

**REPORT ISSUED BY THE BOARD OF DIRECTORS OF
CEMEX LATAM HOLDINGS, S.A.
IN RELATION TO THE PROPOSAL TO AMEND THE
ARTICLES OF ASSOCIATION**

1. Subject matter of the report

The Board of Directors of CEMEX LATAM HOLDINGS, S.A. (hereinafter, the “**Company**” or “**CEMEX LATAM HOLDINGS**”) issues this report in support of the proposal to amend the Articles of Association to be submitted for approval at the General Shareholders’ Meeting of the Company convened for 15th June 2018 at first call and 18th June 2018 at second call, under item seven of the agenda (hereinafter, the “**Report**”).

Article 286 of Royal Decree 1/2010, 2nd July, approving the consolidation of the Companies Act (hereinafter, “**LSC**” or “**Companies Act**”) requires that the directors issue a written report setting out reasons in support of the proposal to amend the Articles of Association, and provide the full wording of these amendments. In fulfilment of that requirement, this Report explains the purpose and reason for amending the Articles of Association and includes the proposed resolution with the amendments to be submitted for approval by the General Shareholders’ Meeting of the Company.

2. Justification for the proposal

2.1. Preliminary information on the Company

CEMEX LATAM HOLDINGS, S.A. was incorporated on 17th April 2012 and its shares were admitted to trading on the Colombian Stock Exchange (“**BVC**”) on 16th November of that same year. Being a Spanish company, it is mainly governed by the Companies Act and by its Articles of Association, the Regulations of the General Shareholders’ Meeting, the Regulations of the Board of Directors and other rules approved by the Company’s internal bodies. Because it is a Spanish company that is not admitted to trading in Spain but rather on the Colombian Stock Exchange, the Company is not subject to Spanish good corporate governance laws applicable to Public Limited Companies listed on the Spanish Stock Exchanges, nor is it subject to the same best practice provisions applicable to Colombian issuers whose shares are listed on the BVC. However, the Company decided to voluntarily comply with the main best practice provisions contained in the former Spanish Unified Good Governance Code and has decided to comply with the same best practice provisions contained in the current Spanish Good Governance Code, and with the main best practice provisions applicable to Colombian issuers and, following admission to trading, the Company has a good corporate governance system in place adapted to these best practices, and to best international practices.

Given its commitment, the Company has on a yearly basis drawn up the two main corporate governance reports for both jurisdictions, i.e. the Spanish Annual Corporate Governance Report (“**ACGR**”) which includes a reference to the Company’s degree of compliance with the Spanish Good Governance Code, and the Colombian Country Code Survey (“**Country**

Code”) which reports as to the degree of compliance with the Colombian Best Corporate Practice Code. Both documents have been included in a separate section of the Directors’ Report which the General Shareholders’ Meeting approves simultaneously with the annual accounts for the relevant financial year.

2.2. Introduction: aims of the amendment

Although since it was first listed the Company voluntarily took on the commitment referred to in paragraph 2.1 above to have a more elaborate corporate governance system in place taking into account both Colombian and Spanish good governance recommendations set out in both countries’ good governance codes, mainly based on prudential legal reasons in view of the existing interpretation doubts as to whether Part XIV of the Companies Act applies in the case of companies whose shares are not listed on the official secondary securities market, i.e. on Spanish regulated markets in such year, as in the Company’s case, the Board of Directors, with the Corporate Governance Committee’s support, has been considering over the last two years whether or not it would be appropriate to simplify the current corporate governance system regarding market reporting, for the following purposes:

- (i) reducing the various corporate bodies’ administrative workload in order that they may be more swiftly and efficiently managed and moreover to help reduce costs;
- (ii) eliminating potential overlaps resulting from simultaneously complying with certain corporate governance practices and standards provided for in the Colombian securities market regulations and in the Spanish rules for listed companies, including voluntarily observing many of the recommendations established in the Colombian Best Corporate Practice Code and in the Good Governance Code for Spanish listed companies;
- (iii) reducing market reports which may be redundant given the simultaneous application of Colombian and Spanish rules; and
- (iv) making it easier for shareholders and other stakeholders to understand the Company’s corporate governance system.

