



We grow by building a new future for our region

2014 Sustainable Development Report

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Resilient infrastructure
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building solutions



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A low-carbon and
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About
CEMEX Latam Holdings



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A high-impact social
strategy that empowers
communities



53

Our core values in
every action

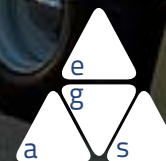
About CEMEX Latam Holdings



We continued our growth strategy throughout the region.



We renewed our Vision by constantly assessing our focus on strengthening value creation.



We introduced a new Sustainability Model to enhance the implementation of best practices.

Dear reader:

Jaime Elizondo, Chairman of the Board of Directors (left)
Carlos Jacks, Chief Executive Officer (right)



In 2014, we continued implementing our strategy of expanding assets in order to strengthen our presence in markets with high growth rates, increase production capacity, and introduce innovations in our portfolio of solutions.

In Colombia, we finalized the consolidation of the cement grinding plant at Clemencia and began the process of building a new cement plant in Maceo, which is proceeding as planned. By having six cement plants in the country, our national presence will be strengthened. Furthermore, we are continuing to expand our ready-mix concrete operations in that country, and are currently present in 30 cities. To meet the growing demand for our value-added concrete products, we began operating a new additives plant that will satisfy 90 percent of our needs in the country.

We also continued with our expansion plans in other markets. In Nicaragua, we made progress in the construction of a new cement grinding plant in Ciudad Sandino, and in Costa Rica we implemented different improvement and growth projects in the clinker production line.



In 2014, we continued to successfully implement our housing and infrastructure solutions, and 40 percent of our ready-mix concrete sales corresponded to products that have special sustainability characteristics. Additionally, over the past two years we participated in the construction of more than 8,000 homes in the region, and in 2014 we built avenues, roads, parks, airports, and other infrastructure projects equivalent to 850,000 square meters of pavement.

We are very proud of the fact that our growth strategy contributes to multiplying the benefits of our social investment programs and that these are driving growth in the countries where we operate. As always, we strive to make life better wherever CEMEX Latam Holdings is present

Our focus on continually offering better service to our clients drove us to consolidate two important partnerships during 2014. Our regional services center has now partnered with Teleperformance, a specialized supplier that enables us to establish closer bonds with our clients while at the same time growing and maintaining an optimal operation. Additionally, in



We decrease our net CO₂ emissions per ton of cementitious product by 5%.



Colombia we signed an agreement with Bancolombia through which our clients can pay their invoices in their branches and the payment is immediately registered in our system. Working as a team, we can implement effective solutions that improve the buying experience for our clients.

We are continually looking for innovative ways in which to optimize our sustainability efforts. As part of this process, in 2014 we introduced our new Sustainability Model, which takes into consideration our main strengths, the concerns of our stakeholders, and the challenges presented by the world today, all in order to emphasize clear lines of action through which we will be able to strengthen the results of our programs and contribute solutions to the challenges faced in the region.

For example, we follow a golden rule when investing in development programs for the communities where we operate: Our neighbors do not need gifts; they need opportunities. There are three measures that best represent how we implement this rule.

First, we believe that local sourcing is a practice that promotes employment and develops new abilities. Altogether, in 2014 we doubled the number of local businesses that supply our plants in Colombia, for a total of 141.

Second, we leverage our experience in order to make it easier for low-income families to have access to high-quality construction materials and self-construction programs. Through Patrimonio Hoy, more than 118,000 people have been able to build or improve their homes since 2005.

Finally, we always involve our neighbors in social investment programs that we implement, which allows us to ensure better results. In Nicaragua, we were able to get 1,000 neighbors to continually and actively participate in our social investment programs.

The CEMEX Environmental Management System (EMS) is the main tool we use to assess how our plants are operating and to develop processes to promote continuous environmental improvements. Currently, 90 percent of our cement plants are operating under the CEMEX EMS, and 70 percent have been ISO 14001 certified.

Our first line of action in maximizing the contribution our plants make to society and in minimizing their carbon footprint centers on making good use of the waste that is generated by society, reusing it as alternative fuels in cement production. At year-end 2014, 100 percent of our clinker production was done in kilns using alternative fuels, and our Caracolito plant in Colombia, which is the leading operation in terms of the use of alternative fuels, reached a substitution rate of close to 40 percent.

As a result of our strategy to optimize our carbon footprint, in 2014 we were able to reduce our net CO₂ emissions per ton of cementitious products by 5 percent. Similarly, by committing to use resources more efficiently, we were able to reduce our consumption of electric power per ton of cement produced by 5 percent.

Starting in 2015, we began operating our business unit that specializes in the Colombian energy market and that aims to ensure there is a complete and reliable supply of energy to meet the growing demands of our operations in that country, optimizes the portfolio of energy suppliers, and helps achieve lower costs.



We offer a challenging work environment that promotes well-being and provides our employees with opportunities for personal and professional growth.

Based on the CEMEX Health and Safety Management (HSMS) guidelines, we continue to make our operations increasingly safer. In 2014, we focused on strengthening the programs that promote safety in our operations through measures designed to make improvements in every business unit. As a result, our lost time injury frequency rate per million hours worked was down 47 percent compared to 2013. Additionally, we applied strict safety criteria to our contractors and third parties, resulting in a 72 percent reduction in their lost time injury frequency rate for 2014. We are sorry to report that there were two fatal accidents in our contractors' operations, which only makes us affirm our strong commitment and efforts toward reaching our goal of zero incidents.

Alongside our safety criteria, we work with our suppliers to help them develop sustainable practices in the social, environmental, and corporate areas of their operations. The first step we take toward having a sustainable supply chain is to choose responsible suppliers. For example, in every country in which we operate we have implemented a supplier assessment methodology that allocates the same weight to sustainability and economic criteria during the selection process.

We are particularly proud that we have continued to offer a work environment that is not only challenging but that also promotes well-being and provides our employees with opportunities for personal and professional growth. And we've continued to expand our *Más para ti* (More for you) platform so that we can offer enhanced value in all our operations. In Colombia, for example, we improved our position in the MERCO Personas best place to work index, where we are currently ranked 18th—up from 84th place in 2011.

For all of us who make up CEMEX Latam Holdings, the growth of our operations presents new opportunities to create jobs, empower the communities where we operate, and expand our best practices to new markets. On behalf of our Board of Directors and the management team, we wish to thank all the organizations that collaborate with us to reach our results.

Sincerely,



Jaime Elizondo
Chairman of the Board of Directors



Carlos Jacks
Chief Executive Officer

Our business and operations

CEMEX Latam Holdings is the regional leader in the building solutions industry, providing high-quality products and services to customers and communities in seven countries: Colombia, Panama, Costa Rica, Nicaragua, Guatemala, El Salvador, and Brazil.

We are focused on offering sustainable and tailor-made building solutions to address the demands of our customers.

With a solid commercial offering that combines innovative construction systems and specialty concrete products, we are encouraging the development of the countries where we operate, fostering well-being, and delivering value to all of our communities.

CEMEX Latam Holdings is an integrated company that manages the supply of raw materials for our quarries; administration of the cement, concrete, and mortar plants; the distribution of products directly or through our commercial partners; and the use of our products in different building solutions.

Mission

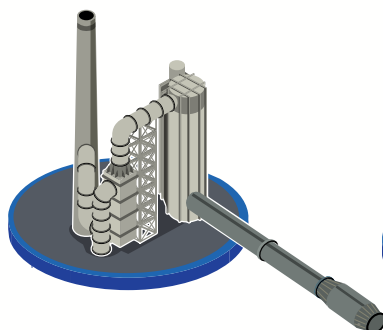
To create sustainable value by providing industry-leading products and solutions to satisfy the construction needs of our customers around the region.



Extraction of raw materials

15

aggregates quarries



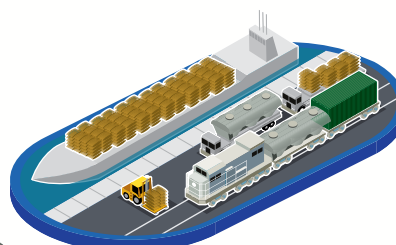
Cement production

10

cement plants

7.6

million tons annual cement production capacity



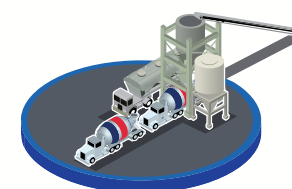
Cement packaging and shipping

20

land distribution centers

2

marine/river terminals



Concrete production

103

concrete facilities

16

CEMEX en su Obra facilities

2

dry mortar plants

Specialty concretes



Distribution and use

270

Construramas

Housing and infrastructure solutions



Our products and solutions

Products



Cement | Is the most widely used construction material worldwide, it is obtained from the calcination of a mixture of limestone, clay, and iron ore. CEMEX Latam Holdings is one of the main producers of cement in the region. Our portfolio includes general use, super resistant, structural use, white, and cement for use in marine environments.



Concrete | Made from cement, aggregates, water, and additives, ready-mix concrete is a durable building material that can be cast into many different shapes. We have the support of the legacy behind CEMEX, the world leader in the production of ready-mix concrete. We offer conventional, specialty, and sustainable ready-mix concretes.



Mortar | Is a mixture of cement, sand, and additives, technically designed and ready to use for building floors and masonry. Our portfolio includes conventional, plaster, floors, structural, fill grout, shotcrete, self-compacting, and with synthetic fibers.



Aggregates | They are geological materials that are the primary ingredients in ready-mix concrete and mortar. Our portfolio includes sand, gravels, granular base, granular sub-base, and stone aggregates, among other things.

