH and the Country Chairmen and the monitoring of risks by the Audit Committee and ultimately by the Board of Directors.

The internal and external risks identified which may affect the Company are classified by their nature into the following categories:

- Strategic risks
- Financial risks
- Risks relating to tax legislation
- Internal operational risks
- Political, economic and social risks
- Risks of non-compliance with laws or regulations
- Other risks

Cemex Latam's ERM system is effective, as it employs a risk management process based on ISO 31000, with specific outputs such as the Risk and Opportunity Agenda (ROA), which is continuously monitored and discussed with management.

In 2017, in order to afford greater depth and visibility to the management and mitigation of risks at the Cemex Latam Group companies, operational leaders of the production units were hired, each ERM officer was certified and a new policy was issued to set out the scope of the areas and their responsibilities.

The main change with respect to the 2016 methodology is the introduction of the figure of the man in the middle (MITM), which seeks to ensure that there are no filters between information at production levels and senior management of the Company.
The methodology's six steps are described below and grouped into three main actions: a) identification of risks and opportunities; b) consolidation and definition of critical areas and c) management in mitigation.

**MITM methodology**

As regards the identification of risks and opportunities, the new process has two stages:

1. Survey using Porter's model and analysis of the environment.
2. Interviews and discussions on risks.

In the first stage, risks are identified in theory and in practice. The theoretical part is based on Porter’s five forces model, while the practical part is based on a participatory exercise to bring together risks and opportunities in the same operating units, which are understood to be cement, concrete and aggregate plants, distribution centers and other significant plants.

In the second stage, the interviews and discussions of the risks complement the initial risk mapping and are carried out at different levels of the Company to validate the theoretical and practical data and to complement the executive-level strategic stance.

Both stages follow an ongoing update process in which they are updated every month with a deliverable known as Operations ROA and every quarter they grouped together to produce the Country ROA and CLH ROA (for the region). Every month, each ERM updates the Operations ROA for further discussion and, at the end of the quarter, conducts interviews with the executive levels to validate and then present the Country ROA to the Country Director.
In both the discussions and interviews, comments are sought on the five dimensions of possible impacts: people, production, finance, community and reputation/media. The assigned mitigation measures and those responsible for execution are reviewed.

As regards the consolidation of risks and opportunities, as in the foregoing point, there are two stages:

1. Consolidation of risks and opportunities
2. Prioritization and categorization

With respect to the consolidation of risks and opportunities, in each quarter, the Operations ROAs are grouped together in the ERM tool to obtain the Country ROA and, subsequently, the CLF ROA. The Country ROA can only be modified with the authorization of the Regional ERM and the Managing Director and CEO of CLH. The CLH ROA can only be modified with the authorization of the Director of Global Enterprise Risk Management of the Cemex Group. Any modification, access and interaction with the tool is documented and, in the event of a variation, each ERM is responsible for notifying its superiors for acceptance and/or reversal. Similarly, regional leaders in the functional areas may include regional risks and opportunities and monitor them.

In prioritization and categorization, the aim is to focus attention on higher impact risks or risks with anomalous tendencies and, accordingly, a classification is made taking into account the probability and impact of each risk. To assess the impact, indicators relating to people, the economy, the environment, customer relations and the Company's image are considered; for probability, the occurrence of events in the industry and at the Company are considered.

Lastly, as regards management and mitigation, there are two final stages:

1. Validation and monitoring by managers
2. Action plans and monitoring

As one of the critical stages, the validation and monitoring by managers seeks to ensure that each risk and opportunity identified in the ROA has, since creation, a related mitigation measure and a person responsible for its execution. It also validates that the person responsible is aware of the measure to be executed or reassigns it to another person at the Company who will also be notified. This data is contained in the ERM tool and in the standard format of the monthly monitoring of the Operations ROA to ensure that a person is always assigned to each risk.

The process is executed solely by the ERM with the goal of restricting changes in mitigation measures, commitment dates and cascading risks to new managers. Should a change be required as regards the person responsible for mitigation, the leader of the Executive Committee or the production unit where the risk will have an impact will authorize the change in writing. All changes are always documented in the ERM tool log, where access for modification is limited to the Director of Global Enterprise Risk Management.
Lastly, with respect to the action plans and monitoring, following the aforementioned access and modification restrictions, the risks and opportunities are managed by the ERM managers through digital dashboards (Power BI), which make it possible to view the progress of the mitigation measures in detail, as well as the performance of the areas and the managers.

The ERM Department is responsible for monitoring risks and their mitigating actions. On occasion, in coordination with the persons responsible for the risks, it is also responsible for facilitating the implementation and coordination of the mitigating measures. With the MITM methodology, it monitors risks, collects information and shares it with the Company’s managers and executives.

The ERM Department is responsible for ensuring that the risk and opportunities agenda is discussed, understood and approved, including the response to risks and mitigation strategy, and reports to the Audit Committee and Board of Directors.

Also, the risks and opportunities agenda is complemented by risks classified as “Internal Operational Risks”, which originate within the Company’s operations and for which mitigating actions may be implemented and controlled by the Company. Internal operational risks are identified and mitigated through the internal control system, which is based on the 2013 COSO framework (Committee of Sponsoring Organizations of the Treadway Commission). The 2013 COSO framework is globally accepted and provides guidance to companies on the implementation of an adequate internal control system, including controls over financial reporting.

The Internal Control Department assesses these internal operational risks and ensures that sufficient internal controls are in place to mitigate them. This assessment provides a clear view of how risks are covered and the person to which they are assigned. The assessment also provides assurance that an effective control system is incorporated into processes.

The Internal Audit Department monitors the effectiveness of the existing controls through an internal audit and review program approved by the Audit Committee, evaluating compliance with controls and issuing a periodic report with the results obtained. The Internal Audit Department reports to the Audit Committee.

Scope of the Company’s Enterprise Risk Management system, including management of tax risks.

The existence of tax risks is inherent to economic activity, since it is influenced by the complexity of each country’s tax system, the authorities' appetite for tax collection, the
presence of areas of uncertainty that at times stand at a distance from just cause and the instability of the legal and fiscal framework, among others.

The Company's Enterprise Risk Management system is used to monitor, identify and mitigate the tax risks to which all of the Group companies are exposed.

The system is governed by the principles listed below, with the following purposes and scope:

a. Compliance with tax legislation in countries where Cemex Latam operates, settling the various taxes applicable to the economic activity carried out by the Company.

b. Optimization of tax flows, based on prevailing tax legislation.
   Analysis of tax matters applicable to all operations and transactions, always applying a reasonable interpretation of the regulation, taking into account statements made by the tax authorities and tax case law, allowing for comprehensive analysis.

c. Contribution to the public funds of the states where investments are made, taking into account the principles of economic capacity generated by the Company and fair taxation.

d. Control and monitoring of the taxes settled and reporting to management bodies.

e. Open and honest communication with the tax authorities in each of the countries where Cemex Latam operates, with the aim of reaching agreements when appropriate and establishing long-lasting relationships.

f. Always behave responsibly in tax matters, complying with both the letter and the spirit of the tax laws and regulations of the countries in which the CLH Group operates.

g. Cooperate with the tax authorities where the CLH Group operates, providing them with the information that is relevant or required by law.

h. Refrain from using artificial structures to produce tax results that are incompatible with the underlying economic consequences of a transaction unless there is specific legislation designed for that purpose.

i. Ensure that transactions between related parties are carried out on an arm's length basis. The use of market values for transactions between members of the same multinational group ensures that the tax base between the countries in which the multinational company operates is fair and avoids the inappropriate shifting of profits or losses and minimizes the risk of double taxation.
In this regard, on May 23, 2014, through the consolidated tax group of Cemex España, S.A. the Company adopted the Code of Good Tax Practices of July 20, 2010, regulated by the Spanish tax authorities.

E.2 Identify the bodies responsible for preparing and executing the Enterprise Risk Management system (including that for tax risks).

The bodies responsible for preparing and executing the Enterprise Risk Management system are as follows:

1. **Board of Directors**

   The Board of Directors is responsible for approving general policies and strategies of the Company and its Group, including the general risk management policy. In this task, the Board of Directors is supported by the Audit Committee.

2. **Audit Committee**

   The duties of the Audit Committee, as an advisory body, include assisting the Board in monitoring and controlling risks, monitoring the effectiveness of internal controls and risk management and conducting a periodic review of Company and Group risk management policy, proposing the modifications and updates that it deems appropriate to the Board of Directors.

3. **Senior management**

   Together with an internal team made up of the Directors of each business unit, the Managing Director and CEO of CLH monitors the main risks identified and validates the measures required to handle them.

   The responsibilities of the Managing Director and CEO of CLH and the Directors of each business unit in relation to risks are as follows:

   - Supervising the Enterprise Risk Management system infrastructure.
   - Handling both the Company’s strategy and the risks to which it is exposed, considering and defining risk appetite.
   - Monitoring risks.
   - Monitoring the Company’s risk exposure.
   - Establishing strategies to mitigate risks.
   - Informing the Audit Committee and the Board of Directors of the risk management strategy.

   Following an order of dimensions and complexities, each month the ERMs update the Operations ROA with the leaders of the operations, then these are grouped together to form the Country ROA that is validated each quarter. The country’s ERM
is responsible for organizing and coordinating the review of all risks with the local executive committee. Lastly, meetings are held at CLH to discuss each country’s risks, which are led by the Director of the operating unit and coordinated by the local ERM. All the risks are consolidated, both in the country risk agendas and in the functional areas to be reviewed on a regional basis with the Managing Director and CEO of CLH.

As part of the improvements implemented, in 2017 a new design was defined for the Country and Regional Risk Committee that will formally begin to operate in the first quarter of 2018 with the goal of complementing the meetings held by the Managing Director and CEO of CLH with its direct reports in 2017. One of the most significant improvements was on December 8, 2017, where all the risks identified at CLH were reviewed following the new MITM methodology and the eight categories were ultimately classified for efficient management.

4.- **ERM Department**

The ERM Department is responsible for monitoring risks and their mitigating actions. It reports directly to the Country Director and simultaneously to the Regional ERM Director, who in turn reports directly to Cemex Latam's Managing Director and CEO and, in coordination, to the Director of Global Enterprise Risk Management.

5.- **Internal Control Department**

Internal Control is responsible for monitoring the internal operational risks described in this report, which are covered by the Enterprise Risk Management system. CLH’s Internal Control Department reports to the Regional BSO (Business Service Organization) and, in coordination, to the Director of Global Internal Control, who defines the model and scope of the function at the CEMEX Group.

6.- **Internal Audit Department**

This department is responsible for performing tests based on identified risks. It also assesses the effectiveness and efficiency of the internal control system in the Company’s different areas. CLH’s Internal Audit Department reports to the Audit Committee.

**Bodies responsible for preparing and executing the Tax Risk Management System.**

The body at the Company ultimately responsible for the tax risks and therefore for the preparation and execution of this system is the Company’s Board of Directors. In accordance with the tax policy, in the section on supervising the functions of the Tax Department, every six months the Regional Tax Director will report to the Board of Directors on material transactions that have a material effect, on litigation and on regulatory changes.
With the support of the CEMEX Group's Vice-President of Tax, CLH's Tax Department presents to the Audit Committee of CLH's Board of Directors the tax consequences of material transactions carried out by the Company and its subsidiaries.

This department is responsible for the executing the Tax Risk Management System. It also manages and analyzes all of the tax risks affecting the Company and its subsidiaries and renders all kinds of tax-related services, as explained below.

The Tax Department is led by a Senior Vice-President of Tax, who reports directly to the Cemex Group's Executive Vice-President of Finance. The Vice-President of Tax also has Regional and Local Tax Departments and departmental specialists in transfer pricing and tax and financial reporting systems.

In the Regional Tax Departments, three employees of the department in Europe are in charge of managing the Company's tax matters and those of its subsidiaries. The same responsibilities are assumed by the Tax Department for South America and the Caribbean in South America.

The Tax Department has the power to contract the services of external advisors or firms to provide technical support or to outsource certain tasks.

The Tax Department's expenses are controlled in a budget that is periodically monitored. The Tax Department has the following functions:

a. Providing tax advice on any business transaction or corporate restructuring operation involving Cemex Latam, either between related entities or with third parties outside the Cemex Group.

   In this regard, it supports the other Cemex Latam departments in transactions such as: mergers and acquisitions, spin-offs, contributions and purchases or disposals of assets.

b. Managing and controlling any tax-related litigation brought about by tax authorities, affecting any Cemex Latam entity.

c. Analyzing and documenting the different transactions between related entities through the internal Transfer Pricing team, which is responsible for assisting the Cemex Latam's Tax Department with transactions of this kind, assessing the risk involved and documenting such operations.

d. Calculating income tax and current and deferred income tax expenses, including submitting any tax returns and correctly settling tax liabilities. It also supports the Accounting Department in the management of indirect taxation.

e. Assessing the risks to which the Cemex Latam Group is exposed and establishing policies to manage and mitigate them.
f. Analyzing changes in tax legislation both nationally and internationally that could affect Cemex Latam’s operations.

g. Periodically reporting to the Company’s Audit Committee concerning any situation or transaction with tax implications.

E.3 Indicate the main risks, including tax risks, that can hinder the fulfillment of the objectives of the business.

At December 31, 2017, the most significant risks exposed in the ERM and internal control matrices that could affect Cemex Latam are as follows:

1. Competitive dynamics and changes thereto as a result of new players, imports, production capacity greater than market demand and vertical integrations.

2. Legal issues relating to administration, penalties, employment, taxes and other claims.

3. Compliance with internal procedures and policies relating to human resources, ethics, FCPA, SOX, intellectual property and insider trading.

4. Business continuity and resilience. It is primarily affected by the health and safety of employees, the condition of production equipment, communities, environmental regulations and the new trend of cyberattacks.

5. Unmanageable external effects such as the macroeconomy, elections and climate change.

6. Improvement in the sales performance, meeting customers’ needs, product quality, the supply in due time and form and the need to evolve products.

7. Suppliers and procurement in particular with the management and fulfilment of contracts to provide services and supply raw materials.

8. Alternative materials and technologies, resulting from digitization and the need for shorter response times.

Main tax risks that could hinder the fulfillment of the objectives of the business.
In December 2017, the most significant risks that could affect Cemex Latam are:

1. Political instability in Spain and expected change in tax legislation. On December 3, 2016, Royal Decree-Law 3/2016, of December 2, 2016, was published, which adopted tax measures aimed at consolidating public finances and other urgent corporate measures, reforming, amongst other taxes and standards and with effect from January 1, 2016, the corporate income tax applicable to the Spanish companies of Cemex Latam. As these measures can be considered temporary, and due to political instability, Cemex Latam companies resident in Spain for tax purposes will continue to be exposed to this risk, despite this tax reform.

2. The Spanish taxation authorities and companies holding investments in Spain must adapt to the new general tax regulatory framework in Spain, which will lead to changes as regards the manner in which tax inspections are conducted and in interactions between companies and the taxation authorities.

3. In July 2016, the European Commission approved an Anti-Tax Avoidance Directive which all member states of the European Union are required to transpose into their national law. At December 2017, Spain had not yet implemented several of the Directive’s rules. It cannot be ruled out that the special framework for Entities Holding Foreign Securities (ETVE, as per the Spanish acronym), of which Cemex LATAM Holdings SA and Corporación Cementera Latinoamericana S.L.U. avail, will not be amended in any way.

4. On December 29, 2016 Law 1819 on tax reform was issued in Colombia, introducing significant changes to taxation. The short time open to analyze the draft reform before it became law meant that the approved law had matters that were corrected or developed for application in late 2017, making analysis more difficult in terms of understanding and application. These implementing regulations envisage the possibility that some of them may be applied beyond the second half of 2018 due to the time and information they require for the control that the Directorate of Taxes seeks over taxpayers.

5. As regards transfer pricing, in recent years Panama, Costa Rica, Nicaragua and Guatemala have implemented transfer pricing within their tax laws, adopting certain BEPS initiatives that the OECD has issued in recent years. As this is a new issue for countries and their tax authorities, it could be one of the issues to be reviewed in future tax inspections.

6. The economic and social instability of some of the countries in which the Cemex Latam Holdings Group operates must be taken into account. Accordingly, the Company and its subsidiaries are subject to the risk of unexpected changes to tax legislation in any of the countries in which the Cemex Latam Group has invested.
E.4 Indicate whether the entity has a risk tolerance level, including for tax risk.

As part of the periodic process of discussing, reviewing and approving the ROA, the Company's senior executives assess each risk by considering the impact it could have on the Company and use a risk tolerance model defined based on the Company's needs, characteristics and maturity to evaluate compliance.

All risks are not the same; given the complex nature of the market, tolerance also varies according to the Company's risk appetite and, therefore, risks are assessed at three levels (operational, strategic and tactical), which are used to classify risks and define the method of assessment.

Based on the level of risk, these methods of assessment are as follows: for operational levels, the impact and probability boundaries; for strategic levels, compliance with a defined limit; and for tactical levels, the maximum dispersion of an indicator.

The risk tolerance, i.e. the aforementioned boundaries, limits and measurement values, are defined for each risk by the ERM Department and the people responsible who were assigned during the discussion between the Country ROA and CLH, and follow a proposal and validation process. Tolerance is proposed by the managers assigned and ERM and approved by the Managing Director and CEO of CLH, together with an internal team made up of the Directors of each business unit.

Tolerances are reviewed every six months using the following process:

1. Classify the risks according to the appetite level (person responsible: ERM)
2. Ensure that the boundaries, limits and measurement values are updated and approved by executives (person responsible: assigned risk managers and ERM).
3. Update the dossier of each risk, which contains: (person responsible: ERM)
   a) Name of the risk
   b) Brief explanation
   c) Inherent risk value, including the initial calculation or classification (impact, probability)
   d) Mitigation measures
   e) People responsible for mitigation measures
f) Percentage indicator of the progress of mitigation measures based on the time period provided for implementation

g) Residual risk value

4. Carry out a thorough review of the risks that have seen changes with respect to the last six months. (person responsible: Country Directors and Managing Director and CEO of CLH)

5. Define improvements or new mitigation measures with the aim of bringing the risk to within the accepted tolerance. (person responsible: Country Directors and Managing Director and CEO of CLH)

6. Report the results of the tolerance assessment (person responsible: ERM, Country Directors and Managing Director and CEO of CLH)

**Tax risk tolerance level**

As part of the periodic process of discussing, reviewing and approving the risk and opportunities agenda, the Tax Department defines the tolerance for each risk, considering the potential impact on the Company and its Group.

The Tax Department’s processes are subject to periodic controls during internal and external audits and meet SOX 404 legislation.

The Cemex Latam Group has applied FIN 48 criteria for recognizing and quantifying tax contingencies.

The objective of FIN 48 is to reflect expectations of tax implications of positions adopted by companies, taking into account a degree of uncertainty.

FIN 48 is a model that sets out the way companies must record, quantify, present and disclose in their financial statements the “uncertain tax positions” they have adopted or intend to adopt that generate deferred tax.

With this in mind, the key points that must be taken into account with regard to FIN 48 are:

- A future tax benefit generated by adopting an uncertain tax position may only be recorded in the financial statements if it is “more likely than not” that the position adopted can be sustained in terms of fiscal issues and based on applicable technical arguments.
In this regard, a provision shall be recorded if the probability of the event is more than 50%. Otherwise, the provision shall not be recorded and the situation that gave rise to the event shall be disclosed in the financial statements.

- A tax benefit must be calculated at the largest amount if it has a probability of more than 50% of being realized.

The Company has a policy of not recognizing any provision for litigation where the probability of a successful outcome is more than 50%. Therefore, in the countries where Cemex Latam operates, proceedings are won or lost in their entirety. Also, following a favorable report from the Audit Committee, on December 18, 2017 the Board of Directors approved the Corporate Tax Policy of the Cemex Latam Group.

E.5 Indicate what risks, including tax risks, materialized during the year.

Risks inherent to the business, the Company’s activity and the market environment materialized in the year as a result of circumstances inherent to the business and economic situation. Although none of them had a significant impact on the Company, the most significant risks materialized were as follows:

- The Superintendency of Industry and Commerce (SIC) imposed fines of approximately USD 24.72 million on CEMEX Colombia, which were paid on January 5, 2018. An appeal for judicial review will be lodged to overturn this penalty and the decision of the SIC.

- Legal issues relating to the construction of the new Maceo plant in the department of Antioquia in Colombia. The impediment to commencing production at the Maceo plant leads to higher maintenance costs and generally affects the supply system in Colombia due to the failure to incorporate production efficiencies.

For further information on these risks and contingencies, see the consolidated financial statements reported at December 31, 2017.
In addition, as discussed during the quarterly earnings conferences, the risks that impacted the Company are as follows:

- Competitive dynamics in 2017 proved to be more complex, with the materialization of import risks, price pressures and changes in production capacities. Specifically, the most significant impacts were the 2% decrease in the cumulative volume of cement and concrete compared to the previous year, as a result of lower demand in Colombia and Panama, and the arrival of imports into Costa Rica, Panama and Guatemala from Asian and Turkish sources, with the consequent pressures on market prices.
• Risks relating to construction and maintenance materialized mainly in Colombia and Costa Rica, due to higher-than-expected costs in the development of housing projects.

• Recent cases of corruption at construction companies operating in South America, which are customers of CLH, led to the materialization of credit risks that it managed to reverse.

**Tax risks that materialized during the year**

In 2017, as in the prior year, the areas focused on mitigating potential risks that could negatively affect the business’s results.

Over the course of the year, no tax risks were identified and therefore nothing was reported through the FIN 48 tool.

E.6 Explain the response and oversight plans for the entity’s main risks, including tax risks.

As explained in section 1 of this document, the new MITM model includes a number of mechanisms to identify, respond to and monitor the risks to which the Company is exposed.

Risks are prioritized according to the following criteria:

- **Probability:** Possibility of a risk materializing.

<table>
<thead>
<tr>
<th>PROBABILIDAD</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
</tr>
</thead>
<tbody>
<tr>
<td>No ha ocurrido en la industria</td>
<td>Ha ocurrido en la Industria</td>
<td>Ha ocurrido en CEMEX</td>
<td>Varias veces al año en CEMEX</td>
<td>Varias veces al año en la misma Unidad Op. CEMEX</td>
<td></td>
</tr>
</tbody>
</table>
• Impact: Consequence of a risk materializing.

<table>
<thead>
<tr>
<th>Personas</th>
<th>Económica</th>
<th>Ambiental</th>
<th>Clientes</th>
<th>Imagen</th>
</tr>
</thead>
<tbody>
<tr>
<td>Una o más fatalidades</td>
<td>Catastrófica &gt; $5M</td>
<td>Contaminación Irreparable</td>
<td>Veto como proveedor</td>
<td>Internacional</td>
</tr>
<tr>
<td>Incapacidad permanente (parcial o total)</td>
<td>Grave $2M a $5M</td>
<td>Contaminación Mayor</td>
<td>Pérdida de participación en el mercado</td>
<td>Nacional</td>
</tr>
<tr>
<td>Incapacidad temporal (&gt;1 día)</td>
<td>Severo $500k a $2M</td>
<td>Contaminación Localizada</td>
<td>Pérdida de clientes y/o desabastecimiento</td>
<td>Regional</td>
</tr>
<tr>
<td>Lesión menor (sin incapacidad)</td>
<td>Importante $100k a $500k</td>
<td>Efecto Minor</td>
<td>Quejas y/o reclamos</td>
<td>Local</td>
</tr>
<tr>
<td>Lesión leve (primeros auxilios)</td>
<td>Marginal $10k&lt;100k</td>
<td>Efecto Leve</td>
<td>Incumplir especificaciones</td>
<td>Interna</td>
</tr>
<tr>
<td>Ninguna lesión</td>
<td>Ninguna</td>
<td>Ningún efecto</td>
<td>Ningún impacto</td>
<td>Ningún impacto</td>
</tr>
</tbody>
</table>

• Image of the risk and opportunities prioritization matrix.

Measures, comprising specific actions, are established to mitigate each identified risk. Four alternatives are considered to respond to risks:

• Mitigating (controlling/reducing): Actions to limit the risk to an acceptable level.

• Accepting (accepting/maintaining): The inherent risk is accepted and no further action is taken.
• **Transferring (insuring/arranging):** Controlling the risk by taking out insurance or transferring the process or service to a third party.

• **Avoiding (avoiding/eliminating):** Stopping the process or service related to the identified risk.

The ERM Department ensures that a person has been assigned to the actions to be taken in response to each of the risks in the agenda. With the new MITM methodology, information is obtained from internal and external sources and shared with the managers assigned to each risk and the executives at Cemex Latam.

As mentioned above, some of these risks are mitigated through the Company's internal control system, which is based on the COSO framework.

The Internal Control model is shown in the following chart:

**Sistema de Administración de Riesgos (ERM)**

Administra de los riesgos que pueden impactar los objetivos de la compañía

**Sistema de Control Interno**

Sistema de respuesta a riesgos donde las medidas de mitigación se establecen y controlan por la compañía

**Identifying internal operational risks:** initially, Internal Control, along with the people responsible for the processes, identifies and evaluates different potential risks, taking into account their possible effect on (i) the management of the operation, and (ii) the financial statements, with priority given to matters and issues that may hinder the fulfillment of the Company's objectives. Identified risks are consolidated in risk matrices or maps to graphically represent the current situation of each process, according to the probability...
of a risk materializing and the economic impact that it represents or may represent for Cemex Latam’s business units.

Establishing internal controls: once the risks have been identified, senior management, through the Internal Control Department, designs and establishes the internal control model, which includes a system of controls considered key components of the different processes. This has a twofold objective: (i) ensuring that the controls are properly designed to mitigate the identified risks and the impact of those risks on the different processes; and (ii) ensuring that the controls are effective and have been implemented in order to gauge and strengthen the performance of the processes.

In accordance with the risk assessments conducted, the different areas and heads of the processes are provided with clear indications and instructions ("guidelines") to adapt the design of the controls to the changing situation of the business, as well as to include, improve and/or eliminate controls that may have proven insufficient or inadequate.

The Company’s and the Group’s methodology is carried out in particular through the following actions:

i) Performing tests on design and operation controls.

ii) Identifying process changes.

iii) Establishing ongoing communication with the heads of each process to optimize the controls.

Monitoring or supervising internal control: Internal Control ensures the correct implementation and the effectiveness of the controls throughout the year through a monitoring program. Internal Audit executes the internal audit and review program approved by the Audit Committee, evaluating compliance with the controls and issuing a periodic report with the results obtained.

Response and oversight plans for the Company’s main tax risks

Any transaction with a tax consequence of more than USD 10 million will be reported to the Board of Directors directly and/or indirectly through the Audit Committee. The Tax Department’s opinion on the tax consequences of such a transaction will be supported by up to two written opinions from qualified external tax advisory firms.