In this connection, in considering whether to simplify the corporate governance system insofar as market reporting is concerned, the Board of Directors has concluded that in regard to the Company’s (i) publicity and reporting duties, (ii) periodic reporting as to its economic and financial position, (iii) duties to report on material events (material information) to the Colombian Financial Authority and, as appropriate, (iv) obligations to notify major interests, inter alia, Colombian laws on the subject must prevail because the Company’s shares are traded in a Colombian market, not in the Spanish market.

Accordingly, bearing in mind that both jurisdictions’ good governance recommendations are similar, the Board of Directors, following a report by the Corporate Governance Committee, has concluded that simplifying the documents published may be very positive mainly for the shareholder but also for the corporate bodies, and has therefore considered the possibility of doing without one the two main good governance reports the Company prepares every year. Consequently, based on an interpretation that it is Colombian market law that applies to the

Company, the proposal to amend the Articles of Association supported in this Report is to eliminate the ACGR and continue to issue the Country Code report for filing with the Colombian Financial Authority and subsequent publication, even if the Company is not required to do so pursuant to External Circular 028 of 2007 of the aforementioned Authority because it is a foreign entity.

The proposed amendment to the Articles of Association is further supplemented with an amendment to the Regulations of the Company's Board of Directors, to be submitted for approval at meeting of the Board of Directors to be convened for 15th June 2018, once the amendment to the Articles of Association has been approved by the General Shareholders' Meeting.

Pursuant to article 286 of the consolidation of the Companies Act and concordant articles of the Regulations of the Companies Register, the Company's Board of Directors has issued this Report in support of the proposal to amend article 34 (2)(C)(d) and article 49 of the Company's Articles of Association and to provide the wording for the full text of the proposed amendment to the Articles of Association.

2.3. Outline of the proposed amendment to the Articles of Association

The following are the changes submitted to the General Shareholders' Meeting for approval.

Amendment to current Part II, Chapter II: *Management of the Company*

- Article 34 (Duties of the Board of Directors)

It is proposed that the reference to preparing and approving the Company's Annual Corporate Governance Report as a duty of the Board of Directors be deleted.

- Article 49 (Annual corporate governance report)

It is proposed that the reference to the annual corporate governance report and its approval be deleted from both the heading and the content.

Consequently, the heading of section IV is amended along the same lines.

3 Full text of the proposed amendment to the Articles of Association

The proposed amendment to the Articles of Association, if approved by the General Shareholders' Meeting, would imply amending the articles of the following Articles of Association:

“Article 34.- Powers of the Board of Directors

1. *The Board of Directors has broad powers to manage the Company and, except for those matters falling exclusively within the purview of the Shareholders’ General Meeting, it is the Company’s highest decision-making body.*
2. *Notwithstanding the foregoing, the Board shall exercise such powers as are reserved for it by Law, as well as the following powers which are required for the responsible discharge of the general duty of supervision:*
 - A. *In connection with the General Meeting of the Shareholders:*
 - (a) *to call the Shareholders’ General Meeting, to prepare the agenda for the same and to propose resolutions;*
 - (b) *to propose amendment of the Bylaws to the shareholders at the General Meeting;*
 - (c) *to propose amendment of the Regulations of the Shareholders’ General Meeting to the shareholders at the General Meeting;*
 - (d) *to propose to the shareholders at their General Meeting the assignment of core activities of the Company to dependent entities, even though it may maintain full ownership of such entities.*
 - (e) *to propose to the shareholders at their General Meeting the approval of transactions involving the acquisition, disposal and contribution of core assets to other companies;*
 - (f) *to propose to the shareholders at the General Meeting the approval of transactions, the effect of which is equivalent to liquidating the Company; and*
 - (g) *to execution the resolutions approved by the shareholders at their General Meeting and perform any duties which the shareholders may entrust to the Board.*
 - B. *In connection with the organisation and functioning of the Board of Directors:*
 - (a) *to approve and amend the Regulations of the Board of Directors;*
 - (b) *to define the structure of the general powers of attorney to be granted by the Board of Directors or by the representative management decision-making bodies;*
 - (c) *to prepare reports of any kind required of the management body by Law, wherever the operation referred to in the report cannot be delegated; and*
 - (d) *to exercise any other powers related with the Board’s own organisation and functioning.*
 - C. *In connection with the information to be provided by the Company:*
 - (a) *to manage the provision of information regarding the Company to the shareholders and the markets in general in accordance with the standards of equal treatment, transparency and truthfulness;*
 - (b) *to prepare the Company’s annual financial statements, management report and proposal for the distribution of profit or loss, as well as the consolidated annual financial statements and management report, and to submit the same to the General Meeting;*