Solutions



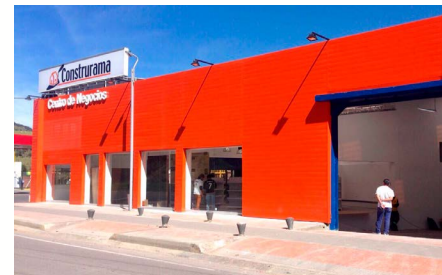
Infrastructure | We offer our customers innovative solutions for putting together infrastructure projects that contribute to improving quality of life in our communities and to advancing the economic and social development of the region, including everything from design and construction projects to structuring public-private partnerships and turnkey projects.



Housing | We offer our developer customers comprehensive solutions for building housing. Our portfolio includes everything from renting formwork panels and applying industrialized models for building housing to the comprehensive construction and management of projects in partnership with developers.



For the builder | With *CEMEX en su Obra* and our comprehensive solutions for waste disposal, we add value to the projects of our builder customers by making it easier for them to develop their projects.



For the distribution channel | Through Construrama®, we offer opportunities for building materials distributors to professionalize and upgrade their operations, and to get closer to their clients by offering a friendlier, easier, and more innovative buying experience.

Business strategy

The strategy to fulfill our mission consists of creating value by building and managing a regional portfolio of integrated cement, aggregates, ready-mix, and related businesses. We accomplish this by making sure we:



Value our people as our main competitive advantage.



Help our customers succeed.



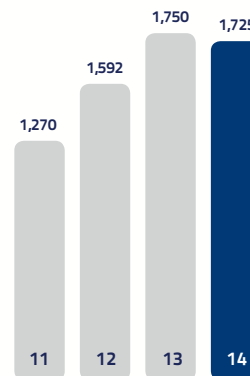
Pursue growing markets that offer long-term profitability.



Ensure sustainability is fully embedded in our business.

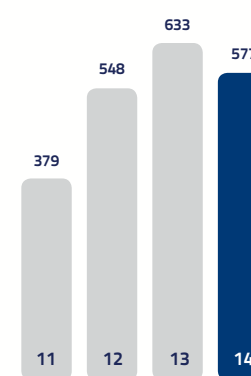
Net sales

millions of U.S. dollars



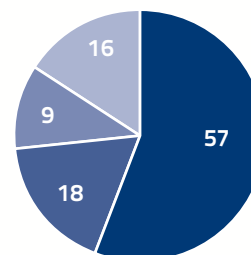
Operating EBITDA

millions of U.S. dollars



Sales by country

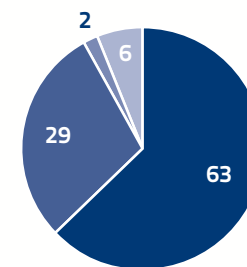
percentage



● Colombia
● Panama
● Costa Rica
● Rest of CLH

Sales by product

percentage



● Cement
● Ready-mix concrete
● Aggregates
● Other



Our vision of sustainability



“The participation of more than 100 CEMEX experts in the renewal of the company’s Sustainability Model was an unprecedented exercise that resulted in more clear and innovative lines of action to strengthen value creation and promote well-being in all the countries where we operate”.

Mariana Jaramillo

Sustainable Development Director,
Communication and Corporate
Affairs, CEMEX Colombia

In 2014, CEMEX finished reviewing and updating the Sustainability Model, the guideline for including sustainable practices in all its operations.

More than 100 experts from the CEMEX Sustainability Functional Network participated in the structured process of internal and external consultation. The process included periodic meetings to assess the results of the prior Sustainability Model and identify areas where we could strengthen value creation, suggest solutions to the social and environmental challenges the planet is facing, and respond to the concerns of our stakeholders.

Experts from CEMEX Latam Holdings and other regions participated in the meetings. These experts are the people within the

organization who lead efforts in terms of community engagement, sustainable construction, housing, infrastructure, emissions, biodiversity, water, waste, human resources, health and safety, supply chain, and corporate governance. The team was able to consolidate a comprehensive view of the company’s achievements in terms of sustainability over the past few years, as well as the main challenges for evolving our efforts.

For this exercise they took into consideration the results of the materiality analysis that CEMEX carried out during 2013 with the participation of more than 1,500 stakeholders, including employees, customers, analysts, suppliers, investors, community leaders, government officials, and several NGOs. The materiality analysis

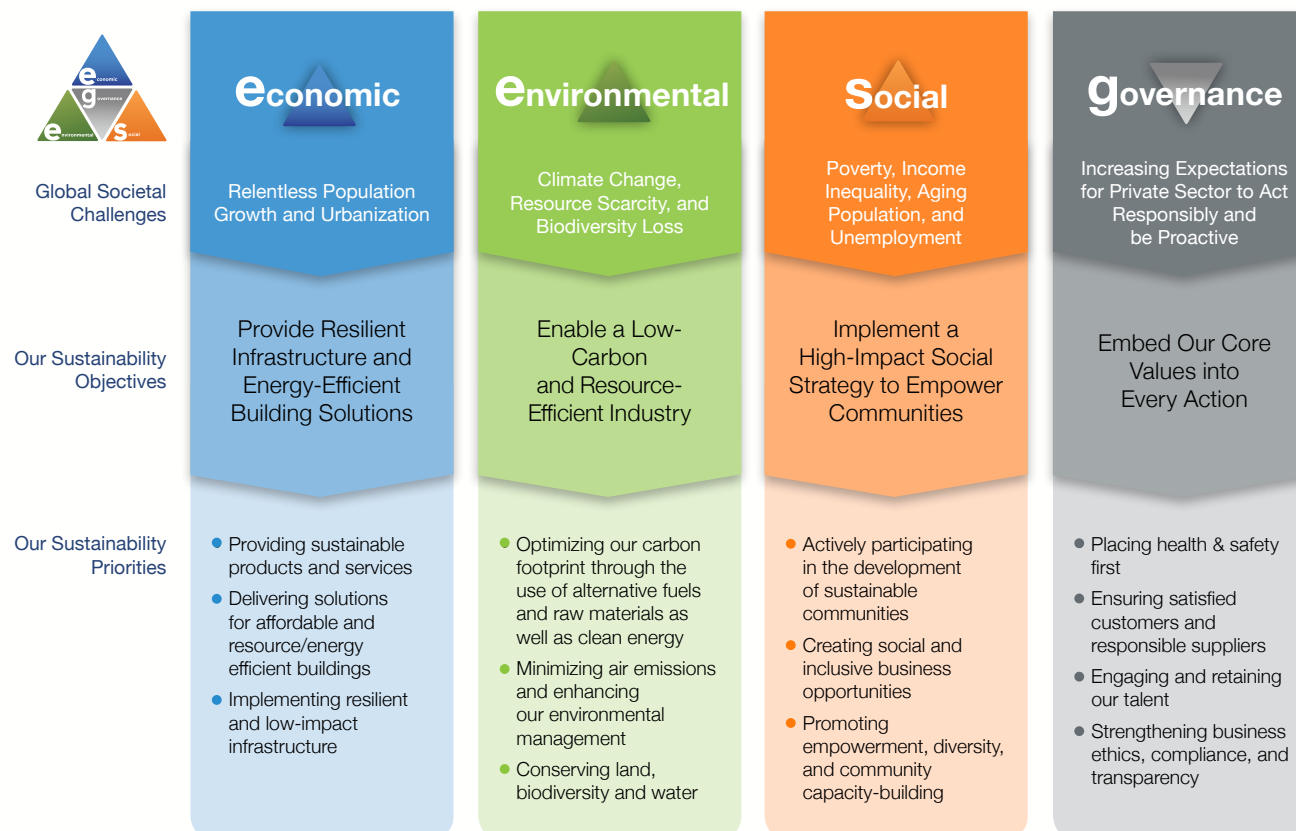
helped us to identify the issues our stakeholders believe should be a priority in our Sustainability Model, and to evaluate our performance.

By integrating the analysis made by our experts with the point of view of our stakeholders, in late 2014 CEMEX presented a new Sustainability Model. Among other improvements, the new model responds more directly to the expectations of our stakeholders and takes into consideration the Sustainable Development Goals of the United Nations in order to strengthen our relationship with our communities. Furthermore, it improves the focus of the company’s efforts toward solving global challenges while at the same time moving forward in our task of creating economic value.

New Sustainability Model

CEMEX Latam Holdings understands the important role it can play in facing global challenges and contributing to building a sustainable future. Correspondingly, our business strategy includes sustainability practices that encourage us to provide building solutions that improve quality of life for people, and at the same time meet the needs of a world with considerable social challenges and where there are increasingly less resources.

The Sustainability Model guides us in the process of including sustainability practices in all our operations and decision-making processes. The new model establishes 13 priorities that have been meticulously selected based on a structured internal and external survey process, in which we measured the importance of the main sustainability issues for our stakeholders and the CEMEX operations. The 13 priorities of the model contribute to reaching our four main sustainability goals and addressing society's global challenges.



Our key sustainability issues

The CEMEX Sustainability Model is applied at all the company's operations world-wide. However, it is adapted to local needs in each country and region in order to better address local needs.

