Cemex Latam Holdings, S.A.

Annual Accounts

December 31, 2014

Directors' Report 2014

(With Auditor's Report Thereon)



KPMG Auditores S.L. Edificio Torre Europa P° de la Castellana, 95 28046 Madrid

Independent Auditor's Report on the Annual Accounts

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

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

Report on the annual accounts

We have audited the accompanying annual accounts of Cemex Latam Holdings, S.A. (the "Company"), which comprise the balance sheet at December 31, 2014, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes.

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 Cemex Latam Holdings, S.A. in accordance with the financial reporting framework applicable to the entity in Spain, specified in note 2 to the accompanying annual accounts, and for such internal control that they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. This legislation requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual accounts taken as a whole.

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

Opinion

In our opinion, the accompanying annual accounts give a true and fair view, in all material respects, of the equity and financial position of Cemex Latam Holdings, S.A. at December 31, 2014, its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework and, in particular, with the accounting principles and criteria set forth therein.

Report on Other Legal and Regulatory Requirements

The accompanying directors' report for 2014 contains such explanations as the Directors consider relevant to the Company's situation, its business performance and other matters, and is not an integral part of the annual accounts. We have verified that the accounting information contained therein is consistent with that disclosed in the annual accounts for 2014. Our work as auditors is limited to the verification of the directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of the Company.

KPMG Auditores, S.L.

(Signed on the original in Spanish)

David Hernanz Sayans

March 27, 2015

Balance Sheets

December 31, 2014 and 2013

(Expressed in thousands of Euros)

Non-current investments in Group companies and associates Equity instruments 7 1,428,729	1,244,310
Total non-current assets 1,428,729	1,244,310
Trade and other receivables 759	47,138
Trade receivables from Group companies and associates Personnel Public entities, other 8 and 13 (a) 346 54 94 959	45,896 13 1,229
Prepayments for current assets 18	-
Cash and cash equivalents Cash Cash S94	135 135
Total current assets 1,371	47,273
Total assets 1,430,100	1,291,583
Equity and Liabilities	
Capital and reserves 9 1,300,106	1,107,979
Registered capital 578,278	578,278
Share premium 728,266	728,266
Treasury shares (113,243)	(113,649)
Reserves 17,521	(7,906)
Prior years' losses -	(2,292)
Profit for the year 37,065	28,076
Translation differences 52,219	(102,794)
Total equity	1,107,979
10 and 13	
Group companies and associates, non-current (a) 95,254	113,215
Total non-current liabilities 95,254	113,215
10 and 13	
Group companies and associates, current (a) 28,882	65,657
Trade and other payables 5,858	4,732
Other payables 588	631
Payables, Group companies and associates 13 (a) 8	12
Personnel 157	117
Current tax liabilities 12 4,972	3,889
Public entities, other 12 133	83
Total current liabilities 34,740	70,389
Total equity and liabilities 1,430,100	1,291,583

Income Statements for the years ended December 31, 2014 and 2013

(Expressed in thousands of Euros)

	Note	2014	2013
CONTINUING OPERATIONS			
Revenues	13 (b) and 14 (a)	127,497	121,176
Personnel expenses	14 (b)	(2,513)	(2,448)
Salaries, wages and similar costs		(2,055)	(2,034)
Employee benefits expense		(458)	(414)
Other operating expenses	14 (c)	(66,806)	(67,815)
External services		(1,282)	(1,132)
Other operating expenses		(65,524)	(66,683)
Results from operating activities		58,178	50,913
Finance costs	10	(8,980)	(9,888)
Group companies and associates	13 (b)	(8,977)	(9,885)
Other		(3)	(3)
Exchange losses		(123)	(61)
Net finance cost		(9,103)	(9,949)
Profit before tax		49,075	40,964
Income tax	12	(12,010)	(12,888)
Profit for the year		37,065	28,076

Statements of Changes in Equity for the years ended December 31, 2014 and 2013

A) Statements of Recognized Income and Expense

(Expressed in thousands of Euros)

	2014	2013
Profit for the year	37,065	28,076
Income and expense recognized directly in equity Translation differences	155,013	(46,715)
Total income and expense recognized directly in equity	155,013	(46,715)
Total recognized income and expense	192,078	(18,639)

Statements of Changes in Equity for the years ended December 31, 2014 and 2013

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.)

	Registered capital	Share premium	Reserves	Prior years'	Profit/(loss) for the year	Translation differences	Treasury shares	Total
Balances at December 31, 2012	578,278	728,266	(7,513)	-	(2,292)	(56,079)	(113,649)	1,127,011
Recognized income and expense Transactions with shareholders or	-	-	-	-	28,076	(46,715)	-	(18,639)
owners Application of loss for 2012 Other movements	<u> </u>		(393)	(2,292)	2,292	<u>-</u>	- -	(393)
Balances at December 31, 2013	578,278	728,266	(7,906)	(2,292)	28,076	(102,794)	(113,649)	1,107,979
Recognized income and expense Transactions with shareholders or	-	-	-	-	37,065	155,013	-	192,078
owners Distribution of profit for 2013 Other movements	-		25,784 (357)	2,292	(28,076)		406	49_
Balances at December 31, 2014	578,278	728,266	17,521		37,065	52,219	(113,243)	1,300,106

The accompanying notes form an integral part of the annual accounts for 2014.

Statements of Cash Flows for the years ended December 31, 2014 and 2013

(Expressed in thousands of Euros)

	Note	2014	2013
Cash flows from operating activities		46,562	24,508
Profit before tax		49,075	40,964
Adjustments for:		9,152	9,949
Finance costs	10	8,980	9,888
Exchange (gains)/losses		123	61
Other income and expenses		49	-
Changes in operating assets and liabilities		(3,880)	(22,012)
Trade and other receivables		32,852	(55,408)
Trade and other payables		(36,822)	33,301
Provisions		-	116
Other current liabilities		90	(21)
Other cash flows used in operating activities		(7,785)	(4,393)
Interest paid		(6,999)	-
Income tax received/(paid)		(786)	(4,393)
Cash flows used in investing activities		(12,914)	(23,101)
Payments for investments		(12,914)	(23,101)
Group companies and associates	7	(12,914)	(23,101)
Cash flows used in financing activities		(33,244)	(1,115)
Proceeds from and payments for equity instruments	9		(393)
Issue costs	,		(393)
Proceeds from and payments for financial liability			
instruments		(33,244)	(722)
Group companies and associates		161,606	67,045
Redemption and repayment of			
Group companies and associates		(194,850)	(67,767)
Effect of exchange rate fluctuations		55	(335)
Net increase/(decrease) in cash and cash equivalents		459	(43)
Cash and cash equivalents at beginning of year		135	178
Cash and cash equivalents at year end		594	135

Notes to the Annual Accounts

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

(1) <u>Nature and Activities of the Company</u>

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 non-resident entities 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:

- The provision of technical assistance and business management services;
- Production, sale, import and export of cement, concrete and other building materials and the exploration and operation of mines, except of minerals of strategic national interest;
- Manufacture, production, marketing and distribution of all types of paper sacks and containers, or of other materials, or similar articles, for packaging cement and other building materials;
- Occasional road freight transport, subject to prevailing legislation on land transport, as well
 as the activity of a transport agency, freight forwarder, cargo information and distribution
 center, storage, deposit and distribution of merchandise, vehicle leasing and other
 complementary activities set out in the aforementioned legislation; and
- Research and development in the field of building materials.

As detailed in note 13 (b), a significant part of the Company's transactions are with related parties.

Notes to the Annual Accounts

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 b) below, the Company's shares were admitted to trading on the Colombian Stock Exchange ("BVC") on November 16, 2012. Being a Spanish company, it is primarily 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 a Spanish company listed on the BVC rather than in Spain, Cemex Latam is not subject to Spanish corporate governance legislation applicable to corporations listed on Spanish stock markets, neither is it governed by similar provisions of best practice regulations applicable to Colombian issuers whose shares are listed on the BVC. However, Cemex Latam opted to voluntarily comply with certain best practice stipulations contained in the Unified Code of Good Governance, 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.

The Company is part of 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).

Notes to the Annual Accounts

(a) 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, 2014 and 2013 are as follows:

	Thousands	of Euros
	2014	2013
Current assets	112,599	94,286
Total assets	112,599	94,286
Current liabilities	6,066	45,955
Total liabilities	6,066	45,955
Reserves	50,543	12,130
Profit for the year	47,290	38,363
Translation differences	8,700	(2,162)
Total equity	106,533	48,331

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 those of the Company. However, the legal person being one and the same, its results are integrated into the accompanying accounts.

(b) Initial public offering

On November 15, 2012, the Company completed its initial public offering on the BVC of 170,388,000 new ordinary shares at a price of Colombian Pesos 12,250 (US Dollars 6.75) per share. The initial public offering ("**IPO**") included (a) 148,164,000 new ordinary shares targeting institutional and other investors in Colombia and a private placement among investors outside of Colombia, and (b) 22,224,000 new shares in a private placement subject to a put option (the "**Put Option**") granted to the underwriters (the "**Initial Buyers**") for a period of 30 days after the close of the offering.

Notes to the Annual Accounts

The net proceeds raised from the IPO amount to approximately US Dollars 963 million after deducting fees and expenses of US Dollars 37 million. The Company's shares are listed on the BVC under the ticker CLH. At December 31, 2014, Cemex España holds approximately 73.34% 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, 2014 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 2014, authorized for issue on March 26, 2015, 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 in accordance with 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 26, 2015 and filed with the Superintendencia Financiera Colombiana, the Colombian securities market regulator ("SFC"). 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) in the Reports Archive section of the Investor Center tab.

(b) <u>Comparative information</u>

The balance sheet, income statement, statement of changes in equity, statement of cash flows and the notes thereto for 2014 include comparative figures for 2013, which formed part of the annual accounts approved by shareholders at the annual general meeting held on May 14, 2014.

(c) Functional and presentation currency

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

Translation from the functional currency to Euros was carried out in accordance with the following criteria:

• Asset and liabilities at the exchange rate at the reporting date.

Notes to the Annual Accounts

- Income and expenses at the exchange rate at the date of the transactions.
- Exchange gains and losses arising from application of the preceding criteria are recognized as translation differences in equity.

(d) <u>Critical issues regarding the valuation and estimation of relevant uncertainties and judgments used when applying accounting principles</u>

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.

The Company is subject to applicable legislation. The Company recognizes a provision if it is probable that an obligation will exist at year end that will give rise to an outflow of resources embodying economic benefits and the outflow can be reliably measured. Potential legal proceedings generally imply a certain complexity with respect to their outcome and are subject to considerable uncertainties. As a result, the board of directors exercises prudence in determining the probability that the proceedings will result in an outflow of resources and in estimating the amount.

Although the estimates made by the Company's board of directors were based on the best information available at December 31, 2014, 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.

(e) Going concern basis

The Company had negative working capital amounting to Euros 33,369 thousand at December 31, 2014, including current payables to Cemex Group companies of Euros 28,544 thousand. The Company's board of directors authorized the accompanying 2014 annual accounts for issue in accordance with the going concern principle as the Company's cash flow projections indicate that it will obtain sufficient cash flow to ensure that it meets its short-term payment obligations. The Company's Board of directors also considers that it would be able to successfully renegotiate the maturity of certain outstanding payables to other Cemex Group companies if necessary.

Notes to the Annual Accounts

(3) Distribution of Profit

The distribution of the Euros 28,076,247.53 profit for the year ended December 31, 2013, proposed by the directors and approved by the shareholders at their annual general meeting on May 14, 2014, was as follows:

<u>Distribution</u>	<u>Euros</u>
Legal reserve	2,807,624.75
Offset of prior years' losses	2,291,841.76
Voluntary reserves	22,976,781.02
	-
	28,076,247.53

The board of directors will propose to the shareholders at their annual general meeting that the Euros 37,064,644.18 profit for the year ended December 31, 2014 be distributed as follows:

<u>Euros</u>
3,706,464.42 33,358,179.76
37,064,644.18

The Company's freely distributable reserves are, however, subject to the legal limits. Dividends may not be distributed if the distribution reduces equity to less than the Company's share capital. In addition, 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.

Notes to the Annual Accounts

(b) Financial instruments

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 its 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) <u>Loans and receivables</u>

These assets mainly include receivables from Group companies and are recognized initially at fair value, including transaction costs, and are 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, without prejudice to the content of note (1) above.

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.

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, the carrying amount of the investment is reduced.

Notes to the Annual Accounts

(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 as a liability. Transaction costs are recognized 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 that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

(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) <u>Derecognition and modification of financial liabilities</u>

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.

Notes to the Annual Accounts

(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 cash 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 balance sheet date.

The Company has elected to file tax under the tax regime for entities holding foreign securities (ETVEs in Spanish), 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 non-resident entities in Spain through the organization of material and human resources. The regulation of such entities is set forth in Title VII, Chapter XIV of Royal Legislative Decree 4/2004 of March 5, 2004.

The Company files consolidated tax returns with its principal shareholder, Cemex España, S.A., and with the subsidiaries thereof, Cemex España Operaciones, S.L.U., Corporación Cementera Latinoamericana, S.L.U., CCL Business Holdings S.L.U. and Business Material Funding, S.L. 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.

Deferred tax assets reflecting deductible temporary differences are recognized provided that it is probable that sufficient taxable income will be available against which the deductible temporary difference can be utilized, with the same exception as for taxable temporary differences.

Notes to the Annual Accounts

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 results from operating activities of the Cemex Latam Group companies in which the executives adhering to the scheme render their services. The shares underlying the long-term incentive scheme, which are treasury shares of the Company, are delivered fully paid-in over a period of four years under each annual program.

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

The Company classifies assets and liabilities in the balance sheet as current when they are expected to be realized or settled within twelve months from 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.

(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. The lease runs for five years, with automatic renewal for additional one-year periods provided that neither party notifies the other of its intention not to extend the agreement at least 60 calendar days prior to the end of the initial lease period or of any of the extended periods.

Notes to the Annual Accounts

Similarly, the Branch in Switzerland leases 300m² of office space from Cemex Research Group AG (CRG). The lease was signed in November 2012 and runs for a period of five years. The Branch may renew the lease for additional one-year periods by notifying the lessor at least 60 days before the expiry of the initial lease or any of its renewals.

Operating lease payments recognized as expenses amounted to Euros 140 thousand in 2014 and Euros 147 thousand in 2013.

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

	Thousands	of Euros
	2014	2013
Less than one year One to five years	153 265	142 529
	410	<i>(71</i>
	418	671

(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 markets 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 together and 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 departments are also involved in the process.

Notes to the Annual Accounts

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 conferred on it expressly in the Bylaws and the Regulations of the Board of Directors. In this respect, the Audit Committee is assisted by the Company's Internal Audit Area, which reports functionally to it.

The board of directors is ultimately responsible for the appropriate management of the Company's risks, approving and establishing suitable guidelines and policies, subject to a prior report by the Audit Committee.

The key indicators of the efficiency of the Company's internal control and corporate risk management are detailed in the pertinent sections of the Annual Corporate Governance Report which, pursuant to article 42 of the Regulations of the Board of Directors, 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 note 10.

(b) Cash flow interest rate risk

The Company is exposed to interest rate risk from borrowings (loans and credit facilities) with Cemex Group companies. Fixed-rate loans are exposed to fair value interest rate risks.

(c) Capital risk

At December 31, 2014 and 2013 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.

Notes to the Annual Accounts

(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, 2014 and 2013 no indications of impairment have been identified for which impairment of investments has not been recognized.

Details of and movement in investments in Group companies and associates in 2014 and 2013 are as follows:

	Thousands of Euros				
			Translation		
Investment(*)	31.12.2013	Additions	differences	31.12.2014	
·					
Corporación Cementera Latinoamericana, S.L.U.	1,243,865	12,914	171,444	1,428,223	
Equipos Para Uso de Guatemala, S.A.	82	-	11	93	
Maverick RE Ltd.	363		50	413	
Total	1,244,310	12,914	171,505	1,428,729	
·					
		Thousan	ds of Euros		
		Thousan	ds of Euros Translation		
Investment(*)	31.12.2012	Thousan		31.12.2013	
Investment(*)	31.12.2012		Translation	31.12.2013	
Investment(*) Corporación Cementera Latinoamericana, S.L.U.	31.12.2012 1,273,275		Translation	31.12.2013	
		Additions	Translation differences		
Corporación Cementera Latinoamericana, S.L.U.	1,273,275	Additions	Translation differences (52,511)	1,243,865	
Corporación Cementera Latinoamericana, S.L.U. Equipos Para Uso de Guatemala, S.A.	1,273,275 86	Additions	Translation differences (52,511) (4)	1,243,865	

^(*) 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.), Central de Mezclas, S.A. and Inversiones Secoya, S.A. (acquired in 2014) are not listed in the above table because the amounts are less than one thousand Euros.

In 2014 the Company increased its investment in Corporación Cementera Latinoamericana, S.L.U. by Euros 12,914 thousand (Euros 23,101 thousand in 2013) by way of a contribution made to offset this subsidiary's losses.

The Company did not receive any dividends in 2014 or 2013.

The functional currency of investments in foreign operations is the currency of the countries in which they are domiciled, with the exception of Cemex El Salvador, S.A. de C.V., whose functional currency is the US Dollar.

Notes to the Annual Accounts

(8) Financial Assets by Category

Financial assets classified as current at December 31, 2014 and 2013, broken down by category and class, except for investments in equity instruments of Group companies and associates, are as follows:

	Thousands of Euros		
	At amortized cost or cost		
	2014 2013		
Trade and other receivables Trade receivables from Group companies and associates Personnel	346 54	45,896 13	
	400	45,909	

The carrying amount of loans and 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 that the Company charges for royalties and the use of intangible assets, trademarks and Cemex management services provided through the Swiss Branch.

(9) Equity

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

(a) Capital

At December 31, 2014 and 2013 the Company's share capital amounted 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.

The Company's shares are listed on the Colombian Stock Exchange under the ticker CLH.

(b) Share premium

The share premium includes contributions 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.

Notes to the Annual Accounts

(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 companies to 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

Voluntary reserves are freely distributable, unless equity would be less than share capital as a result of their distribution.

(iii) Other reserves

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

- In 2013, the Company recognized issue expenses of Euros 393 thousand on the aforementioned IPO (see note 1 (b)).
- In 2014, reserves were reduced by Euros 357 thousand 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) <u>Treasury shares</u>

- As stated in note 1 (b), on December 12, 2012, certain investors exercised a put option they held on shares previously acquired from the Company. Therefore, shares amounting to Euros 113,649 thousand at US Dollars 6.75 per share were reincorporated into treasury shares.
- In 2014, treasury shares were reduced by Euros 406 thousand, 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)).

Notes to the Annual Accounts

(10) Financial Liabilities by Category

The classification of financial liabilities by category and class at December 31, 2014 and 2013 is follows:

	Thousands of Euros					
	2014			2013		
	Non- current	Current	Total	Non- current	Current	Total
Group companies and associates						
Fixed-rate loans (note 11)	68,158	22,701	90,859	79,918	19,968	99,886
Fixed-rate credit facilities (note 11)	27,096	-	27,096	33,297	-	33,297
Accrued interest	_	2,285	2,285	_	2,548	2,548
Other payables	-	3,896	3,896	-	43,141	43,141
	95,254	28,882	124,136	113,215	65,657	178,872
Trade and other payables						
Other payables	-	588	588	-	631	631
Payables, Group companies and associates	-	8	8	-	12	12
Personnel	-	157	157	-	117	117
	-	753	753	-	760	760
	95,254	29,635	124,889	113,215	66,417	179,632

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.

Other current payables at December 31, 2014 and 2013 mainly comprise payables to Cemex, S.A.B. de C.V., Cemex Central, S.A. de C.V. and Cemex Research Group AG, for use of the trademark and intangible assets and management services provided through the Swiss Branch, respectively.

Details of gains and losses on financial liabilities recognized in the income statement in 2014 and 2013 are as follows:

	Thousands	Thousands of Euros		
	2014	2013		
Finance costs at amortized cost	8,980	9,888		
	8,980	9,888		

Notes to the Annual Accounts

(11) Payables and Trade Payables

(a) Main characteristics of financial debt

The terms and conditions of loans and borrowings at December 31, 2014 and 2013 are as follows:

	2014						
					Tho	usands of Eu	iros
Туре	Currency	% effective and nominal rate	Start	Maturity	Nominal amount in original currency (thousands)	Current	Non-current
Group companies and associates							
Fixed-rate loans Construction Funding Corporation	USD	7%	2012	2018	1,150,000	22,701	68,158
Fixed-rate credit facilities Construction Funding Corporation	USD	7%	2012	2018	220,000	-	27,096
						22,701	95,254
				20:	13		
					Tho	usands of Eu	iros
Туре	Currency	% effective and nominal rate	Start	Maturity	Nominal amount in original currency (thousands)	Current	Non-current
Group companies and associates							
Fixed-rate loans Construction Funding Corporation	USD	7%	2012	2018	1,150,000	19,968	79,918
Fixed-rate credit facilities Construction Funding Corporation	USD	7%	2012	2018	50,000	_	33,297
						19,968	113,215

Notes to the Annual Accounts

(b) Classification by maturity

The classification by maturity of non-current financial liabilities, all of which are payables to Group companies and associates, at December 31, 2014 and 2013 is follows:

	Thousands	of Euros
	2014	2013
Two years	22,701	19,968
Three years	22,701	19,968
Four years	49,852	19,968
Five years	- .	53,311
	95,254	113,215

(12) Taxation

Details of balances with public entities, classified as current, at December 31, 2014 and 2013 are as follows:

	Thousan	Thousands of Euros		
	2014	2013		
Assets				
Current tax assets	-	973		
Value added tax and similar taxes	359	256		
	359	1,229		
Liabilities				
Current tax liabilities	4,972	3,889		
Social Security	49	21		
Withholdings	84	62		
	5,105	3,972		

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 tax legislation, losses declared may be offset against profits of subsequent accounting periods, the amount being distributed as considered appropriate. Losses are offset when the income tax return is filed, without prejudice to the taxation authorities' power of inspection. Tax legislation also stipulates that temporarily, for 2012 to 2015, tax loss carryforwards may be offset up to a limit of 25% of taxable income prior to the application of these losses.

The Company files consolidated income tax returns with its main shareholder, Cemex España. In accordance with tax legislation, income is taxed at a rate of 30% of taxable income, which may be reduced by certain credits and deductions. The Company is also subject to the tax regime for entities holding foreign securities in accordance with Title VII, Chapter XIV of the Spanish Income Tax Law passed in Royal Legislative Decree 4/2004 of March 5, 2004.

Notes to the Annual Accounts

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.

Income tax is calculated based on accounting or financial profit or loss, obtained through the application of generally accepted accounting principles, which does not necessarily have to match the profit or loss for tax purposes, understood as the taxable income or tax loss. A provisional reconciliation of the accounting profit for 2014 and 2013 to the tax loss for income tax purposes is as follows:

	Thousand	s of Euros
	2014	2013
Profit before income tax	49,075	40,964
Permanent differences		
Of the Company	-	(393)
Of the Branch	(59,470)	(52,038)
Accounting loss for tax purposes	(10,395)	(11,467)
Tax loss of the Company	(10,395)	(11,467)

Permanent differences in 2013 relate to incorporation and capital increase expenses taken directly to reserve accounts in equity and considered tax-deductible (see note 9 (c)). 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 deferred tax assets or liabilities at December 31, 2014 or 2013.

Notes to the Annual Accounts

Details of the income tax expense related to profit/loss for 2014 and 2013 are as follows:

	2014 Thousands of Euros			
	Company	Branch	Total	
Profit/(loss) for the year before tax Tax paid abroad	(10,395)	59,470 (9,703)	49,075 (9,703)	
-	(10,395)	49,767	39,372	
Tax at 30%/9.64%	(3,119)	4,797	1,678	
Tax paid abroad	_	9,703	9,703	
Tax credits and deductions not capitalized in the year	3,119	-	3,119	
Other (adjustment of final tax for prior year)	(2,737)	247	(2,490)	
Income tax expense/(income)	(2,737)	14,747	12,010	

	2013 Thousands of Euros			
	Company	Branch	Total	
Profit/(loss) for the year before tax Tax paid abroad	(11,074)	52,038 (9,674)	40,964 (9,674)	
	(11,074)	42,364	31,290	
Tax at 30%/9.64%	(3,322)	4,084	762	
Tax paid abroad	-	9,674	9,674	
Tax credits and deductions not capitalized in the year	3,322	-	3,322	
Other (adjustment of final tax for prior year)	(753)	(117)	(870)	
Income tax expense/(income)	(753)	13,641	12,888	

In 2014 and 2013, the Cemex España, S.A. consolidated tax group utilized the Company's available tax loss carryforwards incurred in the 2013 and 2012 tax periods, which resulted in Cemex España S.A. paying Cemex Latam amounts of Euros 2,737 and Euros 753, respectively.

Notes to the Annual Accounts

Details of the income tax expense in 2014 and 2013 are as follows:

	Thousands of Euros		
	2014	2013	
Current tax			
For the period	11,381	10,436	
Tax credits and deductions not capitalized in the year	3,119	3,322	
Other (adjustment of final tax for prior year)	(2,490)	(870)	
	12,010	12,888	

The new Income Tax Law 27/2014 of November 27, 2014 was published in the Official State Gazette (BOE) on November 28, 2014 and applies to tax periods beginning as of January 1, 2015. As regards the impact on the Company, initially the reform is only expected to affect the tax rate applicable to any taxable profits posted, which will be reduced from 30% to 28% for tax periods beginning as of January 1, 2015, and to 25% for tax periods beginning as of January 1, 2016. The Company does not expect any changes in the tax returns of the Branch or the consolidated tax group as a result of the new legislation.

The new Income Tax Law 27/2014 also limits the amounts that may be offset by all types of entities, for periods beginning as of January 1, 2016, to 70% of taxable income, with a minimum of Euros 1 million.

The General State Budget Law 36/2014 of December 26, 2014 was published in the Official State Gazette (BOE) on December 30, 2014. This Law defines the budgets for 2015 and amends transitional provision thirty-six of the new Income Tax Law 27/2014, so as to correct an error in the percentage regarding the offset limit for tax loss carryforwards, solely for the tax period beginning as of January 1, 2016. As such, this percentage has been reduced to 60%, with a minimum of Euros 1 million, instead of 70% as previously stipulated (although the latter limit still applies to tax periods beginning as of January 1, 2017 and thereafter).

(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 carried out with Cemex Latam Group companies and other Cemex Group companies, respectively.

Notes to the Annual Accounts

(a) Related party balances

Details of balances with related parties at December 31, 2014 and 2013 are as follows:

	2014				
	Thousands of Euros				
	Parent	Group companies	Other related parties	Total	
Non-current investments in Group companies and associates Equity instruments (note 7)		1,428,729		1,428,729	
Total non-current assets		1,428,729		1,428,729	
Trade and other receivables Trade receivables, Group companies and associates, current (note 8)		339	7_	346	
Total current assets		339	7	346	
Total assets		1,429,068	7	1,429,075	
Group companies and associates, non-current (note 10)			95,254	95,254	
Total non-current liabilities			95,254	95,254	
Group companies and associates, current (note 10)		150	28,732	28,882	
Trade and other payables Payables, Group companies and associates	8			8	
Total current liabilities	8	150	28,732	28,890	
Total liabilities	8	150	123,986	124,144	
		2013			
		Thousands of			
<u>-</u>	Parent	Group companies	Other related parties	Total	
Non-current investments in Group companies and associates Equity instruments (note 7)		1,244,310		1,244,310	
Total non-current assets	-	1,244,310		1,244,310	
Trade and other receivables Trade receivables, Group companies and associates, current (note 8)		45,896	<u>-</u>	45,896	
Total current assets	-	45,896		45,896	
Total assets	-	1,290,206	_	1,290,206	
Group companies and associates, non-current (note 10)			113,215	113,215	
Total non-current liabilities	-		113,215	113,215	
Group companies and associates, current (note 10) Trade and other payables	-	1,358	64,299	65,657	

Notes to the Annual Accounts

	2013					
	Thousands of Euros					
			Other			
		Group	related			
	Parent	companies	parties	Total		
Payables, Group companies and associates	12	_	<u> </u>	12		
Total current liabilities	12	1,358	64,299	65,669		
Total liabilities	12	1,358	177,514	178,884		

(b) Related party transactions

The amounts of transactions with related parties in 2014 and 2013 are as follows:

			2014			
	Thousands of Euros					
		Group		Other related		
	Parent	companies	Directors	parties	Total	
Income						
Income from royalties or licenses	-	98,835	-	-	98,835	
Use of trademark	-	7,899	-	-	7,899	
Management services	-	20,757	-	-	20,757	
Other services rendered	-	6	-	-	6	
		127,497	-	-	127,497	
Expenses						
Expenses for royalties or licenses	-	-	_	37,054	37,054	
Use of trademark	-	-	-	8,049	8,049	
Management services	_	_	_	20,283	20,283	
Other services received	41	138	-	99	278	
Personnel expenses	-	-	243	-	243	
Finance costs	-	-	-	8,977	8,977	
	41	138	243	74,462	74,884	

Notes to the Annual Accounts

2013

	Thousands of Euros					
	Group			Other related		
	Parent	companies	Directors	parties	Total	
Income						
		06.024			06.024	
Income from royalties or licenses	-	96,934	-	-	96,934	
Use of trademark	-	7,285	-	-	7,285	
Management services	-	16,946	-	-	16,946	
Other services rendered		11			11	
	_	121,176	-	_	121,176	
Expenses						
Expenses for royalties or licenses	_	_	_	43,122	43,122	
Use of trademark	-	-	_	7,035	7,035	
Management services	-	-	-	15,586	15,586	
Other services received	49	939	-	98	1,086	
Personnel expenses	-	-	148	-	148	
Finance costs				9,885	9,885	
	49	939	148	75,726	76,862	

Notes to the Annual Accounts

(c) <u>Transactions other than ordinary business or under terms differing from market</u> conditions carried out by the directors of the Company

During the years ended December 31, 2014 and 2013, the Company's directors did not carry out any transactions outside the ordinary course of business or that were not under market conditions.

(d) <u>Investments and positions held by the directors and senior management personnel in other companies</u>

Details of investments held by the directors and their related parties in companies with identical, similar or complementary statutory activities to that of the Company, as well as positions held and functions and activities performed in these companies, are shown in Appendix IV, which forms an integral part of this note.

In 2014 and 2013, the members of the board of directors earned remuneration of Euros 243 thousand and Euros 148 thousand, respectively, payable after the forthcoming annual general meeting of shareholders, as well as allowances for board meeting attendance. The Company does not have any senior management personnel.