Every six months, or whenever necessary, the Regional Tax Director will report to the Board of Directors directly and/or indirectly through the Audit Committee on the following information:
a. Material transactions that have a material tax implication.

b. Summary of the progress of the various lawsuits in which the CLH Group is involved against any tax authority or jurisdictional body.

c. Summary of changes to tax regulations that have occurred in the year and that have a particular impact on the taxes applicable to the CLH Group.

d. Explanation of the work carried out in the calculation and documentation of the most significant related party transactions that have an impact on the CLH Group.

F. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS RELATED TO FINANCIAL REPORTING (ICOFR).

Describe the mechanisms that make up the internal control and risk management systems related to financial reporting (ICOFR) at your entity.

F.1 The entity's control environment

Indicate at least the following, specifying the main features thereof:

F.1.1. Bodies and/or functions responsible for: (i) the existence and maintenance of an adequate and effective ICOFR system; (ii) its implementation; and (iii) the supervision thereof.

**Board of Directors**: pursuant to article 34.2 (c) of the Bylaws and article 6.5 (c) of the Regulations of the Board of Directors, this body is ultimately responsible for ensuring that the financial information that the Company, as a listed company, must periodically publish gives a true and fair view of the Company’s equity, financial situation and financial performance, in accordance with applicable legislation.

**Audit Committee**: pursuant to article 43.5 of the Bylaws and article 25.6 (b) of the Regulations of the Board of Directors, the Audit Committee is responsible for supervising the effectiveness of (i) the Company’s internal control; (ii) the internal audit as well as compliance with the internal audit program, which must take into account business risks and fully assess all areas of the Company; (iii) the risk management systems, including tax risks; and for (iv) discussing with the auditor any significant deficiencies in the internal control system detected in the course of the internal audit.

**Internal Control**: responsible for carrying out an adequate assessment of internal operational risks, ensuring that there are sufficient internal controls to mitigate these risks. This assessment provides a view of how risks are covered by clearly described internal controls,
which are assigned to persons who are responsible for performing control activities. The assessment also provides assurance that there is an effective control system in the processes. CLH's Internal Control Department reports to the Regional BSO (Business Service Organization) and simultaneously to the Director of Global Internal Control, who defines the model and scope of the function at the CEMEX Group.

**Internal Audit:** the Internal Audit Department monitors the effectiveness of existing controls through an internal audit and review program approved by the Audit Committee, evaluating compliance of the controls and issuing a periodic report with the results obtained. The Internal Audit Department reports to the Audit Committee.

**Business Service Organization (BSO):** unit responsible for preparing the financial statements, executing internal controls and implementing the Company's policies, including authorizations, reconciliations and trend analyses, which serve to ensure that the financial information is reasonably presented and disclosed. The Country BSO Department reports to the Regional BSO, which in turn reports to the Vice President for the Global Service Organization (GSO). In addition, the BSO reports to the Managing Director and CEO of CLH and the VP of Controllership of the CEMEX Group.

**Accounting Technology:** a group of expert accountants responsible for the supervision, disclosure and correct application of accounting principles. In addition, they monitor and assess the impact of adopting new standards and updating the Company's accounting policies. The Accounting Technology Department reports directly to the VP of Controllership of the CEMEX Group.

**Enterprise Risk Management (ERM):** at its meeting held on July 24, 2015, the Audit Committee resolved that it would include the Enterprise Risk Management (ERM) area to unify the agenda, bringing together internal and external risks. In 2017, ERM implemented and certified its MITM (man-in-the-middle) methodology for CLH’s operations, integrating the different corporate risks into its ERM tool owned by CEMEX. The ERM Department reports directly to the Country Director and the Regional ERM Director, who in turn reports directly to the Managing Director and CEO of CLH and, in coordination, to the Director of Global Enterprise Risk Management.

**Compliance Officer:** charged with strengthening, implementing and supervising best corporate governance practices and exercising, among others, the duties set out in the Regulations of the Board of Directors. The Board of Directors approved this position at its meeting on January 15, 2013, subsequently replacing it temporarily with the current position of VP of the Legal Area of the Company by resolution of the Board of Directors at its meeting on November 9, 2016. Having considered the Corporate Governance Committee’s proposal that the positions be separated in order to strengthen the control environment, in 2018 CLH will appoint a new Compliance Officer who will report to the Audit Committee and the VP of Legal Affairs of the Company.
External Auditor: as the business units that make up Cemex Latam form part of the CEMEX Group, they are included in the scope of the detailed audit of controls aimed at global compliance with the Sarbanes-Oxley Act. Furthermore, the financial information for each country is audited by KPMG to evaluate the financial statements for reasonableness.

F.1.2. Whether the following exist, especially with regard to financial reporting:

- Departments and/or mechanisms in charge of: (i) designing and reviewing the organizational structure; (ii) clearly defining the lines of responsibility and authority, with an appropriate distribution of tasks and duties; and (iii) ensuring that the procedures in place are sufficient for proper dissemination throughout the entity.

The Board of Directors has the broadest powers to manage the Company and is the Company’s highest decision-making body, except in matters reserved for the Shareholders’ General Meeting. The Board is responsible for approving proposals by the Chairman of the Board of Directors or the CEO for defining the organizational structure of the Company and making changes thereto, and for appointing and removing the Company’s senior managers.

As an exception to the above, under a proposal by the Chairman of the Board of Directors in this connection, the Audit Committee shall, where appropriate, submit a reasoned proposal to the Board of Directors regarding the selection, appointment or removal of the Director of Internal Audit. Similarly, under a resolution of the Board of Directors of December 18, 2017, the Audit Committee shall be responsible for approving the salary of the Director of Internal Audit.

Cemex Latam has an organization manual describing the organizational structure and responsibilities at the different levels and for ensuring that duties are properly segregated. This organizational manual is maintained by Human Resources and is available on the corporate intranet.

- Code of conduct, approval body, level of distribution and instruction, principles and values included (indicating any specific mention of record-keeping and the preparation of financial information), and the body responsible for analyzing breaches and proposing corrective measures or penalties.

The CEMEX Group has a Code of Ethics and Conduct (“Code of Ethics”) which applies to all executives and other employees of the CEMEX Group, who must sign it in acknowledgement and acceptance.

By virtue of the resolution adopted by the Board of Directors on October 4, 2012, the Company adopted the Code of Ethics in order to follow best corporate governance practices. This Code of Ethics already applied to all the companies, business units and operations that became part of Cemex Latam on July 1, 2012. Furthermore, as a result of the latest
modification to the Code of Ethics, at its meeting held on July 30, 2015 the Board of Directors passed a resolution to approve the Company’s adoption of the new Code of Ethics, following a favorable report from the Corporate Governance Committee.

The Code of Ethics encompasses the fundamental principles for all of our business processes. Consequently, it is constantly reviewed by various areas of the Company, including the Legal, Internal Control, Process Assessment, Sustainability, Security and Human Resources Departments. Any amendment must be duly approved by the Global Ethics Committee, which comprises members of the Executive Committee of CEMEX S.A.B. de C.V. (“Global Ethics Committee”).

Since it was drafted, specific sections have been included in the code concerning human rights and money laundering, among other issues. Examples of practical situations have also been included, to ensure that acceptable and unacceptable behavior is fully understood. Specifically, chapter 15 addresses the handling of confidential and/or privileged information, and chapter 16 covers controls and financial records.

In mid 2017, due to the current environment at CEMEX and certain weaknesses that were detected, a project was launched to update the Code of Ethics, the main purpose being to incorporate new developments, clarify conflicts of interest, improve the structure of the document and make its content clearer to readers. This drive is spearheaded by CEMEX Group’s Organization and Human Resources team in conjunction with Morehead Consulting, an expert service provider. The new Code of Ethics is expected to be issued and distributed in the second half of 2018, once the necessary validations have been completed.

In each country where Cemex Latam is present, there is a local ethics committee (“Ethics Committees”) which is responsible for monitoring and ensuring compliance with the matters included in the Code. At the start of each year a communication plan is prepared by the Ethics Committees, in agreement with the Global Ethics Committee. This communication plan includes measures such as: training, announcements, articles for internal publications and updates to signatures. In 2017, the Audit Committee authorized Internal Audit to take part and be an active member of these Ethics Committees for the presentation of the results of special investigations derived from reports received.

Additionally, in a resolution adopted by the Board of Directors at its meeting held on January 16, 2013, following a favorable report from the Corporate Governance Committee, the Company also adopted the following CEMEX Group institutional policies regarding compliance:

- Anti-corruption policy.
- Policy on compliance with antitrust laws.
- Information retention policy
- Policy on use of privileged information.
- Policy on reporting of relevant information.
- Policy on information security.
- Policies on portable equipment and BYOD ("Bring your own device") Program.

In addition, the Company, through the Audit Committee and the Corporate Governance Committee, reviewed all the internal policies of the CEMEX Group, which have been applicable to the Company since its incorporation, in order to adapt them, where necessary, to the applicable legislation and, in particular, to the Reformed Spanish Criminal Code approved in 2015. As a result of this review, at its meeting held on July 27, 2016, the Board of Directors ratified the seven aforementioned policies which the Company had already expressly adopted in 2013 and the Company’s express adoption of the CEMEX Group’s other internal policies and guidelines, which were already mandatory from its incorporation. It also agreed to the Company’s adoption, without the need for the express consent of the Board, of any other policies and guidelines the CEMEX Group may approve or amend in the future, irrespective of whether a presentation is made to the Board every six months on the policies approved or modified. Nevertheless, the following policies, which apply solely to Cemex Latam, were approved in 2017:

- The compensation policy for Directors of the Company, proposed by the Board of Directors, following a favorable report from the Appointments and Remuneration Committee, and approved by the shareholders at the Shareholders’ General Meeting held on June 29, 2017.

- The Corporate Tax Policy of the Cemex Latam Group approved by the Board of Directors on December 18 following a favorable report from the Audit Committee.

- Policy for the selection of candidate directors of the Company, which was approved by the Board of Directors on December 18 at the proposal of the Appointments and Remuneration Committee.

- Policy for communication with shareholders, investors and the market in general, which was approved by the Board of Directors on December 18 following a favorable report from the Corporate Governance Committee.

The bodies responsible for reviewing any breaches of the policies and for proposing the pertinent corrective actions as well as, where applicable, the corresponding sanctions, are
the Ethics Committees and the Audit Committee, as applicable. Depending on the circumstances of each case, proposals are put forward to (i) the Country Directors, (ii) the Managing Director and CEO of CLH or, ultimately (iii) the Board of Directors.

For the Code of Conduct to be disseminated and for all employees to be familiar with it, the corporate intranet has a specific section entitled “Ethos” which contains not only the Code of Ethics but also includes a Policy Center. These policies may be consulted by country, topic, functional area, guideline and community.

The Code of Ethics and the aforementioned policies are defined and updated at global level for the CEMEX Group. The Audit Committee (External Regulations), Corporate Governance Committee (Internal Regulations) and Board of Directors of Cemex Latam are ultimately responsible for ensuring compliance with the Code of Ethics and the policies to the extent that they relate to Cemex Latam.

- ‘Whistleblowing’ channel for reporting to the audit committee any financial and accounting irregularities as well as potential breaches of the code of conduct and irregular activities within the organization, indicating, as appropriate, whether it is confidential.

Anonymous whistleblowing lines have been established to report any breaches of the code, including matters relating to financial reporting.

The whistleblowing lines are operated by a third-party service provider (NAVEX Global). Suggestions, consultations and reports of breaches of the code are received through these lines. The option of anonymity is always offered, and the whistleblowing line, called the “ETHOS Line” is available via telephone, online using a standard form and via email (https://www.tnwgrc.com/cemex/).

The service uses Secure Socket Layer (SSL) technology, which ensures that all information sent is encrypted and protected by the service provider. The service is available 24 hours a day, seven days a week.

Other independent mechanisms for recording complaints and grievances also exist, in particular:

- The following address has been provided for suppliers: www.cemex.com/Proveedores-Quejas.

- Messages sent directly to the President of the Audit Committee.

- Messages sent directly to the local Ethics Committee or Ethos Committee (Global).

- Messages sent directly to Internal Audit and Internal Control.
• Other reporting channels such as complaints filed by customers and suppliers, or reports filed directly for members of the Ethics Committees.

Following instructions from the Company, the aforementioned provider NAVEX reports on complaints as follows:

a. Complaints received which relate to the financial reporting and accounting processes are sent directly to the President of the Audit Committee; and

b. Complaints related to other diverse matters are reported to the Ethics Committee of the respective unit and to Internal Audit.

Cases are assigned to the heads of Internal Audit, Internal Control, Legal and/or Human Resources based on their nature. The assigned party is responsible for conducting the pertinent verifications and investigations and for recording and reporting the results, conclusions and action plans. This information may be forwarded to the Country Directors, the members of the Ethics Committees, the Audit Committee and the administrative areas involved in order for the appropriate decisions to be taken. The head of Internal Audit keeps the Audit Committee abreast of any relevant matters that may arise while the review programs are being carried out.

Cemex Latam’s Audit Committee is periodically informed of the status of the investigations.

A communication campaign focused on matters relating to corporate culture (refusing bribes, discrimination and harassment) and the use of anonymous hotlines was set up in 2017.

• Periodic training and refresher courses for the personnel involved in preparing and reviewing financial information, and in evaluating ICOFR which address, as a minimum, accounting rules, auditing, internal control and risk management.

The Cemex Latam companies have formal hiring practices in place through Human Resources and in coordination with Finance, Controllership and BSO to ensure that new employees are qualified to carry out the activities related to each position and have the required profile, educational background and skills.

Accounting standards, policies, controls and practices relating to the organization’s processes and areas are documented and published by the Cemex Latam Policy Center. Through the Accounting Technology Department, Controllership updates and develops new accounting policies in response to changes in the Company and new regulations. Accounting Technology
is responsible for updating and reporting any change in policy derived from the issuance of new accounting regulations.

Employees are periodically evaluated based on the parameters established for the duties they perform and the objectives for their position. These performance evaluations are managed through an IT tool called “Career Building” which is operated by Human Resources.

Using “Career Building”, Cemex Latam employees establish their annual objectives in conjunction with their immediate supervisor. These objectives form the basis of their interim and year-end evaluations, which include the Individual Development Plan (IDP). Up to 25% of an employee’s annual objectives are linked to satisfactory completion of the IDP.

To ensure that executives and other employees remain up-to-date in terms of their knowledge, in addition to the institutional programs organized by Human Resources on different topics, including the use of work platforms, Controllership, through its Accounting Technology, Financial Reporting and Internal Control Departments and in conjunction with the BSO, prepares training programs for personnel involved in preparing the Group’s financial statements, with the aim of: (i) bringing participants up-to-date regarding regulations and general legislation, (ii) providing specific knowledge of International Financial Reporting Standards (IFRS) and (iii) informing them of the principles applicable to internal control over financial reporting. These plans are executed through meetings and special courses, teleconferencing, sending written information and webcasts.

The direct superiors of key employees who are involved in preparing the financial statements must ensure that the employees’ IDPs include objectives or activities that are focused on training in accounting regulations and standards (e.g. IFRS, country-specific regulations, COSO, SOX).

F.2 Assessment of financial reporting risks

Report, at least, on:

F.2.1. The main characteristics of the risk identification process, including risks of error or fraud, with respect to:

- Whether the process exists and is documented.
- Whether the process covers all financial reporting objectives, (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations), whether it is updated and, if so, how frequently.
- Whether a specific process is in place to define the consolidated group, taking into account, among other aspects, the possible existence of complex corporate structures, special purpose entities or special purpose vehicles.

- Whether the process considers the effects of other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) that may affect the financial statements.

- Which of the entity’s governing bodies supervises the process.

For internal operating processes, the Company has created a risk map that enables the Audit Committee to visualize the risk categories that are mitigated through the Internal Control System.

The “Internal Operational Risk” map is continuously updated on the basis of the findings of internal audits, special cases or well-founded investigations, in conjunction with the heads of the business units through interviews and self-evaluation questionnaires. This helps to ensure that the assessed risks are interpreted in a relatively uniform manner.

Each business unit assesses and develops a risk map, which includes financial reporting, which is then consolidated into an “Internal Operational Risk” Map that is presented and approved by the Audit Committee. The Internal Control Department is responsible for keeping the risk map up-to-date and ensuring that the assessment takes into account risks of error or fraud in all categories.

F.3 Control activities

Indicate if the entity has, at a minimum, the following components, and the main characteristics thereof:

F.3.1. Procedures to review and authorize the financial information and the description of the ICOFR system to be published on the securities markets, indicating those responsible in each case, as well as documentation describing the flow of activities and controls (including those relating to fraud risk) for the different types of transactions that may have a material impact on the financial statements, including the accounting close procedure and the specific review of relevant judgments, estimates, valuations and projections.

Cemex Latam has procedures to review and authorize the financial information published on the securities markets (Colombian securities exchange) and has established the corresponding control procedure for the different types of transactions that may have a material impact on the financial statements.
The individual (separate) and consolidated financial statements are prepared by the Controllership Department and BSO in accordance with the International Financial Reporting Standards (IFRS) established by the International Accounting Standards Board (IASB) that are in effect at the date of the financial statements.

Furthermore, in order to comply with local regulations, given that it is a Spanish company, the Controllership prepares CLH’s annual accounts in accordance with the standards and principles set forth in the Spanish General Chart of Accounts (“PGC”) and other applicable legislation. These accounts are not used for management purposes and are not reported to the Colombian market. Consequently, the Board of Directors is required to authorize for issue the annual accounts and directors’ report prepared under Spanish regulations within three months of the reporting date, for their subsequent approval by the shareholders at the Shareholders’ General Meeting and filing at the Madrid Mercantile Registry.

Before being sent to the securities exchange, the CLH Group’s financial statements must have secured the following levels of internal approval:

- Review by the head of accounting.
- Review by the general attorney-in-fact (financial statements under IFRS).
- Review by Internal Audit.
- Review by and prior report from the Audit Committee.
- Approval (financial statements) or authorization for issue (annual accounts), as appropriate, by the Board of Directors.
- Approval by the shareholders at the Shareholders’ General Meeting (annual accounts and directors’ reports prepared under the Spanish General Chart of Accounts).

The Company has implemented an internal control and risk management system in relation to the financial reporting process based on the 2013 COSO framework, with the following components:

- Control environment.
- Risk assessment.
- Control activities.
• Information and communication.

• Monitoring activities.

These components ensure, among other objectives, the following:

• Effectiveness and efficiency of operations.

• Safeguarding of assets.

• Reliability of financial information.

• Compliance with applicable laws and regulations.

The model includes controls which are designed and implemented for each risk identified in the risk map, according to its level of importance. Risk mitigation depends on the correct implementation of controls by the persons responsible. The controls are related to specific steps of the processes and are commonly linked to the Company’s policies and procedures. Controls are continuously adapted to ensure that they take into accounting changing business conditions.

The Internal Control Department of Cemex Latam produces detailed descriptions of each step of the process, including:

• Flowcharts of processes, including the start of the process, the required authorization, the persons responsible, the internal controls and the systems involved in the process.

• Diagrams of the financial reporting interface (completeness) between the systems involved in the process, including the controls in place to ensure the complete and accurate transfer of the information.

• Control matrices describing what is expected of the person performing the control. The objectives of the control, the risk being mitigated, the frequency of the control, the person responsible, assertions in the financial statements, manual/automatic control, preventive/detective control and specific evidence to be kept.

• The descriptions and control matrices are kept up-to-date and are available at the Company’s Policy Center.
For accounting policies and procedures, the Accounting Technology Department, in conjunction with Internal Control, ensures that the descriptions, risks and controls are updated and published by the Policy Center.

As part of this methodology, design evaluations and change management tests are conducted by Internal Control to ensure that the controls are appropriate for the processes and risks identified.

F.3.2. Internal control policies and procedures for IT systems (including access security, control of changes, how changes are made, business continuity and segregation of duties) that support the entity’s relevant processes for the preparation and publication of financial information.

Information System (IT) Controls are an important set of controls. These are classified as general controls or application controls and are monitored for all systems that support operating processes, including those used to generate financial reports. General IT controls are those related to the management of equipment and servers, back-ups, infrastructure, security management, purchases of software, development and maintenance. Application controls are embedded in applications (e.g. SAP, Hyperion) and focus on the completeness, accuracy, authorization, validity of the data capture and data processing through the systems.

Cemex Latam is a highly automated company. IT controls are key to ensuring that systems, servers and applications function properly and that the information is therefore reliable. The controls are based on the COBIT framework (Control Objectives for Information and Related Technology) and the control activities related to Cemex Latam’s systems have been identified and documented and are tested annually. COBIT is a framework created by IT specialists that is generally accepted as a means of compliance with the control requirements of the various regulatory bodies.

System controls are divided into the following categories:

- Support schemes to ensure continuity and support operations.
- Network protection from deliberate attacks.
- Back-ups and data recovery schemes.
- Changes to programs and applications.
- Program and data access controls.
System application controls (e.g. SAP, Hyperion, RMS).

The VP for Processes and IT is responsible for ensuring that these controls are executed and the controls are included in the scope of internal audits every year.

The Information Security team, which is also part of the VP for Processes and IT, monitors conflicts relating to the segregation of duties within systems. A model has been implemented that defines and classifies critical transactions that could give rise to conflicts relating to the segregation of duties within the system.

F.3.3. Internal control policies and procedures to supervise management of activities outsourced to third parties, as well as issues related to evaluation, calculation or valuation services commissioned from independent experts which may have a material impact on the financial statements.

Contracts are signed for processes outsourced to third parties regulating, among other aspects, the following:

- The obligations and responsibilities assumed by each party.
- The levels of communication and notifications that must be exchanged between the parties.
- The conditions or terms related to invoicing, payment conditions, etc.
- The applicable rules regarding confidentiality
- The penalties that might arise in the event of a breach by either party.

In cases where the preparation of financial information has had to be outsourced to an independent expert (actuarial calculations, valuation of fixed assets, etc.), the Company ensures that the level of technical competence of the professionals and their support as suppliers meet the needs of the Company, with preference given to duly certified companies.

Cemex Latam outsources services to IBM, which is in charge of certain administrative transactional activities and IT services that are part of the financial reporting process in all the operating units.

Although transactions are executed at IBM’s service centers, the Company remains responsible for the delegated activities. As a result, all of the procedures included in this
document (e.g. Code of Ethics, risk map, control activities) were adapted during the transition to IBM, in order to maintain the effective Internal Control Model.

IBM service centers must maintain an adequate degree of control and are required to: Comply with the Code of Ethics, the policies and internal controls for performing the assigned tasks. Cemex Latam and IBM have drawn up “DTP” (Desk Top Procedures) documents to describe in detail all of the activities performed by the IBM service centers, explaining the necessary steps and controls.

The IBM service centers are included in Internal Control’s monitoring activities and in the Process Assessment audits. The audit work is based on the DTPs agreed between Cemex Latam and IBM, ensuring that the services rendered by IBM are performed in accordance with the established requirements. Furthermore, in its global assessment of the CEMEX Group, which includes the Cemex Latam companies, KPMG audits the IBM service centers as part of its assessment of internal controls.

IBM provides an annual report on the assessment of its controls at entity level (Report SOC 1), issued by PricewaterhouseCoopers (PwC). The report includes the centers that render services to the CEMEX Group.

There is a “Vendor Management Office (VMO)” which is responsible for managing the relationship with IBM. Due to the importance of the outsourced services, Internal Control together with the VMO developed internal procedures and controls for the following processes:

I. Deliverables stipulated in the legal contracts.

II. Process of payments to IBM.

III. Service level agreement (SLA).

IV. Management of risks and problems.

F.4 Information and communication

Indicate if the entity has, at a minimum, the following components, and the main characteristics thereof:

F.4.1. A specific function responsible for defining and updating accounting policies (accounting policies area or department) and resolving queries or disputes over their interpretation, maintaining fluid communications with those responsible for operations in the
organization, and an up-to-date accounting policies manual that is distributed to the units through which the entity operates.

As previously indicated, Controllership is responsible for the accounting policies through the CEMEX Group’s Accounting Technology Department, the area that coordinates all operations, including Cemex Latam. The duties and activities of Accounting Technology include:

I. Defining accounting policies in line with applicable regulations and policies;

II. Coordinating and supervising the preparation of Cemex Latam’s consolidated financial statements through its own Financial Reporting Area;

III. Monitoring possible changes in the regulations proposed by the IASB and the impact of their application on the preparation of the financial statements.

IV. Periodically reviewing the accounting policies to ensure that they are up-to-date and, in the event of changes, making the appropriate modifications.

V. Ensuring that policies are applied consistently across the Group companies.

VI. Providing information on accounting policies to the relevant areas involved in preparing financial information through the corporate intranet, which is freely accessible to all employees who need to consult it. It also coordinates training tasks.

F.4.2. Mechanisms to capture and prepare financial information in standard formats, to be applied and used in all units within the entity or group, which support the main financial statements and accompanying notes as well as disclosures concerning ICOFR.

The Company has defined a procedure for preparing financial information which includes the accounting close processes and the consolidation of the information of all the Group companies.

The information is administered in a single platform under the accounting system (SAP) run by the BSOs of each country, which ensures greater control over the standardized processes in a single close. Furthermore, the process has controls to monitor system access, ensuring proper segregation of duties and appropriate levels of authorization. In addition, automatic controls have been defined within the system, making it possible to validate the data and ensure that financial information is complete.
The financial information consolidation process is carried out by the Controllership, through the Financial Reporting Department, using a single system called "Hyperion Financial Management" or "HFM", supported by security levels, segregation of duties and automatic control mechanisms that enable the completeness and reliability of the data to be monitored.

The existence of the same chart of accounts for all CEMEX Group companies facilitates consolidation and the reporting (information) system generated for all entities requiring such information.

F.5 Supervision of system operation.

Indicate if the entity has, at a minimum, the following components, and the main characteristics thereof:

F.5.1 ICOFR supervisory activities conducted by the audit committee and whether the entity has an internal audit function whose competences include supporting the committee in its oversight of the internal control system, including ICOFR. Furthermore, report on the scope of the ICOFR assessment in the year and the procedure for the person responsible for conducting the evaluation to report the results. State also whether the entity has an action plan detailing any corrective measures, and whether the impact on the financial information has been considered.

As noted above, oversight of the control and risk management system for financial reporting is handled at three levels – the Internal Audit Department, the Audit Committee (to which Internal Audit reports) and, ultimately, the Board of Directors.

Internal Audit supports the Audit Committee in overseeing the internal control and risk management systems for financial reporting.

In 2017, the Audit Committee performed the functions and responsibilities set forth in the Company's Internal Regulations with regard to financial reporting. Consequently, it carried out the following actions:

- The Committee reviewed the Company’s individual annual accounts and directors’ report for the year ended December 31, 2016, as a result of which it submitted a favorable report to the Board of Directors, the body competent to authorize the issue of the annual accounts.