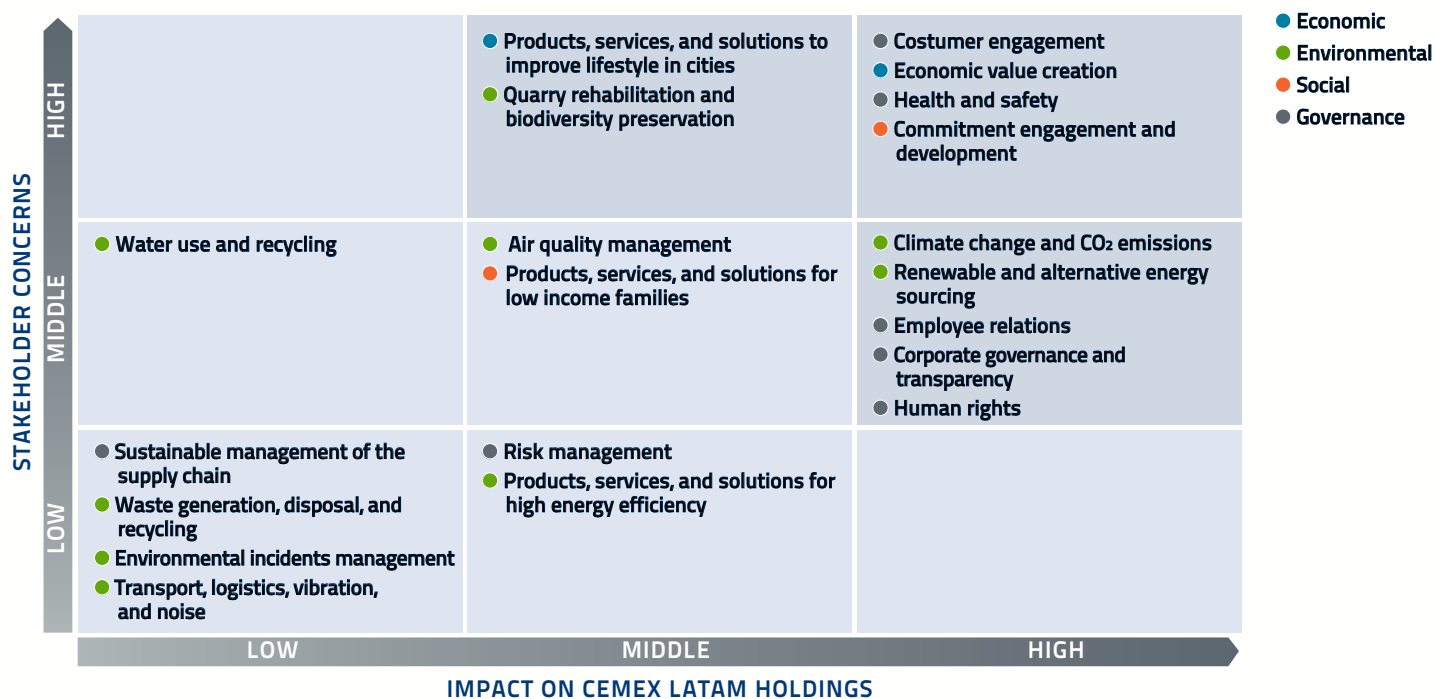
With the active participation of our executives and local stakeholder representatives, CEMEX Latam Holdings was part of the materiality analysis that CEMEX implemented globally during 2013. Because we participated, we are able

to take the results of the global CEMEX materiality analysis as a point of reference and adapt them to our local experience. This process contributed to directing our actions specifically to the issues that our own stakeholders and executives in the region viewed as most relevant.

The following materiality matrix summarizes the results of this exercise. The vertical axis represents the relevance that our regional stakeholders allocate

to the concerns that were analyzed, and the horizontal axis shows the degree of importance and impact they have for the organization. The issues that are a priority for both parties and on which we have centered our communication in this report can be found at the top right-hand side of the table.

CEMEX Latam Holdings materiality matrix





Managing our key sustainability issues

To manage our key issues, at CEMEX Latam Holdings we have experienced work teams that are made up of individuals who, additionally to having ample knowledge of each of the materiality issues, also have the tools needed to be in constant communication throughout our operations in order to share experiences and best practices.

Furthermore, we benefit from our relationship with CEMEX through capturing synergies and exchanging best practices, technologies, and know-how as well as through the robust management systems, policies, and position papers the company has developed. Our relationship with CEMEX is governed by a framework agreement and by a management and business support agreement, among other things.

The management systems make it easier to assess potential risks, to implement management tools in a consistent and total manner, and to establish clear performance expectations throughout our operations. In addition, sustainability policies are focused on key impact areas and define the principles that guide the integration of sustainability into our operations. Finally, the position papers define the point of view we as a company adopt with respect to specific issues.

Since CEMEX Latam Holdings is vertically integrated, managing materiality issues is mainly defined within the organization. However, when applicable, we try to proactively extend our best practices in sustainability throughout our value chain.

Support from a global leader

CEMEX S.A.B. de C.V. is a global company that offers comprehensive building solutions for the construction industry in more than 50 countries in the Americas, Europe, Africa, the Middle East, and Asia. With more than 44,000 employees worldwide, CEMEX produces, distributes, and markets high-quality building materials, including cement, ready-mix concrete, mortar, and aggregates, and it offers comprehensive building solutions in housing, infrastructure, and sustainable growth. Founded in Mexico in 1906, CEMEX reached net sales of US\$15.7 billion in 2014.





We build productive and long-term relationships with our stakeholders

Listening to and incorporating the point of view of our stakeholders enables us to improve the way in which we respond to their needs and concerns, and it helps us build productive long-term relationships that contribute to addressing specific issues being faced by the communities that neighbor our plants in terms of social investment, jobs, generating indirect income, public engagement, infrastructure, taxes, land use, environmental stewardship, culture, quality of life, and health.

We are convinced that the success of our company is closely related to the success of our stakeholders. By working as a team, we are able to empower communities and find new ways of making a more efficient use of available resources, contributing to sustainable development in our region while at the same time turning CEMEX Latam Holdings into a more competitive and more profitable company.

Commitment to our stakeholders



Our people. Being the employer of choice; seeking to provide the most attractive opportunities for our employees' personal and professional development.



Our neighbors. Being a good neighbor and participating openly and directly with communities in order to build trust and address their concerns.



Our business partners. Working to be the business partner of choice; seeking to help our customers and suppliers build their businesses.



Our region. Working to contribute to the efforts to address some of the most complex challenges in our region, including access to housing and infrastructure, preserving biodiversity and natural resources, and the development of communities.

The success of our company is directly related to the success of our stakeholders.

Main partnerships and associations to which CEMEX Latam Holdings belongs:

Panama:

- **MIDES** - *Ministerio de Desarrollo Social* (Ministry of Social Development)
- **ACOCHA** - *Asociación de Comunidades del Chagres* (Association of the Chagres Communities)

Nicaragua:

- **Banpro Grupo Promerica**

Colombia:

- **ANSPE** - *Agencia Nacional para la Superación de la Pobreza Extrema* (National Agency for Fighting Against Extreme Poverty)
- **APC Colombia** - *Agencia Presidencial de Cooperación Internacional Colombia* (Colombian Presidential Agency for International Cooperation)
- **Fundación Fútbol con Corazón**
- **Fundación Lazos de Calandaima**

Resilient infrastructure and energy-efficient building solutions

evolution eco

We present our most recent
ultraperformance solution.



40% of total consolidated
ready-mix concrete
sales were sustainable
concretes.

+850,000

is the equivalent amount of pavement we
used for infrastructure projects built in 2014.



+8,000 the number of homes
in which we participated over
the past two years.

Building solutions that are faster, cost less, and are more efficient



evolution eco

Promptis

Hidratium

Insularis

At CEMEX Latam Holdings, we work hard to tailor our commercial solutions to suit our customers' evolving needs. With our portfolio of solutions, we contribute to economic development in the countries where we operate and, at the same time, create well-being for individual communities.

Led by our partnership with CEMEX and by the products developed in our Global Center for Technology and Innovation in Mexico and Switzerland, we introduced several innovative specialty ready-mix concrete products into our markets. These products—which include Evolution®, Promptis®, Hidratium®, and Insularis®—address our customers' demand for faster, lower-cost, and energy-efficient construction solutions.

Evolution®—our most recent ultraperformance solution—is a self-compacting and self-balancing concrete that produces valuable savings in both time and labor costs. Combining great strength and superior finishings with the ability to achieve considerable improvements in project productivity, Evolution® is the preferred formula for building decks, floors, and walls.

Promptis® is the ideal product when the high strength of concrete is required in a short time. Its rapid hardening and fast-formwork-removal attributes make it the preferred solution for constructing and renovating roads, tunnels, train tracks, and bus and tram stations, as well as for precast projects.

Hidratium® has self-curing properties that increase the durability of concrete and eliminate cracking due to shrinkage. It also saves resources by reducing construction times as well as labor and maintenance costs.

Insularis® enhances energy efficiency in buildings by improving thermal insulation in floors and walls, with energy savings of up to 20 percent.



The La Fiscala mine works under an environmental management plan registered with the Urban Development Institute, which allows the company to issue certificates for proper CDW disposal. To implement this project, CEMEX Colombia invested US\$1 million in training the operation's employees and in equipment to collect and process debris generated from the work.

In addition to this offering, in recent years, we've included other types of concrete in our product portfolio: Porous, Anti-landslide, and Roller Compacted Concrete for pavements. We have also made additions to our specialty cements portfolio, including: Super Resistant, Structural Use, Architectural White, and Marine Environment Use. These specialty products are enabling the construction of better, more sustainable, and cost-efficient structures. In 2014, sales of sustainable concretes accounted for approximately 40 percent of consolidated ready-mix concrete sales.

Solving concrete needs on-site

Parallel to our offering of concrete solutions, we also contribute to our customers' success by generating additional value with our ready-mix concrete portfolio. Through our *CEMEX en su Obra* (CEMEX at Your Construction Site) program, we rapidly and effectively install a mobile concrete plant directly at the customer's construction site, helping us satisfy that customer's concrete needs by offering just-in-time delivery. It also allows us to carry out quality tests and offer technical assistance at the operation site. Our mobile plants are a comprehensive solution,



[Understand more about how CEMEX en su Obra works](#)

generating savings by eliminating the use of mixers and reducing waste and offering environmental benefits through reduced emissions. All of this positions CEMEX en su Obra as the perfect solution for our customers' high-consumption projects.