- (c) *to approve the financial information which the Company must periodically make publish due to its status as a listed company, ensuring that such documents provide a true and fair view of the assets and liabilities, the financial situation and results of the Company, in accordance with applicable legislation; and*
- (d) *to prepare and approve the Corporate Governance Survey (Country Code – Colombia), where the Board of Directors may voluntarily decide to participate in the same, and to prepare the annual report on directors’ remuneration and any other report considered necessary by the Board to enhance the information provided shareholders and investors, or which may be required by legislation applicable from time to time.*

D. In connection with the directors, senior executives and committees:

- (a) *to designate directors to fill vacancies by interim appointment and to propose the appointment, ratification, re-election or removal of directors to the shareholders at their General Meeting;*
- (b) *to designate and renew internal positions within the Board of Directors, and the members of and positions in the committees established within the Board of Directors;*
- (c) *To supervise the effective functioning of the committees created and the actions of the Executive Committee, the chief executive officers and the executives appointed;*
- (d) *to decide on the proposals submitted by the Executive Committee, the Chairman of the Board of Directors, the Chief Executive Officer, the coordinating director or the committees formed by the Board of Directors;*
- (e) *to propose policy with regard to the remuneration of directors to the shareholders at their General Meeting, in accordance with these Bylaws and within the limits established herein In the case of executive directors, the Board of Directors shall establish the additional compensation payable in respect of executive duties, and other basic terms and conditions of their contracts, in accordance with the Law and the terms of the remuneration policy approved by the shareholders at their General Meeting.*
- (f) *to approve, upon the proposal of the Chairman of the Board of Directors or of the Chief Executive Officer, the determination and modification of the Company’s organisational chart, the appointment and removal of senior managers of the Company, and the terms of contracts as well as any possible compensation or severance payable in the event of removal.*

As an exception to the foregoing, based on the proposal made by the Chairman of the Board of Directors, the Audit Committee shall, where appropriate, submit to the Board a proposal supported by the pertinent report regarding the selection, appointment or removal of the Director of the Internal Audit Unit.

For these purposes, senior managers shall be those managers who report directly to the Board of Directors, to the Chairman thereof or to the Chief Executive Officer of the Company and, in all cases, the Director of the Internal Audit Unit, as well as any other manager whom the Board of Directors of may regard as a senior manager.

- (g) *to appoint and remove the chief executive officers of the Company and to establish the terms and conditions of their contracts;*
- (h) *to approve the senior management remuneration policy, as well as the basic terms and conditions of senior management contracts based on the proposals made by the Chairman of the Board of Directors or by the Chief Executive Officer to the Appointments and Remuneration Committee for the preparation of its report and submission thereof to the Board of Directors;*
- (i) *to authorise or waive obligations arising in connection with the duty of loyalty incumbent upon the directors in accordance with the Law, and in particular with legislation governing matters of competition; and*
- (j) *to regulate, review and decide on possible conflicts of interest between the Company and its directors, senior managers and major shareholders, as well as persons related thereto.*