- The Committee reviewed the individual (separate) and consolidated financial statements prepared under IFRS. Once they had been approved by the Board of Directors, the Company submitted them to the Financial Superintendency of Colombia (“SFC”, as per the Spanish acronym), in accordance with Instruction 10
Specifically as regards ongoing efforts to remedy the irregularities that occurred during the purchase of land and other assets related to the construction of the Maceo plant, and taking into consideration the investigations and internal audits as well as the advice received from external advisors, the Committee reviewed and approved activities which seek to remedy the internal control deficiency in significant unusual transactions which CEMEX, S.A.B. de C.V. and Cemex Latam have classified as a material weakness. These activities include the new policy for approving significant unusual transactions, the creation of a committee to supervise projects that entail substantial investment, reinforcement of internal audit procedures and enhancement of existing controls used for monitoring purposes so as to operate at a sufficiently accurate level. At December 31, 2017, the remedial activities have been fully implemented and their effectiveness is currently under evaluation.

Furthermore, in 2017 the Audit Committee:

1) Approved the work plan and budget for the Internal Audit area for that year. The work plan includes processes related to financial reporting.

2) Reviewed the development of and compliance with Internal Audit’s program, focusing especially on the results presented periodically by the head of this area during Committee meetings, including on financial reporting processes.

3) Approved the engagement of KPMG in order to conducting a gap analysis on CLH’s ICOFR system, comparing the current situation with the international COSO III (2013) framework. The results were shared with the Audit Committee and management. The recommendations are being evaluated and there is an action plan which will be monitored by the Committee.

Internal Audit prepares an annual audit plan using a risk-based approach. For the financial statements, the Internal Control Department, based on the financial information and the materiality of the accounts, defines an annual scope at the start of the year to select the business units and/or areas whose financial statements will be subject to internal audit.

The Internal Control environment depends on the efficiency of the processes and the level of risk in the countries where the Company operates. Therefore the plants and offices may be included within the scope of the annual audit plan. For the tests performed at Cemex Latam in 2017, a new procedure was followed that includes the Company’s
strategic risks as well as those identified by the ERM, Internal Control, Tax and Legal Departments, in accordance with the assurance map defined by the Company and approved by general management and the Audit Committee. Furthermore, in 2017 Internal Audit implemented the standards required by the Institute of Internal Auditors (IIA), which performed a gap analysis, with satisfactory results. The gaps identified are being resolved with a view to obtaining certification of the function in the first half of 2018.

During the year, 1,678 audit tests were performed, with satisfactory results in 76% of the cases in CLH’s seven countries.

F.5.2. Whether a discussion procedure is in place whereby the auditor (pursuant to Technical Standards on Auditing), the internal audit function and other experts may inform senior management and the audit committee or directors of the entity of significant internal control weaknesses identified during the review of the annual accounts or any other processes assigned to them. State also whether the entity has an action plan to correct or mitigate the weaknesses found.

Communication is an essential part of the internal control system. This entails ensuring that the Audit Committee, management and the heads of the operating units are informed of any weaknesses and/or failures in the internal controls.

Internal control deficiencies are evaluated to determine their importance and severity and whether immediate action is required. Each deficiency is described and the impact is evaluated with those responsible for the process to determine whether to report and/or escalate the issue to management and the Audit Committee.

In order to comply with regulations, the detected deficiencies in financial reporting are classified according to their economic impact as control deficiencies, significant deficiencies and material weaknesses. A control deficiency occurs when a control does not function as designed or is not appropriately implemented, but does reasonably mitigate the risk. Significant deficiencies are those that individually, or jointly with other deficiencies, are sufficiently important and must be reported to the Audit Committee. A material weakness reflects a significant possibility of material error in the Company’s financial statements and must be disclosed by Cemex Latam in a public report submitted to the securities exchanges.

The Audit Committee must be informed of any significant deficiency or material weakness identified prior to issuing financial statements and/or when they are detected, if urgent corrective action is required immediately.
The Audit Committee holds meetings at least once a quarter to review and report on the interim and year-end financial information, prior to its approval by the Board of Directors or the shareholders at the Shareholders’ General Meeting, as appropriate. This information is (i) subsequently submitted to the appropriate Spanish and Colombian authorities, and (ii) disseminated to the market. Matters relating to internal control and risk monitoring are also discussed at these meetings.

In addition to the quarterly meetings, meetings are held whenever required to discuss areas for improvement or that present opportunities in relation to internal control deficiencies observed during the period analyzed.

In 2017, the Audit Committee held a total of 11 meetings.

Audit Committee meetings are generally attended by the head of Internal Audit and the external audit partner. Other Company departments such as Legal, BSO, Internal Control and ERM may take part in some meetings at the request of the Audit Committee.

The deficiencies detected by the Internal Audit Department are accompanied by action plans and recommendations agreed upon with the person responsible for the process being audited. Also, in light of the foregoing with regard to the external audit, any deficiency reported in the global assessment for the purpose of the CEMEX Group’s compliance with the Sarbanes-Oxley Act that relates to CEMEX Group companies is included in the remediation and monitoring processes of Internal Audit and Internal Control.

Based on the results of the internal audits, the Internal Control Department reaches a consensus with the persons responsible for the different processes evaluated as to the actions considered most appropriate for mitigating the risks detected and for preventing any future occurrence.

Once these corrective actions have been agreed, the Internal Control Department informs the Audit Committee and periodically monitors the implementation of these actions. For this task, Internal Control is responsible for reviewing the suitability and effectiveness of the controls initially identified, taking into account the risks that have materialized. This joint review process may lead to the establishment of new controls or, if deemed appropriate, the redesigning of the initial controls to ensure their effectiveness.

**F.6 Other relevant information:**

All relevant information has been disclosed in the previous sections.

**F.7 External auditor’s report**
Indicate:

F.7.1. Whether the ICOFR information disclosed to the markets has been reviewed by the external auditor, in which case the entity should include the corresponding report as an appendix. Otherwise, explain the reasons for the absence of this review.

Cemex Latam is a subsidiary of the CEMEX Group, whose parent, CEMEX S.A.B. de C.V., is listed on the Mexican Stock Exchange (BMV) and the New York Stock Exchange (NYSE), and therefore subject to Mexican and US securities regulations, including the Sarbanes-Oxley Act of 2002. The business units that make up Cemex Latam have internal control processes and mechanisms in place to determine and certify the accuracy of the financial information.

For the CLH Group, the information on internal control and risk management systems related to financial reporting to the markets has not been reviewed by the External Auditor. The External Auditor audits the Group’s financial information obtained from the consolidation of the financial information of the countries that make up the Group and conducts tests on certain controls included in the Group’s ICOFR system with the scope required to be able to express an opinion on whether the consolidated financial statements of CLH give a true and fair view of its financial position. The audit opinion, which is unqualified, accompanies the consolidated financial statements of the CLH Group.

As previously mentioned, specifically as regards ongoing efforts to remedy the irregularities arising in the purchasing process for the land and other assets related with construction of the Maceo plant, and taking into consideration the investigations and internal audits as well as the advice received from its external advisors, Cemex Latam continues with its initiatives aimed at resolving the internal control weakness in unusual and significant transactions, which CEMEX, S.A.B. de C.V. and Cemex Latam have classified as a material weakness. At December 31, 2017 the remedial initiatives implemented by CEMEX, S.A.B. de C.V. and the Company, with the approval of the Audit Committee and the Board of Directors of the Company, included the new policy for approving significant unusual transactions, the creation of a committee to supervise projects that entail substantial investment, reinforcement of internal audit procedures and enhancement of existing controls used for monitoring purposes so as to operate at a sufficiently accurate level. As already stated, at December 31, 2017 the remedial activities had been fully implemented. However, the effectiveness of these initiatives is currently being assessed, and the material weakness in the internal controls cannot be deemed resolved until the Company concludes that the remedial controls have been operating effectively for a sufficient length of time. The Company does not consider that this weakness has had a material impact on the financial statements previously issued by CLH.
G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the company’s degree of compliance with the recommendations of the Good Governance Code of Listed Companies.

If a recommendation is not followed or only partially followed, a detailed explanation of the reasons must be included so that shareholders, investors and the market in general have sufficient information to assess the company’s behavior. General explanations will not be acceptable.

1. The bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

See sections: A.10, B.1, B.2 and C.1.23

Compliant Explain

2. When a parent and a subsidiary company are listed, both should give an accurate disclosure of the following information:

a) The activity they engage in and any business dealings between them, as well as between the listed subsidiary and other group companies;

b) The mechanisms in place to resolve possible conflicts of interest.

See sections: D.6 and D.7

Compliant Partially compliant Explain Not applicable

3. During the shareholders' ordinary general meeting, in addition to providing the annual corporate governance report in writing, the chairman of the board of directors should verbally inform shareholders in sufficient detail of the most relevant aspects of the company’s corporate governance, specifically:
a) Any changes since the previous shareholders’ general meeting;

b) The specific reasons why company does not follow a given Good Governance Code recommendation, and any alternative procedures followed in its stead.

Compliant Partially compliant Explain

4. The company should draw up and implement a policy for communication and contact with shareholders, institutional investors and proxy advisors that fully complies with market abuse regulations and accords an equitable treatment of shareholders in the same position.

This policy should be disclosed on the company’s website, complete with details of how it has been put into practice and the identities of the relevant contacts or persons responsible for its implementation.

Compliant Partially compliant Explain

See section: F.1.2.

5. The board of directors should not make a proposal to the shareholders’ general meeting for the delegation of powers to issue shares or convertible securities without pre-emptive subscription rights for an amount exceeding 20% of capital at the time of such delegation.

When a board of directors approves the issuance of shares or convertible securities without pre-emptive subscription rights, the company should immediately post a report on its website explaining the exclusion as envisaged in company legislation.

Compliant Partially compliant Explain

To date, the Board of Directors has not made a proposal for the delegation of powers to issue shares or convertible securities without pre-emptive subscription rights. There is also no amount limit and, if there were, the Company would publish the corresponding report on its website.

6. Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the shareholders’ general meeting, even if their distribution is not obligatory:

a) Report on auditor independence.
b) Reports on the operation of the audit committee and the appointments and remuneration committee.

c) Audit committee report on related party transactions.

d) Report on corporate social responsibility policy.

Compliant Partially compliant Explain

When the Shareholders’ General Meeting is called, the Company publishes on its website, among others, the Audit Committee’s report on the activities carried out in the prior year, which includes the reference to the auditor independence report issued by the Committee.

7. The company should broadcast the shareholders' general meetings live on the corporate website.

Compliant Explain

The Company does not broadcast the Shareholders’ General Meetings live, but teleconferencing rooms can be set up at any of the Group’s corporate offices at the request of a shareholder.

8. The audit committee should ensure that the board of directors seeks to present the annual accounts to the shareholders at the shareholders' general meeting without limitations or qualifications in the auditor’s report. Should such limitations or qualifications exist, both the president of the audit committee and the auditors should clearly explain account to the shareholders the content and scope of such limitations or qualifications.

See section: C.1.38 and C.2.1 (Audit Committee, section 2, point p)

Compliant Partially compliant Explain

9. The company should disclose the conditions and procedures for admitting share ownership, the right to attend shareholders' general meetings and the exercise or delegation of voting rights, and display them permanently on its website.

Such requirements and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.

Compliant Partially compliant Explain
When the Shareholders’ General Meeting is called, the attendance and voting cards are published with the necessary procedures and requirements. These cards are always available on the Company’s website.

10. When an accredited shareholder exercises the right to supplement the agenda or submit new resolution proposals prior to the shareholders’ general meeting, the company should:

a) Immediately circulate the supplementary items and new resolution proposals.

b) Disclose the attendance card model or proxy appointment or remote voting form with the required modifications so that new agenda items and alternative resolution proposals can be voted on under the same terms as those submitted by the board of directors.

c) Submit these items and alternative proposals to vote, applying the same voting rules as those prepared by the board of directors, including, in particular, presumptions or inferences on the vote outcome;

d) After the shareholders’ general meeting, communicate the vote breakdown on the supplementary items or alternative proposals.

Compliant  Partially compliant  Explain  Not applicable

At the date of this report, no accredited shareholder has exercised the right to supplement the agenda or submit new resolution proposals prior to the Shareholders’ General Meeting. Nevertheless, if this right were exercised, the Company would carry out the procedures indicated in this recommendation.

11. In the event that a company plans to pay for attendance at the shareholders’ general meeting, it should establish, in advance, a general, long-term policy in this respect.

Compliant  Partially compliant  Explain  Not applicable

In the event that the Company plans to pay for attendance at the Shareholders’ General Meeting, a general policy would be established for these fees in advance.

12. The board of directors should perform its duties with unity of purpose and independent judgment, according the same treatment to all shareholders in the same position. It should be guided at all times by the company’s best interest, understood as the creation
of a profitable business that promotes its sustainable success over time, while maximizing its economic value.

In pursuing the corporate interest, it should not only abide by laws and regulations and conduct itself according to principles of good faith, ethics and respect for commonly accepted customs and good practices, but also strive to reconcile its own interests with the legitimate interests of its employees, suppliers, customers and other stakeholders, as well as with the impact of its activities on the broader community and the natural environment.

**Compliant** Partially compliant Explain

13. The board should have an optimal size to promote its effective operation and maximize participation. The recommended range is accordingly between five and fifteen members.

See section: C.1.2

**Compliant** Explain

14. The board of directors should approve a director selection policy that:

a) Is specific and verifiable;

b) Ensures that the proposed appointments or re-elections are supported by a prior analysis of the requirements of the board of directors; and

c) Promotes diversity of knowledge, experience and gender.

The results of the prior analysis of the requirements of the board of directors should be detailed in the appointments committee’s explanatory report, to be published when convening the shareholders’ general meeting to approve, appoint or re-election each director.

The director selection policy should pursue the target of women representing at least 30% of the board of directors by 2020.

The appointments committee should verify on an annual basis compliance with the director selection policy and set out its findings in the annual corporate governance report.

See points C.1.5, C.1.6, C.1.19, F.1.2
15. Proprietary and independent directors should constitute an ample majority on the board of directors, while the number of executive directors should be the minimum practical, bearing in mind the complexity of the corporate group and the ownership interests they control.

See sections: A.3 and C.1.3

16. The percentage of proprietary directors vis-à-vis all non-executive directors should not exceed the proportion between capital represented on the board by proprietary directors and the remainder of the company’s capital.

This criterion can be relaxed:

a) In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings.

b) In companies with a plurality of shareholders represented on the board but not otherwise related.

See sections: A.2, A.3 and C.1.3

17. The number of independent directors should represent at least half of all board members.

Nonetheless, in non-large cap companies, or large cap companies with one shareholder (or various shareholders acting in concert) controlling more than 30% of share capital, the number of independent directors should represent at least one-third of all directors.

See section: C.1.3
18. Companies should disclose the following director particulars on their websites and keep them regularly updated:

a) Professional experience and background;

b) Directorships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.

c) Statement of the director class to which they belong, indicating, in the case of proprietary directors, the shareholder they represent or have links with.

d) The date of their first appointment as a company director and subsequent re-elections.

e) Shares held in the company and any options on them.

Compliant  Partially compliant  Explain

At the date of this report, the Company's website only shows the professional profile of the Directors and, where appropriate, their membership of the various Board Committees, as well as the dates of their appointment.

19. Following verification by the appointments committee, the annual corporate governance report should disclose the reasons for the appointment of proprietary directors at the request of shareholders controlling less than 3% of capital; and explain any rejection of a formal request for a board position from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

Compliant  Partially compliant  Explain  Not applicable

At the date of this report, no such request has been received.

20. Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the number of proprietary directors should be reduced accordingly.

See sections:  A.2, C.1.3, C.1.21

Compliant  Partially compliant  Explain  Not applicable
21. The board of directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the bylaws, except where they find just cause, based on a proposal from the appointments committee. In particular, just cause will be presumed when directors take up new offices or responsibilities that prevent them from dedicating sufficient time to the duties inherent to the position of director, are in breach of their fiduciary duties or are in one of the situations that disqualify them as independent, as provided for in the applicable legislation.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the company’s capital structure, provided the changes in board membership ensue from the proportionality criterion set out in recommendation 16.

See sections: C.1.21, C.1.19 and C.1.43

Compliant

22. Companies should establish rules obliging directors to inform the board of any circumstance that might harm the organization’s name or reputation, tendering their resignation as the case might be, with particular mention of any criminal charges brought against them and the progress of any subsequent trial.

As soon as possible after a director is indicted or tried for any of the offences stated in company legislation, the board of directors should examine the matter and, depending on the specific circumstances, decide whether or not he or she should be called on to resign. The board should provide a justified account of these events in full in the Annual Corporate Governance Report.

See sections: C.1.41 and C.1.43

Compliant

23. All directors should express clear opposition when they feel a proposal submitted for the board’s approval might undermine the corporate interest. In particular, independents and other directors not affected by the potential conflict of interest should challenge any decision that could harm the interests of shareholders lacking board representation.

When the board makes significant or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions.
Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

This recommendation also applies in the case of the secretary of the board, even if not a director.

Compliant  Partially compliant  Explain  Not applicable

24. Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the board. Irrespective of whether such resignation is filed as a significant event, the reason for it must be explained in the Annual Corporate Governance Report.

See section: C.1.9.

Compliant  Partially compliant  Explain  Not applicable

Since the current Board of Directors was appointed, none of its members have been removed.

25. The appointments committee should ensure that non-executive directors have sufficient time available to correctly perform their duties.

The regulations of the board of directors should establish the maximum number of company boards on which directors may sit.

See section: C.1.19

Compliant  Partially compliant  Explain

26. The board of directors should meet with the necessary frequency to properly perform its duties, at least eight times per year, in accordance with a calendar and agendas set at the start of the year, to which each director may propose the addition of other items.

See section: C.1.29

Compliant  Partially compliant  Explain
The Board of Directors has met with the necessary frequency to properly perform its functions, 11 times during the year to which this Report refers, and one vote was held in writing without a meeting.

27. Director absences should be kept to the bare minimum and quantified in the Annual Corporate Governance Report. In the event of absence, directors should delegate their powers of representation with the appropriate instructions.

See sections: C.1.28, C.1.29 and C.1.30

Compliant Partially compliant Explain

28. When directors or the secretary express concerns about a proposal or, in the case of directors, about the company’s performance, and such concerns are not resolved at the meeting, they should be recorded in the minute book if the person expressing them so requests.

Compliant Partially compliant Explain Not applicable

29. The company should provide suitable channels for directors to obtain the advice they need to carry out their duties, extending if necessary to external assistance at the company’s expense.

See section: C.1.40

Compliant Partially compliant Explain

30. Regardless of the knowledge required by directors to perform their duties, the companies should also offer refresher courses to directors when circumstances so advise.

See sections: C.1.20 and C.2. (Appointments and Remuneration Committee, section 2, point h)

Compliant Partially compliant Explain
31. The agendas of board meetings should clearly indicate the matters requiring a decision or resolution from the board of directors, so that they can study the matter or gather the material they need beforehand.

When, exceptionally, in urgent cases, the chairman wishes to submit decisions or resolutions to the board of directors for approval that are not included on the agenda, prior express consent will be required from the majority of directors present, which will be duly recorded in the minutes.

Compliant  Partially compliant  Explain

32. Directors should be regularly informed of movements in share ownership and of the views of significant shareholders, investors and rating agencies on the company and its group.

Compliant  Partially compliant  Explain

33. The chairman, as the person charged with the efficient functioning of the board of directors, in addition to the duties assigned by law and the bylaws, should prepare and submit to the board of directors a calendar of meeting dates and agendas; organize and coordinate regular evaluations of the board and, where appropriate, the company’s CEO; exercise leadership of the board and be accountable for its proper functioning; ensure that sufficient time is given to the discussion of strategic issues, and approve and review refresher courses for each director, when circumstances so advise.

Compliant  Partially compliant  Explain

34. When a coordinating director has been appointed, the bylaws or regulations of the board of directors should grant him or her the following powers over and above those conferred by law: chair the board of directors in the absence of the chairman or vice chairmen; give voice to the concerns of non-executive directors; maintain contacts with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those to do with the company’s corporate governance; and coordinate the chairman’s succession plan.

Compliant  Partially compliant  Explain  Not applicable

35. The secretary to the board of directors should strive to ensure that the board’s actions and decisions are informed by the governance recommendations of the Good Governance Code applicable to the company.
36. The board in full should conduct an annual evaluation and adopt, where necessary, an action plan to remedy any deficiencies detected with respect to:

a) The quality and efficiency of the board’s operation.

b) The operation and composition of Board Committees.

c) The diversity in the composition and powers of the board of directors.

d) The performance of the chairman of the board of directors and the CEO of the company.

e) The performance and contribution of each director, with particular attention to those in charge of the different board committees.

The evaluation of board committees should be based on the reports they send the board of directors, while that of the board itself should be based on the report of the appointments committee.

Every three years, an external consultant, whose independence will be verified by the appointments committee, will assist the board of directors with the evaluation.

The business relationships between the consultant or any company in its group and the company or any group company should be disclosed in the Annual Corporate Governance Report.

The process followed and areas evaluated should be detailed in the Annual Corporate Governance Report.

See section C.1.20 bis

Compliant Partially compliant Explain

37. When an executive committee exists, its membership mix by director class should be similar to that of the board of directors. The secretary of the board should also act as secretary to the executive committee.

Compliant Partially compliant Explain Not applicable
38. The board of directors should be kept fully informed of the matters discussed and decisions made by the executive committee. To this end, all members of the board of directors should receive a copy of the minutes to the committee’s meetings.

Compliant Partially compliant Explain Not applicable

39. The members of the audit committee and, in particular, the president, should be appointed with due regard to their knowledge and experience in accounting, audit or risk management matters. The majority of these members should be independent directors.

See section: C.2.1. (Audit Committee, section 1)

Compliant Partially compliant Explain

40. Listed companies should have a unit in charge of the internal audit function, under the supervision of the audit committee, to monitor the effectiveness of reporting and control systems. This unit should report functionally to the board’s non-executive chairman or the president of the audit committee.

See section: C.2.1 (Audit Committee, section 2, point b)

Compliant Partially compliant Explain

41. The head of the internal audit unit should presents an annual work program to the audit committee, report to it directly on any incidents arising during its implementation, and submit an activities report at the end of each period.

See section: C.2.1 (Audit Committee, section 2, point c)

Compliant Partially compliant Explain Not applicable

42. In addition to the duties set forth by law, the audit committee should be responsible for the following:

1. With respect to internal control and reporting systems:
a) Overseeing the preparation and comprehensiveness of the financial information pertaining to the company and, where applicable, its group, ensuring compliance with regulatory requirements, the suitable demarcation of the consolidated group and the correct application of accounting policies.

b) Monitoring the independence of the internal audit unit; proposing the selection, appointment, re-election and removal of the head of the internal audit unit; proposing the department’s budget; approving its training and work programs, ensuring that its activity primarily focuses on the company’s key risks; receiving regular reports on its activities; and verifying that senior management considers the conclusions and recommendations of its reports.

c) Establishing and supervising a mechanism whereby staff can report, confidentially and, if possible and appropriate, anonymously, any significant irregularities detected in the course of their duties, in particular financial or accounting irregularities with potentially serious implications for the company.

2. With regard to the external auditor:

a) Investigating the issues giving rise to the resignation of any external auditor.

b) Ensuring that the external auditor’s compensation for its work does not compromise the quality of its work or its independence.

c) Ensuring that the company reports any change of auditor to the Spanish National Securities Market Commission (CNMV, as per the Spanish acronym) as a relevant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for such disagreements.

d) Ensuring that the external auditor holds an annual meeting with the full board of directors to report on the work performed and on the company’s accounting circumstances and risks;

c) Ensuring that the company and the external auditor comply with prevailing legislation regarding non-audit services, limits on the concentration of the auditor’s business and, in general, other standards on auditor independence.

See section: C.2.1 (Audit Committee, section 2, points e, b, d, i, j, k, l and m)

Compliant Partially compliant Explain
43. The audit committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another manager.

See section: C.2.1. (Audit Committee, section 1)

Compliant Partially compliant Explain

44. The audit committee should be informed of the structural and corporate changes the company intends to make, to analyze such actions and issue a prior report to the board of directors concerning economic conditions and their accounting impact and, in particular, on any proposed share exchange ratios.

See section: C.2.1. (Audit Committee, section 2)

Compliant Partially compliant Explain Not applicable

45. The risk management and control policy should identify at least:

a) The different types of financial and non-financial risk to which the company is exposed (including operational, technological, financial, legal, social, environmental, political and reputational risks), with the inclusion, under financial or economic risks, of contingent liabilities and other off-balance sheet risks.

b) The setting of the risk level deemed acceptable by the company.

c) The measures in place to mitigate the impact of identified risk, should they materialize.

d) The internal control and reporting systems to be used to control and manage the above risks, including contingent liabilities and off-balance sheet risks.

See section: E

Compliant Partially compliant Explain
46. Companies should establish a risk control and management function in the charge of one of the company’s internal department or units and under the direct supervision of the audit committee or some other specialized board committee. This function should be expressly assigned the following duties:

a) Ensure that risk management and control systems function correctly and, specifically, that they adequately identify, manage and quantify all of the significant risks affecting the company.

b) Participate actively in the preparation of risk strategies and in key decisions about their management.

c) Ensure that risk management and control systems mitigate risks effectively in the framework of the policy drawn up by the board of directors.

See sections: C.2.1. (Audit Committee, section 2) and E

<table>
<thead>
<tr>
<th>Compliant</th>
<th>Partially compliant</th>
<th>Explain</th>
</tr>
</thead>
</table>

47. Appointees to the appointments and remuneration committee – or to the appointments committee and the remuneration committee, if separate – should have the appropriate knowledge, skills and experience for the duties they are called on to perform. The majority of members should be independent directors.

See section: C.2.1. (Appointments and Remuneration Committee, section 1)

<table>
<thead>
<tr>
<th>Compliant</th>
<th>Partially compliant</th>
<th>Explain</th>
</tr>
</thead>
</table>

48. Large cap companies should have both an appointments committee and a remuneration committee.

<table>
<thead>
<tr>
<th>Compliant</th>
<th>Partially compliant</th>
<th>Not applicable</th>
</tr>
</thead>
</table>

49. The appointments committee should consult with the company’s chairman and CEO, especially on matters relating to executive directors.

When there are vacancies on the board, any director may propose directorship candidates to the appointments committee for its consideration.
With respect to the first point, the Committee consults with the Chairman of the Board of Directors, but not with the CEO on matters relating to Executive Directors.

50. The remuneration committee should operate independently and, in addition to those assigned by law, should have the following duties:

a) Proposing the standard conditions for senior managers’ employment contracts to the board of directors.

b) Verifying compliance with the company's compensation policy.

c) Periodically reviewing the compensation policy applied to directors and senior executives, including any share-based compensation schemes and the application thereof, and ensuring that individual compensation is proportionate to that paid to other directors and senior executives at the company.

d) Ensuring that conflicts of interest do not undermine the independence of any external advisory services rendered to the committee.

e) Verifying the information on compensation of directors and senior executives contained in corporate documentation, including the annual report on the compensation of directors.