At December 31, 2014 and 2013, the Company's directors held shares in Cemex, S.A.B. de C.V., representing a combined stake of 0.01090% and 0.01089%, respectively, of this company's share capital. Nevertheless, no conflict of interest is considered to exist affecting the directors' duties of due diligence and loyalty.

Although the information disclosed in this section is not obligatory, in view of the entry into force of Law 31/2014 amending the Spanish Companies Act to improve corporate governance, the directors have considered it appropriate to include such details, in line with the criteria adopted in the prior year.

(e) Conflicts of interest concerning the directors

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) <u>Income and Expenses</u>

(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. All of these revenues are generated in Latin America and are accrued in US Dollars.

Notes to the Annual Accounts

(b) Personnel expenses and employee information

Details of personnel expenses in 2014 and 2013 are as follows:

	Thousands of Euros		
	2014	2013	
Salaries, wages and similar costs			
Salaries and wages	1,713	1,589	
Charges to defined contribution plans	6	4	
Other remuneration	336	441	
	2,055	2,034	
Employee benefits expense			
Social Security payable by the Company	294	205	
Other employee benefits expenses	164	209	
	458	414	
	2,513	2,448	

The average number of employees and directors of the Company in 2014 and 2013, by professional category, is as follows:

	Number		
Professional category	2014	2013	
Directors	9	9	
Executives	2	1	
Managers and supervisors	17	17	
	28	27	

The distribution of personnel by gender at December 31, 2014 and 2013 is as follows:

	Number			
	2014		2013	
Professional category	Female	Male	Female	Male
Directors	1	8	1	8
Executives	-	2	_	1
Managers and supervisors	8	9	8	9
	9	19	9	18

At December 31, 2014 and 2013 one member of the board of directors was female.

Notes to the Annual Accounts

(c) Other operating expenses

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

(15) Audit Fees

KPMG Auditores, S.L. accrued the following fees in 2014 and 2013 in respect of professional services rendered to the Company:

	Euros		
	2014	2013	
Audit services Other services	329,970 15,300	298,000 16,500	
	345,270	314,500	

The amounts shown in the above table reflect the fees for 2014 and 2013, irrespective of the date of invoice.

(16) Commitments and contingencies

At December 31, 2014 the Company has the following relevant commitments:

- On November 15, 2012 Cemex Latam, through the Branch in Switzerland, entered into an agreement with Cemex, S.A.B. de C.V. for use of Cemex trademarks. This agreement will remain in force for five years and is automatically renewable for equal periods. 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 8,049 thousand at December 31, 2014 (Euros 7,035 thousand in 2013).
- On November 15, 2012 Cemex Latam, through the Branch in Switzerland, entered into an agreement with Cemex Research Group AG for the use, operation and exploitation of intangible assets. This agreement will remain in force for five years and is automatically renewable for equal periods. 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 37,054 thousand at December 31, 2014 (Euros 43,122 thousand in 2013).

Notes to the Annual Accounts

- On November 15, 2012 Cemex Latam, through its Branch in Switzerland, entered into an agreement for the provision of technical services 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 service agreement will remain in force for five years and is automatically renewable for equal periods. 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 amounts to Euros 20,283 thousand at December 31, 2014 (Euros 15,586 thousand in 2013).
- 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, payable on a quarterly basis each financial period. The 5% rate agreed in these agreements cannot be increased without the consent of Cemex Latam's independent board members.
- With respect to the IPO (see note 1) and to prevent potential conflicts of interest, 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 partnership 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;
 - To issue or sell any shares or equity derivatives or to operate any share-based incentive plans, except through (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 long-term incentive plans 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;

Notes to the Annual Accounts

- To (i) create, assume, grant or guarantee any type of debt on behalf of the Company, and (ii) pledge or encumber any assets for a total amount of over 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 without effect 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).

Information on Group Companies and Associates

December 31, 2014

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

Name	Registered office	Activity	Auditor
Subsidiaries			
Cemento Bayano, S.A.	Panama City (Republic of Panama)	Manufacture and sale of cement and concrete	KPMG
Cemex Bogotá Investments, B.V.	Amsterdam (Netherlands)	Holding company	-
Cemex Caribe II Investments, B.V.	Amsterdam (Netherlands)	Holding company	-
Cemex El Salvador, S.A de C.V.	La Libertad (El Salvador)	Sale of cement	KPMG
Cemex Nicaragua, S.A.	Managua (Nicaragua)	Manufacture and sale of cement	KPMG
Cemex Transportes de Colombia, S.A.	Bogotá (Colombia)	Freight	KPMG
Central de Mezclas, S.A.	Bogotá (Colombia)	Mining permits	KPMG
Cimento Vencemos do Amazonas Ltda.	Manaus (Brazil)	Sale of cement	KPMG
Corporación Cementera Latinoamericana, S.L.U.	Madrid (Spain)	Holding company	KPMG
Equipos Para Uso de Guatemala, S.A.	Guatemala City (Guatemala)	Equipment hire	KPMG
Cemex Guatemala, S.A. (formerly Global Cement, S.A.)	Puerto Quetzal (Guatemala)	Manufacture and sale of cement and concrete	KPMG
Cemex Colombia, S.A.	Bogotá (Colombia)	Manufacture and sale of cement and concrete	KPMG
Cemex Costa Rica, S.A.	San José (Costa Rica)	Manufacture and sale of cement	KPMG
Lomas del Tempisque, S.R.L.	San José (Costa Rica)	Holding company	KPMG
Maverick RE Ltd	Hamilton (Bermuda)	Insurance company	KPMG
Pavimentos Especializados, S.A.	Panama City (Republic of Panama)	Consultancy, advisory, study, design and consumption	KPMG
Tecas Siglo XXI, S.A.	Panama City (Republic of Panama)	Purchase of land	-
Cemex Lan Trading Corporation	Bridgetown (Barbados)	Sale of cement	-
Cemex Premezclados de Colombia, S.A.	Bogotá (Colombia)	Manufacture and sale of construction materials	KPMG
Inversiones Secoya, S.A.	Managua (Nicaragua)	Manufacture and sale of construction materials	KPMG
CCL Business Holdings, S.L.	Madrid (Spain)	Holding company	-

This appendix forms an integral part of note 7 to the annual accounts for 2014, in conjunction with which it should be read.

Information on Group Companies and Associates

December 31, 2013

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

Name	Registered office	Activity	Auditor
Subsidiaries			
Cemento Bayano, S.A.	Panama City (Republic of Panama)	Manufacture and sale of cement and concrete	KPMG
Cemex Bogotá Investments, B.V.	Amsterdam (Netherlands)	Holding company	-
Cemex Caribe II Investments, B.V.	Amsterdam (Netherlands)	Holding company	-
Cemex El Salvador, S.A de C.V.	La Libertad (El Salvador)	Sale of cement	KPMG
Cemex Nicaragua, S.A.	Managua (Nicaragua)	Manufacture and sale of cement	KPMG
Cemex Transportes de Colombia, S.A.	Bogotá (Colombia)	Freight	KPMG
Central de Mezclas, S.A.	Bogotá (Colombia)	Mining permits	KPMG
Cimento Vencemos do Amazonas Ltda.	Manaus (Brazil)	Sale of cement	KPMG
Corporación Cementera Latinoamericana, S.L.U.	Madrid (Spain)	Holding company	KPMG
Equipos Para Uso de Guatemala, S.A.	Guatemala City (Guatemala)	Equipment hire	KPMG
Cemex Guatemala, S.A. (formerly Global Cement, S.A.)	Puerto Quetzal (Guatemala)	Manufacture and sale of cement and concrete	KPMG
Cemex Colombia, S.A.	Bogotá (Colombia)	Manufacture and sale of cement and concrete	KPMG
Cemex Costa Rica, S.A.	San José (Costa Rica)	Manufacture and sale of cement	KPMG
Lomas del Tempisque, S.R.L.	San José (Costa Rica)	Holding company	KPMG
Maverick RE Ltd	Hamilton (Bermuda)	Insurance company	KPMG
Pavimentos Especializados, S.A.	Panama City (Republic of Panama)	Consultancy, advisory, study, design and consumption	KPMG
Tecas Siglo XXI, S.A.	Panama City (Republic of Panama)	Purchase of land	-
Cemex Lan Trading Corporation	Bridgetown (Barbados)	Sale of cement	-
CCL Business Holdings, S.L.	Madrid (Spain)	Holding company	-

Other Information on Group Companies and Associates December 31, 2014

(Expressed in thousands of Euros)

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

						Thousands of Euro	os			
		% ownership					Profit	(loss)		
Name	Direct	Indirect	Total	Capital	Reserves	Other equity line items	Operating activities	Continuing operations	Total equity	Carrying amount
Subsidiaries										
Cemento Bayano, S.A.	_	99.48%	99.48%	100.058	122.077	33.839	58,182	42.247	298,220	_
Cemex Bogotá Investments, B.V.	-	100.00%	100.00%	1,197,195	(72,206)	153,401	(43)	84,173	1,362,563	-
Cemex Caribe II Investments, B.V.	_	100.00%	100.00%	237,001	4,593	-	(6)	16	241,610	-
Cemex El Salvador, S.A de CV	0.01%	99.99%	100.00%	1,810	8,498	1,518	1,469	1,059	12,886	-
Cemex Nicaragua, S.A.	-	98.85%	98.85%	3	18,651	2,305	12,815	8,778	29,737	-
Cemex Transportes de Colombia, S.A. (1)	-	100.00%	100.00%	_	· -	· -	· -	´ -	· -	-
Central de Mezclas, S.A. ⁽¹⁾	-	100.00%	100.00%	_	-	-	-	-	_	-
Cimento Vencemos do Amazonas Ltda. (1)	-	100.00%	100.00%	12,064	100,398	493	(413)	(137)	112,819	-
Corporación Cementera Latinoamericana, S.L.U.	100.00%	_	100.00%	1,314,761	705,774	67,540	(120)	(18,130)	2,069,945	1,428,223
Equipos Para Uso de Guatemala, S.A.	1.00%	99.00%	100.00%	-	14,132	1,930	131	(335)	15,728	93
Cemex Guatemala, S.A. (formerly Global Cement, S.A.) (1)	-	100.00%	100.00%	14,850	86,359	16,415	14,045	10,266	127,891	-
Cemex Colombia, S.A.	-	99.74%	99.74%	235,384	676,193	(74,752)	198,065	144,601	981,426	-
Cemex Costa Rica, S.A.	-	98.83%	98.83%	286	15,791	4,813	36,508	26,431	47,320	-
Lomas del Tempisque, S.R.L.	-	99.74%	99.74%	89,452	(20,956)	10,896	9	17,403	96,795	-
Maverick RE Ltd	100.00%	-	100.00%	363	9,546	2,077	8,765	8,762	20,748	413
Pavimentos Especializados, S.A.	-	99.74%	99.74%	109	(428)	(50)	(32)	122	(247)	-
Tecas Siglo XXI, S.A.	-	100.00%	100.00%	7	-	1	-	-	8	-
Cemex Lan Trading Corporation	-	100.00%	100.00%	-	3,353	775	3,492	3,400	7,529	-
CCL Business Holdings, S.L.	-	100.00%	100.00%	3	(1)	-	-	(1)	1	-
Cemex Premezclados de Colombia, S.A.	-	100.00%	100.00%	56	-	(1)	293	68	122	-
Inversiones Secoya, S.A.	1.00%	99.00%	100.00%	1	-	(6)	(96)	(325)	(331)	
										1,428,729

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

This appendix forms an integral part of notes 1 and 7 to the annual accounts for 2014, in conjunction with which it should be read.

⁽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.), Central de Mezclas, S.A. and Inversiones Secoya, S.A. (acquired in 2014) are not listed in the above table because the amounts are less than one thousand Euros.

Other Information on Group Companies and Associates December 31, 2013

(Expressed in thousands of Euros)

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

	Thousands of Euros									
		% ownership					Profi	t/(loss)		
Name	Direct	Indirect	Total	Capital	Reserves	Other equity line items	Operating activities	Continuing operations	Total equity	Carrying amount
Subsidiaries										
Cemento Bayano, S.A.	_	99.48%	99.48%	107,535	98,732	(15,605)	44,688	36,869	227,531	-
Cemex Bogotá Investments, B.V.	_	100.00%	100.00%	1,285,568	(39,848)	(82,735)	(73,210)	(36,607)	1,126,378	-
Cemex Caribe II Investments, B.V.	_	100.00%	100.00%	237,001	4,553	-	82	41	241,595	-
Cemex El Salvador, S.A de CV	0.01%	99.99%	100.00%	1,944	7,825	(722)	1,858	1,274	10,321	-
Cemex Nicaragua, S.A.	-	98.82%	98.82%	3	12,224	(1,624)	10,132	8,059	18,661	-
Cemex Transportes de Colombia, S.A. (1)	-	100.00%	100.00%	-	-	=	-	-	-	-
Central de Mezclas, S.A. (1)	-	100.00%	100.00%	-	-	-	-	-	-	-
Cimento Vencemos do Amazonas Ltda. (1)	-	100.00%	100.00%	15,129	128,209	(28,913)	(531)	(1,746)	122,679	-
Corporación Cementera Latinoamericana, S.L.U.	100.00%	-	100.00%	1,314,761	712,232	(182,284)	(113)	(19,020)	1,825,689	1,243,865
Equipos Para Uso de Guatemala, S.A.	1.00%	99.00%	100.00%	1	14,741	(922)	(204)	(115)	13,704	82
Cemex Guatemala, S.A. (formerly Global Cement, S.A.) (1)	-	100.00%	100.00%	15,507	84,627	(7,250)	11,179	7,919	100,803	-
Cemex Colombia, S.A.	-	99.71%	99.71%	270,070	717,210	(111,683)	199,567	169,387	1,044,984	-
Cemex Costa Rica, S.A.	-	98.81%	98.81%	337	21,084	(2,388)	29,159	19,747	38,780	-
Lomas del Tempisque, S.R.L.	-	99.71%	99.71%	70,281	(20,155)	(4,258)	25,222	12,573	58,441	-
Maverick RE Ltd	100.00%	-	100.00%	386	1,783	(385)	8,137	8,137	9,921	363
Pavimentos Especializados, S.A.	-	99.71%	99.71%	117	384	(17)	(822)	(804)	(319)	-
Tecas Siglo XXI, S.A.	-	100.00%	100.00%	8	-	(1)	-	-	7	-
Cemex Lan Trading Corporation	-	100.00%	100.00%	-	-	(107)	3,548	3,464	3,357	-
CCL Business Holdings, S.L.	-	100.00%	100.00%	3	-	-	-	-	3	
										1,244,310

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

This appendix forms an integral part of notes 1 and 7 to the annual accounts for 2014, in conjunction with which it should be read.

⁽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.

Details of Reserves December 31, 2014 and 2013

(Expressed in thousands of Euros)

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

		Voluntary			
	Legal reserve	reserves	Other reserves	Prior years' losses	Total
Balance at December 31, 2012	-	-	(7,513)	-	(7,513)
Distribution of profit/application of losses	-	-	-	(2,292)	(2,292)
Other changes in equity	-	-	(393)	-	(393)
Balance at December 31, 2013	-	-	(7,906)	(2,292)	(10,198)
Distribution of profit/application of losses	2,808	22,976	-	2,292	28,076
Other changes in equity	-	-	(357)	-	(357)
Balance at December 31, 2014	2,808	22,976	(8,263)	-	17,521

Details of Investments and Positions Held by Directors in Other Companies December 31, 2014

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

Director	Company	Position
Mr. Joima C. Elizando Chana		Board Member
Mr. Jaime G. Elizondo Chapa	Cemex Perú, S.A. Cemex Costa Rica, S.A	Chairman of the Board of Directors
	Lomas del Tempisque, S.R.L.	Manager
	Cemex El Salvador, S.A de CV	Chairman of the Board of Directors
	Servicios Directos, S.A.	Chairman of the Board of Directors
	Cemento Bayano, S.A.	Chairman of the Board of Directors
	Cemex Caribe, S.A.	Chairman of the Board of Directors
	Cemex Concretos, S.A.	Chairman of the Board of Directors
	Pavimentos Especializados, S.A.	Chairman of the Board of Directors
	Distribuidora de Materiales de Construcción	Chairman of the Board of Directors
	DIMACO DMC, Sociedad Anónima.	D 11/4 1
	Cemex Cal, Inc.	Board Member
	Cemex Colombia, S.A. Cemex Concretos, Inc.	Board Member Chairman of the Board of Directors
	Cemex de Puerto Rico, Inc.	Board Member
	Cemex Dominicana, S.A.	Vice-chairman of the Board of Directors
	Cemex Jamaica Limited	Board Member
	Cemex Global Sourcing, Inc.	Chairman of the Board of Directors
	Tecnologías de Recursos Minerales, S.A. de C.V.	Board Member
	Inversiones Mitre, C.A.	Board Member
	CEMEX, S.A.B. de C.V.	Chairman of CEMEX South America, Central America and the
		Caribbean (SCA&C)
Mr. Juan Pablo San Agustín Rubio	Neoris USA Inc.	Board Member
_	TRG Blue Rock HBM Holdings S.a.r.l. (CEMEX	
	shareholding: 26.93%)	Board Member
	CEMEX, S.A.B. de C.V.	EVP Planificación y Desarrollo de Nuevos Negocios
Mr. Ignacio Madridejos Fernández	Cemex Deutschland AG.	Chairman of the Oversight Board
B	Cemex France Services (GIE)	Sole Director
	Cemex Investment Limited	Board Member
	Cemex UK Cement Limited	Board Member
	Cemex UK Materials Limited	Board Member
	Cemex UK Operations Limited	Board Member
	Cemex España, S.A.	Chairman of the Board of Directors and Managing Director
	Readymix Limited (Ireland)	Board Member
	CEMEX, S.A.B. de C.V.	Chairman of CEMEX Northern Europe
Mr. Jaime Muguiro Domínguez	Assiut Cement Company	Representative of the Board Member Cemex Egypt for Distribution
	Cemex Hrvatska d.d.	Chairman of the Oversight Board
	Cemex España, S.A.	Vice-chairman of the Board of Directors and Managing Director
	Readymix Industries (Israel) Ltd.	Board Member
	Readymix Holdings (Israel) Ltd.	Board Member
	CEMEX, S.A.B. de C.V.	Chairman of CEMEX Mediterranean
Mr. Jaime Ruiz de Haro		Chairman of the Board of Directors and Managing Director
	Cementos Andorra, S.A.	Chairman of the Board of Directors and Managing Director
	Cemex España Operaciones, S.L.U.	Chairman of the Board of Directors and Managing Director Chairman of the Board of Directors and Managing Director
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	Cemex España Operaciones, S.L.U.	Chairman of the Board of Directors and Managing Director
Mr. Juan Pelegrí y Girón	Cemex España Operaciones, S.L.U. Cemex España, S.A.	Chairman of the Board of Directors and Managing Director Board member and General Manager Representative of the Board Member Cemex Egyptian Investments
Mr. Juan Pelegrí y Girón	Cemex España, Operaciones, S.L.U. Cemex España, S.A. Assiut Cement Company	Chairman of the Board of Directors and Managing Director Board member and General Manager Representative of the Board Member Cemex Egyptian Investments B.V.
Mr. Juan Pelegrí y Girón	Cemex España Operaciones, S.L.U. Cemex España, S.A. Assiut Cement Company Cemex Asia Holdings Ltd	Chairman of the Board of Directors and Managing Director Board member and General Manager Representative of the Board Member Cemex Egyptian Investments B.V. Board Member
Mr. Juan Pelegrí y Girón	Cemex España Operaciones, S.L.U. Cemex España, S.A. Assiut Cement Company Cemex Asia Holdings Ltd Balboa Investment B.V.	Chairman of the Board of Directors and Managing Director Board member and General Manager Representative of the Board Member Cemex Egyptian Investments B.V. Board Member Board Member
Mr. Juan Pelegrí y Girón	Cemex España Operaciones, S.L.U. Cemex España, S.A. Assiut Cement Company Cemex Asia Holdings Ltd Balboa Investment B.V. Cemex Asia Pte Limited	Chairman of the Board of Directors and Managing Director Board member and General Manager Representative of the Board Member Cemex Egyptian Investments B.V. Board Member Board Member Board Member Board Member
Mr. Juan Pelegrí y Girón	Cemex España Operaciones, S.L.U. Cemex España, S.A. Assiut Cement Company Cemex Asia Holdings Ltd Balboa Investment B.V. Cemex Asia Pte Limited Cemex Egyptian Investments B.V.	Chairman of the Board of Directors and Managing Director Board member and General Manager Representative of the Board Member Cemex Egyptian Investments B.V. Board Member Board Member Board Member Board Member Board Member
Mr. Juan Pelegrí y Girón	Cemex España Operaciones, S.L.U. Cemex España, S.A. Assiut Cement Company Cemex Asia Holdings Ltd Balboa Investment B.V. Cemex Asia Pte Limited	Chairman of the Board of Directors and Managing Director Board member and General Manager Representative of the Board Member Cemex Egyptian Investments B.V. Board Member Board Member Board Member Board Member
Mr. Juan Pelegrí y Girón	Cemex España Operaciones, S.L.U. Cemex España, S.A. Assiut Cement Company Cemex Asia Holdings Ltd Balboa Investment B.V. Cemex Asia Pte Limited Cemex Egyptian Investments B.V. Cemex Deutschland AG	Chairman of the Board of Directors and Managing Director Board member and General Manager Representative of the Board Member Cemex Egyptian Investments B.V. Board Member Board Member Board Member Board Member Member of the Oversight Board Board Member (Non-member) Secretary and representative of the Board Member
Mr. Juan Pelegrí y Girón	Cemex España, S.A. Assiut Cement Company Cemex Asia Holdings Ltd Balboa Investment B.V. Cemex Asia Pte Limited Cemex Egyptian Investments B.V. Cemex Deutschland AG Cemex UK Cemex España, S.A.	Chairman of the Board of Directors and Managing Director Board member and General Manager Representative of the Board Member Cemex Egyptian Investments B.V. Board Member Board Member Board Member Board Member Member of the Oversight Board Board Member (Non-member) Secretary and representative of the Board Member New Sunward Holding, B.V.
Mr. Juan Pelegrí y Girón	Cemex España, S.A. Assiut Cement Company Cemex Asia Holdings Ltd Balboa Investment B.V. Cemex Asia Pte Limited Cemex Egyptian Investments B.V. Cemex Deutschland AG Cemex UK Cemex España, S.A. Corporación Cementera Latinoamericana, S.L.U.	Chairman of the Board of Directors and Managing Director Board member and General Manager Representative of the Board Member Cemex Egyptian Investments B.V. Board Member Board Member Board Member Board Member Member of the Oversight Board Board Member (Non-member) Secretary and representative of the Board Member New Sunward Holding, B.V. Representative of the Sole Director Cemex Latam Holdings, S.A.
Mr. Juan Pelegrí y Girón	Cemex España, S.A. Assiut Cement Company Cemex Asia Holdings Ltd Balboa Investment B.V. Cemex Asia Pte Limited Cemex Egyptian Investments B.V. Cemex Deutschland AG Cemex UK Cemex España, S.A. Corporación Cementera Latinoamericana, S.L.U. New Sunward Holding, B.V.	Chairman of the Board of Directors and Managing Director Board member and General Manager Representative of the Board Member Cemex Egyptian Investments B.V. Board Member Board Member Board Member Board Member Member of the Oversight Board Board Member (Non-member) Secretary and representative of the Board Member New Sunward Holding, B.V. Representative of the Sole Director Cemex Latam Holdings, S.A. Board Member
Mr. Juan Pelegrí y Girón	Cemex España, S.A. Assiut Cement Company Cemex Asia Holdings Ltd Balboa Investment B.V. Cemex Asia Pte Limited Cemex Egyptian Investments B.V. Cemex Deutschland AG Cemex UK Cemex España, S.A. Corporación Cementera Latinoamericana, S.L.U.	Chairman of the Board of Directors and Managing Director Board member and General Manager Representative of the Board Member Cemex Egyptian Investments B.V. Board Member Board Member Board Member Board Member Member of the Oversight Board Board Member (Non-member) Secretary and representative of the Board Member New Sunward Holding, B.V. Representative of the Sole Director Cemex Latam Holdings, S.A.
Mr. Juan Pelegrí y Girón	Cemex España, S.A. Assiut Cement Company Cemex Asia Holdings Ltd Balboa Investment B.V. Cemex Asia Pte Limited Cemex Egyptian Investments B.V. Cemex Deutschland AG Cemex UK Cemex España, S.A. Corporación Cementera Latinoamericana, S.L.U. New Sunward Holding, B.V. Fifth Lettuce Pty Limited	Chairman of the Board of Directors and Managing Director Board member and General Manager Representative of the Board Member Cemex Egyptian Investments B.V. Board Member Board Member Board Member Board Member Member of the Oversight Board Board Member (Non-member) Secretary and representative of the Board Member New Sunward Holding, B.V. Representative of the Sole Director Cemex Latam Holdings, S.A. Board Member Board Member
Mr. Juan Pelegrí y Girón	Cemex España, S.A. Assiut Cement Company Cemex Asia Holdings Ltd Balboa Investment B.V. Cemex Asia Pte Limited Cemex Egyptian Investments B.V. Cemex Deutschland AG Cemex UK Cemex España, S.A. Corporación Cementera Latinoamericana, S.L.U. New Sunward Holding, B.V. Fifth Lettuce Pty Limited Lomez International, B.V.	Chairman of the Board of Directors and Managing Director Board member and General Manager Representative of the Board Member Cemex Egyptian Investments B.V. Board Member Board Member Board Member Board Member Member of the Oversight Board Board Member (Non-member) Secretary and representative of the Board Member New Sunward Holding, B.V. Representative of the Sole Director Cemex Latam Holdings, S.A. Board Member Board Member Board Member Board Member Board Member
Mr. Juan Pelegrí y Girón	Cemex España, S.A. Assiut Cement Company Cemex Asia Holdings Ltd Balboa Investment B.V. Cemex Asia Pte Limited Cemex Egyptian Investments B.V. Cemex Deutschland AG Cemex UK Cemex España, S.A. Corporación Cementera Latinoamericana, S.L.U. New Sunward Holding, B.V. Fifth Lettuce Pty Limited Lomez International, B.V. RMC Holdings, B.V.	Chairman of the Board of Directors and Managing Director Board member and General Manager Representative of the Board Member Cemex Egyptian Investments B.V. Board Member Board Member Board Member Board Member Member of the Oversight Board Board Member (Non-member) Secretary and representative of the Board Member New Sunward Holding, B.V. Representative of the Sole Director Cemex Latam Holdings, S.A. Board Member
Mr. Juan Pelegrí y Girón	Cemex España, S.A. Assiut Cement Company Cemex Asia Holdings Ltd Balboa Investment B.V. Cemex Asia Pte Limited Cemex Egyptian Investments B.V. Cemex Deutschland AG Cemex UK Cemex España, S.A. Corporación Cementera Latinoamericana, S.L.U. New Sunward Holding, B.V. Fifth Lettuce Pty Limited Lomez International, B.V. RMC Holdings, B.V. Cemex Hrvatska d.d.	Chairman of the Board of Directors and Managing Director Board member and General Manager Representative of the Board Member Cemex Egyptian Investments B.V. Board Member Board Member Board Member Board Member Member of the Oversight Board Board Member (Non-member) Secretary and representative of the Board Member New Sunward Holding, B.V. Representative of the Sole Director Cemex Latam Holdings, S.A. Board Member Member of the Oversight Board
Mr. Juan Pelegrí y Girón	Cemex España, S.A. Assiut Cement Company Cemex Asia Holdings Ltd Balboa Investment B.V. Cemex Asia Pte Limited Cemex Egyptian Investments B.V. Cemex Deutschland AG Cemex UK Cemex España, S.A. Corporación Cementera Latinoamericana, S.L.U. New Sunward Holding, B.V. Fifth Lettuce Pty Limited Lomez International, B.V. RMC Holdings, B.V. Cemex Hrvatska d.d. Sierra Trading, Ltd.	Chairman of the Board of Directors and Managing Director Board member and General Manager Representative of the Board Member Cemex Egyptian Investments B.V. Board Member Board Member Board Member Board Member Member of the Oversight Board Board Member (Non-member) Secretary and representative of the Board Member New Sunward Holding, B.V. Representative of the Sole Director Cemex Latam Holdings, S.A. Board Member Representative of the Sole Director Corporación Cementera
Mr. Juan Pelegrí y Girón	Cemex España, S.A. Assiut Cement Company Cemex Asia Holdings Ltd Balboa Investment B.V. Cemex Asia Pte Limited Cemex Espytian Investments B.V. Cemex Deutschland AG Cemex UK Cemex España, S.A. Corporación Cementera Latinoamericana, S.L.U. New Sunward Holding, B.V. Fifth Lettuce Pty Limited Lomez International, B.V. RMC Holdings, B.V. Cemex Hrvatska d.d. Sierra Trading, Ltd. Sunbulk Shipping N.V. CCL Business Holdings, S.L.U.	Chairman of the Board of Directors and Managing Director Board member and General Manager Representative of the Board Member Cemex Egyptian Investments B.V. Board Member Board Member Board Member Board Member Member of the Oversight Board Board Member (Non-member) Secretary and representative of the Board Member New Sunward Holding, B.V. Representative of the Sole Director Cemex Latam Holdings, S.A. Board Member Representative of the Sole Director Corporación Cementera Latinoamericana, S.L.U.
Mr. Juan Pelegrí y Girón	Cemex España, S.A. Assiut Cement Company Cemex Asia Holdings Ltd Balboa Investment B.V. Cemex Asia Pte Limited Cemex Egyptian Investments B.V. Cemex Deutschland AG Cemex UK Cemex España, S.A. Corporación Cementera Latinoamericana, S.L.U. New Sunward Holding, B.V. Fifth Lettuce Pty Limited Lomez International, B.V. RMC Holdings, B.V. Cemex Hrvatska d.d. Sierra Trading, Ltd. Sunbulk Shipping N.V. CCL Business Holdings, S.L.U. Business Material Funding, S.L.U.	Chairman of the Board of Directors and Managing Director Board member and General Manager Representative of the Board Member Cemex Egyptian Investments B.V. Board Member Board Member Board Member Board Member Member of the Oversight Board Board Member (Non-member) Secretary and representative of the Board Member New Sunward Holding, B.V. Representative of the Sole Director Cemex Latam Holdings, S.A. Board Member Representative of the Sole Director Corporación Cementera Latinoamericana, S.L.U. Representative of the Sole Director Cemex España S.A.
Mr. Juan Pelegrí y Girón	Cemex España, S.A. Assiut Cement Company Cemex Asia Holdings Ltd Balboa Investment B.V. Cemex Asia Pte Limited Cemex Egyptian Investments B.V. Cemex Deutschland AG Cemex UK Cemex España, S.A. Corporación Cementera Latinoamericana, S.L.U. New Sunward Holding, B.V. Fifth Lettuce Pty Limited Lomez International, B.V. RMC Holdings, B.V. Cemex Hrvatska d.d. Sierra Trading, Ltd. Sunbulk Shipping N.V. CCL Business Holdings, S.L.U. Business Material Funding, S.L.U. Fodex Pty Limited.	Chairman of the Board of Directors and Managing Director Board member and General Manager Representative of the Board Member Cemex Egyptian Investments B.V. Board Member Board Member Board Member Board Member Member of the Oversight Board Board Member (Non-member) Secretary and representative of the Board Member New Sunward Holding, B.V. Representative of the Sole Director Cemex Latam Holdings, S.A. Board Member Board Member Board Member Board Member Board Member Member of the Oversight Board Board Member Representative of the Sole Director Corporación Cementera Latinoamericana, S.L.U. Representative of the Sole Director Cemex España S.A. Board Member
Mr. Juan Pelegrí y Girón	Cemex España, S.A. Assiut Cement Company Cemex Asia Holdings Ltd Balboa Investment B.V. Cemex Asia Pte Limited Cemex Egyptian Investments B.V. Cemex Deutschland AG Cemex UK Cemex España, S.A. Corporación Cementera Latinoamericana, S.L.U. New Sunward Holding, B.V. Fifth Lettuce Pty Limited Lomez International, B.V. RMC Holdings, B.V. Cemex Hrvatska d.d. Sierra Trading, Ltd. Sunbulk Shipping N.V. CCL Business Holdings, S.L.U. Business Material Funding, S.L.U. Fodex Pty Limited. Rugby Australia Investments Pty Ltd.	Chairman of the Board of Directors and Managing Director Board member and General Manager Representative of the Board Member Cemex Egyptian Investments B.V. Board Member Board Member Board Member Board Member Member of the Oversight Board Board Member (Non-member) Secretary and representative of the Board Member New Sunward Holding, B.V. Representative of the Sole Director Cemex Latam Holdings, S.A. Board Member Board Member Board Member Board Member Board Member Board Member Member of the Oversight Board Board Member Board Member Representative of the Sole Director Corporación Cementera Latinoamericana, S.L.U. Representative of the Sole Director Cemex España S.A. Board Member Board Member
Mr. Juan Pelegrí y Girón Ms. Coloma Armero Montes	Cemex España, S.A. Assiut Cement Company Cemex Asia Holdings Ltd Balboa Investment B.V. Cemex Asia Pte Limited Cemex Egyptian Investments B.V. Cemex Deutschland AG Cemex UK Cemex España, S.A. Corporación Cementera Latinoamericana, S.L.U. New Sunward Holding, B.V. Fifth Lettuce Pty Limited Lomez International, B.V. RMC Holdings, B.V. Cemex Hrvatska d.d. Sierra Trading, Ltd. Sunbulk Shipping N.V. CCL Business Holdings, S.L.U. Business Material Funding, S.L.U. Fodex Pty Limited.	Chairman of the Board of Directors and Managing Director Board member and General Manager Representative of the Board Member Cemex Egyptian Investments B.V. Board Member Board Member Board Member Board Member Member of the Oversight Board Board Member (Non-member) Secretary and representative of the Board Member New Sunward Holding, B.V. Representative of the Sole Director Cemex Latam Holdings, S.A. Board Member Board Member Board Member Board Member Board Member Member of the Oversight Board Board Member Representative of the Sole Director Corporación Cementera Latinoamericana, S.L.U. Representative of the Sole Director Cemex España S.A. Board Member