Comprehensive solution for waste disposal

If disposed of in landfills, construction and demolition waste (CDW) can pose environmental challenges through air, water, and soil pollution. Through our centers for treatment and reuse, CEMEX Latam Holdings is helping address this issue by offering a comprehensive solution for adequate demolition, on-site classification for recycling, and waste transportation and disposal.

Our facilities at La Fiscala, Bogotá and Las Delicias, Sabanagrande, Atlántico in Colombia are a destination for CDW, where it is either incorporated into new recycled construction materials or properly disposed of according to official regulations. This solution allows our builder clients to maximize the use of their construction materials, comply with environmental norms, and also apply for LEED points for their projects.

Solutions for building affordable and efficient housing



The Inter-American Development Bank (IDB) estimates that one in every three families in Latin America live in inadequate homes that are overcrowded and built with improvised, low-quality materials and that have no access to suitable infrastructure. To solve the current deficit in adequate housing, the IDB estimates that an investment of US\$310 billion—or 7.8 percent of GDP in the region—is required and that afterward there will be a need to maintain annual investments of US\$70 billion to satisfy the demands that the urbanization process and population growth will generate¹.

This situation makes it imperative to create opportunities for access to affordable and quality housing that, together with public infrastructure, will lead to the adequate development of cities and improvement in the population's quality of life. The

magnitude of this challenge suggests that none of the parties involved—public sector, private sector, families, and non-government organizations—has the capacity to address it on its own. Reaching the goal requires the joint efforts of all sectors.

Value-added solutions for building sustainable housing

At CEMEX Latam Holdings, we make good on our commitment to improve quality of life and build sustainable communities by articulating collaboration models and introducing a portfolio of innovative solutions that put an end to the paradigms that limit the affordability of owning a home for low-income families. Through our housing initiative, we team up with

Support for designing sustainable buildings

In Colombia, when facing the challenge of developing materials and buildings that are more sustainable, we have assumed an important role as members of the Managing Committee of the Colombian Council for Sustainable Construction, a full member of the World Green Building Business Council. This network of people, companies, and entities promotes changes in the construction industry that will create the basis for sound environmental responsibility and greater well-being for the Colombian people. By participating, we strive to promote the transition toward sustainability practices in urban design and construction in Colombia. In order to increase the knowledge, involvement, and responsibility of different actors toward the topic of sustainable building, the work of the Council is based on four strategic lines of action: education, technical management, public policy, and communications and marketing.

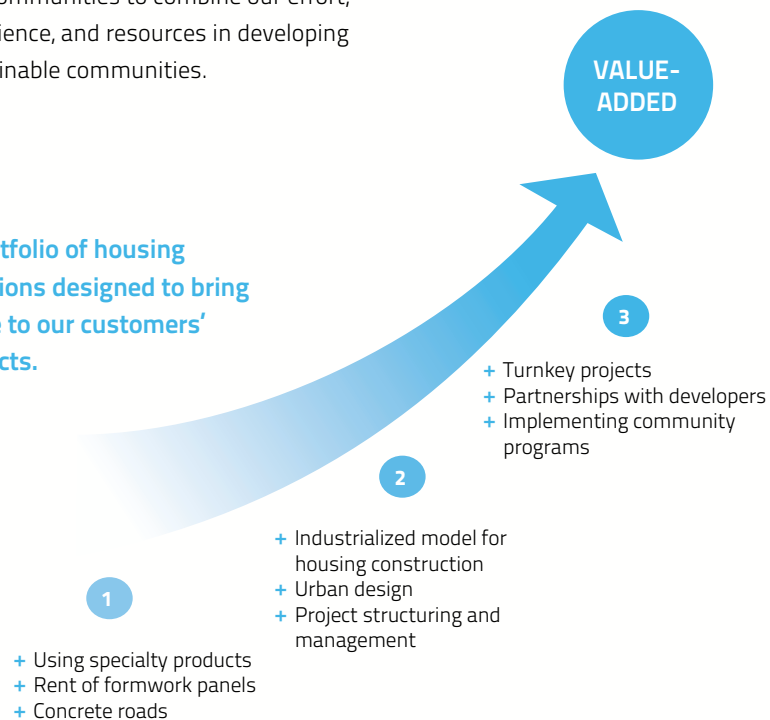
For more information about the Managing Committee of the Colombia Green Building Council, please visit their website at <http://www.cccs.org.co/english-page>.

¹ IDB, Room for Development: Housing Markets in Latin America and the Caribbean.



construction companies, government entities, financial institutions, NGOs, and communities to combine our effort, experience, and resources in developing sustainable communities.

A portfolio of housing solutions designed to bring value to our customers' projects.



Main advantages of our industrialized model for housing construction

- 

Reduced construction times
Using structures and molds for building floors and slabs for fast execution of large scale housing projects.
- 

Reduced overall costs
Our industrialized construction model requires less resources, with the resulting savings in the construction process, materials storage, and inventory management.
- 

Increased resistance
Concrete installed as a single element ensures greater resistance to adverse weather conditions and earthquakes.
- 

Potential for vertical growth
Houses are built with 10-centimeter thick concrete walls and reinforced concrete roofs, allowing for future expansions and the construction of a second floor.
- 

Energy efficiency
Using specialty concretes increases a home's energy efficiency, which translates into reduced electric energy costs.

Industrialized model for housing construction

Using our industrialized model, we integrate specialty construction materials and efficient construction systems to build houses in a fast, sustainable, and cost-efficient manner. The main characteristic of the model is that it is easily replicable, allowing us to adapt it to the particular climate, geography, and other needs of each community.



Two years of exceptional results

Starting in 2013, we deployed our housing and sustainable communities construction program in the region, with extraordinary results.

In Colombia in 2013 and 2014, we participated in the construction of more than 6,000 homes under a home program sponsored by the federal government and the Colombian Ministry of Housing, City and Territory. CEMEX Colombia was responsible for managing the five projects, including architectural design, engineering, urban development, and the construction of concrete roads in all the communities. The people who benefited from these homes were mainly families in the process of rein-

tegrating into the community and families living in extreme poverty. In addition, we continued to participate in several priority housing projects in Panama and Costa Rica throughout the year.

In 2013, we built 253 homes that benefited Colombian families living in various rural areas of the Tolima region. Besides coordinating the project, CEMEX Colombia implemented engineering and architectural activities, completed the adaptation of the land, and built the works. The resources for building these homes came from the government of Tolima and the municipalities, as well as from the families, who contributed non-specialized labor toward building the homes. CEMEX Colombia was hired in 2013 by the community of Dosquebradas in Risaralda to build 90 social homes under the shared-cost

framework, in which families contribute a percentage of the necessary resources to build their homes. The Department of Risaralda contributed the land and the urban design project. CEMEX Colombia's proposal stood out because of the company's sustainable communities model, its excellence in design and construction, and its ample knowledge of interinstitutional programs and legal management.

In 2014, CEMEX Nicaragua participated in the construction of 765 social homes in Managua through the Belén Project, which will benefit families affected by the April 2014 earthquake that hit a large part of Central America. Homes are built using an industrialized, monolithic, cast-in-place concrete system, the key element of which is its resistance to earthquakes due to its significant number of structural walls.

+8,000

homes in which we participated during the past two years.



Currently, CEMEX Latam Holdings is using its concrete solutions to develop 1,218 apartments that are part of VIPA, the *Vivenda de Interés Prioritario para Ahorradores* (Priority Interest Housing Program for Savers) program in Caldas. To offer greater benefits to future inhabitants, the apartments are built with two of our sustainable concretes: Hidratium®, which reduces delivery times; and Insularis®, which provides more thermal and acoustic insulation than conventional concrete.

A community is all of us

A community is an organism with history, culture, organizational models, strengths, and learning processes. To contribute to harmonious communal living in the communities recently established in Colombia as part of the free-homes program, we participate in the initiative known as *Comunidad Somos Todos* (A Community Is All of Us), which is led by the Colombian Chamber of Construction (*Cámara Colombiana de la Construcción*) and the National Agency for Overcoming Extreme Poverty (*Agencia Nacional para la Superación de la Pobreza Extrema*).

As part of our participation, we have hired a team of professionals in psychology and social work to implement an accompani-

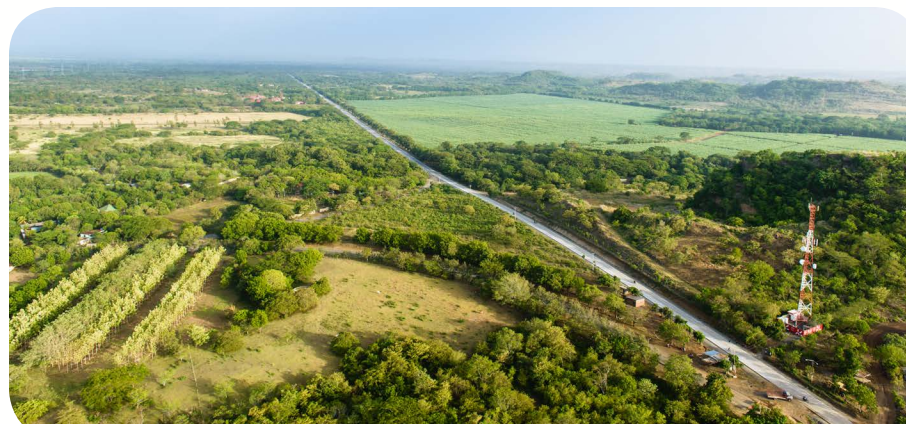
ment strategy, which assists families that are beneficiaries in the process of adapting adequately to the life processes in the community, and so that their new homes will continue to be a dignified space for living in the long-term.