See section: C.2.1 (Appointments and Remuneration Committee, section 2, points g, l and m)

Compliant Partially compliant Explain

51. The remuneration committee should consult with the company’s chairman and CEO, especially on matters relating to executive directors and senior executives.

See section 49 above

Compliant Partially compliant Explain
52. The rules concerning the structure and operation of the supervision and control committees should be set out in the regulations of the board of directors and consistent with those applicable to the legally required committees, in accordance with the preceding recommendations, including the following:

a) They should be formed exclusively of non-executive directors, with a majority of independent directors.

b) They should be chaired by an independent director.

c) The board of directors should appoint the members of such committees with regard to the knowledge, skills and experience of its directors and each committee’s terms of reference; discuss their proposals and reports; and report on their activities and work at the first full board meeting following each committee meeting.

d) They may engage external advisors, when they feel it necessary for the discharge of their duties.

e) Meeting proceedings should be minuted and a copy made available to all directors.

Compliant Partially compliant Explain Not applicable

See section: C.2.1.

53. The task of supervising compliance with corporate governance rules, internal codes of conduct and the corporate social responsibility policy should be assigned to the audit committee, the appointments committee, the corporate social responsibility committee, where one exists, or a specialized committee established ad hoc by the board under its powers of self-organization, with at least the following duties:

a) Overseeing compliance with the company's internal codes of conduct and corporate governance rules;

b) Supervising the strategy for shareholder and investor communications and relations, including small and medium-sized shareholders.

c) Periodically assessing the suitability of the company's corporate governance system, to ensure that it fulfills its objective of promoting the corporate interest and also takes into account the legitimate interests of other stakeholders;
d) Reviewing the company’s corporate responsibility policy, to ensure that it is focused on value creation.

e) Following the corporate social responsibility strategy and practices and assessing compliance therewith.

f) Supervising and assessing the processes for relations with different stakeholders;

g) Assessing all matters concerning the company’s non-financial risks, such as operational, technological, legal, social, environmental, political and reputational risks;

h) Coordinating the process of reporting non-financial information and data on diversity, in accordance with applicable legislation and international standards;

Compliant Partially compliant Explain

The above functions are assigned under the Company’s Internal Regulations to the Corporate Governance Committee, with the exception of those mentioned in points g) and h), which are competences of the Audit Committee, as indicated in section C.2.1. (Audit Committee, points f) and s), respectively)

54. The corporate social responsibility policy should state the principles or commitments that the company voluntarily assumes in its relationship with the various stakeholders and specify at least:

a) The objectives of its corporate social responsibility policy and the support instruments to be deployed.

b) The corporate strategy related to sustainability, the environment and social issues.

c) Specific practices with regard to matters relating to: shareholders, employees, customers, suppliers, social issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of illegal conduct.

d) The methods or systems for monitoring the results of the specific practices referred to above, the related risks and the management thereof.

e) The mechanisms for supervising non-financial risk, ethics and corporate conduct.

f) Channels for stakeholder communication, participation and dialogue.
55. The company should report on corporate social responsibility matters in a separate document or in its directors’ report, using any of the internationally accepted methodologies.

Compliant

Every year, following a report from the Corporate Governance Committee, the Board of Directors approves the Company’s Sustainable Development Report, which is published on the corporate website.

56. Director compensation should be sufficient to attract individuals with the desired profile and to compensate the commitment, abilities and responsibilities that the post demands, but not so high as to compromise the independent judgment of non-executive directors.

Compliant

57 Variable compensation linked to the company’s performance or personal performance, the award of shares, options or rights over shares or instruments whose value is lined to the share price, and membership of long-term savings schemes such as pension plans, retirement schemes and other benefits should be confined to executive directors.

The company may consider the share-based compensation of non-executive directors provided they retain such shares until the end of their mandate. This condition, however, will not apply to shares that the director must dispose of to cover the costs related to their acquisition.

Compliant

At the date of this report, Directors’ compensation does not have a variable component linked to the Company’s performance.
In the case of variable awards, compensation policies should include limits and technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company’s sector, or similar circumstances.

In particular, variable components of compensation should:

a) Be linked to predetermined measurable performance criteria that take into account the risk assumed to obtain a result.

b) Promote the sustainability of the company and include non-financial criteria that are relevant to long-term value creation, such as compliance with the company’s internal rules and procedures and its risk management and control policies.

c) Be focused on achieving a balance between the delivery of short-, medium- and long-term objectives, such that performance-related compensation rewards ongoing achievement, maintained over a sufficient period of time to allow the contribution to sustainable value creation to be appreciated. The means of measurement of this performance should therefore not be limited to one-off, occasional or extraordinary events.

At the date of this report, Directors’ compensation does not have a variable component linked to the Company’s performance.

Payment of a significant portion of the variable components of compensation should be deferred for a minimum period that is sufficient to verify that the predetermined performance criteria have been met.

At the date of this report, Directors’ compensation does not have a variable component linked to the Company’s performance.

In the case of compensation linked to the company’s performance, deductions should be computed for any qualifications in the external auditor’s report.

At the date of this report, Directors’ compensation does not have a variable component linked to the Company’s performance.
At the date of this report, Directors’ compensation does not have a variable component linked to the Company’s performance.

61. A significant percentage of executive directors’ variable compensation should be linked to the award of shares or financial instruments whose value is linked to the share price.

<table>
<thead>
<tr>
<th>Compliance</th>
<th>Partial compliance</th>
<th>Explain</th>
<th>Not applicable</th>
</tr>
</thead>
</table>

See point A.3

62. Once shares, share options or other rights on shares have been assigned within the compensation scheme, directors should not be able to transfer ownership of a number of shares equivalent to twice their annual fixed compensation or to exercise the options or other rights for at least three years after their award.

This condition, however, will not apply to shares that the director must dispose of to cover the costs related to their acquisition.

<table>
<thead>
<tr>
<th>Compliance</th>
<th>Partial compliance</th>
<th>Explain</th>
<th>Not applicable</th>
</tr>
</thead>
</table>

The minimum term for exercising share options or rights over Company shares in accordance with the share delivery policy is one year.

63. Contractual arrangements should include a clause that permits the company to reclaim variable components of compensation when payment was not in line with the director’s actual performance or based on data subsequently found to be misstated.

<table>
<thead>
<tr>
<th>Compliance</th>
<th>Partial compliance</th>
<th>Explain</th>
<th>Not applicable</th>
</tr>
</thead>
</table>

At the date of this report, Directors’ compensation does not have a variable component linked to the Company’s performance.

64. Termination payments should not exceed a fixed amount equivalent to two years’ total annual compensation and should not be made until the company confirms whether the director has met the predetermined performance criteria.

<table>
<thead>
<tr>
<th>Compliance</th>
<th>Partial compliance</th>
<th>Explain</th>
<th>Not applicable</th>
</tr>
</thead>
</table>
H. OTHER INFORMATION OF INTEREST

As the Company issues shares that are listed on the Colombian Stock Exchange, it is classified as a foreign issuer and, as such, is subject to supervision by the Financial Superintendency of Colombia (“SFC”) and must comply with Colombian legislation on securities markets albeit under certain specific provisions related to its status as a foreign company registered in Spain:

Specifically, the Company must comply with the instructions set forth in External Circular No. 004 of 2012, regulating regular reporting of relevant information and may opt to comply with the provisions of External Circular No. 028 of 2014, on the Presentation of the New Country Code and the Adoption of the Report on the Implementation of Best Corporate Practices.

In accordance with the provisions of the latter Circular, following a report from the Corporate Governance Committee, the Company’s Board of Directors has approved the corresponding Corporate Governance Survey (Country Code – Colombia).

Furthermore, on May 23, 2014, the Company adopted the Code of Good Tax Practices approved on July 20, 2010, at the plenary session of the Large Companies Forum, which was created on July 10, 2009, at the request of the Spanish State Tax Agency.

* * *

This Annual Corporate Governance Report has been approved by the Board of Directors of the Company at their meeting held on March 19, 2018, following a report from the Corporate Governance Committee dated March 9, 2018.

No Directors voted against or abstained from voting on the approval of this Report.
APPENDIX II

CODE OF CORPORATE BEST PRACTICES
(COUNTRY CODE QUESTIONNAIRE – COLOMBIA)
YEAR ENDED DECEMBER 31, 2017
REPORT ON IMPLEMENTATION OF BEST CORPORATE PRACTICES

NAME OF ISSUER: CEMEX LATAM HOLDINGS, S.A.

LEGAL REPRESENTATIVE: ANA MARÍA GÓMEZ MONTES

LEGAL REPRESENTATIVE DESIGNATED TO SUBMIT IMPLEMENTATION REPORT: ANA MARÍA GÓMEZ MONTES

REPORTING PERIOD: YEAR ENDED DECEMBER 31, 2017

REPORTING DATE: JANUARY 29, 2018
INTRODUCTION

Issuers must report to the Financial Superintendency of Colombia (SFC) on the implementation of the recommendations set forth in the new Colombian Code of Best Corporate Practices by means of this Report on Implementation of Best Corporate Practices.

The purpose of this report is to inform the securities market of whether each issuer has implemented the recommendations set forth in the Code. Next to each recommendation are three boxes marked YES, NO and N/A and space to supplement the reply as follows:

If the answer is YES, the issuer should briefly describe how the recommendation has been implemented. If the answer is NO, the issuer should briefly explain why the recommendation has not been implemented.

The issuer may only reply N/A if the recommendation cannot be adopted for legal reasons. In such case, it should indicate the specific regulation preventing implementation.

As some recommendations comprise a series of points, they shall only be considered implemented where all such points have been met, unless there are legal reasons for failing to implement any of the points, which must be indicated.

There is a box in which to indicate the date on which the issuer first implemented the recommendation. There is also a box to record the dates on which modifications have been made.

Lastly, where due to its nature, an issuer does not have the specific body referred to in a recommendation, the recommendation shall be understood to refer to the equivalent internal body or that performing analogous functions.
EXPLANATORY NOTE

CEMEX LATAM HOLDINGS, S.A. (hereinafter indistinctly the “Company”, “Cemex Latam” or “CLH”) was incorporated on April 17, 2012 as a Spanish public limited liability company (sociedad anónima), for an unlimited period. Its registered office is located at Calle Hernández de Tejada, 1, Madrid and it is therefore a Spanish company.

The Cemex Latam Group, in turn, is included as a subgroup in the corporate group headed by CEMEX España, S.A., its main shareholder (hereinafter “CEMEX España Group” or “Cemex España”, as appropriate).

The Company is part of an international cement and building materials group, the CEMEX Group (hereinafter “CEMEX Group”), of which the ultimate parent is Cemex, S.A.B. de C.V. (hereinafter “CEMEX S.A.B. de C.V.”), which is domiciled in Monterrey (Mexico) and listed on the Mexican Stock Exchange (BMV) and the New York Stock Exchange (NYSE).

The statutory activity of the Company consists of the management and administration of equity securities of companies engaged mainly in the manufacture and sale of cement and other building materials in South and Central America and the Caribbean. At the date of this report, the main operations of the Cemex Latam Group are located in Colombia, Panama, Nicaragua, Costa Rica, Guatemala, El Salvador and Brazil.

The Company carried out an IPO in Colombia of approximately 26% of its share capital in November 2012. Its shares began trading on the Colombian Stock Exchange on November 16, 2012.

Given that it is not a Spanish public limited liability company, Cemex Latam is not subject to Spanish corporate governance legislation applicable to corporations listed on Spanish stock markets and, since it is not a Colombian company, neither is it governed by similar provisions of best practice regulations applicable to Colombian issuers whose shares are listed on the Colombian Stock Exchange.

However, Cemex Latam opted to voluntarily comply with the best practice stipulations contained in the former Unified Good Governance Code and has decided to comply with the equivalent practices set forth in the Good Governance Code of Listed Companies, and with the best practice provisions applicable to Colombian issuers. Since being admitted to trading, Cemex Latam’s corporate governance system has adhered to these best practice provisions, as well as to best practice on an international level. It is for this reason that the Company has decided to voluntarily complete this survey.

To improve the reader’s understanding, the following terms used in this survey are defined below:
“External Auditor”: the term used to translate the Spanish term “Revisor Fiscal”, which, in the case of the Company, is KPMG Auditores, S.L.P.

“Committee”: term used to translate the Spanish term “Comisión” when referring to the Audit Committee, the Appointments and Remuneration Committee and the Corporate Governance Committee.

“Conglomerate”: the group headed by Cemex Latam Holdings, S.A. i.e. the Cemex Latam Group.

“Director”: member of the Board of Directors.

“Board of Directors”: the Company’s board of management.

“Bylaws”: the Company’s Bylaws

“CEMEX Group”: the group of subsidiaries headed by Cemex S.A.B. de C.V.

“CEMEX España Group”: the group headed by Cemex España, S.A.

“Cemex Latam Group” or “CLH Group”: the group headed by Cemex Latam Holdings, S.A.

“Shareholders’ General Meeting”: term used to refer to the general meeting of shareholders.

“SCA”: the Spanish Companies Act, the law that governs the Company.

“Internal Regulations”: the Bylaws, the Regulations of the Shareholders’ General Meeting, the Regulations of the Board of Directors and any other internal regulations approved by the Board of Directors.

“RBD”: Regulations of the Board of Directors of the Company

“RGSM”: Regulations of the Shareholders’ General Meeting.
I. EQUITABLE TREATMENT AND RIGHTS OF SHAREHOLDERS

Measure No. 1: Principle of equal treatment.

1.1. The company gives equal treatment to all holders of shares of a single class that confer the same rights. This does not entail providing certain shareholders with privileged information.

1.1 Has the measure been implemented? YES ☒ NO ☐ N/A ☒

YES. Briefly describe: The share capital of the Company comprises shares of the same class and series which grant their legitimate holder the status of shareholder, conferring the rights and obligations enshrined in the SCA and the Company’s Internal Regulations. This information is stipulated in articles 5 and 8 of the Bylaws and the RGSM.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation: 11/16/2012

Date of modification:

1.2. The board of directors has approved a specific procedure defining the company’s practices for communicating with different types of shareholders. It covers matters such as access to information, handling of information requests, communication channels, and methods of interaction between shareholders and the company, the board of directors and other directors.

1.2 Has the measure been implemented? YES ☒ NO ☐ N/A ☒

YES. Briefly describe:

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted: As indicated in the preceding measure, CLH's shares are all of the same class and series and confer the same rights to all shareholders, and there is therefore no need to approve any specific procedure governing relations with different types of shareholders.
Measure No. 2: Share information.

2.1. On its website, the company informs the public clearly, accurately and in full of the different classes of share issued by the company, the number of shares issued for each class, the number of shares not issued, and the rights and obligations conferred by each class of share.

<table>
<thead>
<tr>
<th>Has the measure been implemented?</th>
<th>YES</th>
<th>NO</th>
<th>N/A</th>
</tr>
</thead>
</table>

YES. Briefly describe: The section on "Stock Information" on the Company website indicates that the shares are ordinary shares of a single class conferring the same rights, as set forth in the Company’s Internal Regulations, which are likewise available on the corporate website. The aforementioned website also indicates the number of treasury shares held at year end.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation 11/16/2012
Date of modification 12/31/2017

Measure No. 3: Non-dilution of share capital.

3.1. For transactions that may lead to dilution of the share capital held by non-controlling shareholders (in the event of a share capital increase in which preferential subscription rights are waived, a merger, spin-off or carve-out, among others), the company provides shareholders with a detailed explanation of the transaction in a preliminary report issued by the board of directors which includes a fairness opinion on the terms of the transaction issued by a recognized independent external advisor appointed by the board of directors. These reports are made available to shareholders before the GSM within the legally established time limits for exercising the right to inspect the reports.

<table>
<thead>
<tr>
<th>Has the measure been implemented?</th>
<th>YES</th>
<th>NO</th>
<th>N/A</th>
</tr>
</thead>
</table>

YES. Briefly describe: Although no transaction has been carried out to date that could result in dilution of share capital, in the event that one were carried out, pursuant to article 12.2 of the Bylaws read in conjunction with the SCA, the Board of Directors and an independent expert other than the statutory auditor must each issue a report when notice of the Shareholders’ General Meeting is issued.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:
Measure No. 4: Reporting and communication with shareholders.

4.1. The company has a corporate website, in Spanish and English, with a section on corporate governance or shareholder and investor relations, or the equivalent thereof, which sets out financial and non-financial information on the terms proposed by recommendations 32.3 and 33.3. In no event may confidential company information, information relating to trade secrets, or any other information that could be used to the detriment of the company, be posted therein.

4.1 Has the measure been implemented? YES [X] NO [ ] N/A [ ]

YES. Briefly describe: Pursuant to article 45 of the RBD, the website includes the information indicated in this measure in the section “Investor Center” (in English) / “Inversionistas” (in Spanish).

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation 11/16/2012
Date of modification 06/29/2017

4.2. The company has mechanisms providing permanent access and use solely for shareholders such as a link providing shareholders with exclusive website access, or an investor or shareholder relations office, or periodic information meetings, among others, by means of which shareholders may express their opinions or voice their concerns or suggestions on the company or on their situation as shareholders.

4.2 Has the measure been implemented? YES [X] NO [ ] N/A [ ]
YES. Briefly describe: The Company website contains a link that only current or probable future shareholders can use to submit queries to or request information from the Investor Relations department. Furthermore, a special office with an investor hotline is available at the corporate headquarters in Bogotá throughout the year, and in Madrid when the Shareholders’ General Meeting is called.

The Head of Investor Relations takes part in various investor forums in order to shed light as needed on the Company’s results and business strategy. Specifically:

- Each year, the Company takes part in between 13 and 19 variable income conferences organized by the banks whose analysts cover CLH, as well as an average of 4 “non-deal roadshows” per year with the CEO and Head of Investor Relations taking part.
- The Investor Relations department dealt with 390 investors face-to-face in 2017, and fielded a similar number of calls from investors.
- During 2017 the Company visited nine countries in an effort to approach investors and address their concerns, as well as to serve them in Colombia and Spain.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

<table>
<thead>
<tr>
<th>Date of implementation</th>
<th>11/16/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of modification</td>
<td></td>
</tr>
</tbody>
</table>

4.3. The company organizes quarterly earnings presentations for shareholders and analysts which may be attended in person or via distance communication media (conference calls, videoconferencing, etc.).

4.3 Has the measure been implemented? YES [x] NO [ ] N/A [ ]

YES. Briefly describe: CLH holds quarterly earnings presentations which may be attended in person or by videoconferencing. The information needed to connect via videoconferencing is published sufficiently in advance. Once the event has finished, the content is posted to the website.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

<table>
<thead>
<tr>
<th>Date of implementation</th>
<th>11/16/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of modification</td>
<td></td>
</tr>
</tbody>
</table>
### 4.4. The company organizes or takes part in presentations, events or fixed-income fora held mainly for investors in debt instruments and market analysts during which the issuer provides an update on its business indicators, management of its liabilities, its financial policy, ratings, and status regarding any covenants, etc.

<table>
<thead>
<tr>
<th>4.4 Has the measure been implemented?</th>
<th>YES</th>
<th>NO</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES. Briefly describe:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NO. Explain:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N/A. Specify the regulations that prevent the recommendation from being adopted:</td>
<td>The Company has not raised any debt on the capital markets and so does not take part in any fixed-income events or fora. However, the Company frequently responds to queries and requests from investors and fixed-income analysts that monitor the Company.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Date of implementation

Date of modification

### 4.5. Pursuant to the company bylaws, shareholders or groups of shareholders representing at least five percent (5%) of share capital may request that a specialized audit be performed of matters other than those audited by the statutory auditor of the company. Based on its capital structure, the company may establish a threshold below five percent (5%).

<table>
<thead>
<tr>
<th>4.5 Has the measure been implemented?</th>
<th>YES</th>
<th>NO</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES. Briefly describe: Shareholders representing at least 5% of share capital may request specialized audits pursuant to article 53 of the Bylaws</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NO. Explain:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N/A. Specify the regulations that prevent the recommendation from being adopted:</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Date of implementation 10/01/2012

Date of modification 06/16/2015
4.6. The company has a written procedure for exercising this right in accordance with the details set forth in recommendation 4.6.

<table>
<thead>
<tr>
<th>4.6 Has the measure been implemented?</th>
<th>YES</th>
<th>NO</th>
<th>X</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES. Briefly describe:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NO. Explain: The Company does not have such a written procedure. All information on the specialized audits is contained in article 53 of the Bylaws, which covers all the details contained in recommendation 4.6., except for point (vi).</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N/A. Specify the regulations that prevent the recommendation from being adopted:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Measure No. 5: Action by the directors in the event of transactions to change control or take over the company.

5.1. In their acceptance letters or contracts, members of the board of directors and senior management personnel expressly accept that from the date a takeover bid or other relevant transaction such as a merger or spin-off is announced, there will be a period during which they undertake not to deal in company shares either directly or indirectly through a third party.

<table>
<thead>
<tr>
<th>5.1 Has the measure been implemented?</th>
<th>YES</th>
<th>NO</th>
<th>X</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES. Briefly describe:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NO. Explain: Neither the Directors nor the senior management personnel have expressly accepted the prohibition referred to in this measure in their acceptance letters or contracts. Nonetheless, given that they are subject to CEMEX policies with which the Company complies, both the Directors and senior management are obliged to observe the “quiet period” provided for in the internal Confidential and Privileged Information Policy. The above quiet period is the period during which dealings with securities are not permitted where so notified by the relevant internal department, ten days after the close of each quarter and where in possession of relevant non-public information, such as the transactions referred to in this recommendation.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N/A. Specify the regulations that prevent the recommendation from being adopted:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Date of implementation

Date of modification
Measure No. 6: Listing of shares in companies that form part of conglomerates.

6.1. Notwithstanding the independence of each company that forms part of the conglomerate and the responsibilities of its managing bodies, the organizational structure of the conglomerate defines, for each of the three (3) levels of governance – shareholders’ general meeting, board of directors and senior management personnel – the bodies and key individual positions, and the relationship between them, which is public, clear and transparent, enabling clear lines of responsibility and communication to be established, and facilitating the strategic orientation, oversight, control and effective management of the conglomerate.

6.1 Has the measure been implemented?  YES  X  NO  N/A

YES. Briefly describe: The Conglomerate has an organizational structure that is published on the website.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation 10/01/2012

Date of modification

6.2. The parent and its main subsidiaries have defined a framework for institutional relations by signing a public agreement governing the matters indicated in recommendation 6.2, which has been approved by the board of directors of each company.

6.2 Has the measure been implemented?  YES  X  NO  N/A

YES. Briefly describe:

NO. Explain: Although a framework agreement regulating relations between the CEMEX Group, the CEMEX España Group and the CLH Group was signed between CLH and CEMEX, S.A.B. de C.V. and Cemex España, S.A. on October 5, 2012 and subsequently novated on March 28, 2017 (and has been posted to the corporate website), a reference framework between CLH and its subsidiaries such as that indicated in this recommendation has not been defined.

N/A. Specify the regulations that prevent the recommendation from being adopted:
Measure No. 7: Dispute resolution.

7.1. With the exception of disputes among shareholders, or between the shareholders and the company or its board of directors, which by express legal authority must necessarily be settled before the ordinary courts, the company bylaws provide mechanisms for dispute resolution such as direct agreement, amiable composition, conciliation and arbitration.

7.1 Has the measure been implemented? YES ☑️ NO X N/A

YES. Briefly describe:

NO. Explain: The final provision of the Bylaws only refers to the ordinary jurisdiction as the statutory jurisdiction for disputes because, as CLH is a Spanish company, the most common mechanism used by Spanish entities for dispute resolution has been observed, i.e. the aforementioned jurisdiction.

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation

Date of modification
I. SHAREHOLDERS’ GENERAL MEETING

Measure No. 8: Functions and powers.

8.1. In addition to the other functions legally conferred on the shareholders’ general meeting, the bylaws expressly define the functions of the shareholders’ general meeting indicated in recommendation 8.1., emphasizing their exclusive and non-delegable nature.

<table>
<thead>
<tr>
<th>Measure No. 8: Functions and powers.</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.1. Has the measure been implemented?</td>
</tr>
<tr>
<td>YES. Briefly describe: Article 18 of the Bylaws regulates the matters conferred on the Shareholders’ General Meeting by the SCA, which includes the functions indicated in recommendation 8.1.</td>
</tr>
<tr>
<td>NO. Explain:</td>
</tr>
<tr>
<td>N/A. Specify the regulations that prevent the recommendation from being adopted:</td>
</tr>
<tr>
<td>Date of implementation</td>
</tr>
<tr>
<td>Date of modification</td>
</tr>
</tbody>
</table>

Measure No. 9: Regulations of the shareholders’ general meeting.

9.1. The company has regulations of the shareholders’ general meeting which govern all matters affecting it, from calling the meeting to preparing the information for the shareholders, attendance, conducting the meeting and exercise of the voting rights of the shareholders so that they are fully informed of the entire regime for conducting meeting sessions.

<table>
<thead>
<tr>
<th>Measure No. 9: Regulations of the shareholders’ general meeting.</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.1. Has the measure been implemented?</td>
</tr>
<tr>
<td>YES. Briefly describe: Since its IPO, the Company has had in place Regulations of the Shareholders’ General Meeting which govern the matters indicated in this measure and were amended during 2015 to (i) adapt them to the changes introduced by Law 31/2014 of December 3, 2014 amending the Spanish Companies Act with a view to improving corporate governance; (ii) comply as far as possible with the recommendations for voluntary monitoring of good governance subject to the principle of “comply or explain” set out in the new Spanish Good Governance Code of Listed Companies and the recommendations for good governance in Colombia; (iii) modify certain aspects of the organization and operation of the Shareholders’ General Meeting which have been revealed as requiring adjustment during the three-year life of the Company; and (iv) include clarifications of the wording or make technical improvements to certain articles. The Regulations of the Shareholders’ General Meeting are published on the corporate website and filed with the Madrid Mercantile Registry.</td>
</tr>
<tr>
<td>NO. Explain:</td>
</tr>
<tr>
<td>N/A. Specify the regulations that prevent the recommendation from being adopted:</td>
</tr>
</tbody>
</table>
Measure No. 10: Notice of the shareholders’ general meeting.

10.1. To enable shareholders to exercise their right of information, the bylaws provide that the ordinary shareholders’ general meeting must be called with at least thirty (30) calendar days’ notice and that extraordinary meetings must be called with at least fifteen (15) calendar days’ notice. Notwithstanding the legal provisions for corporate reorganizations (for example, merger, spin-off or alteration of legal form).

10.1 Has the measure been implemented? YES ☑ NO ☐ N/A ☒

YES. Briefly describe:

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted: As a Spanish company, its Internal Regulations refer to the provisions of the SCA. Article 20 of the Bylaws and article 8 of the RGSM, which regulate the notice of Shareholders’ General Meetings, therefore make reference to the provisions of the applicable Spanish legislation. In this regard, article 176 of the SCA provides for a minimum prior call of 30 days for both ordinary and extraordinary meetings.