Directors' Report 2014

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

1.- Nature and activities of the Company

Cemex Latam Holdings, S.A. (hereinafter interchangeably referred to as 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 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. ("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 non-resident entities 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:

- The provision of technical assistance and business management services;
- Production, sale, import and export of cement, concrete and other building materials and the exploration and operation of mines, except of minerals of strategic national interest;
- Manufacture, production, marketing and distribution of all types of paper sacks and containers, or of other materials, or similar articles, for packaging cement and other building materials:
- Occasional road freight transport, subject to prevailing legislation on land transport, as well as the activity of a transport agency, freight forwarder, cargo information and distribution center, storage, deposit and distribution of merchandise, vehicle leasing and other complementary activities set out in the aforementioned legislation; and
- Research and development in the field of building materials.

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,

Directors' Report 2014

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 has its registered office 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).

The Company's revenue in the period from January 1, 2014 to December 31, 2014 mainly consisted of royalties paid by its direct and indirect subsidiaries for the use of intangible assets, trademarks and Cemex management services under licensing agreements arranged through the Branch in Switzerland. This revenue is part of the Company's main business operations.

2.- Business performance of the Cemex Latam Group

Key indicators for 2014 include the following:

- The Cemex Latam Group's volumes of cement, concrete and aggregates are up 8%, 8% and 18%, respectively, compared to 2013.
- This is the fifth year running that our Colombian subsidiary has seen growth in its cement and concrete volumes.
- Volumes have hit record highs at our aggregates operations in Panama, as well as for cement and aggregates in Nicaragua and concrete in Guatemala.
- Despite this growth, net sales in millions of US Dollars slid 1% year on year, mainly due to the devaluation of the Colombian Peso and the decline in housing project activity. The increase, in adjusted termsⁱ, is 9% compared with 2013.
- EBITDA in millions of US Dollars fell by 9% with respect to 2013, due to higher maintenance and distribution costs and the lower margin on housing projects. The decrease in adjusted terms was 1%.

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¹ Adjusted for currency depreciation and the effect of our housing projects in Colombia.

Directors' Report 2014

The main trends in key performance indicators of the Cemex Latam Group's businesses in South and Central American markets are summarized below:

Colombia

Full-year volumes of cement, concrete and aggregates increased 16%, 14% and 20%, respectively, in 2014 compared to 2013.

This upward trend continued in the residential sector during the year, bolstered by government initiatives and favorable performance in the housing self-construction sector.

The industrial and commercial sectors presented positive annual trends, driven by the favorable economic climate and new sales agreements signed in Colombia.

• Panama

In 2014 volumes of aggregates rose by 4% compared to 2013. Volumes of cement and concrete, meanwhile, dropped 15% and 1% respectively, due to smaller amounts being consumed for expansion works on the Canal and completion of the Cinta Costera 3 project. Nonetheless, record highs of US Dollars 315 million and US Dollars 140 million were posted for sales and EBITDA, respectively, in view of the increased prices of our products.

Demand for our products was at its highest in the residential sector in 2014.

• Costa Rica

Volumes of aggregates rose by 5% in 2014, while volumes of cement and concrete fell by 2% and 22%, respectively, compared to 2013.

Our cement and concrete volumes were impacted by the slow-down in construction activity and delays in starting up new projects.

On December 10, 2014 Cemex Latam reported that it would be undertaking a project to increase the cement production capacity at its plant in Colorado de Abangares by approximately 25%. The total investment over the three-year period is expected to be approximately US Dollars 35 million.

• Other Cemex Latam Group countries

In the region called "Rest of CLH", which includes operations in Nicaragua, Guatemala, El Salvador and Brazil, full-year volumes of concrete and aggregates increased by 2% and 56% respectively, while the volume of cement dropped 1%.

Net sales and EBITDA climbed 1% and 2%, respectively, compared to 2013.

3.- Outlook for the Cemex Latam Group

A sound macroeconomic environment and favorable conditions for the industry are expected to lead to higher consolidated volumes in 2015. We expect our volumes of cement, concrete and aggregates to grow by 3%, 14% and 13%, respectively, compared to 2014. Investments in property, plant and equipment for maintenance and strategic purposes are forecast to total US Dollars 45 million and US Dollars 190 million, respectively.

Directors' Report 2014

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 markets 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 and Internal Control") work together and 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 departments 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 conferred on it expressly in the Bylaws and the Regulations of the Board of Directors. In this respect, the Audit Committee is assisted by the Company's Internal Audit Area, which reports functionally to it.

The board of directors is ultimately responsible for the appropriate management of the Company's risks, approving and establishing suitable guidelines and policies, subject to a prior report by the Audit Committee.

The key indicators of the efficiency of the Company's internal control and corporate risk management are detailed in the pertinent sections of the *Annual Corporate Governance Report* which, pursuant to article 42 of the Regulations of the Board of Directors, is attached hereto as an Appendix.

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) with Cemex Group companies. Fixed-rate loans expose the Company to fair value interest rate risks.

Directors' Report 2014

(c) Capital risk

At December 31, 2014 and 2013 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 Latam 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, 2013, the Company held 22,224,000 treasury shares, which were bought back on December 12, 2012 when the put option granted to the underwriters in the aforementioned Initial Public Offering was exercised. On that date, the Company bought back these treasury shares for a total payment of Euros 113,649 thousand.

In 2014 and 2013, 189,877 and 209,491 treasury shares, respectively, were blocked due to the implementation of the long-term incentive scheme approved by the board of directors at its session 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 2014, 75,979 shares were delivered to certain executives, corresponding to the portion accrued under the program for the prior year. At December 31, 2014 the Company held 22,144,684 treasury shares.

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, in accordance with article 538 of the Spanish Companies Act, article 49 of its Bylaws and article 42 of the Regulations of the Board of Directors.

Directors' Report 2014

Consequently, the *Annual Corporate Governance Report* for the year ended December 31, 2014, prepared pursuant to the model approved by the Spanish National Securities Market Commission (CNMV) in Circular 5/2013 of June 12, 2013, is attached to and forms an integral part of this report, together with the *Report on Board Members, Senior Management and their Remuneration* for the aforementioned year, drawn up by the board of directors.

Moreover, in line with best corporate governance practices in Colombia and in fulfillment of the commitments undertaken as a result of the IPO on the Colombian Stock Exchange, the Company has also decided to prepare the Survey on Best Business Practices ("Country Code Survey – Colombia") for 2014, which has therefore been attached to this Directors' Report and becomes an integral part hereof. The Country Code Survey – Colombia has been drawn up based on the model provided in the Colombian securities market regulator's External Circular No. 007 of 2011, dated February 10, 2011.

8.- Events after the reporting period

No significant events have occurred since December 31, 2014 that require disclosure.



ANNUAL CORPORATE GOVERNANCE REPORT

Year ended December 31, 2014

CEMEX LATAM HOLDINGS, S.A.

EMPLOYER IDENTIFICATION NUMBER: A-86449162 C/ Hernández de Tejada nº 1 28027 Madrid

Registered in the Madrid Mercantile Register Volume 29843, Section 8 of the Companies Register Page 169, Sheet M-536957.

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INTRODUCTION

CEMEX LATAM HOLDINGS, S.A. (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 c/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 ("CEMEX España Group" or "Cemex España", as appropriate).

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

The Company's corporate purpose is to hold stakes in companies mainly dedicated to the manufacture and sale of cement and other construction 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 then 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 companies listed on Colombia's stock exchange.

However, Cemex Latam has decided to voluntarily comply with the most relevant best practices included in the Spanish Unified Good Governance Code as well as the best practices applicable to Colombian listed companies. Since its admission to trading, Cemex Latam's corporate governance system has been adapted to Spanish and international best practices.

Consequently, this Report details Cemex Latam's degree of compliance with the Unified 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 26, 2015, the Company's Board of Directors approved this Annual Corporate Governance Report which has been prepared in accordance with CNMV Circular 5/2013, of December 12, 2013, regarding listed companies.

Its preparation and subsequent approval complies with the provisions of Article 49 of the Company Bylaws and Article 42 of the Regulations of the Board of Directors.

A. OWNERSHIP STRUCTURE

A.1. Complete the following table on the Company's share capital:

Date of last modification	Share capital (€)	Number of shares	Number of voting rights
07/11/2012	578,278,342	578,278,342	578,278,342

Indicate whether different types of shares exist 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.

Name or company name of shareholder	Number of	Indirect v	% of total voting	
	direct voting rights	Direct shareholder	Number of voting rights	rights
CEMEX España, S.A. (1)	407,890,342	-	-	73.34 ⁽²⁾

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

 Note: Treasury shares represent 3.83% of the share capital, as detailed in section A.8.
- (2) CEMEX España, S.A. holds 70.54% of the shares outstanding at December 31, 2014, without subtracting the treasury shares whose voting rights have been suspended (22,144,684 shares) from the total number of shares representing the share capital (578,278,342). CEMEX España, S.A. therefore holds 73.34% of the shares with voting rights after subtracting the aforementioned treasury shares
 - Indicate the most significant changes in the shareholder structure during the year.

Name or company name of shareholder	Date of transaction	Description of transaction
Classroom Investments Inc	August 2014(*)	At December 31, 2013, Classroom Investments Inc held 20,023,745 shares (voting rights), representing 3.46% of the share capital. This shareholding fell to below 3% in August 2014.

(*) 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. (Centralized Securities Deposit of 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.

Name or company name of director	Number of direct voting rights	Number of indirect voting rights (*)		% of total voting rights
		Direct shareholder	Number of voting rights	
N/A	N/A	N/A	N/A	N/A

% of voting rights held by the Board of Directors: **0**

Complete the following tables on stock options held by the Company's directors.

Name or company name of director	Number of direct	Indirect options		Equivalent number of shares	% of total voting rights
	options	Direct shareholder	Number of voting rights		
N/A	N/A	N/A	N/A	N/A	N/A

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.

Name or company name	Type of relationship	Brief description
N/A	N/A	N/A

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.

Name or company name of related party	Type of relationship	Brief description
CEMEX España, S.A.	Corporate	Controlling shareholder. The shareholder and the Company belong to the same corporate group, which is headed by CEMEX, S.A.B. de C.V.
CEMEX España, S.A.	Contractual	Intragroup financing.
CEMEX España, S.A. (1)	Contractual	Acquisition of industrial assets used for operations in Colombia (*)

⁽¹⁾ The transaction was carried out between two subsidiary companies of the Company and its main shareholder.

This list is also disclosed in section D.2. of this Report.

A.6. Indicate whether the Company has been notified of any shareholders' agreements affecting it, pursuant to Article 530 and Article 531 of the Spanish Limited Liability Companies Law (Ley de Sociedades de Capital). Provide a brief description and list the shareholders bound by the agreement, if applicable.

No

Shareholders bound by Shareholders' agreement	% of share capital affected	Brief description of the agreement
N/A	N/A	N/A

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

<u>No</u>

Shareholders involved in concert	% of share capital affected	Brief description of the
N/A	N/A	N/A

Expressly indicate any amendments to or termination of such agreements or concerted actions during the period:

<u>No</u>

A.7. Indicate whether any natural persons or legal entities currently exercise control or could exercise control over the Company in accordance with Article 4 of the Spanish Securities Market Law. Please identify them below.

<u>Yes</u>

Name or company name: CEMEX España, S.A. Remarks: Holds 70.54% stake

A.8. Complete the following tables on the Company's treasury shares.

At the end of the reporting period:

Number of shares held directly	Number of shares held indirectly (*	% of total share capital
22,144,684		3.83

(*) Through:

Name or company name of direct shareholde	Number of shares held directly
N/A	N/A
Total:	N/A

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

Date of	Total number of dire	Total number of indired	% of total share capital
notification	shares acquired	shares acquired	, o o co car on a coapital
N/A	N/A	N/A	N/A

A.9. Give details of the applicable conditions and term of any resolutions approved by the shareholders at the General Meeting, authorizing the Board of Directors to purchase and/or transfer the 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 (€0.01).
- d. This 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 Limited Liability Companies Law.

Shares acquired by virtue of this authorization may be disposed of or redeemed, or else applied to the remuneration systems set out in Paragraph 3 of Article 146 1.a) of the Spanish Limited Liability Companies Law.

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 <u>no</u> 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 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 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.

<u>Yes</u>

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

B. GENERAL MEETING OF SHAREHOLDERS

B.1. Indicate the quorum required in accordance with the Company Bylaws for convening the General Shareholders' Meeting and describe any differences with respect to the quorum required under the Spanish Limited Liability Companies Law (SLLC).

Yes No

	Quorum % other than that established in Article 193 of the SLLC for general cases	Quorum % other than that established in Article 194 of the SLLC for the special cases described in Article 194
Quorum required for first notice	No	Article 31 of the Company Bylaws
Quorum required for second notice	No	requires a vote in favor by one-half plus one of the share capital represented to adopt special resolutions envisaged in the above article (amendments to Article 39 of the Company Bylaws and approval of resolutions to delegate to the Board of Directors the power to issue nonconvertible or convertible and/or exchangeable bonds). Consequently, adoption of these resolutions is only valid, on both the first and the second call, if the quorum present is higher than the quorum required under the Spanish Limited Liability Companies Law.

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 SLLC.

Yes No

Describe how it differs from the framework established under the LSC.

	Qualified majority not the same as the or in Article 201.2 of SLLC for the cases refer			
to in Article 194.1 of SLLC				
% stipulated by the Company for the adoption of resolutions	Yes, different	N/A		
Describe the differences				

Under Article 31 of the Company Bylaws, possible amendments to Article 39 of the Company Bylaws (quorum and majority for adoption of resolutions by the Board of Directors) and the approval of the resolution to delegate to the Board of Directors the power to issue non-convertible or convertible and/or exchangeable bonds require a vote in favor by one-half plus one of the Company's share capital represented.

B.3. Indicate the rules governing amendments to the Company's bylaws. In particular, indicate the majorities required to amend the Company Bylaws and, if applicable, the rules for protecting shareholders' rights when changing the Company Bylaws.

Amendments to the Company's bylaws are governed by Article 31 (Adoption of resolutions by the Shareholders at the General Meeting) and Article 39 (quorum and majority for adoption of resolutions by the Board of Directors) of the Company's bylaws, as well as by Article 22 and Article 34 of the Regulations of the General Shareholders' Meeting.

In general, the approval of a resolution requires the vote in favor by one-half plus one of shareholders holding voting rights, in person or by proxy at the General Shareholders' Meeting, except in cases in which the law, the Company Bylaws or the Regulations of the General Shareholders' Meeting require a larger majority.

If the General Shareholders' Meeting was validly convened on the second call and at least fifty per cent (50%) of the share capital with voting rights attached is represented, resolutions relating to the amendment of the Company Bylaws, including (i) a capital increase or reduction, (ii) transformation, (iii) merger, (iv) spinoff (v) transfer en bloc of the Company's assets and liabilities, or (vi) an issuance of bonds may only be approved if they receive a vote in favor by two-thirds (2/3) of the share capital at the General Meeting, represented in person or by proxy.

Exceptionally, amendments to Article 39 of the Company 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 General Meetings of Shareholders held this year and last year.

The attendance figures for the Ordinary General Meetings of Shareholders held this year are given below:

	Attendance				
Date of the	% attending % by proxy % remote voting				
General	in person		Electronic	Other	Total
Shareholders'			voting		
Meeting					
14/05/2014	74.378 (*)	0	N/A	4.653	79.0313%
15/05/2013	74.378 (*)	0	N/A	9.788	84.1667%

(*) 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 Ordinary General Shareholders' Meeting held on May 14, 2014, the total share capital represented at the meeting was **457,021,191** shares (all of which were personally in attendance, and none of which were represented by proxy), with a quorum equivalent to **79.0313**% of the share capital (in attendance).

The voting rights attached to **22,217,922** treasury shares represented in the quorum had been suspended; hence the represented share capital in attendance and with voting rights totaled **434,803,269** shares, representing **75.1892%** of the share capital.

Of the share capital in attendance and with voting rights, **26,912,927** shares, representing **4.653**% of share capital and **5.888**% of the share capital in attendance, voted remotely.

The 22,217,922 treasury shares that the Company holds as a result of exercising the Put Option guaranteed to the underwriting banks as part of the initial public offering of its shares on the Colombian Stock Exchange, and which represented 3.8420% of share capital, had their voting and other rights suspended, in accordance with Article 148 of the Spanish Limited Liability Companies Law. 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 4.8614 % of the represented share capital in attendance at the meeting.

B.5. Indicate whether the Company Bylaws impose any minimum requirements on the number of shares required to attend the General Meetings of Shareholders.

Yes <u>No</u>

B.6. Indicate whether decisions involving a fundamental corporate change ("subsidiarization," acquisitions/disposals of key operating assets, operations that effectively entail the Company's liquidation) must be submitted to the shareholders at the General Meetings for approval even when not expressly required by Spanish commercial law.

Yes No

Pursuant to Article 18 the Company Bylaws, the following decisions, among others, must be submitted for approval by the shareholders at the General Meeting:

- "(n) the transformation of the Company into a holding company through the process of subsidiarization, i.e., the reallocation of core activities to subsidiaries that were until that date carried on by the Company, even though the latter retains full control of these subsidiaries;
- (o) the approval of the operations consisting of the acquisition or disposal of operating assets representing more than twenty-five per cent (25%) of the Company's revenue, of consolidated assets or of the Company's results, as reflected in the most recent audited financial statements at the time the operation is arranged, without prejudice to the powers corresponding to the Board of Directors; and

- (p) the approval of transactions that effectively constitute the Company's liquidation."
- B.7. Indicate the address and mode of accessing corporate governance content on your company's website as well as other information on General Meetings which must be made available to shareholders on the website.

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

The homepage contains special direct access entitled "Investor Center". It includes the following information:

In the Company Profile section:

- Key Company Figures
- Contact IR (Institutional Relations)

In the Reports section:

- Reports Archive (reports)
- Offering Memorandum

In the Stock Information section:

- Stock Information
- Events & Calendar
- Quarterly Earnings Webcast

In the Corporate Governance section:

- Good Corporate Governance
- Board of Directors
- Management Team
- Committees
- Code of Ethics
- Bylaws & Regulations
- 2013 Shareholders' Meeting

- 2014 Shareholders' Meeting
- Disclosure Information Policies

C. COMPANY MANAGEMENT STRUCTURE

C.1. Board of Directors

C.1.1. Maximum and minimum number of directors included in the Company Bylaws.

Maximum number of directors	9
Minimum number of directors	3

C.1.2. Complete the following table with Board members' details.

Name or company name of director	Proxy	Position on the Board	Date of first appointment	Date of last appointm nt	Election process
Jaime Gerardo Elizondo Chapa	N/A	Chairman / Chief Executive Officer			Decision of the sole shareholder / decision of the Board of Directors
Juan Pablo San Agustín Rubio	N/A		04/10/2012/ 16/01/2013 (*)		Decision of the sole shareholder / decision of the Board of Directors
Ignacio Madridejos Fernández	N/A	Director	04/10/2012		Decision of sole shareholder
Jaime Muguiro Domínguez	N/A	Director	04/10/2012		Decision of sole shareholder
Jaime Ruiz de Haro	N/A	Director	04/10/2012		Decision of sole shareholder
Gabriel Jaramillo Sanint	N/A	Director	04/10/2012		Decision of sole shareholder
Coloma Armero Montes	N/A	Director	04/10/2012		Decision of sole shareholder
Rafael Santos Calderón	N/A	Director (Lead Independent Director)	09/10/2012		Decision of sole shareholder
Juan Pelegrí y Girón	N/A	Director/Secretar y	04/10/2012		Decision of the sole shareholder / decision of the Board of Directors

^(*) Date appointed Chief Executive Officer

Total number of directors: 9

Indicate any Board members who left during the reporting period.

No Board members left during the reporting period.

C.1.3. Complete the following tables on Board members and their respective posts.

EXECUTIVE DIRECTORS

Name or company	Committee proposing	Position at the
name of Director	appointment	company
Jaime Gerardo Elizondo Chapa	Nomination and Remuneration	Chief Executive Officer
Juan Pablo San Agustín Rubio (*)	Nomination and Remuneration	Chief Executive Officer

Total number of executive directors	2
% of the Board	22.22

(*) Juan Pablo San Agustín submitted his resignation as Chief Executive Officer in writing on February 25, 2015, accepted by the Board of Directors at their meeting on February 26, 2015. His position is not remunerated and in 2014 he did not use his powers as Chief Executive Officer.

NON-EXECUTIVE PROPRIETARY DIRECTORS

Name or company name of Director	Committee proposing appointment	Name or company name of significant shareholder represented or proposing appointment
Ignacio Madridejos Fernández	None of the Board Committees had	Cemex España, S.A.
Jaime Muguiro Domínguez	been set up at the date that these directors were	Cemex España, S.A.
Jaime Ruiz de Haro	appointed non-	Cemex España, S.A.
Juan Pelegrí y Girón	executive proprietary directors.	Cemex España, S.A.

Total number of proprietary	4
directors	
% of the Board	44.44

INDEPENDENT NON-EXECUTIVE DIRECTORS

Name or company name of Director	Profile
Gabriel Jaramillo Sanint	Financial sector expert. Has held various positions of responsibility at various financial institutions, including the position of director.
Coloma Armero Montes	Lawyer specializing in commercial law. Director and a member of the Audit Committee of a regulated company.
Rafael Santos Calderón	News media expert. Has held various positions of responsibility such as publications editor and director. Rector of Universidad Central de Colombia.

Total number of independent directors	3
% of the Board	33.33

List any independent directors who receive from the Company or the Group any amount or payment other than director remuneration 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 officer 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.

N/A

OTHER NON-EXECUTIVE DIRECTORS

Name or company name of Director	Committee proposing appointment
N/A	N/A

Total number of other non-executive director	0
Total % of the Board	N/A

List the reasons why they cannot be considered proprietary or independent directors and detail their relationships with the Company, its senior officers or shareholders.

Name or company name of	Reasons	Company, executive or shareholde		
director	ricusoris	with whom the relationship is		
N/A N/A		N/A		

List any changes in the category of each director which have occurred during the period.

Name or company	Date of change	Previous title	Current title
name of director			

N/A	N/A	N/A	N/A

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

	Number of female Directors		Director type as a % of the total Directors			
	2014	2013	2012	2014	2013	2012
Executive	-	-	-	-	-	-
Proprietary	-	-	-	-	-	-
Independent	1	1	1	11.11%	11.11%	11.11%
Other non- executive	-	-	-			
Total:	1	1	1	11.11%	11.11%	11.11%

Note: The Company was incorporated on April 17, 2012; consequently, information on prior years is not provided.

C.1.5. Explain any measures that have been adopted to ensure that a sufficient number of female directors are included on the Board, ensuring a balanced presence of men and women.

Description of the measures:

At the date of this report, no measures have been adopted in this regard.

C.1.6. Explain any measures taken by the Nomination 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:

The current Board of Directors was appointed by the then sole shareholder of the Company on October 4, 2012, for a term of three years. The Company's shares were admitted to trading on the Colombian Stock Exchange on November 16, 2012. For practical purposes, 2014 was the second full period during which the members the Board of Directors performed the duties inherent to their positions.

Although during the second full period the number of female directors was low in comparison with the total number of Directors (11% of the total Directors), one of the Company's three independent directors was a woman. She is a member of the three existing committees at the date of this report, and she chairs the Corporate Governance Committee.

In addition to its various functions and competences, the Company Bylaws and the Regulations of the Board of Directors entrust the Nomination 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.

At the date of this Report, the Nomination and Remuneration Committee has not agreed upon any formal measures to ensure that the selection processes are not subject to implicit bias that would make it difficult to select female directors or to ensure that the Company makes a conscious effort to seek out female candidates with the required professional profile and include them among potential candidates.

Nonetheless, in the event of an opening on the Board of Directors, the selection processes are not subject to implicit bias that would make it difficult to select female directors meeting the required professional profile from among potential candidates.

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

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 70.54%.

In accordance with the information provided in Section A.2., at December 31, 2014, there are no shareholders with significant holdings other than CEMEX España, S.A. Therefore, no shareholders are represented directly by non-executive proprietary directors.

Of the nine (9) members of the Board, two (2) are executive directors and four (4) are non-executive proprietary directors, all of whom represent the shareholder CEMEX España, S.A.

At December 31, 2014, 25.64% of the share capital is held by non-controlling shareholders. This percentage is rounded up, and the exact figure is 25.635288%. At the date of this report, the percentage has increased to 25.639554% as a result of share-based payments to the Company's senior management as part of the approved Incentive Plan. .

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 5% of the share capital.

During this period, <u>no</u> proprietary directors were appointed at the request of shareholders who hold less than 5% of the share capital.

Name or company name of shareholder	Reason
N/A	N/A

Provide details of any 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. If so, explain why these requests have not been successful:

During the reporting period, **no** formal requests of this kind were made.

Name or company name of shareholder	Explanation
N/A	N/A

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 to the whole Board, explain at least the reasons given by the Director:

During the period, no Board members resigned from office.

C.1.10. Indicate what powers, if any, have been delegated to the Chief Executive Officer(s).

Name or company name of director	Brief description
Jaime Gerardo Elizondo Chapa	He has joint and several powers.
Juan Pablo San Agustín Rubio	The Chief Executive Officers have been delegated <u>all the powers</u> corresponding to the Board of Directors <u>except for those which</u> <u>cannot be delegated by Law or as per the Company Bylaws</u> with the additional exception of powers regarding:
	 Any actions, businesses or contracts involving the disposal of or charges on property used or located in facilities of any kind involved in the production, storage, distribution and sale of cement, and
	 Any actions, businesses or contracts involving the disposal of or charges on shares or stakes in companies in which the Company holds a stake of 10% or more and whose main activity is the production, sale, storage or distribution of cement, its derivatives and raw materials used in the cement production process.
	In addition, transactions between the Company and CEMEX Group subsidiaries are governed by Article 40 of the Regulations of the Board of Directors which sets forth requirements on the authorization of transactions between the Company and directors or significant shareholders. The Company is also governed by other internal regulations and the resolutions adopted by the Board of Directors in this regard.

C.1.11 List the directors, if any, who are directors or senior officers in other companies belonging to the listed company's group.