E In connection with the Company's policies and strategies, and other powers

- (a) *to prepare the dividend policy and submit the pertinent proposals to the shareholders at their Annual General Meeting with regard to the distribution of profit or loss and other forms of shareholder remuneration, and to decide upon the payment, where appropriate, of any amounts on account of dividends;*
- (b) *to determine the Company's general policies and strategies in accordance with the Law;*
- (c) *to set policy with regard to treasury shares;*
- (d) *to approve the strategic or business plan, management objectives and the annual budgets, investment and financing policies, and policy in matters of corporate social responsibility;*
- (e) *to determine policy for the control and management of risks, including tax risks, and to supervise the internal information and control systems;*
- (f) *to determine policy regarding the corporate governance of the Company and the group of which it is the parent, the policy concerning communication and contacts with shareholders, institutional investors and voting advisors, and the policy with regard to the selection of directors;*
- (g) *to define the structure of the group of companies of which the Company is the parent;*
- (h) *to approve investments and operations of all kinds which in view of the significant amounts involved or their special characteristics may be considered of a strategic nature or constitute special tax risks, unless approved by the shareholders at their General Meeting.*
- (i) *to approve the creation or acquisition of equity investments in special purpose vehicles and entities registered in countries or territories defined as tax havens, as well as any other transactions or operations of a similar nature which in view of their complexity could adversely affect the transparency of the Company or its group;*

- (j) *to decide, subject to a report from the Corporate Governance Committee, on the transactions carried out by the Company and its group companies with directors under the terms established by Law, or with shareholders owning significant shareholdings either individually or in concert, including shareholders represented on the Company's Board of Directors or shareholders of other companies forming part of the same group, or persons related with the same. Directors linked, representing or related to the shareholders affected shall abstain from participating in deliberations and voting on the resolution in question. The only exception shall be made in the event of approval of operations simultaneously meeting the following three conditions:*
- 1. - transactions carried out in accordance with contracts entered into under standard contracts applied en masse to large numbers of customers;*
 - 2° - transactions carried out at prices or rates established in general by the provider of the good or service in question, and*
 - 3° - transactions carried out for amounts that do not exceed one per cent (1%) of the Company's annual revenues;*
- (k) *to determine the Company's tax strategy;*
- (l) *to express an opinion on all public offers to acquire securities issued by the Company; and*
- (m) *decide on any other matters within its authority which the Board of Directors believes to be in the interest of the Company, or which these Bylaws or the Regulations of the Board of Directors reserve for the full session of the Board, as well as any powers delegated by the shareholders at their General Meeting, unless the Board is expressly authorised by the same to sub-delegate.*

The Board of Directors shall make an annual evaluation of its functioning and that of the Board committees in accordance with the Board Regulations, and it shall propose a plan of action to correct any weaknesses observed based on its findings."

Section IV

The Corporate Governance Survey, Annual Report on Directors' Remuneration and corporate website

Article 49.- Corporate Governance Survey and Annual Report on Directors' Remuneration

- 1. The Board of Directors shall annually approve Corporate Governance Survey (Country Code – Colombia) for the Company, should it opt voluntarily to participate, which shall include all mentions provided for by Law, together with such other explanations as the Board of Directors may deem appropriate.*
- 2. The Corporate Governance Survey shall be made available to the shareholders together with the other documents relating to the Shareholders' General Meeting.*
- 3. The Board of Directors shall prepare and publish an annual Report on Directors' Remuneration each year, which shall be submitted for approval on a consultative basis as a separate point on the agenda for the Annual General Meeting of the Shareholders."*