As part of the program, we provide the community with training courses on their rights and obligations as homeowners, including workshops on appropriation, communal living, the law for horizontal properties, and the concepts of what is their own, what is common property, and what is public property. With these workshops, we strive to enrich the relationship between family members and their new homes; to sensitize them to the importance of learning norms for caring for and protecting their surroundings; to encourage understanding of the limits of and the relationship between private and public



domains; to make it easier to live in peace, resolving and preventing conflicts; and to familiarize the community with the main concepts stipulated in the laws concerning daily life in a building.

Solutions for building resilient and low-impact infrastructure



The Economic Commission for Latin America and the Caribbean (ECLAC) estimates that countries in the region will need to invest more than 6 percent of their annual GDP in 2012–2020 just to satisfy the growing demand for infrastructure that companies and end users put on their economies. The estimated investment of approximately US\$320 billion concentrates mainly on four key sectors: transportation, energy, telecommunications, and water and sanitation.

Investing in infrastructure is essential for creating an economic environment that promotes the growth and development of countries and generates greater well-being for the community. Building affordable infrastructure such as roads, bridges, and airports, opens access to new markets and makes investments more productive,

encouraging job creation. On the other hand, investing in social infrastructure, including schools, hospitals, parks, dams, and public service facilities, contributes to improving quality of life and increasing the level of well-being.

Our portfolio of solutions adds value to each stage of the projects

As part of our commitment to promoting the growth of the economies in which we operate, CEMEX Latam Holdings has created a portfolio of comprehensive solutions for building avenues, highways, airports, mass transportation projects, and facilities for energy generation and channeling rivers, as well as efficient office buildings, schools, and hospitals.

Public-private partnerships: a successful model for building infrastructure

Public-private partnerships (PPP) bring together economic resources and human talent for the efficient and profitable development of infrastructure projects that contribute to improved quality of life and well-being in cities. Taking advantage of technology developed by the private sector, as well as its expertise in managing projects, and combining resources to face the growing demands of the population are some of the advantages that make PPPs attractive.

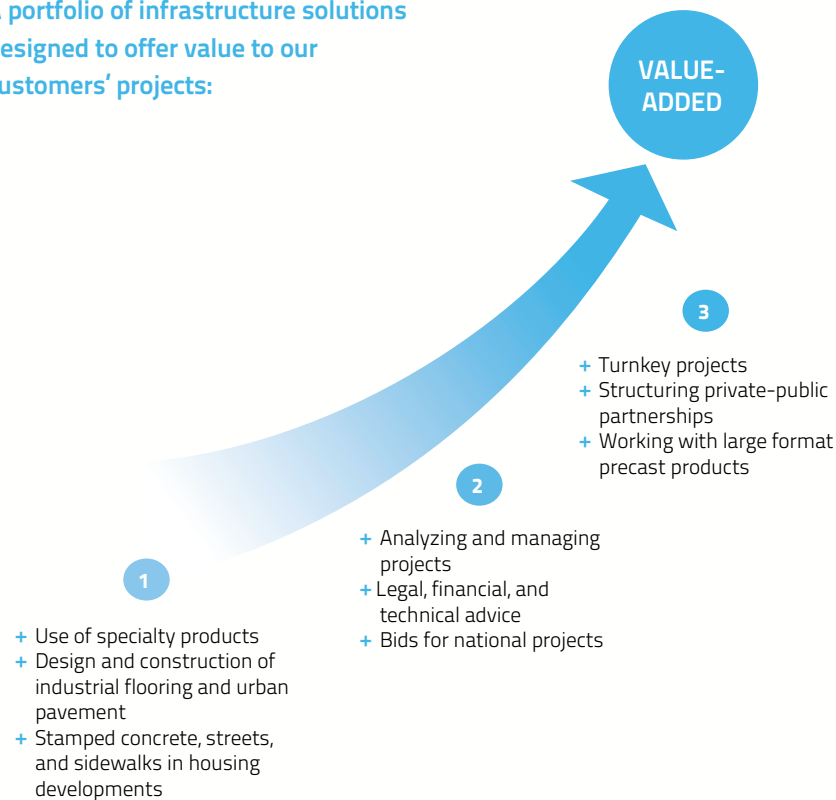
CEMEX Latam Holdings has an ample portfolio of services that favor planning and construction of infrastructure projects. We work with government entities to contribute our knowledge and value, from the initial study and design stages up until the stages of construction, operation, and maintenance of various civil works, including roadways, highways, and airports, among other things.



850,000m²

is the equivalent amount of pavement we used to build avenues, helicopter pads, boulevards, parks, and airports, among other projects during 2014.

A portfolio of infrastructure solutions designed to offer value to our customers' projects:



By integrating quality construction materials with innovative services, we are positioned to work with different divisions of government entities and construction companies, advising them on technical issues, construction processes, costs, and engineering. Our goal is to contribute to building the infrastructure needed to improve people's quality of life.

In Nicaragua, together with two additional entities, we are continuing to build the Nejapa-Puerto Sandino highway, which will be used by more than 15,000 vehicles daily. During the construction process, the project will require a total of 56,000 cubic meters of ready-mix concrete, and it will utilize our short-slab paving technology, which contributes to reducing construction and maintenance costs as well as to improved transit safety conditions.

In Costa Rica, we continued supplying specially engineered higher-resistance cement for the optimal construction and expansion of a four-lane, 50-kilometer stretch of highway connecting Cañas to Liberia in the Guanacaste province—the largest infrastructure project in the country at this time—that is expected to increase tourism and the country's competitiveness in transportation infrastructure.

In Panama in 2014, we delivered 130,000 cubic meters of specialty added-resistance concrete for maritime use, which is ideal for complying with the specific building requirements of Panama's Coastal Beltway.

Concrete pavement solutions provide significant advantages over asphalt



Superior durability

Time for first rehabilitation (highways indicative) – years

Asphalt

Concrete

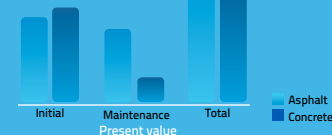
0 10 20 30



Lower cost over full life cycle

Total life cycle cost

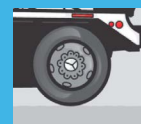
Base cost = 100



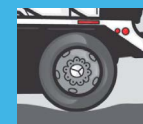
Lower vehicle fuel consumption

Concrete

Asphalt



Rigid pavement



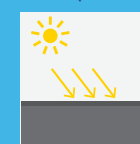
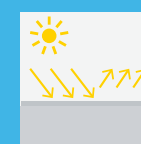
Flexible pavement



Reduce "heat island" effect

Concrete

Asphalt



Concrete pavements, a more affordable and efficient solution

CEMEX collaborates closely with the Concrete Sustainability Hub at the Massachusetts Institute of Technology (MIT), which since 2009 has been researching the advantages of using concrete for building infrastructure. Their work includes the most comprehensive Life Cycle Analysis (LCA) model for concrete that has been produced to this date.

The Sustainability Hub found that because concrete highways last approximately three times as long as asphalt ones before they require important

rehabilitation work, their cost is considerably less over the whole life cycle of the project. Additionally, the more rigid, leveled surface and the greater resistance offered by concrete highways compared to those made of asphalt makes fuel consumption in vehicles more efficient by up to 3 percent and, consequently, reduces greenhouse gas emissions. In 2014, the Sustainability Hub focused its efforts on offering information to decision makers and engineers about the sustainability attributes of concrete.

We are enthusiastic about the results uncovered so far by MIT's Concrete Sustainability Hub because of the benefits this knowledge can offer to society. For more information on the Concrete Sustainability Hub, please visit their website at <http://cshub.mit.edu>.

Precast concrete structures, an ideal solution for large scale projects

As infrastructure projects continue to grow in Colombia, we have considerably increased the portfolio of precast structures we offer our customers in the public and private sector. These precast structures are a cost effective and high-quality solution for numerous large scale infrastructure projects. Some of the main advantages of precast structures are that they use high-resistance materials, consume less material overall, and have greater quality control, as a result of their mass production.

Types of works that are perfect for large scale precast products



Vehicle and pedestrian crossings



Water tanks



Education centers



Warehouses



Supermarkets and department stores



Underground and building parking lots



Mall centers



Buildings



Stadiums



Hangars



We value innovation: CEMEX Building Award

At CEMEX Latam Holdings, we promote a culture of continuous innovation in construction by recognizing the talent of people who create concrete works that respond to the social, energy, and environmental challenges the planet faces. To this end, the CEMEX Building Award (*Premio Obras CEMEX*) recognizes those works that stand out because of how they apply building, conceptual, technical, and aesthetic solutions.

Each year in Colombia, Costa Rica, Guatemala, Nicaragua, and Panama, we have an open invitation for architects, engineers, investors, and builders to participate in lo-



cal editions of the CEMEX Building Award. The best works built in these countries, together with the people that made them possible, compete against works from 24 countries in the international edition of the award.

There is no question that in the XXIII edition of the award, carried out in Mexico in October 2014, the countries from our region were major winners, collecting 11 out of the 17 awards that were handed out, including two first place finishes. We wish to mention in particular the winners in the Sustainable Building category: the Río Perdido Hotel in Costa Rica, which obtained second place; and the MMG Tower in Panama and the Nohemí Morales de Arjona Art School in Guatemala, which both placed third. We also recognize the CR House in Colombia and Cinta Costera III

in Panama, whose excellence placed them first in the Housing and the Infrastructure and Urbanism categories, respectively.



@ More information on the
CEMEX Building Award

A High-Impact Social Strategy that Empowers Communities



+118,000 people have benefited from Patrimonio Hoy since 2005.

+1,000

volunteers participate in our social investment projects in Nicaragua.

+500

women receive training from ANSPAC in Nicaragua, Costa Rica, Panama, and Colombia.



We doubled the number of local suppliers in Colombia and the amount they invoice us.

Our objective is to build self-sufficient communities

Our neighbors do not need gifts—they need opportunities.

This is the golden rule that guides us when making social investment decisions.