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

Name or company name of director	Company name of the group company	Position
Jaime Gerardo Elizondo Chapa	Cemex Perú, S.A.	Director
Jaime Gerardo Elizondo Chapa	Cemex Costa Rica	Chairman of the Board of Directors
	Lomas del Tempisque, S.R.L.	Manager
	Cemex El Salvador	Chairman of the Board of Directors
	Servicios Directos, S.A.	Chairman of the Board of Directors
	Cemento Bayano, S.A.	Chairman of the Board of Directors
	Cemex Caribe, S.A.	Chairman of the Board of Directors
	Cemex Concretos, S.A.	Chairman of the Board of Directors
	Pavimentos Especializados, S.A.	Chairman of the Board of Directors
	Distribuidora de Materiales de Construcción DIMACO DMC, Sociedad Anónima.	Chairman of the Board of Directors
	Cemex Cal, Inc.	Director
	Cemex Colombia, S.A.	Director
	Cemex Concretos, Inc.	Chairman of the Board of Directors
	Cemex de Puerto Rico, Inc.	Director
	Cemex Dominicana, S.A.	Vice-Chairman of the Board of Directors
	Cemex Jamaica Limited	Chairman of the Board of Directors
	Cemex Global Sourcing, Inc.	Chairman of the Board of Directors
	Tecnologías de Recursos Minerales, S.A. de C.V.	Director
	Inversiones Mitre, C.A.	Director
	CEMEX, S.A.B. de C.V.	Chairman CEMEX South America, Central America and the Caribbean (SCA&C)

	Neoris USA Inc.	Director
Juan Pablo San Agustín Rubio	TRG Blue Rock HBM Holdings S.a.r.l (stake held by CEMEX: 25.34 %)	Director
	CEMEX, S.A.B. de C.V.	EVP New Business Planning and Development
	Cemex Deutschland AG.	Chairman of the Supervisory Board
	Cemex France Services (GIE)	Sole Director
	Cemex Investment Limited	Director
	Cemex UK Cement Limited	Director
	Cemex UK Materials Limited	Director
Ignacio Madridejos Fernández	Cemex UK Operations Limited	Director
	Cemex España, S.A.	Chairman of the Board of Directors and CEO
	Readymix Limited (Ireland)	Director
	CEMEX, S.A.B. de C.V.	Chairman CEMEX Northern Europe
	Assiut Cement Company	Board representative of Cemex Egypt for Distribution
	Cemex Hrvatska d.d.	Chairman of the Supervisory Board
Jaime Muguiro Domínguez	Cemex España, S.A.	Vice-Chairman of the Board of Directors and CEO
	Readymix Industries (Israel) Ltd.	Director
	Cemex Holdings (Israel) Ltd.	Director
	CEMEX, S.A.B. de C.V.	Chairman CEMEX Mediterranean
Jaime Ruiz de Haro	Cementos Andorra, S.A.	Chairman of the Board of Directors and CEO
	Cemex España Operaciones, S.L.U.	Chairman of the Board of Directors and CEO
	Cemex España, S.A.	Director and Managing Director
Juan Pelegrí y Girón	Assiut Cement Company	Board representative of Cemex Egyptian Investments B.V.
	Cemex Asia Holdings Ltd	Director
	Balboa Investment B.V.	Director
	Cemex Asia Pte Limited	Director
	Cemex Egyptian Investments B.V.	Director
	Cemex Deutschland AG	Member of the Supervisory Board

Cemex UK	Director
Cemex España, S.A.	Secretary (non-director) and representative of the board of New Sunward Holding, B.V.
Corporación Cementera Latinoamericana, S.L.U.	Representative of the sole director Cemex Latam Holding, S.A.
New Sunward Holding, B.V.	Director
Fifth Lettuce Pty Limited	Director
Lomez International, B.V.	Director
RMC Holdings, B.V.	Director
Cemex Hrvatska d.d.	Member of the Supervisory Boa
Sierra Trading, Ltd.	Director
Sunbulk Shipping NV	Director
CCL Business Holdings, S.L.U.	Representative of the sole director of Corporación Cementera Latinoamericana, S.L.U.
Business Material Funding, S.L.U.	Representative of the sole director Cemex España, S.A.
Fodex Pty Ltd.	Director
Rugby Australia Investments Pty Ltd	Director
RMC Concrete (Singapore) Pte. Ltd.	Director

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.

Name or company name of director	Name of listed entity	Position
N/A	N/A	N/A

C.1.13. Indicate whether the Company has established rules on the number of boards 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. Indicate the Company's general policies and strategies that are reserved for approval by the full Board of Directors:

	Yes	No
Investment and financing policy	Х	
Design of the structure of the corporate group	Х	
Corporate governance policy	Х	
Corporate social responsibility policy	Х	
The strategic or business plans, management targets and annual budge	Х	
Remuneration and evaluation of senior officers	X ^(*)	
Risk control and management, and the periodic monitoring of internal reporting and control systems	Х	
Dividend policy, as well as the policies and limits applying to treasury share	X	

- (*) Although the Board of Directors is responsible for approving the remuneration policy, it is not responsible for assessing the performance of senior management.
- C.1.15 List the total remuneration paid to the Board of Directors.

Board remuneration (thousands of euros)	243
Amount of total remuneration corresponding to accumulated pension rights (thousands of euros)	0
Total Board remuneration (thousands of euros)	243

C.1.16 List any members of senior management who are not executive directors and indicate total remuneration paid to them during the period.

Name or company name	Position
Carlos Jacks Chavarría	Chief Executive of Cemex Latam and Director of CEMEX Colombia
Josué R González Rodríguez	CFO at Cemex Latam and CEMEX Colombia
Edgar Claudio Ángeles Garza	COO at Cemex Latam and CEMEX Colombia
Edgar Ramírez Martínez	Vice-Chairman of Planning at Cemex Latam and CEMEX Colombia
Camilo González Téllez	Director of Legal Affairs at Cemex Latam, Vice- Chairman of Legal Affairs at CEMEX Colombia, and Compliance Officer at Cemex Latam
Andrés Jiménez Uribe	Director of Panama
Alejandro Ramírez Cantú	Director of Costa Rica
Yuri de los Santos Llanas	Director of Nicaragua & El Salvador
Miguel Martínez	Director of Guatemala
Alfonso Toshiiti Sato	Director of Brazil

Total remuneration received by senior management (in thousands of euros):
 5,840

The above amount refers to total aggregate remuneration of the senior management 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.

Name or company name of	Company name of	Position
Director	significant shareholde	
Ignacio Madridejos Fernández	CEMEX España, S.A.	Chairman and Chief Executive
		Officer
Jaime Muguiro Domínguez	CEMEX España, S.A.	Vice-Chairman and Chief
		Executive Officer
Juan Pelegrí y Girón	CEMEX España, S.A.	Individual representing director
		"New Sunward Holding B.V."
		and Secretary
Jaime Ruiz de Haro	CEMEX España, S.A.	Director – Managing Director

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.

Name or company name of Director	Name or company name of	Description of
	significant shareholder	relationship
Jaime Gerardo Elizondo Chapa	Cemex Central S.A.B. de	Employment
	C.V.	
Ignacio Madridejos Fernández	CEMEX España, S.A.	Employment
Jaime Muguiro Domínguez	CEMEX España, S.A.	Employment
Juan Pablo San Agustín Rubio	CEMEX España, S.A.	Employment
Juan Pelegrí y Girón	CEMEX España, S.A.	Employment
Jaime Ruiz de Haro	CEMEX España	Employment
	Operaciones, S.L.U.	

C.1.18 Indicate whether any changes have been made to the regulations of the Board of Directors during the period.

No changes have been made to the Regulations of the Board of Directors

C.1.19 Indicate the procedures for appointing, reappointing, 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 and the Nomination and Remuneration Committee, within their area of authority, endeavor to ensure that the candidates proposed to the shareholders at a General Shareholders' Meeting for nomination or reappointment 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.
- 2. In particular, the Board of Directors and the Nomination and Remuneration Committee considers the following principles:
 - (a) that all Directors contribute a professional specialty and that they have previous experience in the Company's sector,
 - (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.
- 3. 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 the director in the Company's Internal Regulations.

Appointment

- 1. Directors are appointed by the shareholders at their General Meeting pursuant to statutory requirements and the provisions of the Company Bylaws.
- 2. The proposals for nomination and reappointment of directors submitted by the Board of Directors for approval by the shareholders at their General Meeting, and the nominations made by the Board of Directors using the statutory method of co-option must be preceded by: (a) the corresponding proposal from the Nomination and Remuneration Committee, in the case of independent directors or (b) a report from the Nomination and Remuneration Committee, in the case of the other directors, which must assign the new director one of the categories envisioned in the Regulations of the Board of Directors.

2) Term of office and reappointment

- 1. Directors hold office for three (3) years, so long as the shareholders at their General Meeting do not resolve to remove them and the directors do not resign from their position.
- 2. Directors may be reappointed 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 General Shareholders' Meeting. At this meeting, shareholders will confirm the appointments or elect the replacements of directors who have not been ratified, unless it decides to withdraw the vacant positions.
- 4. The proposed reappointments that the Board of Directors decides to submit to the shareholders at their General Meeting are subject to a process of preparation, which includes a proposal (for independent directors) or a report (for other directors) issued by the Nomination 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 honest evaluation of their honorability, suitability, solvency, competence, availability and commitment to their duties.

Accordingly, the members of the Nomination 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 affecting their interests.

5. If the Chairman, Vice-Chairmen, Lead Independent Director, and, should they be directors, the Secretary and the Vice-Secretaries of the Board of Directors, are reappointed as members of the Board of Directors by the shareholders at their General Meeting, they will continue to hold their previous positions on the Board without the need to be re-appointed. The foregoing does not withstand the power held by the Board of Directors' to revoke the above positions.

3) Assessment

Pursuant to Article 44 of the Regulations of the Board of Directors, the Nomination 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 a continual evaluation and review of their competence, professional development and, if applicable, independence, as well as a continual evaluation and review of whether they are honorable, suitable, solvent, competent, available and committed to their duties, all of which are the conditions required to hold the position of director and to be a member of a committee. It also proposes to the Board any measures it considers appropriate in this regard.

4) Removal

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

Pursuant to Article 13.2 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 detachment from the General Shareholders' Meeting. At the General Meeting the shareholders 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 Indicate whether the Board has evaluated its own performance during the period.

Yes

Explain, if applicable, the extent to which this self-assessment has prompted significant changes in its internal organization and the processes applicable to its operations:

Pursuant to Article 34 of the Company Bylaws, the Board must evaluate the following matters, using any internal and external resources that it deems fit for this purpose:

- (a) its functioning and the quality of its work,
- (b) based on a report submitted by the Nomination and Remuneration Committee, how well the Chairman of the Board and the Chief Executive Officer have carried out their duties, and
- (c) the performance of the Board's committees on the basis of the reports furnished by them. The Chairman of the Board will handle the required organization and coordination in this connection

The Board of Directors has evaluated itself for 2014 with respect to (a) its functioning and the quality of its work; (b) how well the Chairman of the Board and the Chief Executive Officer of the Company have carried out their duties; and (c) the performance of its committees.

The self-assessment process for the year ended December 31, 2014 was started on February 6, 2015.

At the date of issue of the Report, the Board is reviewing the results of the self-evaluation process and has not yet adopted any relevant resolutions.

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 general scenarios of incompatibility or prohibition envisaged in the Company Bylaws or in 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 there is a risk to the Company 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, for any reason, jeopardize, directly, indirectly or through related parties (in accordance with the definition given in 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 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 condition of the activities carried out by the Director, or the companies directly or indirectly controlled by it, or the natural persons or legal entities that are shareholders of or related to any one of them, or the individual representing a director that is a legal entity, may compromise a director's suitability to hold office.
- C.1.22 Indicate whether the Chief Executive Officer and the Chairman of the Board of Directors are the same person. If so, describe the measures taken to limit the risk of powers being concentrated in a single person.

Yes No

Indicate, and if necessary, explain whether rules have been established to let independent directors convene Board meetings or include new items on the agenda, coordinate and voice the concerns of non-executive directors and oversee the evaluation by the Board of Directors.

Yes No

Explanation of measures for limiting risk and explanation of the rules

Pursuant to the Regulations of the Board of Directors, if the Chairman of the Board of Directors performs executive duties, the Board appoints a Lead Independent Director. The Lead Independent Director coordinates and expresses the opinions of external directors and heads the evaluation of the Chairman of the Board of Directors.

The Lead Independent Director, Rafael Santos Calderón (Non-executive Independent Director), was appointed in a resolution passed by the Company's Board on October 9, 2012.

Article 18 of the Regulations of the Board of Directors states the powers of the Lead Independent Director:

Article 18. Lead Independent Director

- If the Chairman of the Board of Directors performs executive duties, the Board of Directors will, at the proposal of the Nomination and Remuneration Committee, authorize an independent director to:
 - (a) request that the Chairman of the Board of Directors call a Board meeting whenever he deems fit to do so,
 - (b) request the inclusion of items on the agenda for Board meetings,
 - (c) coordinate and express the opinions of the non-executive directors, and
 - (d) lead the evaluation of the Chairman of the Board.
- 2. The Lead Independent Director's powers will only be revoked upon a report from the Nomination and Remuneration Committee.
- 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

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 Company 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 one hundred and fifty million euros (€150,000,000) or the equivalent in other currencies, including any debt repayments;
- (b) any investments in the reporting period for an accumulated amount in excess of one hundred and fifty million euros (€150,000,000) or the equivalent in other currencies;
- (c) issuance of non-convertible or convertible and/or exchangeable bonds as delegated by shareholders at the General Meeting;
- (d) acquisition or sale of any assets for an accumulated amount in the reporting period in excess of one hundred and fifty million euros (€150,000,000) or its equivalent 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 other 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 (€150,000,000) or the equivalent 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 by it.
- C.1.24 Indicate whether the Chairman of the Board of Directors must fulfil any specific requirement other than those relating to the directors before being appointed.

Description of the requirements:

The Chairman does not have to fulfil any specific requirements other than those asked of directors to be appointed. However, the Chairman is only awarded office following a favorable report from the Nomination and Remuneration Committee. Thereafter he or she has the power to, inter alia:

- report on and review the criteria for members of the Board of Directors and the selection of candidates, defining their duties and the skills required and assessing the time and dedication involved in carrying out their role effectively,
- report on and make proposals of appointments to executive positions on the Board of Directors and on proposals of the members of committees, checking and comparing the knowledge and experience of the candidate with respect to the competences of the committee in question and, in particular, the Audit Committee;
- examine and organize the succession of the Chairman of the Board and Chief Executive Officer 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 Company 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 Company Bylaws or the Regulations of the Board of Directors set any age limit for directors.

Yes <u>No</u>

C.1.27 Indicate whether the limit set by the Company 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

The Company is in the process of modifying its internal regulations to adapt them to Law 31/2014 of December 3, 2014, amending the Limited Liability Companies Law to improve corporate governance. In compliance with Order ECC/461/2013, of March 20, 2013, determining the content and structure of annual corporate governance reports, annual remuneration reports and other reports by listed companies, savings banks and other entities that issue securities admitted to trading on official stock exchanges, the amendments to the internal regulations to be submitted to the shareholders for approval at their General Meeting include a prohibition on appointing as independent directors persons who have been directors for a period of more than twelve years.

C.1.28 Indicate whether the Company 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 the proxy must be a director of the same category. 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 shall endeavor to 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 well received, and
- (iv) A proxy may not be granted in connection with matters that represent a conflict of interest for a director.

Therefore, the Company's Internal Regulations <u>do not</u> establish a maximum number of proxies that may be appointed by a Director and <u>do not</u> restrict the proxy to a director from the same category.

C.1.29 Indicate the number of Board meetings held during the period and the number of times it was convened in the absence of the Chairman. Include attendance by proxy granted with specific instructions.

Number of Board meetings	7(*)
Number of Board Meetings convened in the	1
absence of the Chairman	

(*) Two (2) votes were decided on in writing instead of in a meeting, as permitted by Article 28.8 of the Regulations of the Board of Directors.

Indicate the number of meetings held by the various Board committees during the period.

Number of meetings of the Audit Committee	7
Number of meetings of the Nomination and	5 ⁽¹⁾
Remuneration Committee	
Number of meetings of the Corporate	4
Governance Committee	

- (1) The Nomination and Remuneration Committee 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.
- C.1.30 Indicate the number of full sessions of the Board held during the period. Include attendance by proxy granted with specific instructions.

Board member attendance	6
Number in attendance as a % of total votes in	98.4%
the period	

Note: Seven meetings were held, one of which was attended in full. At the six other meetings absent Board members had granted proxies, and in one meeting one of the directors was absent. No specific instructions were provided with the proxies.

C.1.31 Indicate whether the separate and consolidated annual accounts submitted to the Board for approval had been certified.

No

C.1.32 Explain any mechanisms established by the Board of Directors to prevent the separate and consolidated financial statements it prepares from being laid before the Shareholders at the General Meeting with a qualified auditors' 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 General Meeting for approval or authorization for issue, respectively. 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 auditors. The Audit Committee regularly receives information on the audit program and on the results of that program from the auditors.

C.1.33 Is the Secretary of the Board also a director?

Yes No

- C.1.34 Explain the processes for appointing and removing the Secretary of the Board, indicating whether his/her appointment and removal have been reported by the Nomination Committee and approved by the full Board.
 - Appointment and removal processes:

At the proposal of the Chairman, and provided that the appointment/removal receives a favorable report from the Nomination and Remuneration Committee, the Board of Directors appoints a Secretary. It may also decide to appoint one or more non-director or director Vice-Secretaries to the Board. In the absence of the Secretary and Vice-Secretaries, the Board will choose a director to act as secretary.

The Board of Directors shall force the Secretary to resign or, where applicable, will agree to his/her removal for any of the reasons listed in C.1.21 above.

The Nomination and Remuneration Committee will propose the appointment and removal of the Secretary.

Summary:

	Yes	No
Does the Nomination Committee propose appointments?	Χ	
Does the Nomination Committee propose removals?	Χ	
Do appointments have to be approved by the full Board?	Χ	
Do removals have to be approved by the full Board?	Х	

Is the Secretary of the Board entrusted in particular with the function of overseeing good governance recommendations?

Yes No

Remarks:

Pursuant to Paragraph 3 of Article 19 of the Regulations of the Board of Directors, the Secretary of the Board of Directors has the following functions:

- respecting the formal and material legality of all actions taken by the collective management and decision-making bodies ensuring that they comply with the Company's Internal Regulations, as well as all legislation concerning corporate governance (Spain) and corporate best practices (Colombia),
- giving advice to the Board of Directors on the ongoing evaluation and continual update of the Company's Internal Regulations and reporting on new corporate governance initiatives both nationally and internationally,
- channeling all requests from the Directors regarding information on and documentation of matters that fall within the purview of the Board of Directors, including corporate governance matters.

The Secretary also decides what information must be included on the Company's website in order to comply with the obligations imposed by applicable regulations and the Company's Internal Regulations, including the statutory information concerning good governance (Spain) and corporate best practices (Colombia). The Secretary updates this information under the terms of the prevailing legislation. The Secretary of the Board of Directors notifies the Board of their competence in this regard.

Juan Pelegrí y Girón, Director-Secretary of the Company, is currently a member and Secretary of the Corporate Governance Committee. As a member of this Committee he is entrusted in particular with the function of overseeing corporate governance recommendations.

C.1.35 Describe any mechanisms that have been established by the Company to safeguard the independence of the auditor, 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 General Meeting.

To safeguard its independence, the Company may not appoint as its financial auditor any person or firm that has received income from the Company and/or its related economic partners representing 25% or more of their annual income for the previous year.

Every year the auditor must send the Audit Committee written confirmation of its independence and information concerning any additional services it might perform for the Company.

Lastly, the Committee must issue an annual report expressing an opinion on auditor independence.

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.

Yes No

Outgoing auditor	Incoming auditor
N/A	N/A

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.

Yes No

In 2014, the KPMG Group, through its KPMG International affiliates, performed non-audit work for the Cemex Latam Group, in particular tax advisory services.

	Company	Group	Total
Amount for non-audit work (thousands of euros)	15	96	111
Amount for non-audit work as a % of the total invoiced by the audit firm	4.4%	14.2%	111%

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 Chairman of the Audit Committee to explain the content and scope of those reservations or qualifications.

Yes No

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 for 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.

KPMG Auditores, S.L. has been the financial 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.

C.1.40 Indicate and describe any processes that exist to let directors receive external advice.

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 call on external consultants they need to carry out their duties.

During the reporting period, certain committees received services from external consultants.

C.1.41 Indicate and 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.

However, in the case of the Audit Committee, information is usually received seven (7) days in advance.

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 offences referred to in Article 213 of the Spanish Limited Liability Companies Law.

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 series 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.
- Credit facilities arranged by the Company with the Construction Funding Corporation (finance company of the CEMEX Group) on August 31, 2012.

- 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 rescinded if any of the Group subsidiaries are excluded from the CEMEX Group as a result of a change in control thereat.

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.

Number of beneficiaries	
Type of beneficiary	Description of the agreement
N/A	N/A

There are <u>no</u> 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.

		Board of Directors	General Shareholders'
			Meeting
Body clauses	authorizing	Х	

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

In accordance with the Company Bylaws, the competences of the Board of Directors include approval, upon request by the Chairman of the Board or the CEO, of the appointment or removal of members of the Company's senior management, and establishment of a 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 forwarding, 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 director whom the Board of Directors acknowledges as such.

The Nomination and Remuneration Committee is also charged with (i) proposing to the Board of Directors the directors' annual remuneration scheme and amounts, as well as the individual remuneration of executive directors and other basic terms and conditions of their contracts, including the severance package or compensation received by them in the event of their removal, pursuant to the Company's Internal Regulations; and (ii) notifying and raising with the Board of Directors, the proposals made by the Chairman of the Board or the CEO relating to the structure of senior executive remuneration and the basic terms and conditions of their contracts, including the possible severance package or compensation if they are removed.

	Yes	No
Are the shareholders notified of such clauses		Х
at the General Meeting?		

<u>Note</u>: The Shareholders are notified of such clauses at the 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 proprietary and independent directors therein:

AUDIT COMMITTEE

Name	Position	Director category
Gabriel Jaramillo Sanint	Chairman	Non-executive
Rafael Santos Calderón	Director Lead Independent Director	Non-executive Independent Director
Coloma Armero Montes	Secretary	Non-executive

% executive directors	
% proprietary directors	
% independent directors	100%
% other non-executive directors	

NOMINATION AND REMUNERATION COMMITTEE

Name	Position	Director category
Rafael Santos Calderón	Chairman Lead Independent Director	Non-executive Independent Director
Coloma Armero Montes	Director	Non-executive
Ignacio Madridejos Fernández	Secretary	Non-executive Proprietary

% executive directors	
% proprietary directors	33.333%
% independent directors	66.667%
% other non-executive directors	

CORPORATE GOVERNANCE COMMITTEE

Name	Position	Director category
Coloma Armero Montes	Chairman	Non-executive
		Independent Director
Gabriel Jaramillo Sanint	Director	Non-executive
		Independent Director
Juan Pelegrí y Girón	Secretary	Non-executive Proprietary

% executive directors	
% proprietary directors	33.333%
% independent directors	66.667%
% other non-executive directors	

C2.2 Complete the following table on the number of female directors on the committees of the Board of Directors over the last four reporting periods:

Number of female Directors						
	2014	2014	2013	2013		
	%	%	%	%		
Audit Committee	33.33	33.33	33.33	33.33		
Nomination and	33.33	33.33	33.33	33.33		
Remuneration						
Committee						
Corporate	33.33	33.33	33.33	33.33		
Governance						
Committee						

Note: The Company was incorporated on April 17, 2012.

C2.3 Indicate whether the Audit Committee is responsible for the following functions.

	Yes	No
Overseeing the process of preparation and the completeness of financial informatio relating to the Company and, where appropriate, the Group, ensuring compliance w legal requirements, the accurate demarcation of the consolidated group and the correct application of accounting principles		
Reviewing internal control and risk management systems on a regular basis, so main risks are properly identified, managed and disclosed.	X	
Monitoring the independence and effectiveness of the Internal Audit function; proposing the selection, appointment, reappointment and removal of the Director of the Internal Audit Division; drawing up the department's budget; receiving regular report-backs on its activities; and verifying that senior management is acting on the findings and recommendations of its reports.	х	
Establishing and supervising a mechanism whereby staff can report, confidentially an if necessary, anonymously, any irregularities detected in the course of their duties, in particular financial or accounting irregularities with potentially serious implications for the firm.	X	
Making recommendations to the Board on the selection, appointment, reappointment and removal of the external auditor, and the terms and conditions of the firm's engagement.	Х	
Receiving regular feedback from the external auditor on the progress and findings of the audit program and checking that senior management is acting on its recommendations.	Х	
Monitoring the independence of the external auditor.	Х	

C2.4 Describe the organizational and operational rules and the responsibilities of each Board committee.

A) AUDIT COMMITTEE

A.1) Organizational and operational rules:

Pursuant to Article 43 of the Company 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 created a standing Audit Committee, a non-executive internal reporting and consultation body, the scope of which includes reporting, advisory and proposal-making powers.
- 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 at the proposal of the Nomination and Remuneration Committee. It must be composed of independent directors only.
- The Board of Directors will select the Chairman of the Audit Committee from among its independent directors. It will also appoint the Secretary of the Committee, who need not be a director and who must comply with the applicable directors' obligations established in the Regulations of the Board of Directors. The Chairman of the Audit Committee may only serve in this role for a maximum of three (3) years, upon conclusion of which the Chairman may not be reappointed until at least one (1) year has elapsed since his/her removal, without prejudice to his/her continuing presence or reappointment on the Committee.
- Without prejudice the above paragraph, the Board of Directors will endeavor to ensure that the members of the Audit Committee and, in particular, the Chairman, 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 reappointed on one or more occasions for a maximum term of three (3) years.
- The Audit Committee will meet as many times as the Chairman thereof deems is necessary to perform the competences entrusted to the committee and at least once (1) every three (3) months. It will also meet when so requested by at least two (2) of its members. The Chairman of the Board of Directors and the Chief Executive Officer 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, in which case its resolutions may be adopted upon a simple majority. In the event of a tie, the Chairman of the Audit Committee has the deciding vote.
- The members of the Audit Committee may delegate their vote to other members of the Committee. The resolutions adopted by the Audit Committee are recorded in the minutes of the meeting, which must be signed by the chairman and the secretary of the meeting 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 Chairman of this committee ask the Chairman of the Board of Directors to approve such a request. The Committee's Chairman may also request the attendance of any of the Company's directors, managers or employees, or any member of its investees' decisionmaking bodies whose appointment was proposed by the Company, provided that there is no legal impediment that prevents them from doing so.
- The Company's financial auditors may also attend the meetings of the Audit Committee where they will have the right to speak but not to vote.

A.2) Functions and responsibilities of the Audit Committee.

The Audit Committee has the following competences and powers:

- (a) reporting to the shareholders at the General Meeting regarding issues raised therein by shareholders on matters within its area of authority,
- (b) supervising the effectiveness of the Company's internal control and its corporate risk management, ensuring that the internal control processes are (i) in line with the Company's needs and strategies and (ii) ensuring the effectiveness and efficiency of the operations as well as the accuracy of the financial information,
- (c) approving the policy for hiring the statutory financial auditor,
- reviewing periodically the Company's risk management policy and proposing amendments and updates deemed appropriate by the Board of Directors,
- (e) analyzing, together with the financial auditors, significant weaknesses in the internal control system detected during the audit process;
- (f) overseeing the process of preparing and presenting regulated financial information and establishing the Company's policies and practices to structure, analyze and disclose its financial information,
- (g) proposing the appointment, reappointment or replacement of the financial auditors to the Board of Directors for submission for approval at the General Shareholders' Meeting, in accordance with applicable legislation.
 - The Company may not appoint as its financial auditor any person or firm that has received income from the Company and/or its related economic partners representing 25% or more of their annual income for the previous year;
- (h) overseeing the activities of the Internal Audit Division, which will be report to the Audit Committee for operational purposes, and supervising 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,
- (i) establishing a good relationship with the financial auditors in order to obtain information, for examination by the Audit Committee, on issues that might jeopardize its independence, and any other issues relating to the financial audit process as well as other communications required by financial audit legislation and other auditing standards,
- (j) receiving an annual letter from the statutory financial auditors confirming their independence with respect to the Company, as well as information regarding any additional services provided by the statutory financial auditors to the Company pursuant to the applicable law,
- (k) issuing, prior to the statutory auditor's report on annual accounts, an annual report expressing an opinion on the independence of the financial auditor. This report must also address the additional services provided mentioned in the above paragraph;
- (I) ensuring compliance with specific legislation applicable to the Company,
- (m) reviewing the financial statements before submission for approval to the Board of Directors and authorization for issue by the Shareholders at the General Meeting, ensuring that the interim financial statements are drafted in compliance 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,
- (n) defining mechanisms to consolidate the information of the issuer's control bodies to be submitted to the Board of Directors,
- (o) reporting to the Board of Directors, prior to the adoption by it of the corresponding decision, on the creation or acquisition of shares in special purpose vehicles or entities domiciled in countries or territories that are considered tax havens, as well as other similar transactions or operations of a similar nature,

- (p) 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, and
- (q) performing all other functions assigned by the Board of Directors.

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 Ordinary General Meeting.

Nevertheless, the Chairman of the Audit Committee will report to the Board of Directors on the business transacted 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 General Shareholders' Meeting is called.

B) NOMINATION AND REMUNERATION COMMITTEE

B.1) Organizational and operational rules:

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

- The Board of Directors created a permanent Nomination and Remuneration Committee, which is a non-executive internal reporting and consultation body the scope of which includes reporting, advisory and proposal-making powers.
- The Nomination 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 Chairman of the Nomination and Remuneration Committee from its independent directors. It will also appoint the Secretary of the Committee, who need not be a director and who must comply with the applicable directors' obligations established in the Regulations of the Board of Directors.
- The Board of Directors will endeavor to ensure that the members of the Nomination and Remuneration Committee have the right knowledge, skills and experience for the duties they are called upon to perform.
- Members of the Nomination and Remuneration Committee are appointed for a maximum term of three (3) years and may be reappointed on one or more occasions for a maximum three-year (3) term.
- The Nomination and Remuneration Committee will meet as many times as its Chairman deems necessary to carry out the competences entrusted to it and at least once (1) a year. It shall also meet when 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 Nomination and

Remuneration Committee for information purposes on an exceptional basis.

- The Nomination and Remuneration Committee may be validly convened when the majority of its members attend meetings in person or by proxy, in which case its resolutions may be adopted upon a simple majority. In the event of a tie, the Chairman of the Nomination and Remuneration Committee has the deciding vote.
- The members of the Nomination and Remuneration Committee may delegate their vote to other members of the committee. The resolutions adopted by the Nomination and Remuneration Committee are recorded in the minutes of the meeting, which must be signed by the chairman and the secretary of the meeting 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 Nomination and Remuneration Committee should the Chairman of the committee ask the Chairman of the Board of Directors to approve such a request. The Committee's Chairman may also request the attendance of any of the Company's directors, managers or employees, or any member of its investees' decision-making bodies whose appointment was proposed by the Company, provided that there is no legal impediment that prevents it from doing so.