The Board of Directors signs this Report on Madrid, 11th May 2018

ANNEX 1

**COMPARATIVE VERSION OF THE ARTICLES OF ASSOCIATION AND
SECTION OF CEMEX LATAM HOLDINGS, S.A.**

Article 34.- Powers of the Board of Directors

1. The Board of Directors has broad powers to manage the Company and, except for those matters falling exclusively within the purview of the Shareholders' General Meeting, it is the Company's highest decision-making body.
2. Notwithstanding the foregoing, the Board shall exercise such powers as are reserved for it by Law, as well as the following powers which are required for the responsible discharge of the general duty of supervision:
 - A. In connection with the General Meeting of the Shareholders:
 - (a) to call the Shareholders' General Meeting, to prepare the agenda for the same and to propose resolutions;
 - (b) to propose amendment of the Bylaws to the shareholders at the General Meeting;
 - (c) to propose amendment of the Regulations of the Shareholders' General Meeting to the shareholders at the General Meeting;
 - (d) to propose to the shareholders at their General Meeting the assignment of core activities of the Company to dependent entities, even though it may maintain full ownership of such entities.
 - (e) to propose to the shareholders at their General Meeting the approval of transactions involving the acquisition, disposal and contribution of core assets to other companies;
 - (f) to propose to the shareholders at the General Meeting the approval of transactions, the effect of which is equivalent to liquidating the Company; and
 - (g) to execution the resolutions approved by the shareholders at their General Meeting and perform any duties which the shareholders may entrust to the Board.
 - B. In connection with the organisation and functioning of the Board of Directors:
 - (a) to approve and amend the Regulations of the Board of Directors;
 - (b) to define the structure of the general powers of attorney to be granted by the Board of Directors or by the representative management decision-making bodies;
 - (c) to prepare reports of any kind required of the management body by Law, wherever the operation referred to in the report cannot be delegated; and
 - (d) to exercise any other powers related with the Board's own organisation and functioning.
 - C. In connection with the information to be provided by the Company:
 - (a) to manage the provision of information regarding the Company to the shareholders and the markets in general in accordance with the standards of equal treatment, transparency and truthfulness;
 - (b) to prepare the Company's annual financial statements, management report and proposal for the distribution of profit or loss, as well as the consolidated annual financial statements and management report, and to submit the same to the General Meeting;

- (c) to approve the financial information which the Company must periodically make publish due to its status as a listed company, ensuring that such documents provide a true and fair view of the assets and liabilities, the financial situation and results of the Company, in accordance with applicable legislation; and
- (d) to prepare and approve the ~~Company's Annual Corporate governance Report and~~ Corporate Governance Survey (Country Code – Colombia), where the Board of Directors may voluntarily decide to participate in the same, and to prepare the annual report on directors' remuneration and any other report considered necessary by the Board to enhance the information provided shareholders and investors, or which may be required by legislation applicable from time to time.

D. In connection with the directors, senior executives and committees:

- (a) to designate directors to fill vacancies by interim appointment and to propose the appointment, ratification, re-election or removal of directors to the shareholders at their General Meeting;
- (b) to designate and renew internal positions within the Board of Directors, and the members of and positions in the committees established within the Board of Directors;
- (c) To supervise the effective functioning of the committees created and the actions of the Executive Committee, the chief executive officers and the executives appointed;
- (d) to decide on the proposals submitted by the Executive Committee, the Chairman of the Board of Directors, the Chief Executive Officer, the coordinating director or the committees formed by the Board of Directors;
- (e) to propose policy with regard to the remuneration of directors to the shareholders at their General Meeting, in accordance with these Bylaws and within the limits established herein In the case of executive directors, the Board of Directors shall establish the additional compensation payable in respect of executive duties, and other basic terms and conditions of their contracts, in accordance with the Law and the terms of the remuneration policy approved by the shareholders at their General Meeting.
- (f) to approve, upon the proposal of the Chairman of the Board of Directors or of the Chief Executive Officer, the determination and modification of the Company's organisational chart, the appointment and removal of senior managers of the Company, and the terms of contracts as well as any possible compensation or severance payable in the event of removal.

As an exception to the foregoing, based on the proposal made by the Chairman of the Board of Directors, the Audit Committee shall, where appropriate, submit to the Board a proposal supported by the pertinent report regarding the selection, appointment or removal of the Director of the Internal Audit Unit.

For these purposes, senior managers shall be those managers who report directly to the Board of Directors, to the Chairman thereof or to the Chief Executive Officer of the Company and, in all cases, the Director of the Internal Audit Unit, as well as any other manager whom the Board of Directors of may regard as a senior manager.

- (g) to appoint and remove the chief executive officers of the Company and to establish the terms and conditions of their contracts;
- (h) to approve the senior management remuneration policy, as well as the basic terms and conditions of senior management contracts based on the proposals made by the Chairman of the Board of Directors or by the Chief Executive Officer to the Appointments and Remuneration Committee for the preparation of its report and submission thereof to the Board of Directors;
- (i) to authorise or waive obligations arising in connection with the duty of loyalty incumbent upon the directors in accordance with the Law, and in particular with legislation governing matters of competition; and
- (j) to regulate, review and decide on possible conflicts of interest between the Company and its directors, senior managers and major shareholders, as well as persons related thereto.