Date of implementation 10/01/2012
Date of modification 06/16/2015

10.2. In addition to the traditional and obligatory means provided for in the legal framework, the company ensures maximum dissemination and publication of meeting notices through the use of electronic means such as the corporate website, individual e-mail alerts and even, where pertinent, social networks.

10.2 Has the measure been implemented? YES ☑ NO ☐ N/A ☒

YES. Briefly describe: Article 20 of the Bylaws and article 8 of the RGSM stipulate that notice of meetings must be published in at least: (i) the Official Gazette of the Spanish Mercantile Registry or in a widely circulated Spanish daily newspaper; (ii) on the website of the Financial Superintendency of Colombia or such body as might perform its duties in future; and (iii) on the Company website.
10.3. To increase the transparency of decision-making during the shareholders’ general meeting, simultaneously with notice of the meeting, or at least with fifteen (15) calendar days’ notice, the company provides shareholders with resolution proposals in respect of each item on the agenda to be submitted to the shareholders at the shareholders’ general meeting by the board of directors, in addition to the agenda stating, item by item, the issues to be discussed at the meeting.

<table>
<thead>
<tr>
<th>Date of implementation</th>
<th>10/01/2012</th>
</tr>
</thead>
</table>

10.4. A partial spin-off may only be analyzed and approved by the shareholders at the shareholders’ general meeting if this agenda item has been expressly included in the notice of meeting.

<table>
<thead>
<tr>
<th>Date of implementation</th>
<th>10/01/2012</th>
</tr>
</thead>
</table>

YES. Briefly describe: Pursuant to article 10 of the RGSM, along with the meeting notice, shareholders receive the full text of resolution proposals with at least 30 days’ notice.

YES. Briefly describe: Article 18.1.(i) of the Bylaws stipulates that, among other matters, the shareholders at the Shareholders’ General Meeting shall decide whether to approve the spin-off. Similarly, pursuant to article 9.3. of the RGSM, the shareholders at the Shareholders’ General Meeting may not
10.5. The agenda proposed by the board of directors accurately reflects the content of the matters to be addressed and does not conceal or mask important matters by using inaccurate, generic, overly general or broad terms such as "other" or "proposals and other".

10.5 Has the measure been implemented?  YES X NO N/A

YES. Briefly describe: The items on the agenda are broken down by section and, where appropriate, subsection, duly identifying the matters to be voted on by topic.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation  04/17/2012
Date of modification

10.6. In the event of amendments to the bylaws, separate votes are taken on all articles or groups of articles that are materially independent. In any case, a separate vote is held on an article if a shareholder of group of shareholders representing at least five percent (5%) of the share capital so requests during the Meeting, a right of which the shareholders are previously apprised.

10.6 Has the measure been implemented?  YES X NO N/A

YES. Briefly describe:
Per the provisions of article 33 of the RGSM, separate votes are taken on the amendments of Bylaw articles or groups of articles that are materially independent. Nonetheless, the right of shareholders to request separate voting during the Meeting is not provided for.

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation 06/16/2015
Date of modification

Notwithstanding the provisions of article 182 of the Code of Commerce, in order to reinforce and guarantee the right of inspection and information of the shareholders prior to the shareholders’ general meeting, the bylaws acknowledge the right of shareholders, irrespective of the size of their shareholdings, to propose that one or more items be included on the agenda for discussion at the shareholders’ general meeting, within reasonable limits and provided the request to include new agenda items is duly justified. Shareholders must file the request within five (5) calendar days from publication of the meeting notice.

10.7 Has the measure been implemented? YES ☑ NO X N/A

YES. Briefly describe:

NO. Explain: As a Spanish company, its Internal Regulations refer to the provisions of the SCA. Thus, article 9.2. of the RGSM states that only shareholders representing at least 3% of share capital may request the publication of an addendum to the notice of the Shareholders’ General Meeting, including one or more agenda items, provided justification for the request is given or, where appropriate, a justified resolution proposal, within five calendar days from the publication of the meeting notice.

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation
Date of modification

10.8. If the board of directors rejects a request, it is obliged to reply in writing thereto where it is supported by at least five percent (5%) of the share capital, or a smaller percentage established by the company on the basis of the degree of concentration of ownership, setting
out the reasons for the decision and informing shareholders of their right to submit proposals during the meeting, pursuant to the aforementioned article 182 of the Code of Commerce.

10.8 Has the measure been implemented? YES X  NO  N/A  Y

YES. Briefly describe: As a Spanish company, its Internal Regulations refer to the provisions of the SCA. Thus, article 9.2 of the RGSM and article 519 of the SCA provide that where such a request is made by at least three percent (3%) of share capital by the deadline envisaged in the above article, and such a request is made by duly authenticated means sent to the registered office, which must be received within five (5) days of the publication of the meeting notice, the Board of Directors may not reject the request. Thus, where any of the requirements referred to above are not met by the shareholders, the request will be rejected in writing where it was proposed by at least three percent (3%) of the share capital.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation 10/01/2012
Date of modification 06/16/2015

10.9. If the board of directors accepts the request after the deadline for shareholders to propose agenda items in accordance with the above recommendations, an addendum to the notice of the shareholders' general meeting is published at least fifteen (15) calendar days before the meeting.

10.9 Has the measure been implemented? YES X  NO  N/A  Y

YES. Briefly describe: Pursuant to article 9.2. of the RGSM, the Company will publish the addendum to the meeting notice at least fifteen days before the Shareholders’ General Meeting.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:
10.10. Within the deadline indicated in point 10.7, shareholders may also submit new resolution proposals and their arguments to support them in respect of items already included on the meeting agenda. In such cases, the board of directors acts as indicated in points 10.8 and 10.9 above.

10.10 Has the measure been implemented?  YES ☑  NO  ☐  N/A ☐

YES. Briefly describe:

NO. Explain: As noted in the above recommendations, as a Spanish company, its Internal Regulations refer to the provisions of the SCA. Thus, article 9.2 of the RGSM provides that shareholders representing at least 3% of share capital may submit proposals, and their arguments to support them, in respect of items already on the agenda or that must be included within five days of the date on which the meeting notice is published.

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation 10/01/2012
Date of modification 06/16/2015

10.11. The company undertakes to use electronic means of communication, mainly the shareholders only section of the corporate website, to provide them with the documents and information associated with each item on the meeting agenda.

10.11 Has the measure been implemented?  YES ☑  NO  ☐  N/A ☐

YES. Briefly describe:

NO. Explain: All documentation legally required for the Shareholders' General Meeting is published on the public-access section of the corporate website, not that which is reserved solely for shareholders.

N/A. Specify the regulations that prevent the recommendation from being adopted:
10.12. The company bylaws confer on shareholders the right to request with sufficient notice any information or clarifications deemed pertinent through traditional channels and/or, where appropriate, using new technologies, or to submit in writing any questions they consider necessary regarding the items included on the agenda, the documentation received or the public information provided by the company. Depending on the length of prior notice chosen by the company for calling the shareholders’ general meeting, the company shall determine the period within which shareholders may exercise this right.

10.12 Has the measure been implemented?  

| YES | NO | N/A |

YES. Briefly describe: Pursuant to article 11 of the RGSM, from the date of publication of the meeting notice until the fifth day prior to the Shareholders’ General Meeting, shareholders may request in writing any information or clarifications they deem necessary or submit the questions they consider pertinent on the items included in the agenda or the documentation made available along with the meeting notice.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

| Date of implementation | 10/01/2012 |
| Date of modification    | 06/16/2015 |

10.13. The company has made provision for requested information to be refused where, in accordance with the internal procedures, it may be deemed: i) unreasonable; ii) irrelevant for the purpose of ascertaining the progress or interests of the company; iii) confidential, including privileged information on securities trading, trade secrets, ongoing operations, the success of which depends substantially on secrecy; and iv) information the disclosure of which places the competitiveness of the company at serious imminent risk.

10.13 Has the measure been implemented?  

| YES | NO | N/A |

YES. Briefly describe: Pursuant to article 11 of the RGSM, from the date of publication of the meeting notice until the fifth day prior to the Shareholders’ General Meeting, shareholders may request in writing any information or clarifications they deem necessary or submit the questions they consider pertinent on the items included in the agenda or the documentation made available along with the meeting notice.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:
YES. Briefly describe: Pursuant to article 11.4 of the RGSM, Directors are not obliged to attend to information requests in the following cases: (i) where the information is unnecessary to safeguard the rights of the shareholders, or there are objective reasons to believe that it might be used for non-corporate ends, or the disclosure thereof could undermine the Company or related companies. This exception shall not apply if the request is supported by shareholders representing at least twenty-five percent (25%) of share capital; (ii) where the request for information or clarification refers to information clearly, explicitly and directly available to all shareholders on the corporate website in Q&A format, in which case the Directors may limit their reply to referring to the information provided therein; (iii) where the request for information or clarification does not relate to items included on the agenda, or available to the public and filed with the Financial Superintendency of Colombia since the last Shareholders' General Meeting, or the audit report or the documentation made available at the time of publication of the meeting notice, even if not included on the agenda; or (iv) where provided otherwise by law or in the Bylaws.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation: 10/01/2012
Date of modification: 06/16/2015

10.14. Where the reply given to a shareholder might place the shareholder at an advantage, the company immediately makes the reply available to the other shareholders in accordance with the mechanisms provided for that purpose, and on the same terms.

10.14 Has the measure been implemented? YES X NO N/A

YES. Briefly describe: Pursuant to article 11.2 of the RGSM, any written replies by the Directors will be posted on the website to which all shareholders have access.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:
Measure No. 11: Rules of representation.

11.1. Notwithstanding the limits set forth in article 185 of the Code of Commerce, External Circular 24 of 2010 and regulations amending, supplementing or replacing them, the company does not limit the right of shareholders to be duly represented at the shareholders’ general meeting, and to delegate their vote to any person, whether or not a shareholder.

11.1 Has the measure been implemented? YES ☒ NO ☐ N/A ☐

YES. Briefly describe: Pursuant to article 14 of the RGSM, shareholders may exercise their right to attend in person or through a proxy, whether or not the latter is a shareholder, at the Shareholders’ General Meeting, complying with legal requirements and Internal Regulations. Pursuant to article 522 of the SCA, any clauses in the bylaws limiting the right of shareholders to be represented by any person at General Meetings shall be deemed null and void.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

11.2. The company minimizes the use of blank proxy voting without voting instructions, actively encouraging the use of a standard letter of representation form, which the company itself sends to shareholders or publishes on its website. The form includes the items on the agenda and the corresponding resolution proposals established in accordance with the above procedure, which shall be submitted for consideration by the shareholders so that they may, if they wish, indicate their vote on each item by proxy.

11.2 Has the measure been implemented? YES ☒ NO ☐ N/A ☐

YES. Briefly describe: Pursuant to article 10 of the RGSM, templates of attendance, proxy and voting cards shall be published on the corporate website on publication of the meeting notice, including the delegation of blank proxy voting without instructions. This rule stipulates that in the event that these cards cannot be published for technical reasons, the Company must specify on its website how shareholders may obtain printed copies, which must be sent to the shareholders who so request. This card includes the agenda and an indication that the respective proposals are available on the website.

NO. Explain:
Measure No. 12: Attendance of persons other than the shareholders.

12.1. To revitalize the role of the shareholders’ general meeting in corporate decision making and make this body a far more participative one, the company GSM regulations require the members of the board of directors, particularly the presidents of the committees of the board of directors and the president of the company to attend the shareholders’ general meeting to address the concerns of the shareholders.

12.1 Has the measure been implemented? YES ☒ NO ☐ N/A ☐

YES. Briefly describe: Pursuant to article 13 of the RGSM, members of the Board of Directors are required to attend the Shareholders’ General Meeting.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation: 10/01/2012
Date of modification: 06/16/2015
II. BOARD OF DIRECTORS

Measure No. 13: Functions of the board of directors.

13.1. The bylaws expressly indicate the functions that may not be delegated to senior management personnel, including those established in recommendation 13.1.

<table>
<thead>
<tr>
<th>Has the measure been implemented?</th>
<th>YES</th>
<th>NO</th>
<th>X</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES. Briefly describe:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NO. Explain: As a Spanish company, the Company complies with the provisions of the Spanish Companies Act. This Law regulates the powers that may not be delegated, which are detailed in the Bylaws. Thus, the non-delegable functions are those, inter alia, detailed in recommendation 13.1, save those concerning sections VVVII, XXXIX and XXX which, although not envisaged in the Internal Regulations, are not prohibited from inclusion by the SCA.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N/A. Specify the regulations that prevent the recommendation from being adopted:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

13.2. Notwithstanding the independence of the governing bodies of the subsidiary companies, where the company acts as the parent of a conglomerate, these functions of the board of directors have a group focus and are implemented through general policies, guidelines or information requests that respect the balance between the interests of the parent and those of the subsidiaries and the conglomerate as a whole.

<table>
<thead>
<tr>
<th>Has the measure been implemented?</th>
<th>YES</th>
<th>X</th>
<th>NO</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES. Briefly describe:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NO. Explain: All companies forming part of the CLH Group are obliged to comply with the CEMEX Group’s internal policies and guidelines.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N/A. Specify the regulations that prevent the recommendation from being adopted:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Measure No. 14: Regulations of the board of directors.

14.1. The board of directors has approved the internal regulations that govern its organization and operation, as well as the functions and responsibilities of its members, chairman and secretary, and their duties and rights. These regulations, which are binding on the members of the board of directors, are distributed to the shareholders.

<table>
<thead>
<tr>
<th>Has the measure been implemented?</th>
<th>YES</th>
<th>NO</th>
<th>N/A</th>
</tr>
</thead>
</table>

YES. Briefly describe: The Regulations of the Board of Directors are not only filed with the Madrid Mercantile Registry but also published on the website to which all shareholders have access, pursuant to article 3. Furthermore, pursuant to article 2, the Regulations are binding on all Directors. The RBD sets out, among other aspects, the rules and operation of the Board of Directors and its Committees and the functions and responsibilities of all the Directors, their rights and their duties.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

Measure No. 15: Size of the board of directors.

15.1. The company has opted in its bylaws not to appoint alternate members to the board of directors.

<table>
<thead>
<tr>
<th>Has the measure been implemented?</th>
<th>YES</th>
<th>NO</th>
<th>N/A</th>
</tr>
</thead>
</table>

YES. Briefly describe:

NO. Explain:
Measure No. 16: Formation of the board of directors.

16.1. Based on the premise that once all members of the board of directors have been chosen they will act in the interests of the company, the company, in the interest of maximizing transparency, identifies the origin of the members of the board of directors according to the scheme defined in recommendation 16.1.

16.1 Has the measure been implemented? **YES**

YES. Briefly describe: The types of Directors are indicated, but in accordance with the terminology set forth in the SCA and indicated in article 8 of the RBD. Thus, the article draws a distinction between Executive Directors, Proprietary Directors and Independent Directors.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation 10/01/2014
Date of modification 06/16/2015

16.2. The company has a procedure in place, set out by the appointments and remuneration committee or other analogous body, which enables the board of directors, based on its own initiative and the conclusions of the annual reviews, to achieve the objectives indicated in recommendation 16.2.

16.2 Has the measure been implemented? **YES**

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation 10/01/2014
Date of modification 06/16/2015
YES. Briefly describe: The Appointments and Remuneration Committee assesses the competencies, knowledge and expertise required of members of the Board of Directors. It defines the functions that must be covered in the event of a vacancy and evaluates the time and dedication required for members to discharge their duties effectively.

Moreover, at their meeting held on December 18, 2017 the Board of Directors, at the proposal of the Appointments and Remuneration Committee, approved a policy for selecting candidate directors that (i) is specific and verifiable, (ii) ensures that the proposed appointments or re-elections are supported by a prior analysis of the requirements of the Board of Directors, and (iii) promotes diversity of knowledge, experience and gender in the Board of Directors.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

<table>
<thead>
<tr>
<th>Date of implementation</th>
<th>10/01/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of modification</td>
<td>06/16/2015</td>
</tr>
</tbody>
</table>

16.3. The professional profiles identified as necessary are reported to the shareholders by the board of directors, such that the different stakeholders, namely majority or significant shareholders, families, shareholder groups and institutional shareholders, if any, and the board of directors itself, are in a position to identify the most suitable candidates.

16.3 Has the measure been implemented? YES ☒ NO ☐ N/A ☐

YES. Briefly describe: Along with the notice of the Shareholders' General Meeting at which each Director is to be ratified, appointed or re-elected, the Appointments and Remuneration Committee shall publish on the website the report containing the results of the preliminary analysis by the Board of Directors referred to in the previous recommendation, as stated in article 26.6 of the RBD and other Internal Regulations. Thus, in 2016, following notice of the Shareholders’ General Meeting at which the re-election and appointment of the current Directors was approved, the report prepared by the Appointments and Remuneration Committee was published on the Company’s website, including the prior analysis of the needs of the Board of Directors. Furthermore, as noted in recommendation 16.2 above, at their meeting held on December 18, 2017 the Board of Directors, at the proposal of the Appointments and Remuneration Committee, approved a policy for selecting candidate directors.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

<table>
<thead>
<tr>
<th>Date of implementation</th>
<th>10/01/2012</th>
</tr>
</thead>
</table>
16.4. The company considers that the mere perusal of the CVs by the shareholders is insufficient for them to determine the suitability of candidates. Consequently, an internal procedure has been implemented to evaluate any legal incompatibilities or disqualifications and determine whether the candidate is suitable for the needs of the board of directors. It evaluates the set of criteria to be met by functional and personal candidate profiles, and verifies compliance with certain target requirements for membership of the board of directors and other additional requirements for independent membership.

16.4. Has the measure been implemented?  

<table>
<thead>
<tr>
<th></th>
<th>YES</th>
<th>NO</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**YES. Briefly describe:** Pursuant to article 9.3. of the RBD, in addition to providing the CVs of the directors, the Board of Directors and the Appointments and Remuneration Committee will undertake to ensure that all Directors (i) contribute some professional expertise and have experience related to the activity of the Company; (ii) have sufficient time to discharge their duties responsibly; and (iii) have the basic skills required to enable them to discharge their duties adequately. For this reason, the Company draws up questionnaires for the assessment of Directors and Committee members. Furthermore, as noted in recommendations 16.2 and 16.3 above, at their meeting held on December 18, 2017 the Board of Directors, at the proposal of the Appointments and Remuneration Committee, approved a policy for selecting candidate directors.

**NO. Explain:**

**N/A. Specify the regulations that prevent the recommendation from being adopted:**

Date of implementation 10/01/2012  
Date of modification 06/16/2015

16.5. In addition to the independence requirements already provided for in Law 964 of 2005, the company has voluntarily adopted a stricter definition of independence than that established in the aforementioned Law. This definition has been adopted as a reference framework through the regulations of the board of directors. It includes, among other requirements to be evaluated, relationships or links of any kind between the candidate to independent membership and controlling or significant shareholders and related parties, national and foreign, and requires a dual declaration of independence: (i) from the candidate vis-à-vis the company, its shareholders and members of senior management, in its letter of acceptance, and (ii) from the board of directors on the independence of the candidate.

16.5. Has the measure been implemented?  

<table>
<thead>
<tr>
<th></th>
<th>YES</th>
<th>NO</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**YES. Briefly describe:** Article 8.2 of the RBD regulates the prohibitions for appointment as an independent director, among which are the requirements referred to in this measure.
16.6. The company’s internal regulations state that it considers that the board of directors, through its chairman and with the support of the appointments and remuneration committee or other analogous body, is the most suitable body to centralize and coordinate the process for forming the management body prior to the shareholders’ general meeting. Thus, shareholders wishing to form part of the board of directors on the basis of their shareholdings can learn about the board of directors’ needs and express their wishes, negotiate balances of shareholdings and the distribution between the different categories of board member, present their candidates and be willing for such candidates to undergo an assessment of suitability by the appointments and remuneration committee before a vote is held at the shareholders’ general meeting.

16.6 Has the measure been implemented? YES ☑️ NO ☐ N/A ☐

YES. Briefly describe: Pursuant to article 9.1. of the RBD, the results of the preliminary analysis of the needs of the Board of Directors set forth in the report or supporting proposal of the Appointments and Remuneration Committee must be published on the Company website on publication of the notice of the Shareholders’ General Meeting in which Directors’ appointments are to be decided. Thus, in 2016, following notice of the Shareholders’ General Meeting at which the re-election and appointment of the current Directors was approved, the report prepared by the Appointments and Remuneration Committee was published on the Company’s website, including the prior analysis of the needs of the Board of Directors.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:
suitability, career, experience, integrity, etc.) and sufficient time to make an adequate assessment.

<table>
<thead>
<tr>
<th>16.7 Has the measure been implemented?</th>
<th>YES □</th>
<th>NO □</th>
<th>N/A □</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES. Briefly describe: The Regulations of the Board of Directors and the Regulations of the Shareholders' General Meeting both stipulate the obligation to include the following information with the proposed resolution for the appointment, re-election or ratification of Directors that must be published along with the notice of the Shareholders' General Meeting: professional profile and biography of the Director; membership of other boards of directors, irrespective of whether or not they are listed companies; category of directorship, indicating, for Proprietary Directors, the shareholder proposing, or that proposed, their appointment or to which it is related; dates of first and successive appointments to a Company directorship; a supporting report from the Board of Directors assessing the competence, experience and merits of the proposed candidate; in the case of Independent Directors, the proposal by the Appointments and Remuneration Committee and, additionally, in the case of Non-independent Directors, a report issued by the Appointments and Remuneration Committee. Thus, following notice of the Shareholders' General Meeting held in 2016, the above information was published on the Company's website. Furthermore, as noted in recommendations 16.2, 16.3 and 16.4 above, at their meeting held on December 18, 2017 the Board of Directors, at the proposal of the Appointments and Remuneration Committee, approved a policy for selecting candidate directors.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NO. Explain:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N/A. Specify the regulations that prevent the recommendation from being adopted:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Date of implementation</td>
<td>10/01/2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Date of modification</td>
<td>06/16/2015</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Measure No. 17: Functional structure of the board of directors.

17.1. The regulations of the board of directors provide that **independent and proprietary directors must always be in the majority with respect to executive directors**, of which the number, should they form part of the board of directors, is the minimum number needed to inform and ensure coordination between the board of directors and the senior management of the company.

<table>
<thead>
<tr>
<th>17.1 Has the measure been implemented?</th>
<th>YES □</th>
<th>NO □</th>
<th>N/A □</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES. Briefly describe: The composition of the Board of Directors shall be such that Non-executive Directors shall be in the majority with respect to the Executive Directors and such that at least one third of the members of the board are Independent Directors. This obligation is enshrined in article 36.3. of the Bylaws.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
17.2. Beyond the minimum twenty-five percent (25%) threshold for independent directors established in Law 964 of 2005, the company analyzes and voluntarily increases the number of independent directors, ensuring that, among other things, the number of independent directors is in proportion to the free float.

17.2 Has the measure been implemented? YES X NO N/A

YES. Briefly describe: Independent Directors make up 33% of the Board of Directors and are therefore in proportion to the free float.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation 10/01/2012
Date of modification 06/16/2015

Measure No. 18: Organization of the board of directors.

18.1. The functions of the chairman of the board of directors are listed in the bylaws, his main responsibilities being those established in recommendation 18.1.

18.1 Has the measure been implemented? YES X NO N/A

YES. Briefly describe: The functions of the Chairman of the Board of Directors comprise the responsibilities indicated in recommendation 18.1. Though not governed by the Bylaws, they are set forth in article 15 of the RBD.
18.2. The company’s internal regulations provide for the possibility of affording different treatment to the chairman of the board of directors vis-à-vis the other members, in terms of both obligations and compensation, due to the scope of his specific functions and his increased dedication in terms of time.

18.2 Has the measure been implemented? YES □ NO ☑ N/A □

YES. Briefly describe:

NO. Explain: Given that the current Board Chairman is a Proprietary Director and not an Executive Director, he is not afforded any different treatment vis-à-vis the other Proprietary Directors in terms of compensation, although article 15 of the RBD provides for the specific obligations to be met by the Chairman.

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation 10/01/2012
Date of modification 06/16/2015

18.3. The bylaws set forth the rules for the appointment of the secretary to the board of directors, foremost among which are those indicated in recommendation 18.3.

18.3 Has the measure been implemented? YES ☑ NO □ N/A □

YES. Briefly describe: The rules for appointing the Secretary to the Board of Directors, which include those indicated in recommendation 18.3, are not regulated in the Bylaws, they are set forth in article 19 of the RBD. The Secretary shall in all cases be designated by the Board of Directors as proposed by its Chairman, subject to a favorable preliminary report by the Appointments and Remuneration Committee. The Secretary may or may not be a member of the Board of Directors.
<table>
<thead>
<tr>
<th>NO.</th>
<th>Explain:</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A. Specify the regulations that prevent the recommendation from being adopted:</td>
<td></td>
</tr>
</tbody>
</table>

| Date of implementation | 10/01/2012 |
| Date of modification    | 06/16/2015 |

18.4. The regulations of the board of directors establish the functions of the secretary, among which are those indicated in recommendation 18.4.

18.4 Has the measure been implemented? **YES**

**YES. Briefly describe:** The functions of the Secretary to the Board of Directors, which include those indicated in recommendation 18.4, are set forth in article 19.3. of the RBD.

<table>
<thead>
<tr>
<th>NO.</th>
<th>Explain:</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A. Specify the regulations that prevent the recommendation from being adopted:</td>
<td></td>
</tr>
</tbody>
</table>

| Date of implementation | 10/01/2015 |
| Date of modification    | 06/16/2015 |

18.5. The board of directors has set up an appointments and remuneration committee.

18.5 Has the measure been implemented? **YES**

**YES. Briefly describe:** On October 4, 2012 the Board of Directors created the Appointments and Remuneration Committee.
18.6. The board of directors has set up a risk committee.

18.6 Has the measure been implemented? YES X NO N/A

YES. Briefly describe: Following the company’s IPO, the Board of Directors set up a standing Audit Committee which has assumed all the functions of the Risk Committee.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation 10/04/2012
Date of modification

18.7. The board of directors has set up a corporate governance committee.

18.7 Has the measure been implemented? YES X NO N/A
18.8. Where the company has considered that it is not necessary to set up a committee, its functions have either been distributed among the existing committees or have been assumed by the board of directors in full.

<table>
<thead>
<tr>
<th>Measure</th>
<th>Implementation Date</th>
<th>Modification Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>18.8</td>
<td>10/04/2012</td>
<td></td>
</tr>
</tbody>
</table>

18.9. Each committee of the board of directors has internal regulations governing the details of its formation, matters, functions that the committee must carry out and operation, paying special attention to the communication channels between the committees and the board of directors and, in the case of conglomerates, to relations and coordination mechanisms between the board committees of the parent and those of the subsidiaries, if any.