B.2) Functions and responsibilities of the Nomination and Remuneration Committee:

- (a) conduct a periodic review of the remuneration policies for directors and senior management and propose any amendments and adjustments to the Board of Directors,
- (b) report on and review the obligatory criteria for forming the Board of Directors and selecting candidates, defining the functions and skills required and assessing the time and dedication needed to perform their work effectively,

- (c) oversee the selection process for the Company's Board of Directors and senior management,
- (d) assist the Board of Directors in defining and implementing continual professional development programs,
- (e) ensure that when new vacancies are filled or new directors are appointed, the selection processes are free of any implicit bias that might entail discrimination and that might make it difficult to select female directors,
- (f) put forward proposals to the Board of Directors for the appointment of independent directors (using the cooption method or submitting it to a decision by the Shareholders at the General Meeting), as well as proposals made by the shareholders at the General Meeting for the reappointment or removal of independent directors and find out about the proposed removal of independent directors by the Board of Directors,
- (g) report 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 General Meeting), as well as the proposals for reappointment or removal of other directors made by the shareholders at the General Meeting;
- (h) report on and suggest proposals for selecting people to fill internal positions on the Board of Directors and for appointing members on each committees, checking and comparing the knowledge and experience required with the competences of the committee in question and, in particular, the Audit Committee,
- (i) establish and oversee an annual program for a continual evaluation and review of their competence, professional development and, if applicable, independence, as well as a continual evaluation and review of whether they are honorable, suitable, solvent, competent, available and committed to their duties, all of which are the conditions required to hold the position of director and to be a member of a

committee. It also proposes to the Board any measures it considers appropriate in this regard, gathering any information and documentation that it considers necessary or suitable for this purpose,

- (j) examine and organize the succession of the Chairman of and chief executive of the Company, making any recommendations to the Board to ensure that the handover proceeds in an orderly and planned manner,
- (k) propose to the Board of Directors the directors' annual remuneration scheme and amounts, as well as the individual remuneration of executive directors and other basic terms and conditions of their contracts, including the severance package or compensation received by them in the event of their removal, pursuant to the Company's Internal Regulations,
- communicate the proposals from the Chairman of the Board of Directors or the Chief Executive Officer regarding the appointment or removal of senior officers,
- (m) notify and raise with the Board of Directors, the proposals made by the Chairman of the Board or the CEO relating to the structure of senior executive remuneration and the basic terms and conditions of their contracts, including the possible severance package or compensation if they are removed,
- (n) communicate incentive plans and supplements to all of the Company's employees;
- (o) conduct a periodic review of the general remuneration schemes for the Group's employees, evaluating the adequacy and results thereof,
- (p) ensure the Company's remuneration schemes are observed and disclose the documents to be approved by the Board of Directors in connection with the foregoing and the relevant sections of the Company's Annual Corporate Governance Report,
- (q) take note of the selection, appointment and remuneration of directors and senior officers of the main Group companies and the investees and notify

the Board of Directors, if applicable, without prejudice to the independence and uniqueness (pursuant to prevailing legislation) of entities whose corporate governance rules attribute such competences to their own Nomination and Remuneration Committee or equivalent body,

- (r) issue reports or carry on activities that may fall within its purview pursuant to the Company's Internal Regulations or that may be requested by the Board of Directors or its Chairman, and
- (s) perform any other functions afforded to it by the Board of Directors.

The Nomination and Remuneration Committee also prepares an annual report on directors, senior management and the related remuneration. 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 Ordinary General Shareholders' Meeting.

Nevertheless, the Chairman of the Nomination and Remuneration Committee will report to the Board of Directors on the business transacted 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 Nomination and Remuneration Committee will also submit for approval by the Board of Directors a report detailing its work during the reporting period.

C) CORPORATE GOVERNANCE COMMITTEE

C.1) Organizational and operational rules.

Pursuant to Article 45 of the Company 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 created a permanent Corporate Governance Committee, a non-executive internal reporting and consultation body, the scope of which includes reporting, advisory and proposal-making powers.
- 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 Nomination and Remuneration Committee, from among the nonexecutive directors, the majority of which must be independent directors.
- The Board of Directors will select the Chairman 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 and who must comply with the applicable directors' obligations 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 right 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 reappointed on one or more occasions for a maximum term of three (3) years.
- The Corporate Governance Committee will meet as many times as its Chairman 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 Chief Executive Officer 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, in which case its resolutions may be adopted upon a simple majority. In the event of a tie, the Chairman of the Corporate Governance Committee has the deciding vote.
- The members of the Corporate Governance Committee may delegate their vote to other members of the Committee. The resolutions adopted by the Corporate Governance Committee are to be recorded in the minutes of the meeting, which must be signed by the chairman and the secretary of the meeting 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 Chairman of this committee ask the Chairman of the Board of Directors to approve such a request. The Committee's Chairman may also request the attendance of any of the Company's directors, managers or employees, or any member of its investees' decision-making bodies whose appointment was proposed by the Company, provided that there is no legal impediment that prevents it from doing so.

C.2) Functions and responsibilities of the Corporate Governance Committee:

- (a) periodically review the Company's Internal Regulations, with special emphasis on the corporate governance and compliance policies, and propose to the Board of Directors, for approval or submission to the shareholders at the General Meeting, any amendments and updates that will contribute to their development and ongoing improvement,
- (b) report any amendments to the Company's Internal Regulations that were not proposed by the Corporate Governance Committee,
- (c) promote the Company's corporate governance strategy,

- (d) oversee compliance with statutory requirements and with the rules set forth in the Company's Internal Regulations,
- (e) ensure diligent compliance with the rules contained in the Company's Internal Regulations and propose to the Board of Directors the amendments it deems necessary to bring corporate governance standards into line with existing best practices,
- (f) know, promote, guide and oversee the Company's corporate social responsibility and sustainability initiatives and report on them to the Board of Directors or to the Executive Committee, as the case may be,
- (g) know, promote, guide and oversee the Company's corporate reputation initiatives and report on them to the Board of Directors or to the Executive Committee, as the case may be,
- (h) prior to its approval, circulate the Company's Annual Corporate Governance Report (ACGR) and its Corporate Governance Questionnaire (Country Code – Colombia), should the Board of Directors decide voluntarily to be subject to it, to the Audit Committee and the Nomination and Remuneration Committee, gathering reports from them with respect to the sections of the ACGR and questionnaire that fall under their competences along with the annual sustainability report,
- (i) assist the Board of Directors in defining the Company's communication schedule 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,
- (j) monitor trading by members of the Board of Directors using shares issued by the Company,

(k) review and preliminarily report on transactions between the Company and its significant shareholders, directors, senior officers or any other persons related thereto. 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 fair 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) fair treatment of the shareholders,
- (vi) any other circumstance deemed necessary by the Corporate Governance Committee.

In the case of ordinary 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,

- (I) inform the relevant bodies 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, pursuant to the second recommendation of the Unified Spanish Good Governance Code of May 22, 2006 (the "Framework Agreement"),
- (m) report on a regular basis on compliance of the Framework Agreement,
- (n) issue a report on any amendments to the Framework Agreement,
- (o) issue recommendations and proposals on any matter within the scope of its competence;
- (p) issue the relevant reports and carry 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;
- (q) report any related-party transactions between the Company and its affiliates;
- (r) perform all other functions assigned by the Board of Directors.

Notwithstanding the foregoing, the Chairman of the Corporate Governance Committee will inform the Board of Directors of the business transacted 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 close of each reporting period, the Corporate Governance Committee will submit to the Board of Directors for approval a report detailing its work in the prior period.

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

Committee	Company Bylaws	Regulations of the
		Board of Directors
General aspects	41	23
Audit	43	25
Nomination ar	d 44	26
Remuneration		
Corporate Governance	45	27

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

Neither document was amended in the period.

C.2.6 Indicate whether the composition of the Board Committee or Executive Committee reflects the participation of the committee members on the Board.

Yes No

Note: As mentioned in the Annual Corporate Governance Report for 2013, the Executive Committee was removed after a short time via a resolution adopted by the Board of Directors at its meeting held on May 15, 2013, following a favorable report from the Corporate Governance Committee.

D. RELATED-PARTY TRANSACTIONS AND INTRAGROUP TRANSACTIONS

D.1 Identify the competent body and explain, if applicable, the processes for approving related-party or intragroup transactions.

Competent body for the authorization of related-party transactions

The Board of Directors is responsible for overseeing, analyzing, and authorizing related-party transactions with 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 entities are considered related parties: (i) directors, (ii) significant shareholders, (iii) managers, or (iv) persons related to these persons ("Related Parties").

Procedure for the approval of related-party transactions

1) 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 must then 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 fair 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:

- i) the nature of the 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 affect the impartiality of any of the Company's directors with respect to the interest of the Company and of any of its shareholders,
- v) fair treatment of shareholders, and

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

2) 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 fair 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.

3) General line of transactions with Cemex and its subsidiaries

Pursuant to Article 40.3 of 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 controlling 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 €100 million or the equivalent thereof 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 €25 million, or its equivalent 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 ordinary and recurrent transactions arising in the ordinary course of business included in the aforementioned *general line of transactions with Cemex and its subsidiaries*.

4) 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:

- i) they are governed by standard form agreements applied on an acrossthe-board basis to a large number of clients,
- ii) they go through at market rates, generally set by the person supplying the goods or services,
- iii) the amount is no more than one percent (1%) of the Company's consolidated annual revenue, as indicated in the audited financial statements for the last reporting period at the date of the transaction.
- 5) Related-party transaction disclosures:

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

Indicate if the approval of related-party transactions has been delegated and, if so, to what body or persons.

The Board of Directors has **not** delegated the approval of related party transactions.

D.2. List transactions that are significant, either due to the amount involved or because of the nature thereof, between the Company or the Group's companies and the significant shareholders in the Company.

Name or company name of significant shareholder	Name or company name of the Company or Group company	Nature of the relationship	Type of transaction	Amount (thousand s of euros)
Cemex España, S.A. (1)	CEMEX Colombia, S.A.	Contractual	Finance costs for loans and credit facilities	4,817
Cemex S.A.B. de C.V. (2)	Cemex Latam Holdings, S.A.	Contractual	Expenses for royalties for the use of Cemex trademarks (license)	8,049

- (1) Controlling shareholder of the Cemex Latam Group
- (2) Ultimate parent of the CEMEX Group.
- D.3. List transactions that are material, either because of the amount involved or because of their nature, between the Company or its group companies and the Company's directors or senior officers.

Name or company name of director or senior executive	Name or company name of the related party	Relationship	Nature of the transaction	Amount (thousands of euros)
N/A	N/A	N/A	N/A	N/A

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 whose purpose and terms set them apart from the company's ordinary trading activities.

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

There have not been any transactions of this nature.

D.5 Indicate the amount of related-party transactions.

Name or company name of the related party	Name or company name of the Company or Group company	Nature of the relationship	Type of transaction	Amount (thousands of euros)
Construction Funding Corporation (1)	Cemex Latam Holdings, S.A.	Contractual	Finance costs for loans and credit facilities	8,977
CEMEX Colombia, S.A. Cemento Bayano, S.A. (Panama), CEMEX Guatemala, S.A. CEMEX (Costa Rica), S.A., CEMEX Nicaragua, S.A. CEMEX El Salvador, S.A. Cimentos Vencemos do Amazonas, Ltda. (2)	Cemex Latam Holdings, S.A.	Contractual	Income from royalties for the use of intangible assets, trademarks and management services of Cemex (sublicenses)	127,491
Cemex Research Group AG (1)	Cemex Latam Holdings, S.A.	Contractual	Expenses for royalties for the use, operation and enjoyment of intangible assets (licenses)	37,054
Cemex Central, S.A. de C.V. (1)	Cemex Latam Holdings, S.A.	Contractual	Expenses for royalties for services and technical assistance	20,283
CEMEX Hungary K.F.T. (1)	Cemex Bogotá Investments B.V.	Contractual	Finance costs for loans and credit facilities	26,174

Construction Funding	Corporación Cementera	Contractual	Finance costs for	22,198
Corporation	Latinoamericana, S.L.U.		loans and credit	
(1)	and Cemento Bayano,		facilities	
	S.A			
Cemento Bayano, S.A.	Cemex Latam Holdings,	Contractual	Financial	N/A
(4)	S.A.			
CEMEX Trading, LLC	Cemex LAN Trading	Contractual	Cement purchases	67,919
(1)	Corporation and Cemex			
	Colombia, S.A.			
Cemex Trading LLC	Cemex LAN Trading	Contractual	Purchases of	2,296
(1)	Corporation Cemex LAN		concrete	
	Trading Corporation		transport trucks	
Cemex Deutschland A.G.	Cemex Colombia, S.A.	Contractual	Purchase of	3,632
(1)			industrial assets	
			for grinding of	
			cement	

- (1) Company related to the CEMEX Group.
- (2) Subsidiaries of Cemex Latam Holding, S.A.
- (3) These transactions are carried out between Cemex Latam Holdings, S.A. and the Cemex Latam Group companies; consequently, they are eliminated on consolidation of the Cemex Latam Group.
- (4) In 2014, Citibank, N.A. (Panamá Branch) extended a credit facility to Cemento Bayano, S.A. for an amount of USD 10,000,000, guaranteed by Cemex Latam Holdings, S.A. At December 31, 2014, Cemento Bayano, S.A. has not made use of this facility.

D.6 List 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) senior officers 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 <u>directors</u> and/or related parties.

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

i) Definition of the concept of "conflict of interest": Article 36 of the Regulations of the Board of Directors determines when a conflict of interest exists, as follows:

"A conflict of interest is a situation 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 related person linked 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 as follows:

- a. the spouse of the director or a person with who the director has an equivalent sentimental relationship,
- the ascendants, descendants and siblings of the director or of the director's spouse (or a person with who the director has an equivalent sentimental relationship),
- c. the spouses of the director's ascendants, descendant 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 related parties holds, either directly or indirectly, a management position or directorship from which he 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,
- 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 32 of the Regulations of the Board of Directors states that, in performing their duties, directors must:

- 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.

The Regulations of the Board of Directors impose other duties and obligations on directors, the non-fulfillment of which may give rise to possible conflicts

of interest: directors must abide by the non-competition obligation (Article 35), and may not use the following: company assets to obtain an economic advantage without having paid an appropriate consideration (Article 37), insider information (Article 38), or business opportunities to the detriment of the Company (Article 39).

iii) Rules to resolve conflicts of interest

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

- a. <u>Communication</u>: 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. <u>Abstention</u>: except in the instances envisaged in Article 14 of the Regulations of the Board of Directors (appointment, reappointment, removal from office or reprimand of directors), the director must abstain from voting on matters in which he or she is affected by a conflict of interest.
- c. <u>Transparency</u>: the Company will report in the ACGR 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 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 meeting.

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 <u>significant</u> shareholders:

The Company Bylaws and the Regulations of the Board of Directors govern conflicts of interest involving related parties 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 has incorporated into its own Internal Regulations by virtue of the Board resolution adopted on October 4, 2012, 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 <u>senior</u> <u>officers</u>:

Lastly, regarding possible conflicts of interest between the Company and/or its group with its **senior officers**, Section 9 of the Code of Ethics stipulates the following for senior officers 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 corporate interests.
- 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 senior officers 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 notifying conflicts of interest with senior officers and employees:

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

Yes <u>No</u>

E. RISK CONTROL AND MANAGEMENT SYSTEMS

E.1 Describe the scope of the Company's Risk Management System

Cemex Latam's Enterprise Risk Management system (ERM) 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 operates in an integrated and structured manner to proactively identify and manage the main risks to which the group is exposed. Each business unit has an ERM department, which reports directly to the Country Director and simultaneously to CEMEX's Executive Vice Chairman of Corporate Affairs and Enterprise Risk Management to ensure the process is coordinated and uniform. The ERM department is structured at global, regional and country levels, and applies processes which promote discussion of risks with management and the Risk Management Committee, 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, such as:

- Strategic risks
- Financial reporting 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 clearly structured risk management process that generates a risk agenda, which is continuously monitored and discussed with management.



- The ERM department uses a Search Plan methodology to identify and monitor risks. This methodology entails obtaining information from internal, external and publicly available sources.
- 2. Twice a year, a Risk Agenda is updated which takes into account all of the factors which could affect the Company's objectives and main business concerns, as well as the concerns of corporate management. The risks which are identified are assessed and prioritized.

The business units are responsible for identifying and generating their own agendas. The agenda takes into account management's concerns, complemented by the ERM team's knowledge of the operating unit. The ERM department of each business unit is responsible for ensuring that the agenda is reviewed and approved by the Country Director of the operating unit.

The global risk agenda comprises the individual agendas of all of the business units and takes into account the concerns of the executives responsible for the Company's global operations. The process generates sufficient information for the executives responsible for the business to obtain a general understanding of the key risks.

The ERM department is responsible for ensuring that the risk agenda is discussed, understood and approved, including the response to risks and mitigation strategy.

In addition, together with the heads of the operating units, the department assigns an executive to each risk, who is responsible for implementing and monitoring the agreed responses to risks.

The Risk Agenda takes into account the types of risks that could affect the Company, including risks in financial reporting processes. Internal operational risks are mitigated through the Internal Control system, which is based on the COSO framework (Committee of Sponsoring Organizations of Treadway Commission). The COSO framework provides guidance for public companies and is based on best practices in risk management and control. The framework is accepted by the different regulatory compliance bodies. Risks are classified as "Internal Operational Risks" if they originate within the Company's operations and the mitigating actions may be implemented and controlled by the Company.

- 4. The ERM department submits the global risk agenda to the Chairman of the Board of Directors and the Chairman of CEMEX South, Central America and the Caribbean to ensure that the agenda is discussed, understood, monitored and approved.
- Mitigating measures are identified for each risk, comprising specific actions in response to risks.

The Internal Control department assesses Internal Operational Risks and ensures that internal control are in place that are sufficient to mitigate them. This assessment provides a clear view of how risks are covered by internal controls, including descriptions thereof and the person to which they are assigned. The assessment also offers assurance that an effective control system is incorporated into processes.

6. The ERM department is responsible for monitoring risks and mitigating actions. On occasion, in coordination with the persons responsible for the risks, the department is also responsible for facilitating implementation and coordination of the mitigating measures.

Through its "Search Plan" methodology for monitoring risks, the department gathers information and shares it with the persons assigned to each risk and the Company's executives.

A monitoring and self-certification program has been established for risks mitigated through the internal control system. The Process Assessment area (Internal Audit) executes the internal audit and review program approved by

the Audit Committee, evaluating compliance with controls and issuing a periodic report with the results obtained.

E.2 Identify the bodies responsible for preparing and executing the Risk Management System.

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

1. Board of Directors

The Board of Directors is responsible for approving general policies and strategies at the Company and group levels, 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 a consultation 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 modifications and updates that it deems appropriate to the Board of Directors. Its primary focus is on internal operational risks, mitigated through the System of Internal Controls.

3.- Risk Management Committee

The Risk Management Committee (*) is an internal team led by the Chairman of the Board of Directors and the Chairman of CEMEX South, Central America and the Caribbean, comprising the managers of each business unit. Its primary functions are monitoring the key risks identified and establishing the measures necessary to manage them.

The main responsibilities of the Risk Management Committee are:

- Supervising the Risk Management System infrastructure.
- Taking into account 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.

(*) Solely for the purpose of clarification in this document, although the team is called the "Risk Management Committee" it should not be considered an internal delegated body or a Committee in the same way as the Audit Committee, Nomination and Remuneration Committee or Corporate Governance Committee.

4.- Internal Control

Internal Control is responsible for monitoring internal operational risks covered by the Risk Management System. Risks are classified as internal operational risks if they are generated by or are related to the Company's processes and operations and can be mitigated and controlled by the Company through internal controls.

5.- Process Assessment

This department is responsible for internal audit, including performing tests based on identified risks. It also assesses the effectiveness and efficiency of the System of Internal Controls in the Company's different areas.

E.3 Indicate the main risks that can hinder the fulfillment of the objectives of the business.

At January 2015, the most significant risks which could affect Cemex Latam are:

- Economic conditions in certain countries, which could negatively affect the operating and financial results of business units.
- 2. The Company operates in highly competitive markets whose conditions are constantly changing. As a result, the results of the business also constantly change.
- Due to the nature of the sector, the Company is subject to anti-trust laws
 and investigations which could negatively affect its operations should an
 unfavorable decision be reached which misinterprets the normal course of
 business in the industry.
- 4. The Company could be negatively affected by unexpected events which pose a risk to the operational continuity of the business (e.g. natural disasters, pandemics).
- 5. The Company is exposed to political and social risk in the countries in which it operates (e.g. social uprising).
- 6. The Company is highly dependent on information and technological systems, including outsourced services, entailing risks related to information security and cyber-attacks.

E.4 Indicate if the Company has a risk tolerance level.

As part of the periodic process of discussing, reviewing and approving the risk agenda, the Risk Management Committee defines the tolerance for each risk, considering the potential impact on the Company.

To determine the tolerance for each risk, the Risk Management Committee analyzes the following information: context, trend, current situation, outlook, scenarios, implications, impact, probability of occurrence and current mitigation measures.

The Risk Management Committee assigns a Company executive to each identified risk, who continuously monitors various risk indicators which may have an impact on the risk, in conjunction with the ERM department. Should a change in the status of the risk be detected, the Risk Management Committee is immediately informed, to ensure that response and mitigation plans are appropriately adjusted.

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E.5 Indicate what risks materialized during the year.

In 2014, no risks materialized which would have had a negative impact on the business

or the results thereof.

Nevertheless, during the year 77 special cases were identified through the Ethics

Committee and the different channels for filing anonymous complaints. Of the special

cases, 25% — primarily in Colombia, Panama, Nicaragua, Costa Rica and Brazil — were

found to be based on fact. The most relevant issues were related to the processes of

tracking the raw materials used in concrete and aggregates, and to negotiations with

materials and services providers. Altogether they represented an impact equivalent

to 0.3% of the Cemex Latam's total annual revenue.

The ERM and Internal Control areas and the heads of each of the operations put forth

action plans and adopted the measures deemed appropriate to mitigate these risks.

The Audit Committee was informed of internal operational risks and assessment of

internal controls.

E.6 Explain the response and oversight plans for the entity's main risks.

The Risk Management System 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.

High: Probability > 66%

Medium: Probability 33% < x < 66%

Low: Probability 0% < x <= 33%

• Impact: Consequence of a risk materializing. Measured in economic terms (e.g.

EBITDA, free cash flow, costs, fines) or reputational impact.

• Timing: Indicator of the time in which the risk or opportunity is expected to

materialize.

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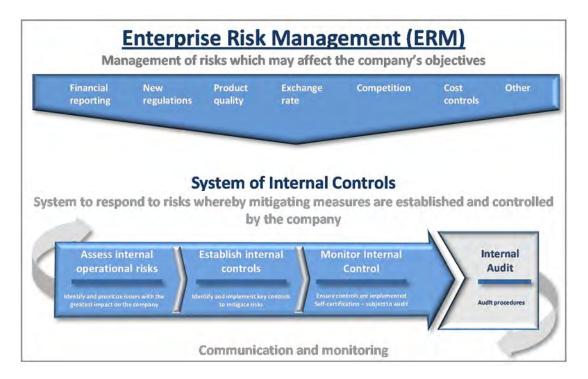
Measures, comprising specific actions, are established to mitigate each identified risk. Four alternatives are considered to respond to risks:

- 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.
- <u>Transferring (insuring/arranging):</u> 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. A Search Plan methodology is used to monitor each risk. This methodology entails obtaining information from internal, external and publicly available sources. The information gathered is shared with the persons assigned to each risk and Cemex Latam executives.

Some of these risks are mitigated through the Company's System of Internal Controls, which is based on the COSO framework (as explained in section E1). The COSO framework provides guidance for public companies and is based on best practices in risk management and control.

The Internal Control model is shown in the following chart:



<u>Identification of internal risks:</u> Initially, Internal Control, along with the process heads, identifies and evaluates different potential risks, taking into account their possible effect on (i) the management of the operation, and (ii) the financial statements, placing a priority on topics 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 likelihood 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 Internal Control, 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: The Internal Control area ensures the correct implementation and the effectiveness of the controls throughout the year through a monitoring and self-certification program. The Internal Control area executes the internal audit and review program approved by the Audit Committee, evaluating compliance with controls and issuing a periodic report with the results obtained.

Importantly, the work carried out by the Internal Control area of Cemex Latam is coordinated by the Internal Control area of the CEMEX Group in Mexico, whereas the Internal Audit area answers directly to the Audit Committee of Cemex Latam.

F. INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)

Describe the mechanisms that make up the control and risk management systems as they relate to the process of financial reporting (ICFR) at your Company.

F.1 The entity's control environment

Indicate if the entity has, at a minimum, the following components, and the main characteristics thereof:

F.1.1. What bodies and/or functions are responsible for: (i) the existence and maintenance of an appropriate and effective ICFR; (ii) implementing it; and (iii) overseeing it.

The bodies responsible for ICFR are:

<u>Board of Directors</u>: In accordance with article 34, section 2, subsection C of the Bylaws and article 6, section 5, subsection C of the Regulations of the Board of Directors, this body is ultimately responsible for ensuring that the financial information that the Company must periodically publish, in its position as a listed entity, gives a true and fair view of the equity, financial position and results of the Company, in accordance with applicable legislation.

<u>Audit Committee:</u> In accordance with article 43, section 5, subsection (b) of the Bylaws and article 25, section 6, subsection (b) of the Regulations of the Board of Directors, the Audit Committee is responsible for supervising the effectiveness of the Company's internal control and its corporate risk management, ensuring that the internal control processes are (i) in line with the Company's needs and strategies and (ii) ensure the effectiveness and efficiency of the operations as well as the accuracy of the financial information.

<u>Internal Control:</u> The Internal Control department is responsible for duly assessing internal operational risks and ensuring that appropriate internal controls exist to mitigate such 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 offers assurance that an effective control system is incorporated into processes.

F.1.2. The following elements, if they 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; (iii) deploying procedures so this structure is communicated effectively throughout the entity

The Board of Directors has the utmost powers in relation to management of the Company. The Board is the Company's highest decision-making body, except in relation to matters included in the exclusive purview of the shareholders at their General Meeting. The Board is responsible for approving proposals from the Chairman of the Board of Directors or the CEO relating to the organizational structure of the Company and changes thereto and appointment or removal of senior management.

However, under a proposal put forward by the Chairman of the Board in this connection, the Audit Committee is responsible for forwarding, as applicable, a reasoned proposal to the Board of Directors on the selection, appointment or removal of the Director of the Internal Audit Division.

Cemex Latam has an organization manual describing organizational structure as well as the responsibilities to the different levels and for ensuring that functions are properly segregated. This manual is kept by Human Resources, and is available on the corporate intranet.

In addition, in terms of the ICFR, specific areas exist as follows:

<u>Board of Directors:</u> the Board is responsible for authorizing the financial statements and reports prepared by the Company and its auditors for issue to investors and regulatory bodies before the deadlines established by law.

<u>Audit Committee:</u> before they are approved by the Board of Directors, the Audit Committee reviews and approves the financial statements and the status of the related internal controls. The Committee also ensures that the financial statements are consistent and comply with the Company's accounting standards and oversees the internal and external audit functions.

<u>Comptroller/ Business Service Organization (BSO):</u> responsible for preparing the financial statements, executing internal controls and implementing the

Company's policies, including authorization, reconciliation and trend analysis to ensure that the financial information is reported and disclosed in a reasonable manner.

<u>Accounting Technology:</u> a group of expert accountants, responsible for supervising, disclosing and correctly applying accounting principles. The area also monitors and assesses the impact of adopting new standards and updating the Company's accounting policies.

<u>Internal Control</u>: responsible for ensuring that sufficient internal controls exist in relation to preparation of financial information, including controls to mitigate risks of error or fraud.

<u>Process Assessment:</u> this area performs detailed audits of internal processes and controls established by the Company in relation to preparation of financial statements.

<u>External Auditor</u> As the Cemex Latam business units form part of the CEMEX Group, they are included in the scope of the detailed audit of controls, in order to comply with the Sarbanes-Oxley Act. In addition, the financial information from each country is audited by KPMG, using a substantive approach, to assess the reasonableness of the financial statements.

 Code of conduct, approving body, dissemination and instruction, principles and values covered (stating whether it makes specific reference to recordkeeping and financial reporting), body in charge of investigating breaches and proposing corrective or disciplinary action.

The Cemex Group has a code of ethics and conduct ("Code of Ethics"), compliance with which is mandatory for all senior officers and other employees of the Cemex Group, who must sign it indicating their familiarity and agreement therewith.

Consequently, and pursuant to the agreement adopted by its Board of Directors on October 4, 2012, the Company adhered to the Code of Ethics, in order to be in compliance with corporate governance best practices. The Code of Ethics applied to all the companies, business units and operations that as of July 1, 2012, became part of Cemex Latam.

The Code of Ethics comprises fundamental principles for all business processes, and is therefore reviewed continuously by various areas within the Company, such as Legal Affairs, Internal Control, Process Assessment, Sustainability, Security and HR. Any change must be duly approved by the global ethics committee, comprising members of the Executive Committee of Cemex S.A.B. de C.V (the "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. Chapter 15 specifically relates to handling of confidential or privileged information and chapter 16 relates to financial controls and records.

All of Cemex Latam's business units have local ethics committees (the "Ethics Committees"), which are responsible for ensuring compliance with the code and monitoring the issues contained therein. At the start of each year a communication plan is prepared by the Ethics Committees, in agreement with the Global Ethics Committee. The communication plan includes measures such as: training, posters, articles in internal magazines and updates to signatures.

In addition, through an agreement that the Board of Directors, after receiving a favorable report from the Corporate Governance Committee, adopted at its January 16, 2013, meeting, the Company also adopted the following Cemex Group institutional policies regarding compliance:

- Anticorruption policy
- Compliance policy for compliance with antitrust laws
- Information retention policy
- Policy on use of insider information
- Policy on disclosing relevant information
- Information-security policy
- Policies on portable equipment and the Bring Your Own Device Program (BYOD)

The bodies responsible for reviewing any noncompliance with the Code of Ethics and for proposing relevant corrective actions as well as, when applicable, the corresponding sanctions are the Ethics Committees and the Audit Committee, as applicable. Depending on the circumstances of each case, the proposals are forwarded to (i) the country directors, (ii) the Executive General Manager, 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, titled "Ethos," containing not only the Code of Ethics but also a policy center. The relevant policies may be consulted by country, topic, functional area, guidelines, and community.