According to figures from the United Nations, it is estimated that in Latin America and the Caribbean, approximately 170 million people—about 30 percent of the total population—live in poverty. Faced with this reality, at CEMEX Latam Holdings we are working to create programs that offer solutions to the challenges being faced by vulnerable communities. We strive to identify the specific needs of the countries in which we operate through close collaboration with local organizations and by talking to members of the community. Then we can leverage our experience and abilities to develop mutually beneficial programs that help us establish strong long-term ties.

Our operations are an important part of the communities we live and operate in. Besides employing members of the community, we contribute to developing each of the communities that neighbor our operations through a comprehensive social investment portfolio that includes programs and activities under three pillars:



1. Developing inclusive and social businesses.

We promote better quality of life through programs in which the communities actively participate in self-constructing and improving their homes.



2. Promoting empowerment and capacity-building.

We seek to generate new sources of income in the communities by hiring local suppliers, building new work capabilities, and developing productive projects that use resources sustainably.



3. Fostering the development of sustainable communities.

We foster well-being by investing in the construction of community infrastructure, implementing successful social investment programs, and working in collaboration with local organizations and government entities.



Maintaining a direct, permanent, and productive dialogue with our neighbors

At CEMEX Latam Holdings, the direct and permanent communication we establish with our neighbors, allows us to implement programs that develop abilities, generate shared value, and create well-being. We develop strong community relationships that are long-term and have been adapted specifically to the particular circumstances of each community in which we operate. In order to fully understand the needs and concerns of our locations and to actively contribute to developing sustainable communities, we establish a dialogue with our neighbors that begins before any of our operations open and continues during the period in which they operate and also after we close them.

Our community relations coordinators, who are present in every country in which we operate, use different tools to maintain open channels of communication, and this helps us better understand local needs.

For example, through the neighbor committees, which are organized by CEMEX Colombia, we use transparent and open dialogue to strengthen our relationship with neighboring communities. The community relations coordinators and specialists in different specific community matters meet once a month with representatives from different sectors in the community to discuss topics of mutual interest, to present accomplishments, and especially, to listen to their experiences and concerns regarding our operations or the community development programs we have implemented, as well as the ways in which we can improve them. More than 1,000 neighbors participated in 35 committees during 2014.

In Costa Rica, we have implemented the *Puertas Abiertas* (Open Doors) program, through which people living in our neighboring communities can come visit our plants and get to know our production processes. During 2014, 250 of our neighbors participated in five guided tours.

Listening to and understanding the needs, feedback, and concerns of the communities in which we operate is key to the success of our programs. This is something we've committed to, and we will continue to strengthen it in the future.

100%
of our cement and aggregates operations throughout the region operate under community engagement and participation plans.



CEMEX Colombia, at the forefront of social impact assessment

We are committed to permanently assessing the results of our community development strategy, seeking to maximize the long-term benefits for both the community and the company. In Colombia, for example, we use studies, surveys, and conversations with our neighbors in order to assess the effectiveness of our actions, minimize donations, focus resource investments on the most effective programs, and concentrate on having the most positive impact.

In addition to asking our neighbors to play an active role in the implementation of our community programs, CEMEX Colombia assesses its social investment under 10 criteria:

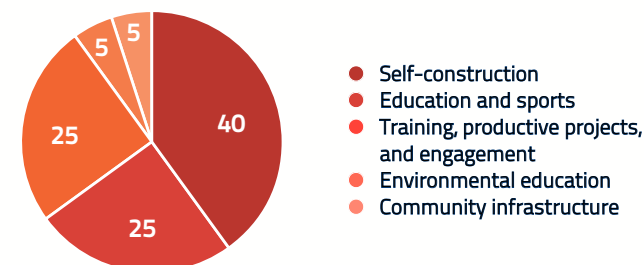
1. **Pertinence:**
Does it respond to a particular need?
2. **Relevance:**
Is it important for the community and the company?
3. **Effectiveness:**
Does it comply with the objective for which it was created?
4. **Sustainability:**
Is it economically self-sustainable?
5. **Innovation:**
Does it have innovative components?
6. **Quantitative impact:**
Does it cover an important part of the people in the community?
7. **Qualitative impact:**
Does it generate observable effects?
8. **Developing capabilities:**
Does it allow the population to acquire knowledge and abilities?
9. **Value for the community:**
Does it generate value for the community?
10. **Value for the company:**
Does it generate value for the company?

In addition to the commonly used indicators, CEMEX Colombia has developed a robust portfolio of key performance indicators for its social investment strategy, including contribution to EBITDA, number of productive partnerships, leverage of third-party resources, percentage of the budget allocated to the most effective programs, efficiency of investments per beneficiary, and revenue generated for our neighbors.

As a result, we have consolidated a portfolio of programs proven to have the best results in terms of empowering individuals and their families and contributing to building self-sufficient communities.

We make effective investments in the community

Budget allocation for social investments by type of program (%)
CEMEX Colombia 2014



Robust management that generates trust

In Colombia, because of the trust generated by our continuous measuring of results and our focus on generating long-term benefits through our social programs, we have been able to add new partners to our initiatives. In 2014, we maintained robust working relationships with 40 institutions, including government, academic, private, and nonprofit organizations, that collaborated with our efforts, allowing us to multiply the resources we invested in social programs by more than 40 percent.

**We build
quality of life
by operating social
and inclusive
businesses**

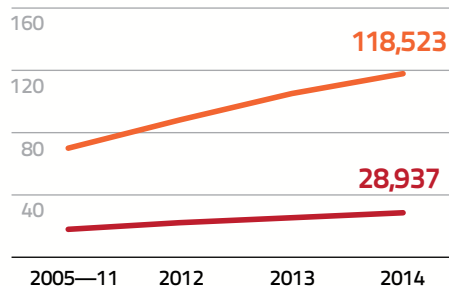


+118,000
people have built or
improved their homes
with Patrimonio Hoy
since 2005, when the
program first began
operations in the region.

Patrimonio Hoy Results

cumulative figures

● families ● individuals



We apply our experience in the construction industry in order to make it easier for low-income people to have access to high-quality construction materials and to self-construction programs. Toward this end, we have created programs that align our values and commercial business goals with the needs of the communities in which we work, generating sustainable long-term benefits for both.

We have three inclusive businesses that help families and communities build or improve their own homes. With Patrimonio Hoy, the Productive Centers of Self-Employment, and the Assisted Self-Construction Integrated Program, we provide comprehensive and affordable solutions to the housing needs of low-income families, encouraging self-construction and collaboration networks that promote human development and community values.

Patrimonio Hoy: building a quality of life

Patrimonio Hoy is our flagship social business. Its goal is to improve quality of life for people through a comprehensive, affordable, and efficient solution that makes access to housing easier. Patrimonio Hoy offers several benefits, including:

- **Technical assistance for self-construction.**
- **Affordable microcredit to buy building materials at fixed prices.**
- **Access to a wide array of high-quality building materials.**
- **Home delivery of the materials and vouchers to keep them in our warehouses.**

In 2013, we established the basis to grow the number of families that receive Patrimonio Hoy benefits by linking the program with more than 200 Construrama® stores in Colombia. Furthermore, we optimized management of the program by migrating our computer system to SAP and offering a new toll-free line that provides greater support and better service to our affiliates.

Patrimonio Hoy, which has been active in the region since 2005, is proof that with the right help, entire families and communities can develop the necessary knowledge and financial discipline to substantially improve their quality of life through better housing.



9,000
people have improved
their homes with the
**Productive Centers
of Self-Employment
and Assisted Self-
Construction Integrated
Programs since 2011.**


Productive Centers of Self-Employment: housing and employment in a single program

Our Productive Centers of Self-Employment enable families to play an active role in their own growth by simultaneously addressing two of the most important human incentives: the need for employment and the desire to own a home.


Low-income families participate in the program in which—with the help of technology, training, and raw materials—they employ themselves in the production of concrete blocks. In return for their work, participants can keep 50 percent of

the blocks they produce, which they can then use to build or improve their own homes. The remaining 50 percent is sold to institutions we partner with in order to finance the purchase of the raw materials needed to produce more blocks and benefit new families. This model transforms the Productive Centers of Self-Employment into a financially self-sustainable business that can be easily replicated. During 2014, we continued growing the number of operations, reaching 21 Productive Centers of Self-Employment in the region, including the first center in Nicaragua. During 2015, the first Productive Center of Self-Employment in Panama will begin to operate—built in collaboration with municipal and community leaders, it will benefit the population neighboring the Los Pinos plant.

How is a Productive Centers of Self-Employment installed and operated?


- 

Governments, NGOs, and companies interested in participating in developing productive community projects sign a collaboration agreement with CEMEX Latam Holdings to contribute the goods, services, or financing needed for installing a Productive Centers of Self-Employment.

CEMEX Latam Holdings co-finances the machinery needed in order for the Productive Centers of Self-Employment to function, and also provides the materials and training.
- 


The community supplies the labor and teamwork. In exchange, participants receive 50 percent of the blocks produced in order to build their own homes.


CEMEX Latam Holdings carries out technical and quality testing and supervises and manages the operation.

Governments, NGOs, and the other involved companies make the project sustainable by buying the other 50 percent of the blocks produced.
- 

CEMEX Latam Holdings, in collaboration with the community, governments, NGOs, and other companies, evaluates the coverage of the program in the community and decides whether it should continue or move on to another community.

How does the Assisted Self-Construction Integrated Program work?

- 

ConstruApoyo: Through a precharged card, which is sponsored by an institution partnered in the project, families participating in a Productive Centers of Self-Employment have access to a way to buy the rest of the building materials (such as rods, steel, covers, cement) needed to build or improve their homes.
- 

Construimos Juntos: We engage architecture or engineering students at the universities in the area to offer training and technical assistance to the families involved and to support them during the self-construction process.