<table>
<thead>
<tr>
<th>Measure</th>
<th>Implementation Date</th>
<th>Modification Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>18.9</td>
<td>10/01/2012</td>
<td></td>
</tr>
</tbody>
</table>
18.10. The committees of the board of directors comprise solely independent or proprietary directors (at least three (3)) and are chaired by an independent director. In the case of the appointments and remuneration committee, independent directors are always in the majority.

18.10 Has the measure been implemented? YES ✗ NO ☐ N/A ☐

YES. Briefly describe: The three Committees comprise Independent Directors and Proprietary Directors. Furthermore, pursuant to the Internal Regulations, the three Committees must be chaired by an Independent Director and comprise at least three members, most of whom must be Independent Directors.

NO. Explain: ☐

N/A. Specify the regulations that prevent the recommendation from being adopted: ☐

Date of implementation: 10/01/2012
Date of modification: ☐

18.11. Board committees may receive support, on a one-off or on an ongoing basis, from members of senior management with experience in the matters within their jurisdiction and/or from external experts.

18.11 Has the measure been implemented? YES ✗ NO ☐ N/A ☐

YES. Briefly describe: Pursuant to the Internal Regulations, the Committees may procure support from any executive and/or employee, and from external experts.

NO. Explain: ☐

N/A. Specify the regulations that prevent the recommendation from being adopted: ☐

Date of implementation: 10/01/2012
Date of modification: ☐
18.12. When setting up the committees, the board of directors considers the profile, knowledge and professional experience of the members regarding the matters under the mandate of the committee.

18.12 Has the measure been implemented? YES ☒ NO ☐ N/A ☐

YES. Briefly describe: Pursuant to the provisions of the Internal Regulations and the analysis performed by the Appointments and Remuneration Committee regarding the needs of the Board and the Committees, the Board of Directors must seek to ensure that the members of the three committees have the appropriate knowledge, skills and experience for the functions they are called upon to perform. Specifically, in relation to the Audit Committee, pursuant to article 25.2 of the RBD, the Board of Directors will seek to ensure that the members of the Audit Committee and, in particular, its President, have the appropriate knowledge, skills and experience in accounting, audit or risk management matters for the functions they are called upon to perform.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation 10/01/2012
Date of modification

18.13. Minutes are taken at all committee meetings, a copy of which is sent to all members of the board of directors of the company. If the committees have delegated decision-making powers, minutes of meetings must conform to articles 189 and 431 of the Code of Commerce.

18.13 Has the measure been implemented? YES ☐ NO ☒ N/A ☐

Date of implementation 10/01/2012
Date of modification 06/16/2015
YES. Briefly describe:

NO. Explain: Minutes of Committee meetings are drawn up in accordance with applicable Spanish legislation and are not distributed to all Directors but only to the members of the specific Committees. However, they are available to all Directors and the respective Committees report to the Board of Directors on the meetings held and matters discussed.

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation
Date of modification

18.14. Unless required under the applicable legal or regulatory framework, the internal regulations state the boards of directors of the subsidiaries may choose whether or not to create special committees to handle certain matters and for these tasks to be undertaken by the committees of the board of directors of the parent, without this implying the transfer of responsibility from the boards of directors of the subsidiaries to the parent.

18.14 Has the measure been implemented? YES ☒ NO ☐ X N/A

YES. Briefly describe:

NO. Explain: Although the CLH Group companies may choose whether or not to set up special committees (except where required by the legislation in each country), it is not envisaged in the Internal Regulations.

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation N/A
Date of modification

18.15. The main task of the audit committee is to assist the board of directors in its oversight function by evaluating the accounting procedures, the relationship with the statutory auditor and generally reviewing the control structure of the company, including the audit of the risk management system implemented by the company.

18.15 Has the measure been implemented? YES ☒ NO ☐ X N/A
YES. Briefly describe: The Audit Committee’s detailed duties are defined in article 25.6. of the RBD, and include those indicated in this measure.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation 10/01/2012
Date of modification 06/16/2015

18.16. Members of the audit committee are knowledgeable about accounting, finance and other associated subjects, which enables them to give an informed opinion of the matters addressed by the committee, with a level of expertise sufficient to understand their scope and complexity.

18.16 Has the measure been implemented? YES X NO N/A

YES. Briefly describe: Pursuant to article 25 of the RBD, the Board of Directors must endeavor to ensure that the members of the Audit Committee and, in particular, its President, have the appropriate knowledge, skills and experience in accounting, audit or risk management matters for the functions they are called upon to perform.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation 10/01/2012
Date of modification 06/16/2015

18.17. At the request of the chairman of the shareholders’ general meeting, the president of the audit committee reports to the shareholders’ general meeting on specific aspects of the work carried out by the committee such as analyzing the scope and content of the statutory auditor’s report.
18.17 Has the measure been implemented? YES X NO N/A

YES. Briefly describe: Should any shareholder so request, the President of the Audit Committee must report on any matter that might arise within their mandate as provided for in article 25.6. (a) of the RBD. He will also report where so requested by the Chairman of the Shareholders’ General Meeting.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation 10/01/2012
Date of modification

18.18. The internal regulations of the audit committee assign it the functions indicated in recommendation 18.18.

18.18 Has the measure been implemented? YES X NO N/A

YES. Briefly describe:

NO. Explain: As noted in recommendation 18.9 above, the rules governing the operation of the three Committees are included in the RBD. However, pursuant to article 25.6. of the RBD, the Audit Committee has been assigned the functions indicated in recommendation 18.18, except for those pertaining to related party transactions and compliance with the Code of Ethics, which are the remit of the Corporate Governance Committee.

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation
Date of modification

18.19. The main purpose of the appointments and remuneration committee is to support the board of directors in the exercise of their decision-making or advisory functions associated with the appointment and compensation of the members of the board of directors and senior management personnel and to monitor observance of corporate governance rules, periodically reviewing compliance, recommendations and principles (where this function is not expressly assigned to another company committee).
18.19 Has the measure been implemented? | YES | NO | N/A

YES. Briefly describe: Although the Appointments and Remuneration Committee has been assigned the functions indicated in this measure, the task of observing the rules of corporate governance has been assumed by the Corporate Governance Committee.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

| Date of implementation | 10/01/2012 |
| Date of modification | 06/16/2015 |

18.20. Some members of the appointments and remuneration committee are sufficiently knowledgeable about strategy, human resources (personnel recruitment and selection, hiring, training, administration or management), compensation policy and similar matters, to understand the scope and complexity that such matters pose for the company.

18.20 Has the measure been implemented? | YES | NO | N/A

YES. Briefly describe: Some members of the Appointments and Remuneration Committee have the knowledge indicated in this recommendation. In particular, the Secretary of the Appointments and Remuneration Committee is the Vice-President of Human Resources in Spain and the Mediterranean Region of the CEMEX Group.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

| Date of implementation | 10/04/2012 |
| Date of modification | |

18.21. At the request of the chairman of the shareholders’ general meeting, the president of the appointments and remuneration committee can report to the shareholders’ general meeting on
specific aspects of the work carried out by the committee such as monitoring the compensation policies of the board of directors and senior management personnel.

<table>
<thead>
<tr>
<th>18.21 Has the measure been implemented?</th>
<th>YES</th>
<th>NO</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>YES. Briefly describe:</strong></td>
<td>Although not specifically envisaged in the Internal Regulations, where so requested by the Chairman of the Shareholders' General Meeting, the President of the Appointments and Remuneration Committee will report on those matters under its remit that might arise.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NO. Explain:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>N/A. Specify the regulations that prevent the recommendation from being adopted:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Date of implementation</strong></td>
<td>10/01/2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Date of modification</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

18.22. The internal regulations of the appointments and remuneration committee assign to it the functions indicated in recommendation 18.22.

<table>
<thead>
<tr>
<th>18.22 Has the measure been implemented?</th>
<th>YES</th>
<th>NO</th>
<th>X</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>YES. Briefly describe:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NO. Explain:</strong></td>
<td>As noted in recommendation 18.9 above, the rules governing the operation of the three Committees are all included in the RBD. Nonetheless, note that the Appointments and Remuneration Committee has been assigned the functions detailed in recommendation 18.22, as provided for in article 26.6 of the RBD, save for function (i) handling queries raised at the Shareholders' General Meeting, where, although not expressly envisaged in the above article, the President of the Appointments and Remuneration Committee will handle any queries on matters within its remit where so requested by any shareholder.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>N/A. Specify the regulations that prevent the recommendation from being adopted:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
18.23. The main purpose of the risk committee is to assist the board of directors in fulfilling its supervisory responsibilities in connection with risk management.

18.23 Has the measure been implemented? YES □ NO □ N/A □

YES, Briefly describe: The main purpose of the Audit Committee, which has assumed all the functions of the Risk Committee as indicated in recommendation 18.6 above, is to assist the Board of Directors in fulfilling its supervisory responsibilities in connection with risk management.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

18.24. At the request of the chairman of the shareholders’ general meeting, the president of the risk committee can report to the shareholders’ general meeting on specific aspects of the work carried out by the committee.

18.24 Has the measure been implemented? YES □ NO □ N/A □

YES, Briefly describe: The President of the Audit Committee, which has assumed all the functions of the Risk Committee as indicated in recommendation 18.6 above, can report to the Shareholders’ General Meeting on specific aspects of the work carried out by the Committee, at the request of the Chairman.

NO. Explain:
18.25. The internal regulations of the risk committee assign it the functions indicated in recommendation 18.25, with such adjustments as may be necessary to distinguish between companies in the financial or real economy sector, and notwithstanding the functions assigned to this committee under the regulations in force.

18.25 Has the measure been implemented? YES [ ] NO [x] N/A [ ]

YES. Briefly describe:

NO. Explain: Although the Audit Committee, which has assumed all the duties of the Risk Committee as indicated in recommendation 18.6, above, has also assumed the duties referred to in recommendation 18.25, they are not set out in Internal Regulations, but rather are included in the RBD.

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation
Date of modification

18.26. The main purpose of the corporate governance committee is to assist the board of directors in its functions pertaining to the proposal and oversight of corporate governance measures adopted by the company.

18.26 Has the measure been implemented? YES [x] NO [ ] N/A [ ]

YES. Briefly describe: Among others, the purpose of the Corporate Governance Committee is to assist the Board of Directors in corporate governance matters as provided for in article 27 of the RBD.

NO. Explain:
18.27. The internal regulations of the corporate governance committee assign it the functions indicated in recommendation 18.27.

<table>
<thead>
<tr>
<th>Date of implementation</th>
<th>10/01/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of modification</td>
<td>06/16/2015</td>
</tr>
</tbody>
</table>

18.27 Has the measure been implemented? YES [ ] NO [X] N/A [ ]

YES. Briefly describe:

NO. Explain: As noted in recommendation 18.9 above, the rules governing the operation of the three Committees are all included in the RBD. Nonetheless, note that article 27.6 of the RBD sets forth the functions indicated in recommendation 18.27 with the exception of those set forth in subsections (ii) and (iii), which are entrusted to the Appointments and Remuneration Committee.

<table>
<thead>
<tr>
<th>Date of implementation</th>
<th>10/01/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of modification</td>
<td>06/16/2015</td>
</tr>
</tbody>
</table>

Measure No. 19: Operation of the board of directors

19.1 The chairman of the board of directors assisted by the secretary and the president of the company prepare a work program of the board of directors for the period being evaluated, a tool that makes it easier to determine a reasonable number of ordinary meetings per year and their estimated duration.

<table>
<thead>
<tr>
<th>Date of implementation</th>
<th>10/01/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of modification</td>
<td>06/16/2015</td>
</tr>
</tbody>
</table>

19.1 Has the measure been implemented? YES [X] NO [ ] N/A [ ]

YES. Briefly describe: Pursuant to article 28.2 of the RBD, a calendar is prepared for ordinary meetings, which is approved by the Board of Directors. Moreover, a tentative work program for each year is drawn up by the Company Secretary together with the Board Chairman.

NO. Explain:
19.2. With the exception of entities subject to control which, due to their regime, are obliged to hold at least one (1) meeting per month, the company’s board of directors holds between eight (8) and twelve (12) ordinary meetings per year.

<table>
<thead>
<tr>
<th>Date of implementation</th>
<th>10/01/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of modification</td>
<td>06/16/2015</td>
</tr>
</tbody>
</table>

19.2 Has the measure been implemented? YES [X] NO [ ] N/A [ ]

YES. Briefly describe: In accordance with the SCA and the provisions of article 28.1 of the RBD, the Board of Directors must meet at least once a quarter. However, in 2017 the Board held 11 meetings, although one had to be suspended due to electronic connection problems, and on one occasion Board resolutions were adopted in writing without a meeting. Furthermore, in prior years the Board of Directors has met at least eight times a year.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

19.3. One (1) or two (2) meetings of the board of directors per year are clearly focused on defining and monitoring the company’s strategy.

19.3 Has the measure been implemented? YES [X] NO [ ] N/A [ ]

YES. Briefly describe: During 2017, in addition to specific strategic matters, at one of their meetings the Board of Directors analyzed the Cemex Latam Group strategy for 2017-2020 for the various countries in which it operates.

NO. Explain:
19.4. The board of directors approves a specific calendar of ordinary meetings, notwithstanding the fact that it may meet as often as necessary on an extraordinary basis.

19.4 Has the measure been implemented?  

YES ☒  NO ☐  N/A ☐

YES. Briefly describe: As indicated in measure 19.1, per the provisions of article 28.2 of the RBD, the calendar of ordinary meetings is approved by the Board before the beginning of each year or during the first month thereof, without prejudice to any extraordinary meetings that may be held on other dates.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation 07/24/2017
Date of modification

19.5. Together with the meeting notice and at least five (5) calendar days in advance, the members of the board of directors are provided with the documents or information relating to each item on the agenda so that they may actively participate in the meeting and make informed decisions.

19.5 Has the measure been implemented?  

YES ☐  NO ☒  X ☒  N/A ☐

YES. Briefly describe:

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation 10/01/2012
Date of modification 06/16/2015
NO. Explain: The meeting notice and documentation is distributed at least three days in advance per the provisions of article 28.4 of the RBD, except in the event of amendment of the Regulations of the Board of Directors, where they are distributed seven days in advance as provided for in article 4.2. of the RBD.

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation
Date of modification

19.6. The chairman of the board of directors, with the assistance of the secretary to the board of directors, assumes ultimate responsibility for the members receiving the information sufficiently in advance and such information being useful, so that quality rather than quantity should prevail in all documents forming part of the board of directors’ “dashboard”.

19.6 Has the measure been implemented? YES ☑ NO ☐ N/A ☐

YES. Briefly describe: As provided in articles 15 and 19 of the RDB, both the Chairman and the Secretary of the Board of Directors seek to ensure that Directors receive information sufficiently in advance of the meeting.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation 10/01/2012
Date of modification 06/16/2015

19.7. Ultimate responsibility for preparing the agenda for board meetings falls to the chairman of the board of directors, not to the president of the company, and it is structured according to certain parameters that permit agenda items and deliberations to be presented in a logical order.

19.7 Has the measure been implemented? YES ☑ NO ☐ N/A ☐
Yes. Briefly describe: According to the provisions of article 15 of the RBD, the Chairman of the Board of Directors sets the agenda for Board meetings, which must follow a logical order.

No. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

<table>
<thead>
<tr>
<th>Date of implementation</th>
<th>10/01/2012</th>
</tr>
</thead>
</table>

Date of modification

19.8. The company publishes member attendance at meetings of the board of directors and its committees in the annual corporate governance report and on the corporate website.

19.8 Has the measure been implemented? **YES**

Yes. Briefly describe: The information on member attendance at meetings appears in the Annual Corporate Governance Report, which is prepared according to the good governance recommendations in Spain, which is published on the Company website when Shareholders’ General Meetings are called and remains accessible to the public at large.

No. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

<table>
<thead>
<tr>
<th>Date of implementation</th>
<th>01/01/2013</th>
</tr>
</thead>
</table>

Date of modification

19.9. Each year, the board of directors assesses the effectiveness of its work as a collegiate body, that of its committees and that of the individual members, including by means of a peer review, as well as the reasonableness of its internal regulations and the dedication and performance of its members, proposing, as the case may be, such changes to its organization and operation as it may deem appropriate. In the case of conglomerates, the board of directors of the parent ensures that the assessment is also conducted by the boards of directors of its subsidiaries.
19.8 Has the measure been implemented?  **YES**

**YES. Briefly describe:** Pursuant to article 6.6. of the RBD, each year the Board of Directors must evaluate and, as the case may be, adopt an action plan to remedy any shortcomings identified with respect to:

1. The quality and efficiency of the Board’s operation.
2. The operation and composition of Board Committees.
3. Diversity in the composition and powers of the Board of Directors.
4. The performance of the Chairman of the Board of Directors and the CEO of the Company.
5. The performance and contribution of each Director, with particular attention to those in charge of the different Board Committees.

Notwithstanding, the assessment is not conducted with respect to the Boards of Directors of subsidiaries.

**NO. Explain:**

**N/A. Specify the regulations that prevent the recommendation from being adopted:**

| Date of implementation | 10/01/2012 |
| Date of modification   | 06/16/2015 |

19.10. The board of directors alternates the internal self-assessment mechanism with external assessment by independent advisors.

19.9 Has the measure been implemented?  **YES**

**YES. Briefly describe:** In line with recommendation 36 of the Spanish Good Governance Code, the Board of Directors is assisted with the assessment every three years by an external consultant. Thus, on December 18, the Board of Directors, at the proposal of the Appointments and Remuneration Committee, resolved to contract an external consultant for the assessment for 2017.

Furthermore, in every prior year except 2015, on the understanding that there was no need since the Appointments and Remuneration Committee had conducted various analyses of the structure and operations of the Board and its Committees and had studied the needs of the Board as a result of the proposed director appointments and re-elections, PricewaterhouseCoopers has been hired exclusively to send the assessment questionnaires to the Directors and compile the results obtained from them for subsequent submission to the Chairman of the Board of Directors.

**NO. Explain:**

**N/A. Specify the regulations that prevent the recommendation from being adopted:**
Measure No. 20: Duties and rights of the members of the board of directors.

20.1. The regulations of the board of directors supplement the legislative provisions as regards the duties and rights of the members of the board of directors.

20.1 Has the measure been implemented? **YES**

YES. Briefly describe: Title VI of the RBD regulates Directors' duties. Their rights are also set out throughout the Regulations, per the provisions of the applicable Spanish legislation in this regard.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation: 10/01/2012
Date of modification: 06/16/2015

20.2. The regulations of the board of directors set out the company's understanding as regards the duties of the members of the board of directors referred to in recommendation 20.2.

20.2 Has the measure been implemented? **YES**

YES. Briefly describe: The duties referred to in recommendation 20.2 are set out in Title VI of the RBD.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:
20.3. The regulations of the board of directors contain details of the rights of the members of the board of directors established in recommendation 20.3.

<table>
<thead>
<tr>
<th>Date of implementation</th>
<th>10/01/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of modification</td>
<td>06/16/2015</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Has the measure been implemented?</th>
<th>YES</th>
<th>NO</th>
<th>N/A</th>
</tr>
</thead>
</table>

**YES. Briefly describe:** The rights referred to in recommendation 20.3 are set out in the articles of the RBD.

**NO. Explain:**

**N/A. Specify the regulations that prevent the recommendation from being adopted:**

---

Measure No. 21: Conflicts of interest.

21.1. The company has defined and formalized in its internal regulations a policy and procedure for identifying, managing and resolving conflicts of interest - whether direct or indirect via related parties - that may affect the members of the board of directors and other directors.

<table>
<thead>
<tr>
<th>Date of implementation</th>
<th>10/01/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of modification</td>
<td>06/16/2015</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Has the measure been implemented?</th>
<th>YES</th>
<th>NO</th>
<th>N/A</th>
</tr>
</thead>
</table>

**YES. Briefly describe:** Articles 27.8 (q) and 37 of the RBD set out the procedure to be followed in order to identify, manage and resolve the conflicts of interest referred to in this measure.

**NO. Explain:**

**N/A. Specify the regulations that prevent the recommendation from being adopted:**
21.2. In the procedure for managing conflicts of interest, a distinction is drawn between sporadic and permanent conflicts of interest. Where the conflict of interest is sporadic in nature, the applicable procedure indicates the rules and steps to be followed, which must be relatively easy to manage and difficult for the affected party to evade. In the case of permanent conflicts of interest, the procedure states that if this situation affects all of the company's operations, it should be understood as a cause for mandatory resignation by the affected party as it will disqualify him from holding office.

21.2 Has the measure been implemented? YES [X] NO [□] N/A [□]

YES. Briefly describe: Article 37.4. of the RBD sets out the rules for sporadic and permanent conflicts of interest. Also, article 13 of the RBD regulates the obligation on Directors to resign from office where they are subject to permanent conflicts of interest.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation 10/01/2012
Date of modification 06/16/2015

21.3. The members of the board of directors, legal representatives, members of senior management and other directors of the company regularly inform the board of directors of any direct or indirect relationships existing among them, or with other entities or structures belonging to the conglomerate of which the issuer forms part, or with the issuer, suppliers, customers or any other stakeholder, which may give rise to a situation of conflict of interest or influence management in its opinion or vote, in order to create a "Map of Directors' Related Parties".

21.3 Has the measure been implemented? YES [□] NO [X] N/A [□]

YES. Briefly describe:

NO. Explain: In accordance with the applicable Spanish legislation, only directors are required to report the existence of any conflicts of interest to the Board of Directors, which they do each year.

N/A. Specify the regulations that prevent the recommendation from being adopted:
21.4. Relevant conflicts of interest, which is taken to mean those that would require the affected party to abstain from a meeting and/or vote, affecting the board of directors and other directors, are included in the public information that the company publishes on its website each year.

<table>
<thead>
<tr>
<th>Date of implementation</th>
<th>01/01/2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of modification</td>
<td></td>
</tr>
</tbody>
</table>

21.4 Has the measure been implemented? YES [X] NO [ ] N/A [ ]

YES. Briefly describe: Any relevant conflicts of interest must be included in the Annual Accounts that are published on the website, per the applicable Spanish legislation.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation | 01/01/2013 |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of modification</td>
<td></td>
</tr>
</tbody>
</table>

21.5. For this purpose, the definition of related party applied by the company is consistent with International Accounting Standard 24 (IAS 24).

<table>
<thead>
<tr>
<th>Date of implementation</th>
<th>01/01/2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of modification</td>
<td></td>
</tr>
</tbody>
</table>

21.5 Has the measure been implemented? YES [X] NO [ ] N/A [ ]

YES. Briefly describe: The definition is consistent with that contained in IAS 24.
Measure No. 22: Related party transactions.

22.1. The company has a policy that defines the specific procedure for assessing, approving and disclosing related party transactions, including outstanding balances and relations between them, with the exception of transactions for which specific regulations exist.

<table>
<thead>
<tr>
<th>Measure No. 22: Related party transactions.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>22.1 Has the measure been implemented?</strong></td>
</tr>
</tbody>
</table>

**YES. Briefly describe:** As provided for in article 27.6. of the RBD (q), the Company has approved a general policy that regulates the procedure for certain related party transactions within the ordinary course of the Company’s business and subject to fixed limits. Moreover, the Company complies with the CEMEX Group policy on related party transactions.

| Date of implementation | 10/01/2012 |
| Date of modification | 06/16/2015 |

22.2. The company's related party transactions policy covers the aspects addressed in recommendation 22.2.

<table>
<thead>
<tr>
<th>Measure No. 22: Related party transactions.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>22.2 Has the measure been implemented?</strong></td>
</tr>
</tbody>
</table>

**YES. Briefly describe:** Per the provisions of its Internal Regulations, applicable external legislation, the approved general policy of transactions and the CEMEX Group related party transactions policy to which the Company adheres, the Company complies with recommendation 22.2.
22.3 The policy provides that the express authorization of the board of directors is not required for recurrent related party transactions conducted in the ordinary course of the company's business under standard contracts, or general framework agreements the terms of which are perfectly standardized and applied en masse and which are performed at market prices set generically by the supplier of the good or service in question and the individual amount of which is not material for the company.

<table>
<thead>
<tr>
<th>Measure No. 22: Related Party Transactions</th>
<th>YES</th>
<th>NO</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Has the measure been implemented?</td>
<td>Y</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

YES. Briefly describe: As indicated in recommendation 22.1, the Company has approved a general policy for related party transactions conducted in the ordinary course of the Company's business and subject to a fixed limit in terms of amount. Likewise, article 6.6 section (k) of the RBD and article 34 E (k) provide that authorization of the Board of Directors will not be required for transactions (i) that are performed under contracts the terms of which are standardized and are applied en masse to a large number of customers, (ii) that are performed at generally-established prices or rates by the supplier of the good or service in question, and (iii) the amount of which does not exceed 1% of the Company's annual revenues.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

<table>
<thead>
<tr>
<th>Date of implementation</th>
<th>10/01/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of modification</td>
<td>06/16/2015</td>
</tr>
</tbody>
</table>

Measure No. 23: Compensation of members of the board of directors

23.1. The company has a board compensation policy, approved by the shareholders at the shareholders' general meeting and reviewed each year, which lists all of the compensation components that may effectively be paid. These components may be fixed or variable. They may include a fixed fee for membership of the board of directors, fees for
attendance of meetings of the board and/or its committees and other emoluments of any kind accruing over the course of the year, for whatever reason, in cash or in kind, as well as the obligations undertaken by the company in respect of pensions or the payment of life insurance premiums or other items with respect to both former and current members and the civil liability insurance premiums (D&O policies) taken out by the company on behalf of members of the board of directors.

23.1 Has the measure been implemented? YES [x] NO [ ] N/A [ ]

YES. Briefly describe: As a Spanish company, the Company abides by the provisions of the SCA. Thus, the SCA provides that the shareholders at the Shareholders’ General Meeting must approve the compensation policy every three years and that such policy must, in turn, be reviewed every year by the shareholders at the Shareholders’ General Meeting when approving the annual compensation report on a consultative basis. The shareholders at the Shareholders’ General Meeting held on June 29, 2017 approved the existing compensation policy for Directors.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation 06/16/2015
Date of modification

23.2. Where the company implements compensation schemes that include a variable component that is linked to the successful performance of the company in the medium and long term, the compensation policy includes limits in terms of the amount that may be distributed to the board of directors and, where the variable component is related to company profit or other management indicators at the end of the period subject to assessment, regard must be had to any qualifications included in the statutory auditor’s report and which may reduce the profit for the period.

23.2 Has the measure been implemented? YES [ ] NO [ ] N/A [x]

YES. Briefly describe:

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted: There is no variable compensation.
23.3. Proprietary and independent members of the board of directors are expressly excluded from compensation schemes that include share options or variable compensation linked to the absolute variation in the listing price of the shares.

23.3 Has the measure been implemented? **YES**

**YES. Briefly describe:** No Proprietary or Independent Directors are entitled to a compensation scheme that includes share options or variable compensation linked to the absolute variation in share listing prices.