The Code of Ethics and the policies referred to above are defined and updated at the global level for the CEMEX Group. The Audit Committee (External Regulations), the Corporate Governance Committee (Internal Regulations), and the Board of Directors of Cemex Latam are ultimately responsible for ensuring compliance with the Code of Ethics and the ethics policies as they relate to Cemex Latam.

 'Whistleblowing' channel, for the reporting to the Audit Committee of any irregularities of a financial or accounting nature, as well as breaches of the code of conduct and malpractice within the organization, stating whether reports made through this channel are confidential.

Anonymous whistleblowing lines have been established to report any breaches of the code, including matters relating to financial reporting. These lines offer the option of anonymity and reports are passed to the Ethics Committee and the Audit Committee, as appropriate.

The comments received in relation to financial reporting processes, including fraud or error, are sent directly to the Audit Committee.

Whistleblowing lines are managed by a third-party service provider (The Network). 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 by telephone, chat or email. (https://wb.cemex.com)

The service uses Secure Socket Layer (SSL) technology, thus ensuring that all of the information sent is encrypted and protected by the service provider. The service is available 24 hours a day and seven days a week.

Other independent mechanisms for recording complaints and grievances also exist, in particular:

- The following address has been activated for suppliers to file complaints: www.cemex.com/Proveedores-Quejas.
- Messages sent directly to the Ethics Committee.
- Messages sent directly to the Audit and Internal Control Areas.
- Other reporting channels, such as any complaints filed by customers and suppliers or reports filed directly for members of the Ethics Committee

The Global Ethics Committee and the Ethics Committees must ensure that all cases are dealt with and closed. Cases are assigned to persons from the Process Assessment, Internal Control, Legal Affairs, IT or Human Resources departments in accordance with their nature, or on occasions from external services, if appropriate. The assigned person is responsible for performing appropriate verifications and investigations and issues a report with the findings, conclusions and actions plans. The report is forwarded to the country managers, 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 Process Assessment reports to the Audit Committee on any relevant matter occurring during the execution of the review programs.

Reports are periodically submitted to Cemex Latam's Audit Committee on the status of the investigations.

• Training and refresher courses for personnel involved in preparing and reviewing financial information or evaluating ICFR, which address, at a minimum, accounting rules, auditing, internal control, and risk management.

The Cemex Latam companies, through Human Resources and in coordination with Finance, Comptrollership, BSO, Accounting Technology and Financial Information, have in place formal contracting practices to ensure that new employees are qualified to carry out the activities for which they are responsible and have the required profile, educational backgrounds, 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. The Accounting Technology area updates and develops new accounting policies in response to changes in the company and new regulations. The Accounting Technology team is responsible for updating and reporting any modification of policies in relation to changes in processes or new accounting regulations.

Employees are evaluated periodically on the basis of the parameters established for the duties that they perform and the goals for their position. These performance evaluations are managed through an IT tool called "Career Building", which is the responsibility of Human Resources.

In conjunction with their immediate superior, through the Career Building tool Cemex Latam employees establish their objectives for each year, which form the basis of their interim and year end performance reviews.

To ensure that senior officers and other employees remain up-to-date in terms of their knowledge, Finance, Comptrollership, Accounting Technology and Financial Information and Human Resources design training plans for staff members involved in preparing the Group's financial statements. The objectives of these plans include: (i) bringing participants up-to-date regarding regulations and general legislation, (ii) providing specific knowledge on International Financial Reporting Standards (IFRS), (iii) sharing information on trends in principles applicable to internal control over financial reporting.

The direct superiors of key employees who are involved in preparing the financial statements must ensure that objectives or activities are established which are focused on training in accounting regulations and standards (e.g. IFRS, country-specific regulations, COSO, SOX).

F.2 Risk assessment in financial reporting

Indicate, at a minimum:

- F.2.1. The main characteristics of the risk identification process, including risks of error or fraud, in terms of:
 - 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) is updated, and how often.

For internal operating processes, the Company has created a risk map which enables the Audit Committee to visualize the categories of risk that are mitigated by the System of Internal Controls.

The internal operational risk map is continuously updated by the heads of the business units through interviews and self-assessment questionnaires. This helps the Company ensure that assessed risks are interpreted in a relatively uniform manner.

Each business unit assesses and develops a risk map, including financial reporting, which is then consolidated in an Internal Operational Risk Map to be submitted 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.

Annually, for each category of financial reporting risk, the assessment considers each significant account in the financial statements, assertions (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations) and key transactions which contribute to risks. The risk assessment begins with the consolidated financial statements of the Company and takes into account quantitative and qualitative factors, such as materiality, volumes of business, manual allocations, judgment-based valuations and probabilities or error or fraud. The risk assessment is divided into three main categories:

<u>Highly complex accounts:</u> accounts and processes which require interpretation of accounting rules and entail a high degree of judgment (e.g. impairment, financial instruments, deferred tax, provisions).

<u>Materiality:</u> accounts in the financial statements that, due to their nature, entail a high volume of transactions (e.g. sales, inventories, payroll, purchases).

<u>Financial Reporting:</u> includes the processes related to preparation and issuing of information to internal and external parties (e.g. annual and monthly closes, reports to stock exchanges, manual consolidation adjustments, intercompany transactions).

The process covers all of the financial information objectives. It also takes into account the business risks referred to above, which may have an impact on financial statements.

F.3 Control activities

Indicate if the entity has, at a minimum, the following components, and the main characteristics thereof:

F.3.1. Procedures for reviewing and authorizing the financial information and description of ICFR to be disclosed to the markets, stating who is responsible in each case; documentation and flow charts of activities and controls (including those addressing the risk of fraud) for each type of transaction that may materially affect the financial statements, including procedures for the closing of accounts and for the separate review of critical judgments, estimates, evaluations and projections.

Cemex Latam has procedures to review and authorize financial information published in the securities markets (Mercado de Valores de Colombia), and it has established a procedure to monitor the different types of transactions that may materially affect the financial statements.

Individual (separate) and consolidated financial statements are prepared by the Comptroller and BSO in accordance with the International Financial Reporting Standards (IFRS) in effect at December 31, 2014, as required by the International Accounting Standards Board (IASB).

In addition, the Comptroller and BSO prepare and manage financial information in accordance with the standards and principles set forth in the Spanish General Chart of Accounts (PGC) and other applicable norms, given that it is a Spanish company. Consequently, the Board of Directors is required to prepare the annual financial statements and the directors' report according to Spanish law, which are submitted for the subsequent approval of the General Shareholders' Meeting and deposited in the Commercial Registry.

Before being forwarded to the securities market, the Group's financial statements must have received 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 and prior report by the Audit Committee.

- Approval (financial statements) or authorization for issue (annual accounts),
 as appropriate, by the Board of Directors.
- Approval by the General Shareholders' 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 connection with the process of financial reporting based on the COSO model, with the following objectives:

- Effectiveness and efficiency in 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. Mitigation of risks depends on correct implementation of controls by the persons responsible. Controls are related to specific steps in processes and are often linked to the Company's policies and procedures. Controls are continuously adapted, to ensure that they take into accounting changing business conditions.

Cemex Latam's Internal Control department produces detailed descriptions of each step, 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 between the systems involved in the process, including the controls in place to ensure full and accurate transfer of information.
- Control matrices, describing what is expected of the person implementing
 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 and automatic controls, preventive and detective
 controls and specific evidence to be considered.

 The descriptions and control matrices are updated and are available from the Company's Policy Center.

For accounting policies and procedures, the Accounting Technology team ensures, in conjunction with Internal Control, that the descriptions, risks and controls are updated and published by the Policy Center.

As part of this methodology, design assessments and change implementation tests are performed by the Internal Control team to ensure that controls are suited to the processes and identified risks.

F.3.2. Internal control policies and procedures for IT systems (including secure access, control of changes, system operation, continuity and segregation of duties) giving support to Cemex Latam Group's key processes regarding the preparation and publication of financial information.

Information System (IT) Controls are an important set of controls. They are classified as either *general* controls or *application* controls and are monitored for all the systems which support operating processes, including those used to generate financial reports. General IT controls are related to administration of equipment, servers, back-ups, infrastructure, security measures, purchases of software, development and maintenance. Application controls are embedded in applications (e.g. SAP, Hyperion) and focus on the integrity, accuracy, authorization, valid gathering and processing of information through the systems.

Cemex Latam is a highly automated company. Information technology controls (IT) are key to ensuring that systems, servers and applications function correctly and that information is therefore reliable. The controls are based on the COBIT framework (Control Objectives for Information and Related Technology) and the control activities have been identified and documented for Cemex Latam's systems, with testing on an annual basis. COBIT is a framework created by specialists in Information Technology that is generally accepted as a means of compliance with the control requirements of the various regulatory bodies.

Controls on systems are divided into the following categories:

- Support schemes to ensure continuity and support operations.
- Protection of the network from deliberate attacks.
- Back-ups and data recovery schemes.
- Changes to programs and applications.
- Program and data access controls.
- Application controls for systems (e.g. SAP, Hyperion, RMS)

The Processes and IT area is responsible for ensuring that these controls are performed. Each year they are included in the scope of internal audits.

The Information Security team, which is part of the Processes and IT area, monitors conflicts relating to segregation of duties within systems. A model has been implemented which defines and classifies key transactions which may give rise to conflicts relating to segregation of duties within the system.

F.3.3. Internal control policies and procedures for overseeing the management of outsourced activities, and appraisal, calculation or valuation services commissioned from independent experts, when these may materially affect the financial statements

For processes outsourced to third parties, contracts are executed governing, inter alia, the following aspects:

- The obligations and responsibilities assumed by each party
- The levels of communication and notifications that the parties are required to exchange
- The conditions or terms related to invoicing, payment conditions, etc.
- The applicable rules regarding confidentiality
- The possible penalties in the event of noncompliance by either of the parties

When it is necessary to outsource the preparation of financial information to an independent expert (actuarial calculations, valuation of fixed assets, etc.), the Company ensures that the level of technical expertise of the professionals involved and the assurances that they offer as suppliers are in line with the Company's needs. Companies with the required certification are preferred for these contracts.

Cemex Latam has outsourced services to IBM, which is responsible for some of the transactional administrative activities and IT services which are part of the financial reporting process in all of the operating units.

Although the transactions are carried out at the IBM service centers, the Company retains responsibility 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 to IBM during the transition, to maintain an effective Internal Control Model.

IBM service centers must maintain appropriate level of control and are obliged to: Comply with the Code of Ethics and the policies and internal controls relating to the assigned tasks. Cemex Latam and IBM have developed "DTP" documents to provide detailed descriptions of all of the activities performed by the IBM service centers, explaining the necessary steps and controls.

The IBM service centers are included in the scope of Internal Control's monitoring activities and 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 established requirements. In addition, in its global assessment of the CEMEX Group, including 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 the entity level (SSAE 16 Report), issued by 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 and the VMO develop procedures and internal controls for the following processes:

I. Deliverables, in accordance with legal contracts.

- II. Process of payments to IBM.
- III. Service level agreement (SLA).
- IV. Risk and problem management.

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 in charge of defining and maintaining accounting policies (accounting policies area or department) and resolving doubts or settling disputes over their interpretation, which is in regular communication with the team in charge of operations, as well as a manual of accounting policies regularly updated and communicated to all the Company's operating units.

The area responsible for accounting policies is the Accounting Technology Department of CEMEX S.A.B. de C.V, as the coordinating area for the entire Cemex Group, including Cemex Latam. The duties and activities of the Accounting Technology Department include:

- Defining accounting policies in line with applicable regulations and policies, and preparing Cemex Latam's consolidated financial statements.
- II. Monitoring possible changes in the regulations proposed by the IASB and the impact of their application on the preparation of the financial statements.
- III. Periodically reviewing the accounting policies to ensure that they are up-todate and, when they have changed, making the appropriate modifications.
- IV. Ensuring that policies are applied in a consistent and coherent manner across group companies.
- V. Providing information on accounting policies to the areas involved in preparing financial information through the corporate intranet, access to which is to be unrestricted for all employees needing to consult these policies. In addition, coordinating training tasks.
- F.4.2. Mechanisms in standard format for gathering and preparing financial information, which are applied and used in all units within the entity or group, and support its main financial statements and accompanying notes as well as disclosures concerning ICFR.

The Company has defined a procedure for preparing financial information, which includes accounting-close and information-consolidation processes for all of the group's companies.

Information is administered on a single platform under the accounting system (SAP), to ensure greater control over the standardized processes in a single accounting close. The process has controls to monitor access to the system, ensuring the correct 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 through a single system, called "Hyperion," supported by levels of security, segregation of duties and mechanisms of automatic control allowing the completeness and reliability of data to be monitored.

Moreover, the existence of a single chart of accounts for all of the CEMEX Group's companies facilitates consolidation and the reporting (information) system generated for all entities requiring information.

F.5 Monitoring

Indicate if the entity has, at a minimum, the following components, and the main characteristics thereof:

F.5.1. The monitoring activities undertaken by the Audit Committee and whether the entity has an internal audit function whose competencies include supporting the audit committee in its role of monitoring the internal control system, including ICFR. Describe the scope of the ICFR assessment conducted in the year and the procedure for the person in charge to communicate its findings. State also whether the entity has an action plan specifying corrective measures for any flaws detected, and whether it has taken stock of their potential impact on its financial information.

As noted above, oversight of the control and risk management system with regard to financial reporting is handled at three levels – Process Assessment, the Audit Committee (to which Process Assessment reports) and, ultimately, by the Board of Directors.

Process Assessment supports the Audit Committee in overseeing the internal control and risk management systems with regard to financial reporting.

In 2014, 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, 2014, after which it sent a favorable report to the Board of Directors, as the body qualified to authorize the issue of the annual accounts.
- In 2014, the Committee reviewed the individual (separate) and consolidated financial statements prepared under IFRS. Once they were approved by the Board of Directors, the Company was to submit the statements to the Financial Superintendency of Colombia (Superintendencia Financiera de Colombia SFC), in accordance with Instruction 10 of External Circular No. 004 of March 9, 2012, governing periodic, material financial reporting by securities issuers registered with Colombia's National Registry of Securities and Issuers.
- In addition, in 2014 the Audit Committee:

- Approved Process Assessment's work plan and budget for that year, which includes financial reporting-related processes.
- 2) Reviewed the implementation of and compliance with Internal Audit's program, focusing especially on the results submitted periodically by the head of the area to the Committee at its meeting, including on financial reporting-related processes.

Process Assessment prepares an annual audit plan with a risk-based approach. For the financial statements, based on the financial information and the materiality of the accounts and considering the SEC guidelines (Securities and Exchange Commission) for assessment of Internal Control over Financial Reporting (ICFR), the Internal Control area establishes an annual scope at the start of the year, selecting the business units and areas that will be subject to internal audits of financial statements.

The Internal Control environment depends on the effectiveness of the processes in all of the countries where the Company operates. Therefore, all of the plants and offices are audited at least once a year.

For the tests performed on Cemex Latam in 2014, the following procedure was followed to define the scope, which was approved by the Audit Committee:

Selection of significant accounts and key processes

The process to select significant accounts to include in the scope of internal tests begins with analysis of the consolidated financial statements. It considers quantitative and qualitative aspects of each account, including: materiality, volume of business, manual entries, valuations and judgments and the possibility of error or fraud. All of the selected accounts and processes are classified into three categories:

<u>Highly complex accounts:</u> accounts and processes which require interpretation of accounting rules and entail a high degree of judgment (e.g. impairment, financial instruments, deferred tax, provisions).

<u>Materiality:</u> accounts in the financial statements that, due to their nature, entail a high volume of transactions (e.g. sales, inventories, payroll, purchases).

<u>Financial Reporting:</u> includes the processes related to preparation and issuing of information to internal and external parties (e.g. annual and monthly closes, reports to stock exchanges, manual consolidation adjustments, intercompany transactions).

Significant Entities

To cover a significant portion in the audits, Free Cash Flow is used as a key indicator. Any country whose free cash flow represents more than 5% of the total for Cemex Latam is classified as a significant entity. This indicates that all of the selected significant accounts will be reviewed during the annual assessment.

Coverage of Cemex Latam's significant accounts

It has been agreed with external auditors that coverage of accounts must be at least 55%. This means that sufficient countries are included until the figure of 55% of each selected account is reached.

Specific Risks

In addition, Internal Control assesses the remaining entities and if specific risks are identified, they are also included in the scope. These specific risks are normally related to the materiality of a certain account in countries which have not been selected or situations of which management is aware which increase the probability of error, such as changes in systems or processes or situations highlighted in prior audits.

Internal Control over Financial Reporting

The scope of the tests includes controls at the entity level, manual controls, general IT controls and automatic controls embedded in the applications used to process financial information.

Internal Control selects the controls to test for each selected account, focusing on those which are considered key, in accordance with the main sources of risk. Executives responsible for control contribute their opinions during this process.

To ensure that the scope is adequate, it is reviewed and validated by Cemex Latam's Audit Committee.

During the year, 1,243 audit tests were conducted, with satisfactory results in 81% of the cases, meaning that the analyzed processes did not significantly affect the financial results or the continuity of the business.

F.5.2. Does a discussion procedure exist whereby the auditor (pursuant to Technical Audit Standards - TAS), the internal audit function and other experts can report any significant internal control weaknesses encountered during their review of the annual accounts or other assignments, to the entity's senior management and its audit committee or Board of Directors? State also whether the entity has an action plan to correct or mitigate the weaknesses found.

Communication is an essential part of the System of Internal Control. As a result, it must be ensured that the Audit Committee, management and heads of the operating units are informed of the weaknesses and faults in internal controls.

Deficiencies in internal controls are assessed to determine their importance and severity and whether immediate action is required. Each deficiency is detailed and the impact is assessed in conjunction with the persons responsible for the process to determine whether to report 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 which individually, or jointly with other deficiencies, are sufficiently important and should be reported to the Audit Committee. A material weakness reflects a significant possibility of a material error in the Company's financial statements and should be disclosed in a public report submitted by Cemex Latam to the different stock exchanges.

The Audit Committee should be informed of any significant deficiency or material weakness which has been identified prior to issuing the financial statements and/or upon their detection if urgent corrective actions are required.

The Audit Committee holds meetings at least once a quarter to review and report periodic and year-end financial information, before its approval by the Board of

Directors or the General Shareholders' Meeting, as the case may be. This information is (i) subsequently submitted to the appropriate Spanish and Colombian authorities, and (ii) disseminated to the market. Topics related 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 improvement and opportunity areas with regard to deficiencies in internal control detected during the period in question.

In 2014, the Audit Committee held a total of seven meetings.

Invitations to the meetings of the Audit Committee are generally sent to the heads of Internal Audit, Comptrollership and Internal Control and the External Audit Associate.

Deficiencies detected by Internal Audit are monitored through action plans and recommendations agreed on with the head of the process being audited. In addition, taking into account the aforementioned details relating to external audit, any deficiency reported during the global assessment regarding the CEMEX Group's compliance with the Sarbanes-Oxley Act that relates to Cemex Latam companies is included in the remediation and monitoring processes of Process Assessment and Internal Control.

Based on the results of the internal audits carried out by the Company's Process Assessment area, Internal Control reaches a consensus with the different heads of the processes evaluated on the actions considered the most appropriate for mitigating the risks detected and for avoiding a future occurrence thereof.

Once a consensus has been reached on the corrective actions, Internal Control informs the Audit Committee and periodically monitors the implementation of the actions. In this task, Internal Control is responsible for reviewing the suitability and effectiveness of the controls initially identified, depending on 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 Report from the external auditor

Report on:

F.7.1. The ICFR information supplied to the market has been reviewed by the external auditor, in which case the corresponding report should be attached. Otherwise, explain the reasons for the absence of this review.

The information on the internal control and risk management systems regarding financial reporting supplied to the markets has not been reviewed by the external auditor.

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 and New York Stock Exchange (NYSE), and therefore abides by the regulations for Mexican and US securities, including the 2002 Sarbanes-Oxley Act. Cemex Latam's business units have appropriate internal control processes and mechanisms to determine and certify the accuracy of financial information. CEMEX and its subsidiaries have complied with the Sarbanes-Oxley Act since 2003, with unqualified opinions from internal auditors and the external auditor, KPMG.

The Company considers that this control at the group level, along with the statutory audit of Cemex Latam's financial information, both separate and consolidated, constitutes sufficient assurance regarding internal control and risk management systems in financial reporting.

G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

The degree of the Company's compliance with the recommendations of the Unified Good Governance Code is indicated below.

If the Company is not complying with the recommendations or is complying with just part of them, an explanation is given of the reasons, recommendations, standards, practices or criteria used by the Company.

1. The Company 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, C.1.23 and C.1.24.

<u>Compliant</u> Explain

- 2. When a parent and a subsidiary company are listed, both should give an accurate disclosure of the following information:
 - a) The type of 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.4 and D.7

Compliant Partially compliant Explain <u>Not</u> applicable

- 3. Even when not expressly required by corporate or commercial law, any operations that envisage a fundamental change in the company's structure should be submitted to the General Shareholders' Meeting for approval. In particular:
 - a) The transformation of listed companies into holding companies through the process of subsidiarization, i.e., the reallocation to subsidiaries of core activities that were previously carried out by the Company, even though the latter retains full control of the former,
 - b) Any acquisition or disposal of key operating assets that would effectively alter the corporate purpose,
 - c) Operations that effectively add up to the Company's liquidation.

See section: B.6

<u>Compliant</u> Partially compliant Explain

4. Detailed proposals of the resolutions to be adopted by the shareholders at the General Meeting, including the information stated in Recommendation 27, should be made available at the same time as the publication of the Meeting notice.

<u>Compliant</u> Explain

- 5. Separate votes should be taken at the General Meeting on materially separate items, so shareholders can express their preferences in each case. This rule shall apply in particular to:
 - a) The appointment or ratification of directors, with separate voting on each candidate;
 - b) Amendments to the Company Bylaws, with votes taken on all articles or group of articles that are materially different.

See section: E.8

Compliant Partially compliant Explain

6. Companies should allow split votes, so financial intermediaries acting as nominees on behalf of different clients can issue their votes according to instructions.

Compliant Explain

7. The Board of Directors should perform its duties with unity of purpose and independent judgment, according all shareholders the same treatment. It should be guided at all times by the Company's best interest and, as such, strive to maximize its value over time.

It should likewise ensure that the Company abides by the laws and regulations in its dealings with stakeholders; fulfils its obligations and contracts in good faith; respects the customs and best practices of the sectors and territories where it does business; and upholds any additional social responsibility principles it has subscribed to voluntarily.

Compliant Partially compliant Explain	n
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- 8. The Board should see the core components of its mission as to approve the Company's strategy and authorize the organizational resources to carry it forward, and to ensure that management meet the objectives set while pursuing the Company's interests and corporate purpose. As such, the Board in full should reserve the right to approve:
 - a) The Company's general policies and strategies, and, in particular:
 - i) the strategic or business plans, management targets and annual budgets.
 - ii) investment and financing policy.

- iii) design of the structure of the corporate group.
- iv) corporate governance policy.
- v) corporate social responsibility policy.
- vi) remuneration and evaluation of senior officers.
- vii) risk control and management, and the periodic monitoring of internal reporting and control systems.
- viii) dividend policy, as well as the policies and limits applying to treasury shares.

See sections: C.1.14, C.1.16 and E.2

b) The following decisions:

- i) At the proposal of the Company's chief executive, the appointment and removal of senior officers and their compensation clauses.
- ii) Directors' remuneration, and, in the case of executive directors, the additional consideration for their management duties and other contract conditions.
- iii) The financial information listed companies must periodically disclose.
- iv) Investments or operations considered strategic by virtue of their amount or special characteristics, unless they must be approved by the Shareholders at the General Meeting.
- v) The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.
- c) Transactions which the Company conducts with directors, significant shareholders, shareholders with Board representation or other persons related thereto ("related-party transactions").

However, Board authorization need not be required for related-party transactions that simultaneously meet the following three conditions:

- 1. they are governed by standard form agreements applied on an across-theboard basis to a large number of clients;
- 2. they go through at market rates, generally set by the person supplying the goods or services;
- 3. their amount is no more than 1% of the Company's annual revenues.

It is advisable that related party transactions should only be approved on the basis of a favorable report from the Audit Committee or another committee handling the same function; and that the directors involved should neither exercise nor delegate their votes, and should withdraw from the meeting room while the Board deliberates and votes.

Ideally the above powers should not be delegated with the exception of those mentioned in b) and c), which may be delegated to the Executive Committee in urgent cases and later ratified by a full board meeting.

See sections: D.1 and D.6

<u>Compliant</u> Partially compliant Explain

Note: As regards related-party transactions, that is, transactions between the Company (or its subsidiaries) and the group headed by CEMEX S.A.B. de C.V. ("CEMEX"), the Board of Directors has approved, as noted in question D.1, a general line of operations for the following transactions that are carried out in the ordinary course of business:

- a. 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 an accumulated amount that must not exceed €100 million, or its equivalent in another currency, per reporting period, and
- b. transactions other than the foregoing undertaken between CEMEX (and its subsidiaries other than the Company and its subsidiaries) and the Company for an accumulated amount that must not exceed €25 million, or its equivalent in another currency, per reporting period.
- 9. In the interests of maximum effectiveness and participation, the Board of Directors should ideally comprise no fewer than five and no more than fifteen members.

See section: C.1.2

Compliant Explain

10. Non-executive proprietary and independent directors should occupy an ample majority of Board positions, 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

<u>Compliant</u> Partially compliant Explain

11. That among non-executive directors, the ratio of proprietary members to independents should match the proportion between the capital represented on the Board by proprietary directors and the remainder of the Company's capital.

This criterion can be relaxed such that the weight of proprietary directors is greater than the amount that would strictly correspond to the total percentage of capital they represent:

- 1. In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings, despite the considerable sums actually invested.
- 2. 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

Compliant Partially compliant Explain

12. The number of independent directors should represent at least one-third of all Board members.

See section: C.1.3

<u>Compliant</u> Explain

13. The nature of each director should be explained by the Board to the Shareholders at the General Meeting, which will propose or approve the appointment. The decision should subsequently be confirmed or reviewed in each year's Annual Corporate Governance Report, after verification by the Nomination Committee. The report should also disclose the reasons for the appointment of proprietary directors at the request of shareholders controlling less than 5% of the share 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.

See sections: C.1.3 and C.1.8

<u>Compliant</u> Partially compliant Explain

14. When female directors are few or non-existent, the Board should state the reasons for this situation and the measures taken to correct it; in particular, the Nomination Committee should take steps to ensure that:

- a) the process of filling Board vacancies has no implicit bias against female candidates.
- b) the company makes a conscious effort to include female candidates with the target profile among the candidates for Board places.

See sections: C.1.2, C.1.4, C.1.5, C.1.6, C.2.2 and C.2.4.

Compliant Partially compliant Explain Not applicable

The current Board of Directors was appointed by the then sole shareholder of the Company on October 4, 2012, for a term of three years. The Company's shares were admitted to trading on the Colombian Stock Exchange on November 16, 2012. For practical purposes, 2014 was the second full period during which the members the Board of Directors performed the duties inherent to their positions.

Although during the second full period the number of female directors was low in comparison with the total number of Directors (11% of the total Directors), one of the Company's three independent directors was a woman. She is a member of the existing three committees at the date of this report and she chairs the Corporate Governance Committee.

In addition to its various functions and competences, the Company Bylaws and the Regulations of the Board of Directors entrust the Nomination 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.

Therefore, in the event of an opening on the Board of Directors, the selection processes should not have an implicit bias that would make it difficult to select female directors with the target profile from among the potential candidates.

15. The Chairman, as the person responsible for the proper operation of the Board of Directors, should ensure that directors are supplied with sufficient information in advance of board meetings, and work to procure a good level of debate and the active involvement of all members, safeguarding their right to freely express and adopt positions. The Chairman should also organize and coordinate regular evaluations of the Board and, where appropriate, the Company's chief executive.

See section: C.1.19 and C.1.41

Compliant Partially compliant Explain

16. When a company's Chairman is also its chief executive, an independent director should be empowered to request the calling of board meetings or the inclusion of new business on the agenda; to coordinate and give voice to the concerns of non-executive directors; and to lead the Board's evaluation of the Chairman.

See section: C.1.22

Compliant Partially compliant Explain Not applicable

- 17. The Secretary should take care to ensure, in particular, that the Board's actions:
 - a) adhere to the spirit and letter of laws and their implementing regulations, including those issued by regulatory agencies.
 - b) comply with the Company Bylaws and the Regulations of the General Shareholders' Meeting, the Board of Directors and others.
 - c) are informed by the good governance recommendations of the Unified Code that the Company has subscribed to.

In order to safeguard the independence, impartiality, and professionalism of the Secretary, his or her appointment and removal should be proposed by the Nomination Committee and approved by a full Board meeting, the relevant appointment and removal procedures being spelled out in the Board's regulations.

See section: C.1.34

Compliant Partially compliant Explain

18. The board should meet with the necessary frequency to properly perform its functions, in accordance with a calendar and agendas set at the beginning of the period, to which each director may propose the addition of other items.

See section: C.1.29

<u>Compliant</u> Partially compliant Explain

19. Director absences should be kept to the bare minimum and quantified in the Annual Corporate Governance Report. When directors have no choice but to delegate their vote, they should do so with instructions.

See sections: C.1.28, C.1.29 and C.1.30

<u>Compliant</u> Partially compliant Explain

20. 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, the member expressing them can request that they be recorded in the minutes book.

Compliant Partially compliant Explain Not applicable

- 21. The full board should evaluate the following points on a yearly basis:
 - a) the quality and efficiency of the Board's operation.
 - b) based on a report submitted by the Nomination Committee, how well the Company's Chairman and chief executive have carried out their duties.
 - c) the performance of its committees on the basis of the reports furnished by them.

See section: C.1.19 and C.1.20

<u>Compliant</u> Partially compliant Explain

22. All directors should be able to exercise their rights to receive any additional information they require on matters within the Board's competence. Unless the Company Bylaws or board regulations indicate otherwise, such requests should be addressed to the Chairman or Secretary.

See section: C.1.41

Compliant Explain

23. All directors should be entitled to call on the Company for the advice and guidance they need to carry out their duties. The Company should provide suitable channels for the exercise of this right, extending in special circumstances to external assistance at the Company's expense.

See section: C.1.40

<u>Compliant</u> Explain

24. Companies should organize induction courses for new directors to acquaint them rapidly and sufficiently with the workings of the Company and its corporate governance rules. Directors should also be offered refresher courses when circumstances so advise.