Assisted Self-Construction Integrated Program: empowering families and individuals

The Assisted Self-Construction Integrated Program (PIAC) was developed in order to empower those families that participate in the Productive Centers of Self-Employment and are in extreme poverty. The program is designed to increase their ability to effectively build their own homes in a specific time frame. Though the benefits offered by the Productive Centers of Self-Employment can provide a considerable percentage of the required construction materials, PIAC offers access to additional building materials through the ConstruApoyo program, as well as



training and additional supervision through the *Construimos Juntos* (Building Together) program.

We innovate access to basic services

Joining forces with social entrepreneurs, CEMEX creates affordable community solutions that improve access to basic services. A clear example of this commitment is the CEMEX eko-stove, an efficient cook-stove, introduced in 2004, that provides a safe alternative to other traditional cooking methods such as open fires or rudimentary cookstove models, which lead to the premature death of more than 4 million people annually in developing countries.

The CEMEX eko-stove uses a monolithic combustion chamber made of concrete, which makes it more efficient, offers a

cooking surface that is 40 percent larger than most models, is more durable, and takes less time to install than similar models in the market.

Since it uses considerably less wood, the CEMEX eko-stove reduces CO₂ emissions and generates savings for the family economy. In fact, the stove received accreditation from the Zamorano University Improved Stoves Certification Center, confirming a potential firewood reduction of around 80 percent compared to open fire.

In 2014, CEMEX announced the installation of 100,000 CEMEX eko-stoves in Mexico and Guatemala, which will improve the quality of life of approximately half a million people by 2017.

The CEMEX eko-stove has been registered in Guatemala under the Swiss Program Gold Standard, indicating that it is proven to reduce CO₂ emissions.



Promoting empowerment and capacity-building



"People prefer to buy from my business because I offer the higher-quality products that CEMEX demands. Furthermore, CEMEX helped me grow because they asked me for new products and services that I am now offering to the whole community."

Ángela Carreazo Cuentas, Owner, PuntoCom, supplier of the Clemencia plant, Colombia.

The best way to contribute to developing our communities is by generating job opportunities and promoting the development of new knowledge and abilities that stimulate growth in the local economy.

Local sourcing is a sustainable practice

Maximizing the benefits of our plants in each of the communities in which we operate is one of the main priorities of our social investment strategy, and developing local suppliers is one of the main initiatives aimed at reaching this goal. We have robust programs that promote entrepreneurship among the families and individuals that live in the areas surrounding our plants, and we continually are able to integrate new family, small, and medium-sized businesses into our supplier database.

In Colombia during 2014, we focused our efforts in developing local suppliers particularly on those communities where we

are building new operations. For example, ever since CEMEX Latam Holdings arrived in the community of Clemencia, on the Caribbean coast of Colombia, our Community Engagement and Supply divisions have worked hard to invite and develop small community enterprises so that they can become part of our supply chain. This effort has already had good results, with more than 20 local companies integrated into supplying the Clemencia plant. Compared to 2013, we doubled the number of local suppliers that source our plants in the country, bringing the total to 141.

In Costa Rica, we prioritize local small and medium-sized businesses when purchasing products and services. Consequently, we have witnessed the birth of new local companies that today are generating jobs in the area. One of our success stories

is ADIME, a group of five women who collect reusable wastes in our Colorado de Abagares plant. ADIME's business has grown so much that they are now in charge of collecting all recyclable materials in the whole of the Abagares community.

In Panama we signed an important supply agreement in 2014 with the *Asociación de Comunidades del Chagres* (ACOCHA) who will be in charge of the reforestation of our operations over the course of the next five years. In 2014 they reforested the first eight hectares.

We doubled the number of local suppliers who source our plants in Colombia during 2014.



We promote new knowledge and abilities

We firmly believe that promoting new knowledge and abilities in the community in such a way that it is both attractive and free constitutes an effective way to open new employment and income opportunities for the families that neighbor our communities.

In Nicaragua, Costa Rica, Panama, and Colombia, we have established a partnership with the *Asociación Nacional Pro Superación Personal* (ANSAPAC) to promote self-improvement in women. In collaboration with this international civil organization, we offer courses for women in our neighboring communities to help them

increase their income and improve their quality of life by developing skills and jobs that encourage the creation or expansion of microbusinesses. More than 500 women benefited from these courses in 2014. Starting in 2015, the program will grow considerably, with the opening of seven new training facilities in Nicaragua.

In Costa Rica, we use technical workshops to train women in the communities close to our operations so they can learn a trade and generate additional income for their homes. The workshops, organized in collaboration with the National Learning Institute, grant a certificate that is valid in the job market.

In Colombia, the Program to Develop Abilities for the Workplace, which is organized in partnership with the National Learning Service, builds practical capabilities that

result in better job opportunities. In 2014 more than 700 students graduated after having taken classes on topics relevant to local industries and commerce. The subjects covered included how to handle heavy machinery, occupational health, electric and mechanical maintenance, balloon-twisting techniques, doll-making techniques, and makeup and haircutting techniques. Some of the graduating class will have the opportunity to continue learning through internships in CEMEX Latam Holdings' operation.

In addition to these gains, CEMEX Colombia has centered its efforts since 2012 on environmental projects that generate supplementary revenue for the communities in which we operate, encouraging the use of land through sustainable processes, including making biological fertilizers, developing domestic orchards, and selling organic food.

We signed an agreement in Panama with the Ministry of Social Development to begin operating a new community center starting in 2015. Through the center, we will offer a 45-hour comprehensive training program to help develop capabilities and an entrepreneurial spirit in the communities that neighbor our operations.

+700
students graduated from the Program to Develop Abilities for the Workplace in Colombia.

Promoting the development of sustainable communities

We work hard to develop sustainable communities by developing community infrastructure and promoting values and by capitalizing on the active participation of our volunteers. We continually make an effort to multiply the number of partnerships we establish with neighbor councils, local municipalities, and NGOs in order to ensure the success of our projects and multiply their benefits.

10,000

hours of work were volunteered by our neighbors through the Improving Community Infrastructure program in Colombia.



Infrastructure for developing sustainable communities

We are particularly interested in developing the basic infrastructure needed to build sustainable communities and improve the well-being and quality of life of the families neighboring our operations.

In Colombia, the goal of the Improving Community Infrastructure program is to guarantee the active participation of the community in local infrastructure projects. This initiative is in line with our philosophy of not implementing charity programs. During 2014, we invested in 67 infrastructure-improvement projects—a 50 percent



increase compared to 2013—benefiting close to 300,000 people in eight communities near our operations. Within this effort, the indicator we are most proud of is the one that shows a considerable increase in community participation, with our neighbors volunteering three times the number of work hours to improve infrastructure in their communities.

In Panama, we have worked since 2008 through the *Paso Seguro* (Strong Step) program, collaborating with the federal government and local communities to upgrade streets, roads, paths, and pedestrian crossings for the communities that neighbor our operations. During 2014, we made progress toward an agreement to construct a six-kilometer highway—to be built at a preferential price—that will efficiently connect the communities near our Los Pinos plant,

benefiting more than 12,000 people. On the other hand, through the *Embellendiendo mi Comunidad* (Making My Community Nicer) initiative we collaborate with our neighbors to improve public spaces such as parks and booths in the surroundings areas.

In Costa Rica, through the Community Infrastructure program we've focused on working with government institutions and development associations to improve conditions in schools, including providing materials and training for building and upgrading facilities.



Promoting values through sports

The CEMEX Sports Schools play a key role in our strategy of promoting the development of sustainable communities. We opened the first sports school in Colombia in 2008, and with the opening of two new soccer schools in the county of Maceo—where cement operations will be beginning soon—we now have 11 sports schools, serving more than 1,800 girls and boys in the country. Furthermore, in Panama, Nicaragua, Guatemala, and Costa Rica, there are more than 800 children enrolled in CEMEX Sports Schools. We contribute coaches, uniforms, and equipment to the schools for various sports, including soccer, swimming, basketball, dancing, and kickball.



Advantages of the CEMEX Sports Schools:

- Providing an opportunity to make good use of free time.
- Forming values such as tolerance, solidarity, teamwork, discipline, and punctuality.
- Offering talks on values, health, and safety.
- Using sports to improve academic performance.
- Creating an effective mechanism for communicating with the community.
- Sponsoring participation in local and regional competitions.

The communities where CEMEX operates recognize the importance of building recreational and sports facilities for children

Starting in 2015, we will adopt the *Fútbol con Corazón* methodology in all 11 CEMEX Sports Schools in Colombia.



and youngsters, promoting a positive use of free time. The CEMEX Sports Schools serve this need and also act as centers for direct engagement with our community families, making them one of the programs most appreciated by our neighbors. A key component of the program is the investment we make in creating or improving community sports facilities that serve as spaces for education, sports, and game needs, among other things.

We are convinced that by working in collaboration with organizations that complement our strengths, we can contribute to generating a greater impact on social development and on building more sustainable communities. We are always looking to expand the network of allies that participate with us in managing sports schools.



We play soccer with our heart

In our new operation in Clemencia, Colombia, we implemented a sports school during 2014 that incorporated improved playing rules. The *Fútbol con Corazón* (Soccer with a Heart) program uses the discipline of sports to teach girls and boys values and create life skills. The program basically promotes gender equality, with boys and girls playing on the same team. Furthermore, there are no referees during the game, which serves to promote skills such as effective conflict resolution and the ability to reach a consensual agreement, as well as tolerance, respect, and honesty.



CEMEX Community Centers

The CEMEX Community Centers are meeting places where we carry out engagement, education, and sports activities to benefit the communities neighboring our operations.