**NO. Explain:**

**N/A. Specify the regulations that prevent the recommendation from being adopted:**

Date of implementation: **10/01/2012**

Date of modification:

---

23.4. For each period subject to assessment, as part of the compensation policy, the shareholders at the shareholders’ general meeting approve a maximum cost of all approved compensation components for the board of directors.

23.4 Has the measure been implemented? **YES**

**YES. Briefly describe:** The shareholders at the Shareholders’ General Meeting approve the maximum amount of the above compensation policy where applicable in line with the provisions of recommendation 23.1.

**NO. Explain:**

**N/A. Specify the regulations that prevent the recommendation from being adopted:**
23.5. The shareholders are aware of the total effective cost of the board of directors during the period subject to assessment, including all compensation components paid to members of the board of directors and the reimbursement of expenses and this information is also published on the corporate website, with the level of disaggregation and detail approved by the board of directors.

<table>
<thead>
<tr>
<th>23.5 Has the measure been implemented?</th>
<th>YES</th>
<th>NO</th>
<th>N/A</th>
</tr>
</thead>
</table>

**YES. Briefly describe:**

**NO. Explain:** The compensation components are included in the Annual Report on the Compensation of Directors and Senior Executives, which is published annually on the website. However, this Report does not include detailed information on the reimbursement of expenses.

**N/A. Specify the regulations that prevent the recommendation from being adopted:**

Measure No. 24: The president of the company and senior management.

24.1. The company’s governance model provides for effective separation between the management or governance of the company (represented by the board of directors) and the ordinary running of its business (which is entrusted to senior management headed by the president of the company).

<table>
<thead>
<tr>
<th>24.1 Has the measure been implemented?</th>
<th>YES</th>
<th>NO</th>
<th>N/A</th>
</tr>
</thead>
</table>

**YES. Briefly describe:** The positions of Board Chairman and CEO of the Company are assigned to different persons.

**NO. Explain:**
24.2. Generally speaking, the policy of the board of directors is to delegate the ordinary running of the business to the senior management team, the activities of which are focused on general strategy, oversight, governance and control functions.

<table>
<thead>
<tr>
<th>Date of implementation</th>
<th>10/04/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of modification</td>
<td></td>
</tr>
</tbody>
</table>

**24.2 Has the measure been implemented?**

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
<th>N/A</th>
</tr>
</thead>
</table>

**YES. Briefly describe:** The Board of Directors delegates the ordinary running of the business to the senior executives appointed for the purpose, with the exception of powers that are non-delegable in accordance with the law.

**NO. Explain:**

**N/A. Specify the regulations that prevent the recommendation from being adopted:**

<table>
<thead>
<tr>
<th>Date of implementation</th>
<th>04/17/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of modification</td>
<td></td>
</tr>
</tbody>
</table>

24.3. As a general rule, senior management members are identified, assessed and appointed directly by the president of the company as they work directly with him. Alternatively, the company may opt for senior management members to be appointed by the board of directors at the proposal of the president of the company. Irrespective of who is ultimately responsible for appointment, candidates to key executive offices must meet and undergo assessment by the board of directors' appointments and remuneration committee, which must issue an opinion in this regard.

**24.3 Has the measure been implemented?**

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
<th>N/A</th>
</tr>
</thead>
</table>

**YES. Briefly describe:** Senior executives are appointed by the Board of Directors at the proposal of its Chairman and subject to a report by the Appointments and Remuneration Committee.

**NO. Explain:**

**N/A. Specify the regulations that prevent the recommendation from being adopted:**
24.4. The company has a clear policy for the delegation of functions that is approved by the board of directors and/or a framework of powers setting out the different powers attributed to the president of the company and other members of senior management.

<table>
<thead>
<tr>
<th>Has the measure been implemented?</th>
<th>YES</th>
<th>NO</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>YES</strong>. Briefly describe:</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**NO. Explain:** The Company does not have a clear policy for the delegation of functions to senior executives, but it does have one for delegating functions to the CEO (separate from the President).

<table>
<thead>
<tr>
<th>Date of implementation</th>
<th>04/17/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of modification</td>
<td></td>
</tr>
</tbody>
</table>

24.5. The board of directors, by means of the appointments and remuneration committee, or the person performing its functions, conducts the performance appraisal of the president of the company each year and is aware of the results of the appraisals of the other members of senior management.

<table>
<thead>
<tr>
<th>Has the measure been implemented?</th>
<th>YES</th>
<th>NO</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>YES</strong>. Briefly describe:</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Date of implementation</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of modification</td>
<td></td>
</tr>
</tbody>
</table>
NO. Explain: The Board of Directors, via the Appointments and Remuneration Committee, appraises the performance of the President and the CEO of the Company but is not aware of the results of senior executives.

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation  05/15/2013
Date of modification

24.6. The company has a policy for the compensation of the president of the company and other members of senior management, approved by the board of directors, which identifies all of the compensation components, linked to the achievement of long-term objectives and the risk levels, that may effectively be paid.

24.6 Has the measure been implemented? YES x NO N/A

YES. Briefly describe: Per the provisions of article 6.5 (D) of the RBD, the Board of Directors is the body with competence to approve the compensation policy for senior executives and to propose to the Shareholders’ General Meeting the compensation policy for Directors in general.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation  10/01/2012
Date of modification  06/16/2015

24.7. Where the compensation of the president of the company includes both fixed and variable components, the technical design and method of calculation thereof prevents the variable component from exceeding the maximum limit set by the board of directors.

24.7 Has the measure been implemented? YES x NO N/A

YES. Briefly describe:
**No. Explain:**

N/A. Specify the regulations that prevent the recommendation from being adopted: The President's compensation does not include a variable component.

<table>
<thead>
<tr>
<th>Date of implementation</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of modification</td>
<td></td>
</tr>
</tbody>
</table>
III. CONTROL STRUCTURE

Measure No. 25: Control environment.

25.1. The board of directors is ultimately responsible for ensuring that the company has a strong control environment that is aligned with the company’s nature, size, complexity and the risks it faces, so that it meets with the requirements set forth in recommendation 25.1.

25.1 Has the measure been implemented? YES X NO N/A

YES. Briefly describe: The Board of Directors is the body with ultimate responsibility for the control environment in place at the Company, as defined in this measure.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation 04/17/2012

Date of modification

25.2. In the case of conglomerates, the board of directors of the parent seeks to establish a formal, consolidated control structure for all of its subsidiaries, establishing responsibilities with respect to the policies and guidelines in this regard at conglomerate level, and defining clear reporting lines to give an overall view of the risks to which the conglomerate is exposed and the control measures taken.

25.2 Has the measure been implemented? YES X NO N/A

YES. Briefly describe: The Company has in place a clearly defined hierarchical control structure, with set channels for granting authorization on a case-by-case basis.

NO. Explain:
Measure No. 26: Risk Management.

26.1. The risk management objectives at the company are those referred to in recommendation 26.1.

26.1 Has the measure been implemented? YES ☒ NO ☐ N/A ☐

YES. Briefly describe: The Internal Control and Enterprise Risk Management (ERM) departments identify the internal and external risks that may affect the strategy (or objectives) defined by the Company, evaluating them on the basis of probability, impact and tendency, in order to subsequently define mitigation measures (decisions as to how to handle them) in order to prevent them materializing or reduce their impact in the event of materialization. Likewise, both departments continuously monitor and update the status of risks and the likelihood of impact on the organization and these results are presented to the Board of Directors, the Audit Committee (the body tasked with risk-related supervision) and senior management. In certain cases, they include new mitigation measures or changes in the way in which they are to be handled.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation 04/17/2012
Date of modification

26.2. The company has a risk map, which is understood as a tool for identifying and monitoring the financial and non-financial risks to which it is exposed.

26.2 Has the measure been implemented? YES ☒ NO ☐ N/A ☐

YES. Briefly describe: The Enterprise Risk Management (ERM) and Internal Control departments manage and identify the Company's external and internal risks, respectively, including competitive dynamics and financial and operating risks, taking into account their impact, surpluses and mitigation measures. The risks identified by these two departments are compiled into a single map so that they can be managed by all the departments involved.

NO. Explain:
26.3. **The board of directors is responsible for defining a risk management policy**, and for setting maximum exposure limits for each risk identified.

<table>
<thead>
<tr>
<th>Has the measure been implemented?</th>
<th>YES</th>
<th>NO</th>
<th>N/A</th>
</tr>
</thead>
</table>

**YES. Briefly describe:** Per article 6.5.4 (f) of the RBD, the Board of Directors has the authority to establish the risk control and management policy, including tax risks.

26.4. **The board of directors is aware of and regularly monitors** the company’s effective exposure to the maximum risk limits defined, and suggests actions to correct and check them in the event of deviations.

<table>
<thead>
<tr>
<th>Has the measure been implemented?</th>
<th>YES</th>
<th>NO</th>
<th>N/A</th>
</tr>
</thead>
</table>

**YES. Briefly describe:** The Board of Directors, through the Audit Committee, monitors the defined risks and takes action on corrective actions where necessary.
26.5. As regards the risk management policy, **senior management is in charge of processes and responsible for risk management**, i.e. for identifying, evaluating, measuring, controlling, monitoring and reporting risks, defining methodologies and ensuring that risk management is consistent with the strategy, the defined risk policy and the maximum limits approved.

**26.5 Has the measure been implemented?**

- YES [X]
- NO [ ]
- N/A [ ]

**YES. Briefly describe:** The Internal Control and ERM departments identify and update risks based on interviews and information analyses. The likelihood of impact is assessed by means of control monitoring and the results of audits and reported to the respective management levels. Senior management personnel review the results of audits every month and, together with Internal Control and Operations, follow up on the plans to improve such controls, until all defects are fully mitigated and any opportunities for improvement have been implemented. Moreover, at least every two months, Senior management also reviews the non-financial risks on the ERM agenda, as well as the action plans designed to manage each such risk. Senior management is therefore in charge of or responsible for all of them as from the moment in which they are identified.

**NO. Explain:**

**N/A. Specify the regulations that prevent the recommendation from being adopted:**

---

26.6. **The company has a risk delegation policy**, approved by the board of directors, which lays down the limits on the risks that may be managed directly at each level at the company.

**26.6 Has the measure been implemented?**

- YES [ ]
- NO [X]
- N/A [ ]

**Date of implementation**

- 04/17/2012

**Date of modification**

- [ ]
While all of the risks identified have not been expressly delegated, there are persons in charge of managing commercial and operational risks, as well as authorization pathways for approving tolerance levels for such risks. Examples include limits on the authorization of negotiations and purchases in contracts, the approval of CAPEX, the approval of commercial loans to customers and the management of pricing policies.

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation
Date of modification

26.7 In conglomerates, risk should be managed at consolidated level to increase the cohesion and control of the companies that comprise them.

26.7 Has the measure been implemented? YES X NO N/A

YES. Briefly describe: Risk is managed on a consolidated basis at the Cemex Latam Group, and supervised overall by the Audit Committee, which reports to the Board of Directors.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation 04/17/2012
Date of modification

26.8 If the company has a complex and diverse business and operating structure, there is a Chief Risk Officer with authority at conglomerate level in the case of companies under control and/or groups of companies.

26.8 Has the measure been implemented? YES X NO N/A
YES. Briefly describe: The ERM and Internal Control departments share the risk management function for the Conglomerate. ERM manages external risks and Internal Control manages internal intrinsic operating risks.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation: 04/17/2012
Date of modification:

Measure No. 27: Control Activities.

27.1. The board of directors is responsible for ensuring that the company has a suitable internal control system in place, which is adapted specifically to the company and the complexity thereof, and consists of the management of current risks.

27.1 Has the measure been implemented? YES X NO N/A

YES. Briefly describe: See recommendation 26.3.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation: 04/17/2012
Date of modification:

27.2. The board of directors is responsible for overseeing the effectiveness and suitability of the internal control system, a task that may be delegated to the audit committee, although this will not release the board from its responsibility for oversight in this regard.

27.2 Has the measure been implemented? YES X NO N/A

YES. Briefly describe: The Board of Directors, via the Internal Audit Committee, is responsible for supervising the internal control system.
27.3. The company applies and enforces the principle of self-control, which is understood as the "capacity of the persons participating in the various processes to view control as an intrinsic element of their responsibilities, areas of activity and decision-making duties".

<table>
<thead>
<tr>
<th>Date of implementation</th>
<th>04/17/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of modification</td>
<td></td>
</tr>
</tbody>
</table>

27.3 Has the measure been implemented? YES ✗ NO ☑️ N/A ☐

YES. Briefly describe: The controls in place to mitigate risks are associated with the people responsible for the processes that may be affected by the risk. The Company also has control matrices in place that contribute to the mitigation of intrinsic operating risks.

<table>
<thead>
<tr>
<th>Date of implementation</th>
<th>04/17/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of modification</td>
<td></td>
</tr>
</tbody>
</table>

Measure No. 28: Information and Communication.

28.1. The risk culture, philosophy and policies, and the approved exposure limit, are communicated both vertically and horizontally, so that the whole organization is aware of both the risks and control activities relating to its activities.

<table>
<thead>
<tr>
<th>28.1 Has the measure been implemented?</th>
<th>YES ☑️ NO ✗ N/A ☐</th>
</tr>
</thead>
</table>

YES. Briefly describe:
NO. Explain: The Company partially complies with this recommendation given that the various levels of the organization are aware of the great majority of the operating risks supervised by Internal Control and audited by Internal Audit. This is because they are tasked with applying and improving internal controls specific to the business processes they manage in their day-to-day activity. However, with respect to tax risk and the external risks handled by ERM, such risks are not generally made public and are not therefore shared with the organization, but rather with a limited number of people, at the most reaching management levels within the organization.

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation

Date of modification

28.2. The company has in place a vertical reporting mechanism (to the board of directors and senior management), which is accurate, comprehensible and complete, so that it supports and permits informed decision making and management of risks and control.

28.2 Has the measure been implemented? YES [x] NO [ ] N/A [ ]

YES. Briefly describe: The Internal Audit department reports directly to the Audit Committee which, in turn, reports to the Board of Directors. Moreover, the Internal Control department, which reports to BSO and is independent from the organization - since by reporting to BSO (Business Services Organization), it reports to CEMEX Central -, compiles all of the process management practices, including any defects and opportunities for improvement, and allows people in the organization to put forward their concerns regarding their respective risks. Subsequently, Internal Control reports upwards to the Country Directors of the Cemex Latam Group and the Company CEO in order to monitor the plans for improvement. Moreover, the Audit Committee reviews the work plan of the Internal Control and Enterprise Risk Management departments.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation 04/17/2012

Date of modification
28.3. The company’s communication and reporting mechanism enables: i) senior management to involve the company as a whole, drawing attention to its responsibility for managing risks and defining controls, and ii) company staff to understand their role in managing risks and identifying controls and their individual contribution with respect to the work of others.

<table>
<thead>
<tr>
<th>28.3 Has the measure been implemented?</th>
<th>YES X</th>
<th>NO</th>
<th>N/A</th>
</tr>
</thead>
</table>

YES. Briefly describe: The communication and reporting mechanism reflects that set forth in this recommendation.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation: 04/17/2012

Date of modification

---

28.4. There are internal reporting or whistleblowing channels that enable employees to anonymously report any illegal, unethical or other behavior that may run contrary to the culture of risk management and control at the company. A report on these matters is submitted to the board of directors of the company.

<table>
<thead>
<tr>
<th>28.4 Has the measure been implemented?</th>
<th>YES X</th>
<th>NO</th>
<th>N/A</th>
</tr>
</thead>
</table>

YES. Briefly describe: There is an anonymous line (ETHOS Line) available to employees, customers, suppliers and the general public, through which irregularities can be reported on a confidential basis, ensuring that such matters are brought to the attention of the Company's Ethics Committee and the President of the Audit Committee. This line is managed by an independent provider, which assigns cases based on criteria defined by CEMEX. All cases reported are investigated and monitored until their conclusion, ensuring that the same criteria and consequences are applied.

The results are also reported to the Audit Committee and, depending on the case, senior management. Similarly, in line with the functions assigned to him, which are regulated in article 21 of the RED, the Compliance Officer must notify the Corporate Governance Committee of any reported violations of the provisions of the good corporate governance policies.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:
Measure No. 29: Monitoring of the control structure

29.1. The company’s board of directors, via the audit committee, is responsible for overseeing the effectiveness of the various components of the control structure.

Has the measure been implemented? YES ☒ NO ☐ N/A ☐

YES. Briefly describe: The Audit Committee oversees the effectiveness of the various components of the control structure and reports to the Board of Directors in this regard.

NO. Explain: 

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation: 10/01/2012
Date of modification: 11/09/2016

29.2. The task of monitoring to ensure the effectiveness of the company’s control structure principally involves the internal audit department, together with the statutory auditor in the tasks falling within its remit and particularly as regards the financial information generated by the company.

Has the measure been implemented? YES ☒ NO ☐ N/A ☐

YES. Briefly describe: The aforementioned monitoring task involves the Internal Audit department as well as the statutory auditor.

NO. Explain: 

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation: 10/01/2012
Date of modification: 06/16/2015
29.3. The company’s internal audit function has Internal Audit Statutes, approved by the audit committee, which expressly state the scope of their functions in this regard, and should include the matters referred to in recommendation 29.3.

| Date of implementation | 10/01/2012 |
| Date of modification    |            |

29.3 Has the measure been implemented? YES [X] NO [ ] N/A [ ]

YES. Briefly describe: Although there is an Internal Audit Statute approved by the Audit Committee of CLH and the CEO of the Company, the document defines the scope of the audit function and covers the matters indicated in recommendation 29.3.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

| Date of implementation | 11/15/2017 |
| Date of modification    |            |

29.4. The person ultimately in charge of internal audit has an independent professional relationship with senior management of the company or conglomerate that hires him, and for functional purposes reports solely to the audit committee.

29.4 Has the measure been implemented? YES [X] NO [ ] N/A [ ]

YES. Briefly describe: The Director of Internal Audit reports for functional purposes to the Audit Committee, which is the committee that decides on the appointments to and removals from this position in accordance with the provisions of article 29.4 of the RBD, which also stipulates that this Committee will seek to ensure the independence of such area.
29.5. Appointment and removal of the head of internal audit falls to the board of directors, at the proposal of the audit committee, and his removal or resignation is reported to the market.

29.5 Has the measure been implemented? YES [X] NO [ ] N/A [ ]

YES. Briefly describe: Per article 26.5 of the RBD, the Audit Committee proposes the selection, appointment, re-election and removal of the head of the Internal Audit Service to the Board of Directors.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation 10/01/2012
Date of modification

29.6. The statutory auditor of the company or conglomerate is clearly independent from it, and this independent status must be expressly stated in the respective audit report.

29.6 Has the measure been implemented? YES [X] NO [ ] N/A [ ]

YES. Briefly describe: Pursuant to article 26.5 of the RBD, each year, the Audit Committee receives written confirmation from the statutory auditors of their independence with respect to the Company and its related entities. Likewise, the Audit Committee issues an annual report in which it confirms such independence.

NO. Explain:
29.7. If the company is the parent of a conglomerate, the statutory auditor is the same for all of the companies forming part thereof, including off-shore companies.

<table>
<thead>
<tr>
<th>29.7 Has the measure been implemented?</th>
<th>YES</th>
<th>NO</th>
<th>N/A</th>
</tr>
</thead>
</table>

YES. Briefly describe: The entire Cemex Latam Group is audited by the same auditor.

<table>
<thead>
<tr>
<th>Date of implementation</th>
<th>10/01/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of modification</td>
<td></td>
</tr>
</tbody>
</table>

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

<table>
<thead>
<tr>
<th>Date of implementation</th>
<th>04/16/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of modification</td>
<td></td>
</tr>
</tbody>
</table>

29.8. The company has a policy for appointing the statutory auditor, which is approved by the board of directors and distributed to the shareholders, and includes the points established in recommendation 29.8.

<table>
<thead>
<tr>
<th>29.8 Has the measure been implemented?</th>
<th>YES</th>
<th>NO</th>
<th>N/A</th>
</tr>
</thead>
</table>

YES. Briefly describe: Per the provisions of article 22 of the RBD, the Company may not appoint as its auditor persons or firms that have received revenues representing twenty-five percent (25%) or more of their last annual revenues from the Company and/or its related companies, directly or indirectly as a result of a control relationship as provided for in article 42 of the Spanish Code of Commerce, or any persons or firms subject to the incompatibilities provided for in the Spanish legislation in force at any given time. Nonetheless, such policy does not stipulate the maximum term of contracts and their renewals, although such matters are envisaged in the Spanish Audit Law.
29.9. In order to avoid excessive ties between the company and the statutory audit firm and/or team and to protect their independence, the company establishes a maximum engagement term of between five (5) and ten (10) years. In the case of individual statutory auditors not related to a firm, the maximum engagement term is five (5) years.

| Date of implementation | 10/01/2012 |
| Date of modification   | 06/16/2015 |

29.10. The company encourages rotation of the partner and engagement teams of the statutory audit firm assigned to the company half way through the statutory engagement term, at the end of which the firm must necessarily be rotated.

| Date of implementation |               |
| Date of modification   |               |
29.11. In addition to the current prohibition on engaging the statutory auditor for professional services other than those involved in the financial audit and other functions recognized in the legislation in force, the company extends this limitation to persons or entities related to the statutory auditor, which includes companies of its group and companies with a large number of partners and/or directors in common with the statutory audit firm.

Yes. Briefly describe: The company extends this prohibition to all entities related to the auditor.

No. Explain:

29.12. The company discloses in its public information the total amount of its contract with the statutory auditor, as well as the proportion that the fees paid by the company represent with respect to the firm’s total revenues from its statutory audit activity.

Yes. Briefly describe: The auditor’s fees are stated in both the Annual Accounts and the Corporate Governance Report published on the Company’s website.

No. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

<table>
<thead>
<tr>
<th>Date of implementation</th>
<th>12/31/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of modification</td>
<td></td>
</tr>
</tbody>
</table>
V. TRANSPARENCY OF FINANCIAL AND NON-FINANCIAL INFORMATION

Measure No. 30: Information disclosure policies.

30.1. The board of directors has approved an information disclosure policy, which includes, as a minimum, the information included in the recommendation.

<table>
<thead>
<tr>
<th>30.1 Has the measure been implemented?</th>
<th>YES</th>
<th>NO</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>YES. Briefly describe:</strong> Since its incorporation, the Company has complied with all CEMEX policies, including the information disclosure policy, by resolution of the Board of Directors. Furthermore, an internal protocol for disclosing information to the market has been drawn up and, after receiving a favorable report from the Corporate Governance Committee, the Company's policy for communication with shareholders, investors and the market in general was approved by resolution of the Board of Directors at their meeting held on December 18, 2017.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NO. Explain:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>N/A. Specify the regulations that prevent the recommendation from being adopted:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Date of implementation</strong></td>
<td>12/18/2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Date of modification</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

30.2. In the case of conglomerates, the information disclosed to third parties is comprehensive and global and refers to all of the companies forming part thereof, thereby enabling third parties to form an informed opinion of the situation, organization, complexity, activity, size and governance model at the conglomerate.

<table>
<thead>
<tr>
<th>30.2 Has the measure been implemented?</th>
<th>YES</th>
<th>NO</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>YES. Briefly describe:</strong> The information published is global and comprehensive, except for the Annual Accounts required under the applicable Spanish legislation, which correspond to the parent.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NO. Explain:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>N/A. Specify the regulations that prevent the recommendation from being adopted:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Date of implementation</strong></td>
<td>11/16/2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Date of modification</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Measure No. 31: Financial statements

31.1. Where the statutory auditor’s report includes qualifications these and the actions that the company proposes to remedy the situation, these will be submitted to the shareholders at the shareholders’ general meeting by the president of the audit committee.

| Date of implementation | 10/01/2012 |
| Date of modification | 06/16/2015 |

31.2. Where the board of directors considers that regard should be had to the criterion of the statutory auditor in respect of any qualifications and/or emphasis of matter, this position is duly explained and justified by means of a written report to the shareholders’ general meeting, specifying the content and scope of the discrepancy.

| Date of implementation | 04/17/2012 |
31.3 Transactions with or among related parties, including transactions between companies of the conglomerate which are classed as material by the company on the basis of objective parameters such as the size of the transaction, percentage with respect to assets, sales or other indicators, are included in detail in the public financial information together with the reference to the performance of off-shore transactions.

Has the measure been implemented? YES ☒ NO ☐ N/A ☐

31.3 Has the measure been implemented? YES ☒ NO ☐ N/A ☐

YES. Briefly describe: Such information is included in the Annual Accounts and in the Annual Corporate Governance Report published on the Company's website. Moreover, subject to the materiality parameters considered by the External Auditor, the aforementioned information is also included in the quarterly and annual financial statements prepared in accordance with IFRS.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation 12/21/2013

Measure No. 32: Disclosures to the market.

32.1. As part of the information disclosure policy, the board of directors (or the audit committee), adopts the necessary measures to ensure that all financial and non-financial information on the company that is required under the legislation in force, and any other that it considers relevant for investors and customers, is disclosed to the financial and capital markets.

Has the measure been implemented? YES ☒ NO ☐ N/A ☐

32.1 Has the measure been implemented? YES ☒ NO ☐ N/A ☐

YES. Briefly describe: The Audit Committee must oversee the preparation, filing and comprehensiveness of the regulated financial information pertaining to the Company and its Group, reviewing compliance with regulatory requirements, the suitable delimitation of the consolidated Group and the correct application of accounting policies; it must also establish the policies and practices to be used by the Company in the construction, disclosure and dissemination of its financial information, and coordinate the reporting process in respect of non-financial information and information on diversity, in accordance with the legislation in force and the international standards of reference.
32.2. The corporate website is organized in a user-friendly manner, so that it is easy for the user to access information associated with or related to Corporate Governance.

<table>
<thead>
<tr>
<th>32.2 Has the measure been implemented?</th>
<th>YES</th>
<th>NO</th>
<th>N/A</th>
</tr>
</thead>
</table>

YES. Briefly describe: The website is organized in a simple and logical manner for ease of use.

<table>
<thead>
<tr>
<th>NO. Explain:</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>N/A. Specify the regulations that prevent the recommendation from being adopted:</th>
</tr>
</thead>
</table>

| Date of implementation | 10/01/2012 |
| Date of modification   | 06/16/2015 |

32.3. The corporate website includes as a minimum the links referred to in recommendation 32.3.

<table>
<thead>
<tr>
<th>32.3 Has the measure been implemented?</th>
<th>YES</th>
<th>NO</th>
<th>N/A</th>
</tr>
</thead>
</table>

YES. Briefly describe: The website contains the information referred to in recommendation 32.3.

<table>
<thead>
<tr>
<th>NO. Explain:</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>N/A. Specify the regulations that prevent the recommendation from being adopted:</th>
</tr>
</thead>
</table>

| Date of implementation | 11/16/2012 |
| Date of modification   | 12/31/2016 |

32.4. The company generally discloses information to the markets in the form of documents that can be printed, downloaded and shared.