Compliant Partially compliant Explain

<u>Note:</u> Although the process has not yet been laid down in the Company's Internal Regulations, the members of the Board of Directors have been provided with guidance to acquaint them rapidly and sufficiently with the workings of the Company, its activities and its corporate governance rules. Specifically, the directors have received an induction course on the cement industry.

In 2013, the Board of Directors, contracted the services of an external consultant of recognized prestige to design, with the support of the Nomination and Remuneration Committee, a training and refresher course for the members of the Board of Directors, which will be implemented in 2014 and 2015.

If new members join the Board, the Company will provide an induction for the new members to acquaint them rapidly and sufficiently with the workings of the Company and its corporate governance rules. In 2014 the Corporate Governance Committee approved a training program for new directors concerning corporate governance.

- 25. Companies should oblige their directors to devote sufficient time and effort to perform their duties effectively, and, as such:
 - a) directors should apprise the Nomination Committee of any other professional obligations, in case they might impinge on the time needed to devote to their duties as part of the Nomination Committee.
 - b) companies should lay down rules about the number of directorships their board members can hold.

See sections: C.1.12, C.1.13 and C.1.17

Compliant Partially compliant Explain

- 26. The proposal for the appointment or renewal of directors which the Board submits to the Shareholders at the General Meeting, as well as provisional appointments by the method of co-option, should be approved by the Board:
 - a) at the proposal of the Nomination Committee, in the case of independent directors; b) subject to a report from the Nomination Committee in all other cases.

See section: C.1.3.

<u>Compliant</u> Partially compliant Explain

- 27. Companies should post the following director particulars on their websites, and keep them permanently updated:
 - a) professional experience and background,
 - b) directorships held in other companies, listed or otherwise,
 - c) an indication of the director's classification as executive, proprietary or independent, stating, in the case of proprietary directors, the shareholder they represent or have links with;
 - d) the date of their first and subsequent appointments as a Company director; and
 - e) shares held in the Company and any options on them.

Compliant <u>Partially compliant</u> Explain

At the date of this Report, the Company's website posted only the professional experience and background of the directors and, where appropriate, their position on the different Board committees.

Nonetheless, the Company's Annual Accounts and the documents attached to the Directors' Report – i.e. the Annual Corporate Governance Report, the Report on Directors and Senior Executives and their Compensation and the Country Code Questionnaire - Colombia – which are published on the Company's website, report on the matters indicated in prior sections.

28. 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, A.3 and C.1.2

<u>Compliant</u> Partially compliant Explain

29. The Board of Directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the Company Bylaws, except where just cause is found by the Board, based on a proposal from the Nomination Committee. In particular, just cause will be presumed when a director is in breach of his or her fiduciary duties or is in one of the situations that disqualify him or her as independent, included in Order ECC/461/2013.

The removal of independents may also be proposed when a takeover bid, merger or similar corporate transaction produces changes in the Company's capital structure, in order to meet the proportionality criterion set out in Recommendation 11.

See sections: C.1.2, C.1.9, C.1.19 and C.1.27

<u>Compliant</u> Explain

30. Companies should establish rules obliging directors to inform the Board of any circumstance that might harm the organization's name or reputation, tendering their resignations as the case may be. The rules should make specific reference to any criminal charges brought against them and the progress of any subsequent trial.

As quickly as possible after a director is indicted or tried for any of the crimes set forth in Article 213 of the Spanish Limited Liability Companies Law, the Board should examine the matter and, depending on the particular 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.1.42 and C.1.43

<u>Compliant</u> Partially compliant Explain

31. All directors should express clear opposition when they feel a proposal submitted for the Board's approval might harm the corporate interest. In particular, independents and other directors unaffected by the conflict of interest should challenge any decision that could go against the interests of shareholders lacking Board representation.

When the Board makes material 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 should also apply to the Secretary of the Board, director or otherwise.

Compliant Partially compliant Explain Not applicable

32. Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to all Board members.

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.

33.

34.

35.

36.

sector, or similar circumstances.

Explain

Compliant

a variable component.

Compliant Partially compliant <u>Explain</u> Not applicable Since the current Board of Directors was appointed, none of its members have been removed. Remuneration based on the shares of the Company or Group, share options or other equity-based instruments, variable remuneration based on the performance of the Company or membership in pension schemes should be restricted to executive directors. The delivery of shares is excluded from this recommendation when directors are obliged to retain the shares until the end of their tenure. **Compliant** Explain Non-executive directors' remuneration should sufficiently compensate them for the dedication, abilities and responsibilities that the post entails, but should not be so high as to compromise their independence. **Compliant** Explain In the case of remuneration linked to Company performance, deductions should be computed for any qualifications stated in the external auditors' report. Compliant Explain Not applicable At the date of this Report, the remuneration paid to the Directors does not have a variable component based on the Company's performance. In the case of variable rewards, remuneration policies should include specific technical safeguards and limits to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the Company's

Not applicable

Note: At the date of this report, the remuneration paid to the Directors does not have

Remuneration of senior management is linked to performance, and it includes specific technical safeguards and limits to ensure that it reflects the professional performance of the beneficiaries and operating and financial results.

37. When the Company has an Executive Committee ("Executive Committee"), the breakdown, by category, of its members should be similar to that of the Board itself. The Secretary of the Board should also act as secretary to the Executive Committee.

Compliant Partially compliant Explain <u>Not</u> applicable

38. The Board should be kept fully informed of the business transacted and decisions made by the Executive Committee. To this end, all Board members should receive a copy of the committee's minutes.

Compliant Explain <u>Not applicable</u>

39. In addition to the Audit Committee required by the Spanish Securities Market Law, the Board of Directors should form a committee, or two separate committees, for Nomination and Remuneration.

The rules governing the make-up and operation of the Audit Committee and the committee or committees for Nomination and Remuneration should be set forth in the Board regulations, and include the following:

- a) The Board of Directors should appoint the members of such committees with regard to the knowledge, skills and experience of its directors and the terms of reference of each committee; discuss their proposals and reports; and be responsible for overseeing and evaluating their work, which should be reported to the first full board following each meeting.
- b) These committees should be formed exclusively of non-executive directors and have a minimum of three members. Executive directors or senior officers may also attend meetings at the Committees' invitation.
- c) Committees should be chaired by an independent director.
- d) They may engage external advisors, when they feel this is necessary for the discharge of their duties.
- e) Meeting proceedings should be minuted and a copy of the minutes sent to all Board members.

See sections: C.2.1 and C.2.4

Compliant Partially compliant Explain

The Company complies with these rules, with the following exception for e): minutes are taken of the meetings of each committee, and the chairpersons of the respective committees inform the Board of Directors, at the first Board meeting following the meetings of the different committees, of the business transacted and resolutions adopted therein. However, a copy of the minutes is not sent to all of the Board members.

40. The job of supervising compliance with internal codes of conduct and corporate governance rules should be entrusted to the Audit Committee, the Nomination Committee or, if they are separate, the Compliance or Corporate Governance Committees.

Compliant Explain

See sections: C.2.3 and C.2.4

41. All members of the Audit Committee, particularly its chairman, should be appointed with regard to their knowledge of and background in accounting, auditing and risk management matters.

<u>Compliant</u> Explain

42. Listed companies should have an internal audit function, under the supervision of the Audit Committee, to ensure the proper operation of internal reporting and control systems.

<u>Compliant</u> Explain

See sections: C.2.3

43. The head of internal audit should present 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.

<u>Compliant</u> Partially compliant Explain

44. Control and risk management policy should specify at least:

a) the different types of risk (operational, technological, financial, legal, reputational, etc.) the Company is exposed to, with the inclusion, under financial or economic risks, of contingent liabilities and other off-balance-sheet risks,

- b) setting the risk level deemed acceptable by the Company,
- c) measures in place to mitigate the impact of identified risks should they occur;
- d) the internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

See section: E

<u>Compliant</u> Partially compliant Explain

- 45. The Audit Committee's role should be:
 - 1. With respect to internal control and reporting systems:
 - a) review the Company's internal control and internal audit on a regular basis, so the main risks are properly identified, managed and disclosed.
 - b) monitor the independence and efficacy of the internal audit function; propose the selection, appointment, reappointment and removal of the Director of the Internal Audit department; propose the department's budget; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.
 - c) establish and supervise a mechanism whereby staff can report, confidentially and, if necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the firm.
 - 2. With respect of the external auditor:
 - a) receive regular information from the external auditor on the progress and findings of the audit program and check that senior management are acting on its recommendations.
 - b) Monitor the independence of the external auditor, to which end:
 - i) the company should notify any change of auditor to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for such disagreements.
 - iii) the Committee should investigate the issues giving rise to the resignation of any external auditor.

See sections: C.1.36, C.2.3, C.2.4 and E.2

<u>Compliant</u> Partially compliant Explain

46. The Audit Committee should be empowered to meet with any Company employee or manager, even ordering their appearance without the presence of another senior officer.

<u>Compliant</u> Explain

- 47. The Audit Committee should prepare information on the following points from Recommendation 8 for input to the Board decision-making:
 - a) The financial information that all listed companies must periodically disclose. The committee should ensure that interim statements are prepared under the same accounting principles as the annual statements and, to this end, it may ask the external auditor to conduct a limited review.
 - b) The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.
 - c) Related party transactions, except where their scrutiny has been entrusted to another supervision and control committee.

See sections: C.2.3 and C.2.4

<u>Compliant</u> Partially compliant Explain

48. The Board of Directors should seek to present the annual accounts to the Shareholders at the General Meeting without reservations or qualifications in the auditors' report. Should such reservations or qualifications exist, both the Chairman of the Audit Committee and the auditors should give a clear account to shareholders of their scope and content.

See section: C.1.38

Compliant Partially compliant Explain

49. The majority of the members of the Nomination and Remuneration Committee, or Nomination Committee if there is a single committee, should be independent directors.

See section: C.2.1

<u>Compliant</u> Partially compliant Explain

- 50. The Nomination Committee should have the following functions in addition to those stated in earlier recommendations:
 - a) evaluate the balance of skills, knowledge and experience on the Board, define the roles and capabilities required of the candidates for each vacancy, and decide the time and dedication necessary for them to properly perform their duties.

- b) examine or organize, as appropriate, the succession of the Chairman and chief executive, making recommendations to the Board so the handover proceeds in a planned and orderly manner.
- c) report on the senior officer appointments and removals which the chief executive proposes to the Board.
- d) report to the Board on the gender diversity issues discussed in Recommendation 14 of this Code.

See section: C.2.4

Compliant <u>Partially compliant</u> Explain Not applicable

The Internal Regulations do not expressly include, among the different duties, powers and responsibilities attributed to the Nomination and Remuneration Committee, that of informing the Board on the gender diversity issues discussed in Recommendation 14 of the Code (point d).

51. The Nomination Committee should consult with the Company's Chairman and chief executive, especially on matters relating to executive directors.

Any Board member may suggest directorship candidates to the Nomination Committee for its consideration.

Compliant Partially compliant Explain Not applicable

Explanation:

The committee consults with the Chairman of the Board, not the CEO, regarding executive directors.

- 52. The Remuneration Committee should have the following functions in addition to those stated in earlier recommendations:
 - a) Make recommendations to the Board of Directors regarding:
 - i) the remuneration policy for directors and senior officers.
 - ii) the individual remuneration and other contractual conditions of executive directors.
 - iii) the standard conditions for senior officer employment contracts.
 - b) Oversee compliance with the Company's remuneration policy.

See sections: C.2.4

<u>Compliant</u>	Partially compliant	Explain	Not
applicable			

53. The Remuneration Committee should consult with the Chairman and chief executive, especially on matters relating to executive directors and senior officers.

<u>Compliant</u> Explain Not applicable

H. OTHER INFORMATION OF INTEREST

Given that the Company issues securities listed on the Colombia Stock Exchange, it has the status of a "Foreign Issuer". As such, it is subject to the supervision of the Financial Superintendency of Colombia ("SFC") and must comply with Colombian securities market legislation, albeit with certain matters related to its status as a foreign company domiciled in Spain:

In particular, the Company must comply with the instructions laid down in the External Circulars of the SFC listed below:

- External Circular no. 007 of 2011, regarding Corporate Best Practices in Colombia.
- External Circular no. 004 of 2012, regulating the reporting of regular and relevant information.

In compliance with the provisions of the first of the aforementioned circulars, the Board of Directors of the Company approved the corresponding Corporate Governance Questionnaire (Country Code – Colombia) following a report from the Corporate Governance Committee.

Binding definition of independent director:

List any independent directors who maintain, or have maintained in the past, a relationship with the Company, its significant shareholders or senior officers, when the significance or importance thereof would have dictated that the directors in question would not have been considered independent pursuant to the definition given in section 5 of the Unified Good Governance Code:

Yes <u>No</u>

* * *

CEMEX LATAM HOLDINGS, S.A. ANNUAL CORPORATE GOVERNANCE REPORT

This Annual Corporate Governance Report was approved by the Company's Board of Directors at its meeting held on March 26, 2015, following a report from the Corporate Governance Committee on March 25, 2015.

No directors voted against or abstained from voting on the approval of this Report.

COUNTRY CODE QUESTIONNAIRE: CODE OF CORPORATE BEST PRACTICES - COLOMBIA

Issuer: **CEMEX LATAM HOLDINGS**, **S.A.** (the "listed company" or the "Company").

Listed company's taxpayer identification number: 44444036-1

Legal representative: Camilo González Téllez Personal ID card: 80.414.966 (Usaquén)

Evaluation period: January 1, 2014, to December 31, 2014

Legal status of entity: Spanish limited company Assigned SFC entity code: CLH – 066057001

I. GENERAL SHAREHOLDERS' MEETING

Note: The official name of a General Shareholders' Meeting as per Spanish regulations of is "Junta General de Accionistas" rather than "Asamblea General de Accionistas."

Call to General Shareholders' Meeting

Question 1

	1 E S	NO
Question: In relation to the last General Shareholders' Meeting, were shareholders given access to the documentation required to make informed decisions by the deadline specified in the call and at the registered office? (Indicator 1)	×	
Evalenation*:		

Explanation*:

As required by the Company's Bylaws, Article 10 of the Regulations of the General Shareholders' Meeting ("RGSM") and other Internal Regulations of the Company, all the information on the points of the agenda of the General Shareholders' Meeting held on May 14, 2014, was furnished to the shareholders in due time in proper form.

Question 2

	YES	NO	
Question: Does the information provided to shareholders in the call to the General Shareholders' Meeting include any proposals for candidates for the Board of Directors? (Indicator 2)	×		

Explanation*:

The members of the Board of Directors ("Junta Directiva" — "Consejo de Administración" under Spanish law) were appointed in 2012. As no vacancies arose, and no proposal was made to increase the number of members, it was not necessary to include any proposal in this regard at the General Shareholders' Meeting held during the period under evaluation. Nonetheless, pursuant to Article 10 of the RGSM, if a future General Shareholders' Meeting agenda contains a proposal to appoint Board members, the information provided to shareholders shall contain the

VEC NO

proposal on the candidates for such appointments and information on the candidates themselves.

Question 3

	ΥE	NO	N/A
	S		
Instructions: Answer this question if the listed company is related			
to the parent company and/or subsidiaries; otherwise select N/A.			
Question: Did the listed company furnish shareholders with		X	
financial information on all subsidiaries and the parent company of		See	
the listed company? (Indicator 2)		note*	

Explanation*:

The Company prepares individual financial statements and financial statements for its consolidated group under the regulations set forth in the IFRS, which may be publicly accessed by shareholders and are deposited with the Financial Superintendency of Colombia. The consolidated accounts contain information on the subsidiaries, not on the parent of the listed company.

Given that this is a Spanish company, individual financial statements prepared according to Spanish accounting regulations (Spanish GAAP) are submitted for the approval of its General Shareholders' Meeting.

Question 4

	ΥE	NO	N/A
	S		
Instructions: Answer this question if the listed company has a website; otherwise select N/A.	×		
Question: Was the call to the last General Shareholders' Meeting and any other information required to hold the meeting published on			
the listed company's website? (Indicator 3)			
Explanation*:			

The call to the last General Shareholders' Meeting was published through various channels, including on the Company's website

Question 5

	YES	NO
Question: Were the various issues to be discussed at the General Shareholders' Meetings during the evaluation period presented as separate agenda points? (Indicator 4)	×	

Holding of the General Shareholders' Meeting

ΥE	NO	N/A	
S			

Instructions: Answer this question if the agenda items were separated as set forth in the glossary terms; otherwise select N/A.	×		
Question: Was the separation of issues approved by the			
shareholders at the General Meeting? (Indicator 5)			
		•	

Question 7

Instructions: Answer this question if the agenda items were separated as set forth in the glossary terms; otherwise select N/A. Question: Was the separation included in the call to the General Shareholders Meeting at which it was approved? (Indicator 6)		YE S	NO	N/A
	separated as set forth in the glossary terms; otherwise select N/A. Question: Was the separation included in the call to the General	×		

Question 8

	YE S	NO	N/A
Instructions: Answer this question if the listed company's corporate purpose has changed; otherwise select N/A. Question: Was the change in corporate purpose included in the call to the General Shareholders' Meeting at which it was approved? (Indicator 6)			×

Question 9

	YE S	NO	N/A
Instructions: Answer this question if the shareholders agreed to waive their preferential subscription rights at the General Meeting; otherwise select N/A. Question: Was the proposal to waive the preferential subscription rights included in the call to the General Shareholders' Meeting at which it was passed? (Indicator 6)			×

YE NO N/A	ΥE	
IL NO NA I		
	S	
, ,	3	

Instructions: Answer this question if the General Shareholders' Meeting decided to change the registered address; otherwise select N/A.		×
Question: Was the change of registered address included in the call to the General Shareholders' Meeting at which it was approved? (Indicator 6)		

Question 11

	YE S	NO	N/A
Instructions: Answer this question if the General Shareholders' Meeting decided to wind up the Company early; otherwise select N/A.			×
Question: Was the early winding up included in the call to the General Shareholders Meeting at which it was approved?			

Question 12

	YES	NO
Question: Does the listed company have electronic mechanisms		×
through which shareholders who are unable to attend General		See
Meetings can obtain information on the meetings? (Indicator 7)		note*

Explanation*:

Article 25 of the Bylaws and Article 15 of the RGSM foresee the possibility of the Company allowing shareholders to attend the General Meeting from a location other than the venue of the General Meeting, as long as this location is connected to the meeting place via any valid system that makes it possible for: (i) recognition and identification of the parties attending; (ii) permanent communication among the attendees irrespective of their location; and (iii) participation and voting; all in real time.

Nonetheless, for the General Shareholders' Meeting held during the evaluation period, these electronic media were not used. Because of the technical and legal complexity involved, their use is being evaluated by the Company for possible future implementation. The mechanisms to allow for voting by electronic correspondence were, however, enabled.

Approval of significant related-party transactions

	YE S	NO	N/A	
--	---------	----	-----	--

Instructions: If during the evaluation period significant related party transactions were performed with affiliates other than those regarding which both of the following conditions apply: a. transactions performed at market prices, generally set by the person supplying the goods or services; and b. transactions that are part of listed company's normal activity and are not material, answer the question; otherwise or select N/A. Question: Were the significant related party transactions with affiliates to which these conditions apply (excluding those that the listed company cannot disclose for legal reasons) approved by the shareholders at a General Meeting? (Indicator 8)	×	
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Explanation*:

The related party transactions performed during the period were approved by the Board of Directors on the basis of a favorable report issued by the Corporate Governance Committee, as indicated in article 45 of the Bylaws and article 27 of the RBD.

Equal treatment and rights of shareholders

Question 14

	YES	NO
Question: Does the listed company disclose shareholders' rights	>	
and obligations clearly, accurately and fully? (Indicator 9)	\	

Question 15

	YES	NO
Question: Does the listed company continuously publish details of	>	
the classes of shares issued? (Indicator 10)	\	
Explanation*:		
To date, the Company has issued ordinary shares of a single cla	ass, all of	f which
confer the same rights. In any event, share information is a	vailable	on the
Company's website.		

	YES	NO
Question: Does the listed company continuously publish details of the number of shares issued? (Indicator 10)	×	
Explanation*: This information is available on the Company's website, the conte periodically updated.	nts of wh	ich are

Question 17

	YES	NO
Question: Does the listed company continuously publish details of the number of shares reserved for each share class? (Indicator 10)	×	
Explanation*:		

Treasury shares (own shares) represent 3.83% of the Company's share capital. These treasury shares have been publicly disclosed. As stated in the response to question 15, the Company does not have different classes of shares.

Question 18

	YES	NO	l
Question: Does the listed company have Internal Regulations relating to the General Shareholders' Meeting? (Indicator 11)	×		
			l

Question 19

YE S	NO	N/A
×		
	×	s ×

Question 20

	YE S	NO	N/A
Instructions: Answer either 'yes' or 'no' to this question if the listed company has Internal Regulations relating to the General Shareholders' Meeting; otherwise select N/A. Question: Do the Internal Regulations relating to the General Shareholders' Meeting include stipulations on holding such meetings? (Indicator 11)	×		
Explanation*: The stipulations are contained in Articles 15 through 36 of the RGSM	1.		

II. BOARD OF DIRECTORS

Note: The official name of the Board of Directors, as per Spanish regulations, is "Consejo de Administración" rather than "Junta Directiva." The committees of the Board of Directors are called "comisiones."

Size, composition and functioning

Question 21

	YES	NO
Question: Is the listed company's Board of Directors made up of	×	
an odd number of members and are these members sufficient for		
performing the duties of the Board? (Indicator 12)		
Explanation*:		
The Board of Directors consists of nine board members. The Bylaw	s establis	sh that
the Board of Directors shall comprise a minimum of three and a ma	wimum of	nino

the Board of Directors consists of nine board members. The Bylaws establish that the Board of Directors shall comprise a minimum of three and a maximum of nine members.

Question 22

	YES	NO
Question: Does the listed company's Board of Directors meet at		×
least once a month? (Indicator 13)		
Explanation*:		

The Bylaws stipulate that the Board of Directors shall convene at least once every two months. In 2014, the Board met a total of seven times and held two written votes without meetings, as provided for in article 28.8 of the Regulations of the Board of

Directors

Question 23

	YES	NO
Question: Does the Board of Directors have its own Internal	×	
Regulations? (Indicator 14)		
Explanation*:		
The Regulations of the Board of Directors ("RBD")		

	ΥE	NO	N/A
	S		
Instructions: Answer this question if the listed company has Internal Regulations relating to the Board of Directors; otherwise select N/A.			

Question: Have all the listed company's shareholders been			
furnished with the Internal Regulations on the Board of Directors?			
(Indicator 14)			
Explanation*:			
The regulations were referred to in the share offer and placement	prosp	ectus,	
and can be viewed on the corporate website.			

Question 25

	YE S	NO	N/A
Instructions: Answer this question if the listed company has Internal Regulations relating to the Board of Directors; otherwise select N/A. Question: Are the Internal Regulations on the Board of Directors binding on all Board members? (Indicator 14)	×		
Explanation*: As set forth in Article 2 of the RBD.			

Question 26

	YE S	NO	N/A
Instructions: Answer this question if the listed company has Internal Regulations relating to the Board of Directors; otherwise select N/A. Question: Do the Internal Regulations of the Board of Directors stipulate the information that should be provided to new appointed Board members and in general the information suggested in indicator 18? (Indicator 14)		×	
Explanation*:			

Although the RBD does not specifically include this stipulation, the Company does provide new Board members with the information described in indicator 18 as part of their training.

	YE S	NO	N/A
Instructions: Answer this question if the listed company has Internal Regulations relating to the Board of Directors; otherwise select N/A.	×		
Question: Do the Internal Regulations of the Board of Directors set forth that Board minutes are to include the grounds on which decisions were based, and the arguments for and against the proposals that were taken into account when they were adopted,			

and in general the information suggested in indicator 19? (Indicator		
14)		

Explanation*:

According to Article 28 of the RBD, the information required to vote on the proposed decisions shall be made available to the Board members sufficiently in advance of a meeting, and Board members are required to examine and analyze such information prior to the meeting. At any time during a meeting, Board members may request that the reasons given for voting against, or for abstaining to vote on, a proposal during the discussions and vote be included in the minutes.

Question 28

	YE S	NO	N/A
Instructions: Answer this question if the listed company has Internal Regulations relating to the Board of Directors; otherwise select N/A. Question: Do the Internal Regulations of the Board of Directors stipulate how far in advance of a Board of Directors meeting Board members shall be furnished with relevant information and in general the information suggested in indicator 20? (Indicator 14)	×		

Explanation*:

The call to the Board meeting setting out the proposed agenda for the meeting (including the information to be discussed) must be sent to Board members at least three days in advance, except when an urgent meeting is called.

Question 29

	YE S	NO	N/A
Instructions: Answer this question if the listed company has Internal Regulations relating to the Board of Directors; otherwise select N/A. Question: Do the Internal Regulations of the Board of Directors allow the Company to furnish the information to the Board members less than two days before the meeting? (Indicator 20)		×	

Explanation*:

It is more than two days. The call to the Board meeting setting out the proposed agenda for the meeting (including the information to be discussed) must be sent to Board members at least three days in advance, except when an urgent meeting is called (during the evaluation period no urgent meetings were held).

YE NO N/A	ΛE	
IL NO NA		
	9	
5	3	

Instructions: Answer this question if the listed company has		
Internal Regulations relating to the Board of Directors; otherwise		
select N/A.	X	
Question: Do the Internal Regulations of the Board of Directors	• •	
stipulate the channels through which Board members can receive		
the information made available to them prior to the meeting?		
(Indicator 20)		
Evaluation*		

Explanation*:

Pursuant to Article 28 of the RBD, the call to meeting shall include this information or, failing this, it shall be made available to the Board members in any other manner that may reasonably allow it to be received.

Question 31

	YE S	NO	N/A
Instructions: Answer this question if the listed company has Internal Regulations relating to the Board of Directors; otherwise select N/A. Question: Do the Internal Regulations of the Board of Directors establish the possibility of the Board contracting an external consultant, at the request of any of its members, to bring expertise to the table on proposals to adopt certain decisions? (Indicator 22)	×		
Explanation*: Article 28 of the RBD envisions this possibility.			

Question 32

	YE S	NO	N/A
Instructions: Answer this question if the listed company has Internal Regulations relating to the Board of Directors; otherwise select N/A. Question: Do the Internal Regulations of the Board of Directors lay down the conditions for the Board, at the request of any of its members, to contract an external advisor to bring expertise to the table on proposals to adopt certain decisions? (Indicator 22)	Х		

Explanation*:

Pursuant to Article 28 of the RBD, any Board member may request external consultants. For the approval of such a request, a majority of the Board members present at the Board of Directors' Meeting must vote in favor.

	YES	NO	
Question: When appointing members to the Board of Directors,	<		
does the listed company consider whether candidates have the	^		

career background, academic qualifications and experience required to successfully perform their duties? (Indicator 15)		
Explanation*: These requirements are taken into account, as set forth in Articles 3 Bylaws and 9 and 26 of the RBD.	36 and 44	of the

Question 34

	YES	NO
Question: Are the majority of the members of the Board or another body that carries out its functions independent? (Indicator 16)		×
Typicastics*:	-	

Explanation*:

One-third of the Board members are independent directors. During the initial public offering of its shares, the Company voluntarily undertook to comply with several features of Spain's Unified Code of Corporate Governance (UCCG), which requires that at least one-third of the members of the governing body be independent. The Company also voluntarily undertook to adopt the recommendations of Colombia's Code of Corporate Best Practices, and to this end it is filling in this questionnaire.

Duties and rights of Board members

Question 35

	YES	NO
Question: Do members of the Board of Directors disclose any direct or indirect relationships with stakeholders that could give rise to conflicts of interest, sway their opinion or affect how they vote?	×	
(Indicator 17)		
Explanation*:		
They must report on such relationships under Articles 32 through 4 which establish a specific procedure for doing so.	1 of the F	RBD,

	YES	NO
Question: Does the listed company furnish newly appointed members of the Board of Directors with sufficient information for	×	
them to have specific knowledge on the listed company and the		
sector in which it operates? (Indicator 18)		
Explanation*:		
The Company provides all newly appointed Board members with s	such infor	mation
as part of their training, as noted in the response to question 26.		

Question 37

	YES	NO
Question: Does the listed company provide newly appointed Board members with information on the responsibilities, obligations	×	
and duties of their post? (Indicator 18)		
Evolunation*:		

Explanation*:

The Company provides all newly appointed Board members with such information as part of their training, even though this requirement is not expressly set forth in Internal Regulations, as noted in the response to question 26.

Question 38

	YES	NO
Question: Do the minutes of the meetings of the Board of Directors indicate the studies, fundamental principles and sources of information on the basis of which decisions are taken? (Indicato 19)	f	

Question 39

	YES	NO
Question: Do the minutes of Board of Directors meetings include the reasons for voting for or against proposed resolutions? (Indicator 19)	/ \	

Question 40

Question: Does the listed company furnish Board members, at least two days before the meeting, with the information needed to make decisions, based on the agenda contained in the meeting		YES	NO
call? (Indicator 20)	least two days before the meeting, with the information needed to		

Explanation*:

Three days in advance, except in the event of an urgent matter (during the evaluation period no meetings on urgent matters were held).

ΥE	NO	N/A	
S			

Instructions: Answer this question if the listed company's Board of Directors includes alternates; otherwise select N/A. Question: Does the listed company have mechanisms in place to ensure that alternate Board members are properly informed of the issues to be discussed by the Board of Directors and thus guarantee that they have the information required to perform their duties when they fill in for regular Board members? (Indicator 21)		×
Explanation*: The Company does not have alternate Board members.	·	

Question 42

Question: Does the listed company set aside funds for the Board of Directors to hire external consultants, at the request of any of its members, to bring expertise to the table regarding proposals to adopt decisions? (Indicator 22)		YES	NO
	of Directors to hire external consultants, at the request of any of its members, to bring expertise to the table regarding proposals to		×

Explanation*:

Although the Company does not have a specific budget item, during the evaluation period, at the request of the Board of Directors' Committees, the services of external consultants were contracted, and the required funds were allocated.

Supporting committees*

Note: The official name as per Spanish regulations for "supporting committees" is "comisiones de apoyo" rather than "comités de apoyo".