E. In connection with the Company's policies and strategies, and other powers

- (a) to prepare the dividend policy and submit the pertinent proposals to the shareholders at their Annual General Meeting with regard to the distribution of profit or loss and other forms of shareholder remuneration, and to decide upon the payment, where appropriate, of any amounts on account of dividends;
- (b) to determine the Company's general policies and strategies in accordance with the Law;
- (c) to set policy with regard to treasury shares;
- (d) to approve the strategic or business plan, management objectives and the annual budgets, investment and financing policies, and policy in matters of corporate social responsibility;
- (e) to determine policy for the control and management of risks, including tax risks, and to supervise the internal information and control systems;
- (f) to determine policy regarding the corporate governance of the Company and the group of which it is the parent, the policy concerning communication and contacts with shareholders, institutional investors and voting advisors, and the policy with regard to the selection of directors;
- (g) to define the structure of the group of companies of which the Company is the parent;
- (h) to approve investments and operations of all kinds which in view of the significant amounts involved or their special characteristics may be considered of a strategic nature or constitute special tax risks, unless approved by the shareholders at their General Meeting.
- (i) to approve the creation or acquisition of equity investments in special purpose vehicles and entities registered in countries or territories defined as tax havens, as well as any other transactions or operations of a similar nature which in view of their complexity could adversely affect the transparency of the Company or its group;

- (j) to decide, subject to a report from the Corporate Governance Committee, on the transactions carried out by the Company and its group companies with directors under the terms established by Law, or with shareholders owning significant shareholdings either individually or in concert, including shareholders represented on the Company's Board of Directors or shareholders of other companies forming part of the same group, or persons related with the same. Directors linked, representing or related to the shareholders affected shall abstain from participating in deliberations and voting on the resolution in question. The only exception shall be made in the event of approval of operations simultaneously meeting the following three conditions:
 - 1. - transactions carried out in accordance with contracts entered into under standard contracts applied *en masse* to large numbers of customers;
 - 2°. - transactions carried out at prices or rates established in general by the provider of the good or service in question, and
 - 3°. - transactions carried out for amounts that do not exceed one per cent (1%) of the Company's annual revenues;
- (k) to determine the Company's tax strategy;
- (l) to express an opinion on all public offers to acquire securities issued by the Company; and
- (m) decide on any other matters within its authority which the Board of Directors believes to be in the interest of the Company, or which these Bylaws or the Regulations of the Board of Directors reserve for the full session of the Board, as well as any powers delegated by the shareholders at their General Meeting, unless the Board is expressly authorised by the same to sub-delegate.

The Board of Directors shall make an annual evaluation of its functioning and that of the Board committees in accordance with the Board Regulations, and it shall propose a plan of action to correct any weaknesses observed based on its findings.

Section IV

~~Annual Corporate Governance Report and The Corporate Governance Survey, Annual Report on Directors' Remuneration and corporate website~~

Article 49.- ~~Corporate Governance Survey Annual Corporate Governance Report and Annual Report on Directors' Remuneration~~

1. The Board of Directors shall annually approve the ~~corporate governance report and the Corporate Governance Survey (Country Code – Colombia)~~ for the Company, should it opt voluntarily to participate, which shall include all mentions provided for by Law, together with such other explanations as the Board of Directors may deem appropriate.
2. The ~~annual Corporate Governance Report and, where applicable, the Corporate Governance Survey, shall be included in a separate section of the management report and shall therefore be approved simultaneously therewith, and they~~ shall be made available to the shareholders together with the other documents relating to the Shareholders' General Meeting.

3. The Board of Directors shall prepare and publish an annual Report on Directors' Remuneration each year, which shall be submitted for approval on a consultative basis as a separate point on the agenda for the Annual General Meeting of the Shareholders.