32.4 Has the measure been implemented? **YES**

**YES. Briefly describe:** All documentation can be downloaded and printed.

**NO. Explain:**

N/A. Specify the regulations that prevent the recommendation from being adopted:

<table>
<thead>
<tr>
<th>Date of implementation</th>
<th>11/16/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of modification</td>
<td>12/31/2016</td>
</tr>
</tbody>
</table>

32.5. If the company is a large, particularly complex company, it publishes a report on its website each year explaining the organization, methods and procedures of the control structure in place at the company in order to provide correct and safe financial and non-financial information, and safeguard the company’s assets and the efficiency and security of its transactions. The information on the control structure is supplemented with a risk management report.

32.5 Has the measure been implemented? **YES**

**YES. Briefly describe:** The Company publishes its Annual Corporate Governance Report on its website in accordance with the applicable Spanish legislation. Such Report includes information contained in the report on risk supervision systems and in the report on internal control and risk management systems with regard to financial reporting (ICOFR).

**NO. Explain:**

N/A. Specify the regulations that prevent the recommendation from being adopted:
Measure No. 33: Annual corporate governance report.

33.1. The company prepares an annual corporate governance report, responsibility for the content of which lies with the board of directors, subject to review and a favorable report by the audit committee. This report is presented with the rest of documents at year end.

<table>
<thead>
<tr>
<th>Measure No. 33: Annual corporate governance report.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>33.1 Has the measure been implemented?</strong></td>
</tr>
<tr>
<td>YES [X] NO [ ] N/A [ ]</td>
</tr>
</tbody>
</table>

**YES. Briefly describe:** The Annual Corporate Governance Report, which is drafted in accordance with Spanish legislation, is approved by the Board of Directors subject to a favorable report by the Corporate Governance Committee, which is the competent body in this regard. Such Report is presented together with the Annual Accounts for the relevant year.

| Date of implementation | 10/01/2012 |
| Date of modification   | 06/16/2015 |

**NO. Explain:**

| N/A. Specify the regulations that prevent the recommendation from being adopted: |

33.2. The company’s annual corporate governance report is not simply a transcription of the corporate governance rules included in the bylaws, internal regulations, good governance codes or other corporate documents. Its aim is not to describe the company’s corporate governance model, but rather to explain how it actually functions and any relevant changes during the year.

<table>
<thead>
<tr>
<th>33.2 Has the measure been implemented?</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES [X] NO [ ] N/A [ ]</td>
</tr>
</tbody>
</table>

**YES. Briefly describe:** As indicated in measure 33.1, the Annual Corporate Governance Report, like this survey, explains the Spanish good governance recommendations met by the Company. Where it fails to meet them, the reasons for such failure are explained.
33.3. The annual corporate governance report of the company contains year-end information describing how the corporate governance recommendations adopted by the company have been implemented during the year and the main changes they have brought about.

The structure of the company’s annual corporate governance report is in line with that stipulated in recommendation 33.3.

<table>
<thead>
<tr>
<th>33.3 Has the measure been implemented?</th>
<th>YES</th>
<th>NO</th>
<th>N/A</th>
</tr>
</thead>
</table>

YES. Briefly describe:

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted: The Annual Corporate Governance Report reflects the guidelines issued by the Spanish National Securities Market Commission - the body with competence in this regard - and contains details of the Company’s compliance with Spanish good governance recommendations or, where it fails to comply with the recommendations, the reasons for such failure.

<table>
<thead>
<tr>
<th>Date of implementation</th>
<th>10/01/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of modification</td>
<td>06/16/2015</td>
</tr>
</tbody>
</table>
APPENDIX III

REPORT ON DIRECTORS AND SENIOR EXECUTIVES
AND THEIR COMPENSATION
FOR THE YEAR ENDED DECEMBER 31, 2017
1. Introduction

The Appointments and Remuneration Committee has prepared this Report on the Compensation of Directors and Senior Executives of CEMEX LATAM HOLDINGS, S.A. (the “Company” or “Cemex Latam”) for the year ended December 31, 2017 (hereinafter the “Report”) in compliance with Article 44 of the Regulations of the Board of Directors.

This Report, which precedes the Annual Corporate Governance Report and must be approved by the Board of Directors, provides the Board of Directors with the information that the Appointments and Remuneration Committee (the “Committee”) deems necessary with regard to the compensation of the Directors and senior executives of the Company and its corporate group (the “Cemex Latam Group”).

2. The Board of Directors

A. Composition of the Board of Directors

Pursuant to article 36 of the Bylaws and article 7 of its Regulations, Cemex Latam's Board of Directors shall consist of a minimum of five and a maximum of nine members, and its composition shall be such that the Non-executive Directors shall be in the majority with respect to the Executive Directors and such that at least one-third of the Board members shall be Independent Directors. At December 31, 2017, the composition of the Board of Directors was as follows:

- Juan Pablo San Agustín Rubio Chairman and Proprietary Director
- Jaime Gerardo Elizondo Chapa Vice-Chairman and Proprietary Director
- Jaime Muguiro Domínguez CEO
- José Luis Orti García Proprietary Director
- Carmen Burgos Casas Proprietary Director
- Coloma Armero Montes Independent Director
- Rafael Santos Calderón Coordinating Independent Director
- Gabriel Jaramillo Sanint Independent Director
- Juan Pelegrí y Girón Secretary and Proprietary Director

The composition of the Board of Directors has not changed in the period from January 1, 2017 to the date of this Report. However, at its meeting held on December 18, 2017, the
Board of Directors resolved to appoint Ms. Sandra Vizcaíno Cantón as Non-director Vice Secretary of the Company, after receiving a favorable report from the Appointments and Remuneration Committee.

B. Committees of the Board of Directors

At January 1, 2017 and at the date of this Report, the Board of Directors has the following Committees:

I) Audit Committee

Article 25 of the Regulations of the Board of Directors, read expressly in conjunction with article 43 of the Bylaws, governs the composition and operation of the Audit Committee. In accordance with these Internal Regulations, this Committee shall comprise a minimum of three and a maximum of five Non-executive Directors, and the majority of the Independent Directors must serve on this Committee, at least one of whom shall be appointed on the basis of his knowledge and experience in accounting, audit or both. The Committee's President must be an Independent Director.

At January 1, 2017, the composition of the Audit Committee was as follows:

− Gabriel Jaramillo Sanint (President)
− Rafael Santos Calderón (Member)
− Coloma Armero Montes (Secretary)

Between January 1, 2017 and the date of this Report, the above composition of the Audit Committee has undergone the changes listed below, all of them by resolution of the Board of Directors of January 24, 2017:

− The appointment of José Luis Orti García as a member of the Audit Committee, at the proposal of the Appointments and Remuneration Committee.

− The appointment of Coloma Armero Montes as President of the Audit Committee, to replace Gabriel Jaramillo Sanint, whose mandate expired on January 16, 2017, in accordance with the four-year mandatory rotation requirement.

− The appointment of José Luis Orti García as Secretary of the Audit Committee, to replace Coloma Armero Montes.

As a result of the foregoing changes, the composition of the Audit Committee at the date of this Report is as follows:

− Coloma Armero Montes (President)
− José Luis Orti García (Secretary)
− Gabriel Jaramillo Sanint (Member)
II) Appointments and Remuneration Committee

Article 26 of the Regulations of the Board of Directors, read expressly in conjunction with article 44 of the Bylaws, governs the composition and operation of the Appointments and Remuneration Committee. This Committee shall comprise a minimum of three and a maximum of five Non-executive Directors, and the majority of the Independent Directors must serve on this Committee. The Committee's President must be an Independent Director.

At January 1, 2017, the composition of the Appointments and Remuneration Committee was as follows:

− Rafael Santos Calderón (President)
− Coloma Armero Montes (Member)
− Carmen Burgos Casas (Secretary)

There were no changes in the composition of the Appointments and Remuneration Committee between January 1, 2017 and the date of this Report.

III) Corporate Governance Committee

Article 27 of the Regulations of the Board of Directors, read expressly in conjunction with article 45 of the Bylaws, governs the composition and operation of the Corporate Governance Committee. This Committee shall comprise a minimum of three and a maximum of five Non-executive Directors, and the majority of the Independent Directors must serve on this Committee. The Committee's President must be an Independent Director.

At January 1, 2017, the composition of the Corporate Governance Committee was as follows:

− Coloma Armero Montes (President)
− Gabriel Jaramillo Sanint (Member)
− Juan Pelegri y Girón (Secretary)

Between January 1, 2017 and the date of this Report, the foregoing composition of the Corporate Governance Committee has changed as a result of the appointment of Gabriel Jaramillo Sanint as President of the Corporate Governance Committee, by resolution of the Board of Directors of January 24, 2017, to replace Coloma Armero Montes who vacated her office as a result of her appointment as President of the aforementioned Audit Committee.

As a result of the above change, the composition of the Corporate Governance Committee at the date of this Report is as follows:
3. Director compensation policy

Pursuant to the Bylaws and Regulations of the Board of Directors, Board members are entitled to receive compensation from the Company, comprising (i) a fixed amount and, as the case may be, (ii) fees for attendance at meetings of the Board of Directors and the Committees.

Moreover, Executive Directors shall receive compensation in respect of each and every one of the following items:

(i) a fixed component, commensurate with the services performed and responsibilities assumed;
(ii) a variable component, linked to an indicator of the performance of the Director or of the Company;
(iii) a welfare benefit comprising pension or insurance contributions; and
(iv) severance in the event of dismissal or any other type of termination of the legal relationship with the Company not attributable to a breach by the Director.

The total compensation payable by the Company to the Directors as a whole shall not exceed the amount stipulated at the Shareholders' General Meeting. The exact consideration payable shall be set by the Board of Directors, pursuant to the proposal of the Appointments and Remuneration Committee, within the limit established by the shareholders at the Shareholders' General Meeting. The Board shall also be responsible for determining the allocation among the various Directors, the criteria to be followed, the timing of payment, and other issues not expressly considered by the shareholders at the Shareholders' General Meeting.

The compensation policy at the date of this Report is defined in section A.2. below.

4. Director compensation

A.1. Director compensation for 2016

As indicated in the Report on the Compensation of Directors and Senior Executives for the year ended December 31, 2016, and as a result of the entry into force of Law 31/2014 of December 3, 2014, amending the Spanish Companies Act to improve Corporate Governance and, specifically, in view of the provisions of section two, letter a of the
transitional provision, the Board of Directors resolved to submit for approval the Report on the Compensation of Directors and Senior Executives for the year ended December 31, 2014 to the Shareholders' General Meeting held on June 16, 2015, in its consultative capacity. In line with the aforementioned provision, the Shareholders' General Meeting approved the director compensation policy for a period of three years as from the date of the Meeting. In 2016, the Committee did not therefore submit to the Board of Directors the proposal referred to in article 48.3 of the Company's Bylaws, which provides that the exact amount to be paid, subject to the limit set by the Shareholders' General Meeting, and its distribution among the Directors is determined by the Board of Directors after receiving a proposal from the Appointments and Remuneration Committee. Therefore, the proposed director compensation for 2016 was the same as that set in the Report for 2015, which consisted of:

(i) A total fixed (gross) annual compensation of Euros 194,400, or the equivalent amount in US Dollars at the official exchange rate established by the European Central Bank (ECB) on the accrual date.

(ii) Euros 2,000 in individual fees (gross) for attending the meetings of the Board of Directors and its Committees, in accordance with the terms set forth above.

Each of the Company's three Independent Directors and Jaime Muguiro Domínguez therefore received the following fixed compensation in 2016:

<table>
<thead>
<tr>
<th>Director</th>
<th>Total compensation for 2016 (gross)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jaime Muguiro Domínguez</td>
<td>Euros 48,600.</td>
</tr>
<tr>
<td>Coloma Armero Montes</td>
<td>Euros 48,600.</td>
</tr>
<tr>
<td>Gabriel Jaramillo Sanint</td>
<td>Euros 48,600.</td>
</tr>
<tr>
<td>Rafael Santos Calderón</td>
<td>Euros 48,600.</td>
</tr>
</tbody>
</table>

Likewise, in relation to the attendance fees to which each of the Company's three Independent Directors are entitled for attending the meetings held in 2016, as stated in the Report for that year, it is placed on record that, as a result of the irregularities identified in the acquisition of the properties at the plant in Maceo (Antioquia, Colombia), which have been reported to the market as Relevant Information, the Appointments and Remuneration Committee, the Audit Committee and the Board of Directors have held a significant number of extraordinary meetings that were not scheduled in the meeting calendars approved by such bodies at the beginning of the year, all of them to deal with matters relating to Maceo. The additional meetings held in 2016 were as follows:

- Audit Committee: September 23, October 4, October 19, November 25 and December 16.
- Appointments and Remuneration Committee: October 4
- Board of Directors: October 4

The aforementioned fees limit, set at Euros 72,000 (gross) was therefore exceeded by Euros 26,294 (gross), i.e. fees in 2016 stood at 36.5% above the amount provided for in the aforementioned compensation policy.

In light of the above, the Shareholders' General Meeting held on June 29, 2017, at the proposal of the Board of Directors which, in turn, acted on the proposal of the Appointments and Remuneration Committee, resolved to approve the excess fees, i.e. Euros 26,294 (gross), in respect of the meetings held by the Audit Committee on September 23, October 4, October 19, November 25 and December 16.

Accordingly, the amount of attendance fees received by the Independent Directors in 2016 was as follows:

<table>
<thead>
<tr>
<th>Director</th>
<th>Total fees for meeting attendance (gross)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coloma Armero Montes (13)</td>
<td>Euros 34,102.</td>
</tr>
<tr>
<td>Gabriel Jaramillo Sanint (11)</td>
<td>Euros 30,090.</td>
</tr>
<tr>
<td>Rafael Santos Calderón (13)</td>
<td>Euros 34,102.</td>
</tr>
</tbody>
</table>

A.2. Director compensation for 2017

Pursuant to article 529 novodecies of Law 31/2014 of December 3, 2014 amending the Spanish Companies Act, which provides that the director compensation policy must be approved by the Shareholders' General Meeting at least every three years and that the proposal submitted by the Board of Directors in this regard must be based on and accompanied by a specific report of the Appointments and Remuneration Committee, at their meeting held on May 8, 2017, the Committee resolved to draft this report as a result of the proposal for a new director compensation policy for 2017, 2018 and 2019 submitted by the Board of Directors to the shareholders at the Shareholders' General Meeting on June 29, 2017.

The aforementioned policy, which was approved by the Shareholders' General Meeting held on June 29, 2017, provides for a maximum amount of annual compensation (fixed amount plus fees) totaling Euros 350,000 (gross) per year for 2017, 2018 and 2019, to be paid to all of the Directors in their capacity as such. The main reasons for the increase in this limit, as indicated in the report prepared by the Committee and provided to the

\[1\] The compensation of Mr Muguiro as CEO of the Company, i.e. Euros 48,600 (gross), is not included within the maximum compensation limit.
shareholders upon notice of the aforementioned Shareholders' General Meeting, are as follows:

a) to update and adapt the distribution of the director compensation scheme after four full years since the incorporation of the Company, and as the improvement of certain fee allocation criteria for attending meetings of corporate bodies was considered to be appropriate;

b) due to the extraordinary workload of the corporate bodies, mainly the Audit Committee in 2016. This additional work led to the submission of the ratification of the excess fees incurred, as indicated in section A.2 above, for approval by the shareholders at the Shareholders' General Meeting on June 29, 2017. Although the fixed compensation of the Directors was the same as that approved by the Board of Directors for the past three years, this increase in the limit for fees prevents the agreed limit being exceeded in the event that corporate bodies have to hold meetings more often than planned; and

c) as it is considered good corporate governance and transparency practice to allow shareholders to vote individually and separately on the policy of the Annual Report on the Compensation of Directors.

Likewise, pursuant to article 48.3 of the Bylaws, at the proposal of the Committee and subject to approval by the shareholders at the Shareholders' General Meeting of June 29, 2017, on May 18, 2017 the Board of Directors approved the following proposal to amend the distribution of director compensation for 2017, 2018 and 2019, as follows:

1) A total fixed annual amount (gross) of ONE HUNDRED FORTY-FIVE THOUSAND EIGHT-HUNDRED EUROS (Euros 145,800), to be distributed solely among the following Directors in accordance with the amounts indicated:

<table>
<thead>
<tr>
<th>Director</th>
<th>Gross amount in Euros</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coloma Armero Montes</td>
<td>48,600.00</td>
</tr>
<tr>
<td>Gabriel Jaramillo Sanint</td>
<td>48,600.00</td>
</tr>
<tr>
<td>Rafael Santos Calderón</td>
<td>48,600.00</td>
</tr>
<tr>
<td>Total fixed annual amount (gross)</td>
<td>145,800.00</td>
</tr>
</tbody>
</table>

2) A fee for attending the meetings of the Board of Directors and its Committees, for the amounts (gross) indicated below, of which the total aggregate annual amount
(gross) for all of the Directors must not exceed TWO HUNDRED FOURTHOUSAND TWO HUNDRED EUROS (Euros 204,200), on the following terms:

i) A fee for attending all meetings of the Board of Directors, for a gross amount of TWO THOUSAND THIRTY-EIGHT EUROS (Euros 2,038).

ii) A fee for attending all Committee meetings for the following gross amounts:

   – If the meeting lasts for one hour or less than one hour, the Director shall be entitled to receive SIX HUNDRED EUROS (Euros 600).

   – If the meeting lasts for three hours or less than three hours but more than one hour, the Director shall be entitled to receive ONE THOUSAND EIGHT HUNDRED EUROS (Euros 1,800).

   – If the meeting lasts for more than three hours, the Director shall be entitled to receive THREE THOUSAND EUROS (Euros 3,000).

iii) The above attendance fee shall be paid exclusively to Independent Directors, at the proposal of the Chairman of the Board of Directors.

iv) Compensation shall be paid for all meetings of the Board of Directors and/or its Committees, regardless of whether or not they are held on the same day.

v) Compensation shall be paid for all meetings of the Board of Directors and/or its Committees, regardless of whether or not they are held face-to-face or by any means of long-distance communication.

vi) Directors shall not be entitled to receive attendance fees where resolutions are adopted in writing without a meeting.

The above total amount of annual compensation of the Board of Directors is applicable as of January 1, 2017. However, the allocation criteria for the fees shall be applicable to the meetings held by the Board of Directors and its Committees as of the Shareholders' General Meeting at which, where applicable, the compensation policy for the Company's Directors is approved, i.e. the Shareholders' General Meeting held on June 29, 2017.

3) The Company shall also continue to cover Directors' travel expenses (transport to the venue location, accommodation, meals and local transportation) for attendance at meetings of the Board of Directors or its Committees. The Directors shall be entitled to reimbursements for these amounts as these items are not remunerative in nature.
Therefore, in accordance with the foregoing, each of the Company's three Independent Directors shall be entitled to receive the following fixed compensation for 2017, which is the same amount as for 2016:

<table>
<thead>
<tr>
<th>Director</th>
<th>Total compensation for 2017 (gross)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coloma Armero Montes</td>
<td>Euros 48,600.</td>
</tr>
<tr>
<td>Gabriel Jaramillo Sanint</td>
<td>Euros 48,600.</td>
</tr>
<tr>
<td>Rafael Santos Calderón</td>
<td>Euros 48,600.</td>
</tr>
</tbody>
</table>

Accordingly, the amount of attendance fees received by the Independent Directors in 2017 was as follows:

<table>
<thead>
<tr>
<th>Director</th>
<th>Total fees for meeting attendance (gross)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coloma Armero Montes (26)</td>
<td>Euros 51,322.</td>
</tr>
<tr>
<td>Gabriel Jaramillo Sanint (22)</td>
<td>Euros 43,408.</td>
</tr>
<tr>
<td>Rafael Santos Calderón (21)</td>
<td>Euros 44,246.</td>
</tr>
</tbody>
</table>

5. **Senior executives**

According to the Regulations of the Board of Directors, senior management shall be deemed to be the top executives of the Company who report directly to the Board of Directors or to the CEO of the Company, as well as any other manager recognized as a senior executive by the Board of Directors.

Senior management is primarily responsible for implementing the strategy devised by the Board of Directors. Pursuant to the Bylaws and prevailing legislation, the Board of Directors shall grant powers to senior executives and their authority to represent the Company.

Notwithstanding, given that Cemex Latam is a "holding" company and parent of the Cemex Latam Group, its senior executives are the executives of the subsidiaries that form part of this Group. These senior executives of the Cemex Latam Group also report to the Company's Board of Directors or CEO and implement the strategy devised by this management body, which is also competent to establish their powers and authority to represent the Company, in line with the Bylaws and applicable legal provisions.

At the 2017 year end, the Cemex Latam Group's senior executives were as follows:
- **Jaime Muguiro Domínguez**  
  Managing Director (CEO) of the Cemex Latam Group

  As Cemex Latam's CEO, Mr. Muguiro is responsible for managing the operations and business of the Cemex Latam Group. Mr. Muguiro's management team is formed by the following senior executives:

- **Josué R. González Rodríguez**  
  CFO of the Cemex Latam Group and of CEMEX Colombia

  As head of Finance and Cash Management for the countries covered by the Cemex Latam Group, Mr. González manages, coordinates and supervises the finance and cash management teams of the various business and operating units in this region. Mr. González is also directly responsible for operations in Colombia.

- **Fernando Enríquez Martell**  
  Vice President of Operations at the Cemex Latam Group and CEMEX Colombia

  As head of Operations for the countries covered by the Cemex Latam Group, Mr. Enríquez manages, coordinates and oversees all matters related to the production of the materials that the various business and operating units manufacture, sell and distribute in this region. Mr. Enríquez is also directly responsible for operations in Colombia.

- **Francisco Aguilera Mendoza**  
  Vice President of Planning at the Cemex Latam Group

  As head of Strategic Planning for the countries covered by the Cemex Latam Group, Mr. Aguilera manages, coordinates and oversees all matters related to the planning of operations performed by the various business and operating units in this region.

- **Ana María Gómez Montes**  
  General Legal Counsel at the Cemex Latam Group and Compliance Officer at the Cemex Latam Group.

  As head of the Legal area for the countries covered by the Cemex Latam Group, Ms. Gómez manages, coordinates and oversees all legal matters related to the operations performed by the various business and operating units in this region.

- **Ricardo Naya Barba**  
  Director of CEMEX Colombia
As Country Director, Mr. Naya manages, coordinates and oversees operations and business in Colombia, and is also responsible for the Company's sales strategy in this geographic market.

- **Andrés Jiménez Uribe**  
  Director of CEMEX Panama

  As Country Director, Mr. Jiménez manages, coordinates and oversees operations and business in Panama, and is also responsible for the Company's sales strategy in this geographic market.

- **Enrique Alberto García Morelos**  
  Director of CEMEX Costa Rica

  As Country Director, Mr. García manages, coordinates and oversees operations and business in Costa Rica, and is also responsible for the Company's sales strategy in this geographic market.

- **Yuri de los Santos Llanas**  
  Director of CEMEX Nicaragua and CEMEX El Salvador

  As Country Director, Mr. de los Santos manages, coordinates and oversees operations and business in Nicaragua and El Salvador, and is also responsible for the Company's sales strategy in both of these geographic markets.

- **Guillermo Rojo de Diego**  
  Director of CEMEX Guatemala

  As Country Director, Mr. Rojo manages, coordinates and oversees operations and business in Guatemala, and is also responsible for the Company's sales strategy in this geographic market.

- **Guillermo García Clavier**  
  Director of CEMEX Brazil

  As Country Director, Mr. García manages, coordinates and oversees operations and business in Brazil, and is also responsible for the Company's sales strategy in this geographic market.

6. **Senior management compensation**

The 11 senior executives forming the senior management team of Cemex Latam and its subsidiaries at December 31, 2017 have received a total aggregate amount of US Dollars 6.5 million (Euros 5.3 million) from the Cemex Latam Group for all items of the theoretical compensation package.
Members of senior management of Cemex Latam are entitled to the following financial benefits and/or conditions:

i) Fixed annual compensation or basic annual salary.

ii) Performance-linked bonus or compensation; and

iii) Long-term bonuses.

The Company assigned to nine senior executives a total of 293,113 treasury shares, which were charged to the Long-Term Incentive Plan for 2017 (“PILP 2017”). In order to determine the number of shares to be assigned under PILP 2017, the closing share price for April 17, 2017 was used in the case of the RS CLH ABR17 plan and that for June 30, 2017 in the case of the RS CLH JUN17 plan.

This number of shares shall be delivered to the senior executives in four annual blocks, each comprising 25% of the total, in accordance with the proportion determined for each of them individually.

The shares assigned to senior executives have been blocked off within the Company's treasury shares until their delivery thereto in accordance with the timetable set forth for PILP 2017. The first annual block of Company shares shall be transferred to the group of senior executives on May 1, 2018, in the case of the RS CLH ABR17 plan, and on July 1, 2018, in the case of the RS CLH JUN17 plan.

In 2017, two (2) of the eleven (11) senior executives received shares under the Long-Term Bonus Plan (common share certificates, or “CPOs” as per the Spanish acronym) of CEMEX, S.A.B. de C.V. (“CEMEX”) as they were at companies other than the Cemex Latam Group companies in that year. A total of 257,025 shares were assigned.

In addition to the aforementioned compensation package, Cemex Latam's senior management also receives:

i) An international mobility package and a pension plan (for only nine of these Executives);

ii) Medical insurance;

iii) Life insurance; and

iv) A company vehicle.

Madrid, March 9, 2018
CEMEX LATAM HOLDINGS, S.A.

Authorisation of the annual accounts

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Mr. Juan Pelegrí y Girón, Director and Secretary to the Board of Directors of Cemex Latam Holdings, S.A. (the “Company”), hereby certifies that the accompanying document comprises the Annual Accounts and Directors’ Report for 2017, which were duly authorized for issue by the Board of Directors at their meeting held on March 19, 2018, pursuant to the requirements of article 253.2 of the Spanish Companies Act and article 37 of the Spanish Code of Commerce, and are printed on plain paper as follows:

– The Balance Sheet is transcribed on sheet 1.

– The Income Statement is transcribed on sheet 2.

– The Statement of Changes in Equity is transcribed on sheets 3 and 4.

– The Statement of Cash Flows is transcribed on sheet 5.

– The Notes to the Annual Accounts are transcribed on sheets 6 to 37, to which Appendices numbered I to III are attached.

– The Directors’ Report is transcribed on sheets 1 to 6, to which Appendices numbered I to III are attached.

The directors who sign below certifying the foregoing.

______________________________  ________________________________
Mr. Juan Pablo San Agustín Rubio  Mr. Jaime Gerardo Elizondo Chapa

______________________________  ________________________________
Mr. Jaime Muguiro Domínguez  Mr. José Luis Orti García

______________________________  ________________________________
Ms. Carmen Burgos Casas  Ms. Coloma Armero Montes

______________________________  ________________________________
Mr. Gabriel Jaramillo Sanint  Mr. Rafael Santos Calderón

______________________________
Mr. Juan Pelegrí y Girón