Question 43

Instructions: Answer this question if there is a standing committee other than that required by law whose duties include supporting the Board of Directors when making appointments and setting remuneration; otherwise select N/A. Question: Does the Nominating and Compensation Committee comprise at least one member of the Board of Directors? (Indicator 23)		YE S	NO	N/A
	other than that required by law whose duties include supporting the Board of Directors when making appointments and setting remuneration; otherwise select N/A. Question: Does the Nominating and Compensation Committee comprise at least one member of the Board of Directors? (Indicator	×		

Explanation*:

The Nominating and Compensation Committee is made up of three Board members. The Bylaws and RBD stipulate that it must comprise at least three and no more than five Board members.

Question 44

		_
×		
to the	Board	
	^	to the Board

Question 45

Instructions: Answer this question if there is a standing committee other than that required by law whose duties include supporting the Board of Directors when making appointments and setting remuneration; otherwise select N/A. Question: Does the Nominating and Compensation Committee propose a policy for setting the remuneration and salaries of the listed company's employees, including senior management? (Indicator 24)		YE S	NO	N/A
	other than that required by law whose duties include supporting the Board of Directors when making appointments and setting remuneration; otherwise select N/A. Question: Does the Nominating and Compensation Committee propose a policy for setting the remuneration and salaries of the listed company's employees, including senior management?	×		

Explanation*:

The Nominating and Compensation Committee periodically reviews this policy and, if applicable, may propose to the Board of Directors that it be amended and updated, as is set forth in the Bylaws and the RBD.

Question 46

	YE S	NO	N/A
Instructions: Answer this question if there is a standing committee other than that required by law whose duties include supporting the Board of Directors when making appointments and setting remuneration; otherwise select N/A. Question: Does the Nominating and Compensation Committee propose the appointment, remuneration and dismissal of the Company's Chairman or acting Chairman? (Indicator 24)	×		

Explanation*:

As laid down in the Bylaws and RBD, the Nominating and Compensation Committee proposes, or where applicable provides guidance on, the appointment, remuneration and dismissal of the Company's Chairman or acting Chairman.

Question 47

	YE S	NO	N/A
Instructions: Answer this question 'yes' or 'no' if there is a standing committee other than that required by law whose duties include supporting the Board of Directors when making appointments and setting remuneration; otherwise select N/A. Question: Does the Nominating and Compensation Committee propose the objective criteria which the listed company should follow when hiring its top executives? (Indicator 24)	×		

Explanation*:

As laid down in the Bylaws and RBD, the Nominating and Compensation Committee proposes, or where applicable provides guidance on, the objective criteria for appointing the top executives, although the final decision is made by the Board of Directors.

Question 48

	YE S	NO	N/A
Instructions: Answer this question if there is a standing committee other than that laid down in law commissioned whose duties include supporting the Board of Directors in relation to corporate governance; otherwise select N/A. Question: Does the Corporate Governance Committee comprise at least one member of the Board of Directors? (Indicator 23)	×		

Explanation*:

Yes, it consists of three members of the Board of Directors: two independent directors and one proprietary director.

	YE S	NO	N/A
Instructions: Answer this question if there is a standing committee other than that laid down in law whose duties include supporting the Board of Directors in relation to corporate governance; otherwise select N/A. Question: Does the Corporate Governance Committee strive to ensure that shareholders and the market in general are furnished with all the information the listed company is required to report in an accurate and appropriate manner? (Indicator 25)	×		
Explanation*:			

This is one of the duties of the Corporate Governance Committee, as set forth in the Bylaws and the RBD.

Question 50

	YE S	NO	N/A
Instructions: Answer this question if there is a standing committee other than that laid down in law commissioned whose duties include supporting the Board of Directors in relation to corporate governance; otherwise select N/A. Question: Does the Corporate Governance Committee report on the Audit Committee's performance? (Indicator 25)			×

Explanation*:

The Corporate Governance Committee's duties include overseeing and ensuring compliance with the Company's Internal Regulations, although it is not specifically charged with reporting on the Audit Committee's performance. As per Article 6 of the RBD, the Board of Directors is responsible for evaluating the committees of the Board of Directors.

Question 51

	YE S	NO	N/A
Instructions: Answer this question if there is a standing committee other than that laid down in law whose duties include supporting the Board of Directors in relation to corporate governance; otherwise select N/A. Question: Does the Corporate Governance Committee review and evaluate the Board of Directors' fulfillment of its duties in each period? (Indicator 25)	×		

Explanation*:

Without prejudice to the powers conferred on General Shareholders' Meetings to approve the performance of the Board of Directors, and even though Article 6 of the RBD stipulates that the Board is also responsible for evaluating its own actions and performance, the Corporate Governance Committee is charged with reviewing and assessing the Company's and the Board of Directors' compliance with Internal Regulations.

	YE S	NO	N/A
Instructions: Answer this question if there is a standing committee other than that laid down in law whose duties include supporting the Board of Directors in relation to corporate governance; otherwise select N/A.	×		

Question: Does the Corporate Governance Committee monitor any			
trading by Board members of shares issued by the Company or			
other Group companies? (Indicator 25)			
Explanation*:			
This is one of the duties of the Corporate Governance Committee, as	s set f	orth in	
the Bylaws (Art. 45.4.j) and the RBD (Art. 27.6.j)			

Question 53

	YE S	NO	N/A
Instructions: Answer this question if there is a standing committee other than that laid down in law whose duties include supporting the Board of Directors in relation to corporate governance; otherwise select N/A. Question: Is the Corporate Governance Committee responsible for ensuring compliance with the management remuneration policy? (Indicator 25)			×
Explanation*:			

Explanation*:

Responsibility for overseeing the remuneration policy lies with the Nominating and Compensation Committee, as set forth in Article 44 of the Bylaws and Article 26 of the RBD.

Question 54

	YES	NO
In addition to the duties laid down in Law and in the Bylaws, does		
the Audit Committee issue a written report on any possible related-		
party transactions? (Indicator 26)		\ <u></u>
,		X
Explanation*:		

This function is performed by the Corporate Governance Committee, as set forth in Article 45 of the Bylaws and Article 27 of the RBD.

Question 55

	YES	NO
In addition to the duties laid down in Law and in the Bylaws, does		
the Audit Committee verify that any possible related-party		
transactions are conducted at arm's length and do not breach the		×
principle of equality of shareholders? (Indicator 26)		
Evploration*:		

Explanation*:

This function is performed by the Corporate Governance Committee, as set forth in Article 45 of the Bylaws and Article 27 of the RBD.

	YES	NO
In addition to the duties laid down in Law and in the Bylaws, does		
the Audit Committee establish the policies, criteria and procedures		
	×	

to be followed by the listed company when preparing, disclosing and disseminating its financial information? (Indicator 26)	
Explanation*:	
Pursuant to Article 43 of the Bylaws and Article 25 of the RBD.	

Question 57

	YES	NO
In addition to the duties laid down in Law and in the Bylaws, does		
the Audit Committee define the mechanisms for bringing together		
information prepared by the listed company's control bodies to be	×	
submitted to the Board of Directors? (Indicator 26)		
Explanation*:		
Pursuant to Article 43 of the Bylaws and Article 25 of the RBD.		

III. DISCLOSURE OF FINANCIAL AND NON-FINANCIAL INFORMATION

Information requests

Question 58

	YES	NO
Question: Does the listed company provide investors with a		
channel for communicating with the listed company, i.e., a contact	×	
point or investor relations team? (Indicator 27)		

Question 59

	YES	NO
If the listed company determines that responding to an investor could place the investor at an advantage, does it ensure all othe investors are immediately informed of the reply through the channels the listed company has in place, and that the same economic conditions apply to these investors? (Indicator 28)	er ×	

	YES	NO
Question: May a group of shareholders request special audits? (Indicator 29)	×	
Explanation*: A special audit may be requested by a group representing at least a share capital, as set forth in Article 53 of the Bylaws.	10% of th	e

Question 61

	YE S	NO	N/A
Instructions: Answer this question if a group of shareholders may request special audits; otherwise select N/A. Question: Is a policy in place setting the minimum percentage of shareholders required to request special audits? (Indicator 30)	×		
Explanation*: Special audit requests will be accepted only if made by a group of s holding at least 10% of the Company's share capital.	hareh	olders	

Question 62

	YE S	NO	N/A
Instructions: Answer this question if a group of shareholders may request special audits; otherwise select N/A. Question: Is a procedure in place to specify the reasons for the minimum percentage of shareholders required to request special audits? (Indicator 30)	×		
Evalenation*:			

Explanation*:

A detailed procedure is in place to request such special audits (Art. 53 of the Bylaws). This information was provided in the Company's share offer and placement prospectus.

The 10% threshold is set in line with the practices of other companies listed on securities markets.

Question 63

	YE S	NO	N/A
Instructions: Answer this question if a group of shareholders may request special audits; otherwise select N/A. Question: Is a policy in place laying down the prerequisites for special audit requests?	×		
Explanation*: Yes, as stipulated in Article 53 of the Bylaws.			

	YE S	NO	N/A
Instructions: Answer this question if a group of shareholders may request special audits; otherwise select N/A.			

perf	estion: Is a policy in place laying down who is responsible for forming special audits and how they should be appointed? icator 30)	×	
	lanation*: , as stipulated in Article 53 of the Bylaws.		

Question 65

	YE S	NO	N/A
Instructions: Answer this question if a group of shareholders may request special audits; otherwise select N/A.			
Question: Is a policy in place defining who should bear the cost of special audits? (Indicator 30)	Х		
Explanation*: Yes, as stipulated in Article 53 of the Bylaws.			

Question 66

	YE S	NO	N/A
Instructions: Answer this question if a group of shareholders may request special audits; otherwise select N/A. Question: Are specific deadlines set for each stage or phase of the procedure for contracting special audits? (Indicator 30)	Х		
Explanation*: Article 53 of the Bylaws specifies the steps involved in the relevant p	roced	ure.	

Disclosures to the market

Question 67

	YES	NO
Question: Are mechanisms in place at the listed company		
enabling any material findings of internal control procedures to be		
reported to shareholders and other investors? (Indicator 31)	X	
Explanation*:		
The listed company has established mechanisms for reporting sign	ificant ev	ents
that must be disseminated to the market through the Financial Supe	erintende	ncy.

(Indicator 32) Does the listed company publish any general re employee benefits policies that apply to:	muneration	on and
	YES	NO
Members of the Board of Directors (as a whole)	X	

Legal representatives	Х	
Statutory auditor	Х	
External consultants		×
External auditors		×

Explanation*:

Aggregate information of compensation to members of Senior Management, including the Legal Representative, is provided.

The Audit Committee approves the policy for contracting the statutory auditor, including matters related to compensation, and issues an annual report on the independence of the auditor.

The "Revisor Fiscal" (statutory auditor) is equivalent to the "Auditor Externo" (external auditor) under Spanish legislation. Therefore, for the purposes of the Company's Spanish documentation, the term "Auditor Externo" is used, rather than "Revisor Fiscal".

Question 69

	YES	NO
Question: Does the listed company publish the contracts entered		Χ
into with its directors, management, senior executives and legal representatives, including their relatives, partners and other related parties? (Indicator 33)		

Explanation*:

If such contracts are related-party transactions they will be examined by the Corporate Governance Committee and submitted, if applicable, to the Board of Directors for approval, in accordance with the listed company's Internal Regulations. Such transactions are also reported in the listed company's financial statements, in accordance with both international and Spanish financial reporting standards.

Question 70

	YES	NO
Question: Does the listed company publish its internal rules on	Χ	
resolving conflicts of interest? (Indicator 34)		
Explanation*:		
Various articles in the Bylaws and RBD govern possible conflicts of	interest	and
the venue where they are to be resolved. Both documents are store	ed on the	
Company's website and available for viewing by the public at large		

	YES	NO
Question: Does the listed company publish the criteria according		
to which its directors, management and employees may trade		X
shares and other securities issued by the listed company, such as		
those relating to preferential subscription rights? (Indicator 35)		

Explanation*:

The Company's Internal Regulations, which are available to the public, contain provisions on the Corporate Governance Committee's control of these transactions. In addition, as set forth in the applicable regulations, the Company publishes information on significant shareholdings.

Question 72

	YES	NO
Question: Does the listed company publish the curricula vitae of		
the members of the governing bodies and internal control		
committees (or of the members of any equivalent bodies), and of		
the legal representatives, informing the market of these individuals'		
qualifications and experience in relation to their ability to fulfill their	×	
duties? (Indicator 36)		

Explanation*:

At present, the curricula vitae of the members of the Board and Senior Management are published.

Statutory auditor

Question 73

	YES	NO
Question: Has the listed company appointed as statutory auditor		
any individuals or firms whose income from the Company and/or		~
its economic partners represents 25% or more of their total income		
for the previous year? (Indicator 37)		

Explanation*:

The statutory auditor (auditor) is contracted in accordance with the Company's Internal Regulations. In particular, the RBD sets forth that persons or companies that have received more than this percentage of their income from the Company and/or its economic partners shall not be appointed as auditors.

Question 74

	YES	NO
Question: Does the listed company or its affiliates contract the statutory auditor to perform services other than auditing? (Indicator 38)		
l _		

Explanation*:

The Company has hired other companies of the international group to which the auditor belongs to provide consultancy services.

As set forth in the RBD, the Audit Committee approves the policy for contracting the auditor and receives from the auditor a written confirmation each year of its independence vis-à-vis the Company, as set forth in applicable legislation.

Question 75

	YES	NO
Question: Do the contracts with the statutory auditor contain		
clauses on rotating every five years the natural persons who perform audit duties? (Indicator 39)		×
Evplanation*:		

Explanation*:

Under Spain's current Audit Law applicable to the listed company's contracts with the auditor, the auditor who signs off the audit report must be rotated seven years after the initial contract.

Question 76

	YES	NO
Question: Does the listed company require that the statutory auditor ensure that an individual who has been rotated wait at least two years before being reassigned to the same engagement? (Indicator 39)	×	
Explanation*:		

In accordance with Spain's current Audit Law, two years must pass for an auditor that has been rotated to once again audit the listed company.

IV. DISPUTE RESOLUTION

Question 77

	YES	NO
Question: Does the listed company take the necessary steps to		Χ
inform its shareholders of the legal procedure through which they		
can defend their rights before the Financial Superintendency of		
Colombia? (Indicator 40)		
Explanation*:		
See last note.		

	YES	NO
Question: Has the listed company defined a procedure through which conflicts of interest between the listed company and shareholders, between shareholders and directors, and among shareholders can be settled out of court? (Indicator 41)		×
Explanation*: See last note.		

Question 79

	YES	NO
Question: Does the listed company provide an alternative procedure through which conflicts of interest between the listed company and shareholders, between shareholders and directors, and among shareholders can be resolved? (Indicator 41)		×
Explanation*:		
See last note.		

Note:

The only stipulation contained in the Bylaws in this regard refers to the jurisdiction for dispute resolution. The Bylaws state that any litigation between the Company, the shareholders and the directors shall expressly be filed in the jurisdiction corresponding to the Company's registered address, except when another venue is required by law.

Optional Question

Question 80

The listed company may disclose in this section any corporate governance policies that are in place in addition to those recommended in the Code of Corporate Best Practices.

Given that Cemex Latam Holdings, S.A. ("Cemex Latam") is not admitted to trading in Spain but is listed on the Colombian Stock Exchange, it is not subject to Spanish corporate governance legislation applicable to companies listed on Spanish stock exchanges. Nor is it subject to the best practices recommendations applicable to Colombian companies listed on that country's stock exchange.

However, Cemex Latam has decided to voluntarily comply with the most relevant best practices included in the Spanish Unified 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 Spanish and international best practices.

Pursuant to this corporate governance system, on October 4, 2012, Cemex Latam established a Corporate Governance Committee, the powers and operational regulations of which are laid down in the Bylaws and RBD.

In addition to completing this questionnaire, in accordance with best corporate governance practices and the commitments assumed under the public share offering on the Colombian Stock Exchange, the Company has also decided to prepare an Annual Corporate Governance Report pursuant to the framework approved in Circular 5/2013, of June 12, 2013, of Spain's National Securities Market Commission (CNMV).

The Company's Annual Corporate Governance Report shall be included in a separate section of the Management Report and prepared by the Board of Directors pursuant to Spain's Corporate Enterprises Act. It shall therefore be made available to shareholders along with the other documentation provided in relation to the General Shareholders' Meeting.

Madrid, March 26, 2015



NOMINATING AND COMPENSATION COMMITTEE

Report on Directors and Senior Executives and their Compensation for the year ended December 31, 2014

1. Introduction

The Nominating and Compensation Committee prepared this *Report on Directors and Senior Executives and their Compensation* for the year ended December 31, 2014 (hereinafter the "**Report**") in compliance with Article 42 of the Regulations of the Board of Directors.

This report, which precedes the Annual Corporate Governance Report to be approved by the Board of Directors, provides the Board of Directors with the information that the Committee deems necessary with regard to: (i) Directors, (ii) Senior Executives in the Company and its corporate group, and (iii) the compensation received by all of these persons.

2. The Board of Directors

Juan Pelegrí y Girón

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 three and a maximum of nine members, and its composition shall be such that the Non-executive Directors outnumber the Executive Directors, and at least one-third of the Board members shall be Independent Directors. At January 1, 2014, the composition of the Board of Directors was as follows:

Chairman and Executive Director Jaime Gerardo Elizondo Chapa Juan Pablo San Agustín Rubio Vice Chairman and Executive Director Ignacio Madridejos Fernández **Proprietary Director** Jaime Muguiro Domínguez Proprietary Director Jaime Ruiz de Haro **Proprietary Director Independent Director** Coloma Armero Montes Rafael Santos Calderón Lead Independent Director Gabriel Jaramillo Sanint **Independent Director**

Board Secretary and Proprietary Director

There were no changes in the composition of the Board of Directors between January 1, 2014, and December 31, 2014. In accordance with article 8.7 of the Regulations of the Board of Directors, the Committee has verified that all of the board members maintained their respective executive, proprietary and independent functions in 2014, although Juan Pablo San Agustín did not act as an executive director during the period. In this regard, prior to preparation of this Report, at its meeting of February 26, 2015, the Board of Directors accepted the relinquishment by the director Juan Pablo San Agustín of his powers as chief executive officer, which were granted by the board on January 16, 2013. The director relinquished these powers as little use had been made of them since he was appointed Chief Executive Officer and it was considered unnecessary for the Company to have a Chief Executive Officer in Madrid. The director did not resign from his position as Director or as Vice Chairman of the Board.

B. Committees of the Board of Directors

At January 1, 2014, the Board of Directors has the following committees:

I) Audit Committee

Article 43 of the Bylaws and Article 25 of the Regulations of the Board of Directors govern the Audit Committee's composition and duties. In accordance with these internal regulations, this committee shall be composed of a minimum of three and a maximum of five Board members, and all the Independent Directors must serve on this committee. The committee's chairman must be an Independent Director.

At January 1, 2014, the composition of the Audit Committee was as follows:

- Gabriel Jaramillo Sanint (Chairman)
- Rafael Santos Calderón (Member)
- Coloma Armero Montes (Secretary)

There were no changes in the composition of the Audit Committee between January 1, 2014, and the date of this Report.

II) Nominating and Compensation Committee

Article 44 of the Bylaws and Article 26 of the Regulations of the Board of Directors govern the Nominating and Compensation Committee's composition and duties. This committee shall be composed of a minimum of three and a maximum of five Board members, all of whom must be Non-executive Directors and a majority of whom must be Independent Directors.

At January 1, 2014, the composition of the Nominating and Compensation Committee was as follows:

- Rafael Santos Calderón (Chairman)
- Coloma Armero Montes (Member)
- Ignacio Madridejos Fernández (Secretary)

There were no changes in the composition of the Nominating and Compensation Committee between January 1, 2014, and the date of this Report.

III) Corporate Governance Committee

Article 45 of the Bylaws and Article 27 of the Regulations of the Board of Directors govern the Corporate Governance Committee's composition and duties. This committee shall comprise a minimum of three and a maximum of five Board members, all of whom must be Non-executive Directors and the majority of whom must be Independent Directors.

At January 1, 2014, the composition of the Corporate Governance Committee was as follows:

- Coloma Armero Montes (Chairwoman)
- Gabriel Jaramillo Sanint (Member)
- Juan Pelegrí y Girón (Secretary)

Since January 1, 2014, and through the date of this report, the composition of the Corporate Governance Committee remains unchanged.

3. Director remuneration policy

Pursuant to the Bylaws and Regulations of the Board of Directors, Board members are entitled to receive remuneration from the Company, broken down as follows:

- (i) a fixed consideration; and
- (ii) per diems for attending the meetings of the Board of Directors and the committees.

Executive Directors are also entitled to remuneration, comprising:

- (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 Board member or of the Company;
- (iii) a welfare benefit comprising pension or insurance contributions; and

(iv) compensation in the event of dismissal or any other type of severance of the legal relationship with the Company not attributable to a breach by the Board member.

The total remuneration payable by the Company to Board members taken as a whole shall not exceed the amount stipulated by the shareholders at the General Meeting. The exact consideration payable shall be set by the Board of Directors, pursuant to the proposal of the Nomination and Compensation Committee, without exceeding the limit established by the shareholders at their General Meeting. The Board shall also be responsible for determining the allocation among the various Board members, the criteria to be followed, the timing of payment, and other issues not expressly considered by the shareholders at their General Meeting.

4. Director remuneration

A.1 Remuneration for 2013

As indicated in the Report on Board Members and Senior Executives and their Remuneration for the year ended December 31, 2013, in that year Independent Directors had the right to receive: (i) per diems for attending meetings of the Board of Directors and the Committees held in 2013, under the terms referred to in the aforementioned report. These amounts were paid in 2013. (ii) the amounts of remuneration for 2013 also indicated in the report, which were paid in May 2014, following approval of the Board of Director's management in 2013 by the General Shareholders' Meeting of May 14, 2014.

A.2. Board remuneration for 2014

As set forth in Article 48.4 of the Bylaws of the Company, the exact amount to be paid, without exceeding the limit set by the General Meeting, and the distribution thereof among the Directors, is determined by the Board of Directors after receiving a proposal from the Nominating and Compensation Committee.

In fulfillment of the aforementioned article, the Nominating and Compensation Committee decided, at its meeting held on April 9, 2014, to forward its 2014 Director compensation proposal to the Board of Directors. This proposal called for:

A total fixed (gross) annual compensation of €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, to be paid exclusively, and based on the decision adopted by the Board of Directors on April 10, 2014, to the three Independent Directors and Jaime Gerardo Elizondo Chapa, in the amount of €48,600 (gross) to each of them, and

- A per diem for attending meetings of the Board of Directors and its Committees in the total amount of €2,000 (gross), limited to a total aggregate annual amount (gross) for all board members of €72,000, as described below:
 - i. This attendance per diem shall be paid, as proposed by the Chairman of the Board of Directors, exclusively to the Independent Directors.
 - ii. A Director who on a given day attends a meeting of the Board of Directors and/or one or more meetings of the committees shall be entitled to receive a single per diem in the amount of €2,000 (gross).
 - iii. The right to receive an attendance per diem shall not accrue when resolutions are adopted in writing without a board meeting.
- Independent Directors shall have the right to receive an attendance per diem for attending meetings of the Board of Directors or its committees by videoconference or other permitted electronic media.
- The Company shall cover Directors' travel expenses (airfare to the location where the meeting is held, lodging and local transportation) for attending meetings of the Board of Directors or its committees.

On April 10, 2014, the Board of Directors agreed to approve the aforementioned proposal and to submit the maximum overall amount of compensation to the Board of Directors for approval. For applicable purposes, it is hereby stated that the three Independent Directors abstained from voting, and the decision was adopted with the favorable vote of the remaining Directors.

By virtue of the decision adopted by the General Shareholders' Meeting of the Company held on May 14, 2014, the maximum annual overall amount of compensation to the Board of Directors for 2014 was set at €266,400.

Consequently, in accordance with the aforementioned decisions adopted on April 10, 2014, by the Board of Directors, at the request of the Committee, in 2014 the maximum annual overall amount for said year is as follows:

- (i) €194,400, as the total fixed annual compensation (gross), or its equivalent in US Dollars according to official exchange rate set by the European Central Bank (ECB) on the day of accrual.
- (ii) €2,000, as the individual per diem (gross) for attending the meetings of the Board of Directors and its committees, in accordance with the terms set forth above.

Therefore, each of the Company's three Independent Directors and Jaime Gerardo Elizondo Chapa are entitled to receive the following remuneration to be recognized in 2014:

Director	Total compensation 2014
	€48,600
Jaime Gerardo Elizondo Chapa	
	€48,600
Coloma Armero Montes	
	€48,600
Gabriel Jaramillo Sanint	
	€48,600
Rafael Santos Calderón	,

In addition, each of the Company's three Independent Directors is entitled to receive the following attendance per diems:

Director	Per diems for attending meetings (9)
	€18,054
Coloma Armero Montes (9)	
	€14,042
Gabriel Jaramillo Sanint (7)	
	€16,048
Rafael Santos Calderón (8)	

These amounts, in relation to: (i) remuneration for 2014 shall be paid to the three Independent Directors and Jaime Gerardo Elizondo Chapa in May 2015, once the performance of the Board of Directors in 2014 has been approved by the General Shareholders' Meeting, and (ii) per diems for attending the nine meetings held in 2014, were paid in full in 2014 on January 24, May 29, May 29, March 13, May 29, May 29, August 6, October 6 and November 24 for the meetings on January 15, February 26, March 6, March 12, May 8, May 14, July 28, September 22 and November 12, respectively.

5. Senior Executives

According to the Regulations of the Board of Directors, senior management consists of the Company's top executives who report directly to the Board of Directors or the Company's most senior executive, and any other Directors whom the Board of Directors recognizes as such.

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 Management and authorize Senior Executives to act on the Company's behalf.

Nevertheless, and given that Cemex Latam is a holding company and the parent of a group ("Cemex Latam Group"), its Senior Management consists of executives of subsidiaries forming part of this group. These executives of the Cemex Latam Group report, in turn, to the Company's Board of Directors or its chief executive, implementing the strategy devised by this governing body, which is also responsible for establishing these executives' powers and authorizing them to act on behalf of the Company, pursuant to the Bylaws and prevailing legislation.

At year-end 2014, the Cemex Latam Group's Senior Executives were as follows:

Carlos Jacks Chavarría

Chief Executive of the Cemex Latam Group and Director of CEMEX Colombia

As Cemex Latam's chief executive, Mr. Jacks is responsible for managing the Cemex Latam Group's operations and business in the region. Mr. Jacks' management team consists of 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.

Edgar Claudio Ángeles Garza

COO of the Cemex Latam Group and of CEMEX Colombia

As head of Operations for the countries covered by the Cemex Latam Group, Mr. Ángeles 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. González is also directly responsible for operations in Colombia.

Edgar Ramírez Martínez

Vice Chairman of Planning at the Cemex Latam Group and CEMEX Colombia

As head of Strategic Planning for the countries covered by the Cemex Latam Group, Mr. Ramírez manages, coordinates and oversees all matters related to the planning of operations performed by the various business and operating units in this region. Mr. González is also directly responsible for the strategic planning of operations in Colombia.

Camilo González Téllez

Legal Affairs Director at the Cemex Latam Group, Vice Chairman of Legal Affairs at CEMEX Colombia, and Compliance Officer at the Cemex Latam Group.

As head of legal affairs for the countries covered by the Cemex Latam Group, Mr. González manages, coordinates and oversees all legal matters related to the operations performed by the various business and operating units in this region. Mr. González is also directly responsible for legal matters related with operations in Colombia.

Andrés Jiménez Uribe

Director of Panama

As country director, Mr. Jiménez manages, coordinates and oversees operations and businesses in Panama, and is also responsible for the Company's sales strategy in this geographic market.

Alejandro Ramírez Cantú

Director of Costa Rica

As country director, Mr. Ramírez manages, coordinates and oversees operations and businesses in Costa Rica, and is also responsible for the Company's sales strategy in this geographic market.

Yuri de los Santos Llanas

Director of Nicaragua and El Salvador

As country director, Mr. de los Santos manages, coordinates and oversees operations and businesses in Nicaragua and El Salvador, and is also responsible for the Company's sales strategy in both of these geographic markets.

Miguel Martínez

Director of Guatemala

As country director, Mr. Martínez manages, coordinates and oversees operations and businesses in Guatemala, and is also responsible for the Company's sales strategy in this geographic market.

Afonso Toshiiti Sato

Director of Brazil

As country director, Mr. Sato manages, coordinates and oversees operations and businesses in Brazil, and is also responsible for the Company's sales strategy in this geographic market.

6. Senior management remuneration

The 10 executives who make up the Cemex Latam Group's Senior Management at December 31, 2014, received from the Cemex Latam Group an aggregate total of US\$ 7.7 million, equal to €5.8 million for all items included in the theoretical remuneration package.

The Cemex Latam Group's Senior Executives are entitled to the following benefits and/or remuneration:

- i) Fixed annual remuneration or basic annual salary;
- ii) Performance-linked bonus or remuneration; and
- iii) Long-term bonuses.

In 2014, some Senior Executives continued to benefit from the implementation of the Long-Term Bonus Plan (common share certificates, or "CPOs") of CEMEX, S.A.B. de C.V. ("CEMEX"), given that they enjoyed this benefit before the incorporation of the Cemex Latam Group through December 31, 2012.

Consequently, in 2014, they received, with or without restrictions, the CEMEX common share certificates corresponding to the annual blocks previously established in the incentive plans applicable through December 31, 2012.

In addition, and effective January 1, 2013, the Senior Executives were included in the Long-Term Incentive Plan ("PILP") with Company shares approved by the Board of Directors after the latter had received a report from the Nominating and Compensation Committee at its January 16, 2013, meeting.

The Company assigned to the Senior Executives a total of 189,877 treasury shares, which were charged to the Long-Term Incentive Plan for 2014 ("PILP 2014"). The closing share price for July 2, 2014 was used to determine the number of shares to be assigned under PILP 2014 in the case of the RS CLH FEB14 plan and July 1, 2014 for the RS CLH JUN14 plan.

This number of shares shall be delivered to the Senior Executives in four annual blocks, each composed of 25% of the total, in accordance with the proportion determined for each of them individually.

The shares assigned to Senior Management have been blocked off within the Company's treasury shares until delivery to the executives in accordance with the timetable set forth for the 2014 PILP. The first annual block of Company shares shall be transmitted to the group of Senior Executives on March 1, 2015 in the case of the RS CLH FEB14 plan and on July 1, 2015 in the case of the RS CLH JUN14 plan.

In addition to the aforementioned remuneration package, Cemex Latam's Senior Management also receives:

- i) An international mobility package and a pension plan (for only six of these executives);
- ii) Medical insurance;
- iii) Life insurance; and
- iv) A company vehicle.

Madrid, March 4, 2015