In Colombia in 2014, we contributed educational training and entertainment to 2,000 girls, boys, young people, mothers, and senior citizens who participated in a variety of activities, including dancing, music, learning systems, handcrafts, and reading in our community centers in Bogotá and Payandé, in Tolima.

In Costa Rica, our community center in the Patarrá plant offers technical workshops and training on personal growth and entrepreneurship to women in nearby communities, giving them the tools needed to improve their quality of life.

In Panama, starting in 2015, the communities neighboring our cement operation located in Calzada Larga, Chilibre, benefited from the opening of our first community center. In collaboration with the Panamanian Ministry of Social Development, this facility will generate new opportunities and be a place in which to learn and socialize, with a particular focus on projects that promote individual growth and generate new income. The center has computer, sewing, and cooking rooms; a beauty school; and multipurpose spaces for talks, training courses, and seminars, among other activities.



Our volunteers make the difference

The volunteer programs we offer in every country in which we operate serve as a platform to motivate our employees to become agents of change and to actively participate in improving their communities. The programs are open to all employees, and to their friends, families, and communities, to actively participate in community infrastructure, education, training, and environmental stewardship projects.

Through the *Programa Padrino* (God Parenting) CEMEX program, we strive to improve nutrition for at-risk children in communities close to our operations, granting them scholarships to buy school supplies. Through a monthly contribution made by our volunteers, we make sure

+1,000

neighbor volunteers
actively participate with
our social investment
projects in Nicaragua.

the children get a daily meal with the nutrients needed for their physical and intellectual development. The program also provides recreational workshops for the children and their families, as well as integration between the volunteers and children, promoting a closer relationship between our employees and the community. During 2014, 40 children in Colombia and more than 600 in Panama received the benefits of this program.



Promoting environmental stewardship

We work with our neighboring communities to create awareness about environmental stewardship and to find productive projects that use sustainable processes to generate additional revenue for the families living in the communities in which we operate.

During 2013 and 2014, CEMEX Nicaragua planted more than 50,000 trees through its 2013–2016 forestry initiative, “In harmony with nature.” The goal of the program is to plant a total of 66,000 trees by 2016, reforesting more than 65 hectares of forests in the municipality of San Rafael del Sur, which is located 46 kilometers from Managua, the capital city. This will give the municipality a new green lung, contributing to the recovery of



the local flora and fauna. The initiative is in collaboration with the Ministry of the Environment and Natural Resources, the National Forest Institute, and the municipality of San Rafael del Sur, which will be in charge of caring for and maintaining the area allocated to this project.

In Colombia, the *Sembrando Futuro* (Seeding the Future) program contributes to the creation of environmental stewardship leaders. Through a series of workshops, children and youngsters from neighboring communities learn to care for the environment and at the same time promise to promote, through example, the importance of recycling and water conservation. Participants also commit to caring for the trees planted during reforestation campaigns held in their communities. In 2014, we increased the number of schools that participate, benefiting a total of 2,300 boys and girls.

2,300

girls and boys participated in the *Sembrando Futuro* program in Colombia.

In Panama, we collaborate annually with initiatives carried out by the National Environmental Authority to promote the Month of the Environment, which in Panama takes place in June. As part of each year’s celebration, we donate trees to different parts of Panama City from our own nursery in order to promote awareness of how important it is that we protect our planet. We also periodically carry out campaigns to clean public places in collaboration with the community and local authorities.

In Costa Rica, we developed the Environmental Education Program in collaboration with the Cipanci Wildlife Refuge and with the support of the Ministry of Environment, Energy, and Oceans. This initiative includes training and environmental campaigns for children in 11 schools located close to our operations.



A Low-Carbon and Resource-Efficient Industry

US\$12 million invested in projects to strengthen environmental performance at our operations.

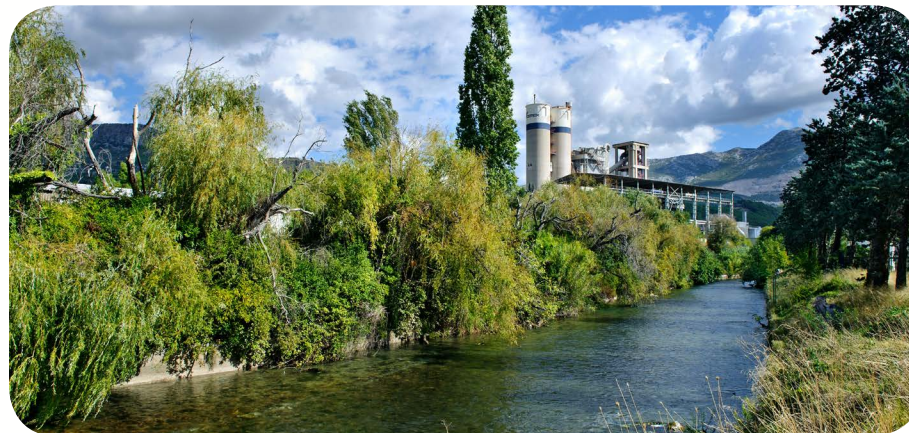


100% of our clinker production is done in kilns using alternative fuels.

 **ISO14001**

70% of our cement plants have been certified.

Robust management: the first step toward reaching our goals



90%
of our cement plants are operating under the CEMEX EMS and 70% have been ISO 14001 certified.

CEMEX Latam Holdings uses a systematic focus to monitor, manage, minimize, mitigate, and eliminate the impact of its activities. In keeping with the environmental policy that is applied by CEMEX worldwide in all operations, managing environmental impact is a key component of our business philosophy.

CEMEX Latam Holdings is committed to carrying out its operations sustainably, and our goal is to ensure that natural resources are used in an optimal manner, preserving biodiversity and the eco-systemic services in the areas surrounding our operations.

To constantly evaluate how our operations are running and establish processes that lead to continuous environmental improvement, we must measure and report our activities. Toward this goal, our main tool is the CEMEX Environmental

Management System (EMS). The system—which is compatible with the ISO 14001 standard and the EU Eco-Management and Audit Scheme (EMAS)—is designed to facilitate consistent and complete implementation of risk-based environmental management tools and stakeholder engagement, as well as increasing collaboration among our specialists, encouraging the exchange of best practices, and systematizing the way in which we report information.

The CEMEX EMS in cement operations offers a comprehensive view of the total production process, and it addresses a number of priority areas, including protection of the atmosphere (reducing emissions and noise), water (consumption and disposal), and soil, as well as the efficient use of resources (energy and raw materials), and minimizing and adequate waste management.

By year-end 2014, we concluded the successful implementation of the CEMEX EMS in 90 percent of the cement plants we operate, and our Clemencia plant—our most recent cement operation, which began operating in 2014—is currently in the process of implementing it. In addition, 70 percent of the plants have been ISO 14001 certified, and the rest will be certified by 2016.

In total, close to 40 percent of our cement, concrete, and aggregates facilities are operating under CEMEX EMS. Because of the company's rapid growth in recent years, part of the remaining operations are still operating with an alternate management system. Our goal is to have full implementation of the CEMEX EMS by 2020.

Optimizing our carbon footprint



Greenhouse gas emissions in cement production

The production of clinker—the main ingredient in cement—generates greenhouse gas emissions. Clinker is produced in rotary kilns that process limestone, clay, and other minerals at temperatures above 1,400° C. The carbon dioxide (CO₂) generated in the process is the result of the chemical decomposition of the limestone into lime and CO₂ and from burning the fuel needed to achieve the necessary temperatures.

Climate change is one of the most urgent challenges of our time. A great number of studies have analyzed the potential for damage caused by the possible rise in sea levels and changes in rain patterns, as well as the greater spread of diseases, that might derive from this phenomenon.

5%
decrease in net emissions of CO₂ per ton of cementitious product.

The United Nations Environment Programme (UNEP) estimates that the consumption of fossil fuels during the operation phase of buildings contributes approximately one-third of total global greenhouse gas emissions, and consequently, it is expected that over the next decades urbanization processes will become the greatest driver behind energy consumption and the increase of emissions.

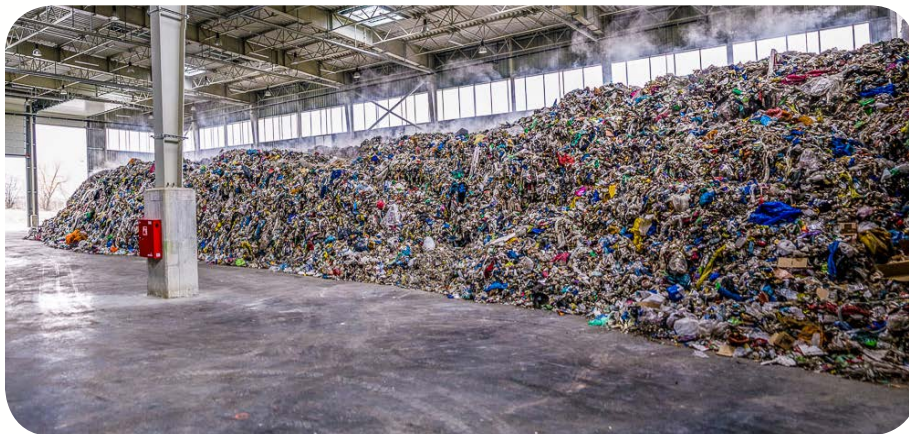
At CEMEX Latam Holdings, we interpret our responsibility in the context of climate change in two ways. First, we are committed to innovation and development so that we can offer the market products and services for constructing buildings with sustainable characteristics and resilient infrastructure. Furthermore, we work hard to decrease our carbon footprint and maximize the contribution of our plants for the benefit society.

Within this context, and in line with our Sustainability Model, at CEMEX Latam Holdings we implement three lines of action to optimize our carbon footprint:

- 1 Using alternative fuels with a lower emissions factor.**
- 2 Using alternative cementitious materials as a substitute for clinker.**
- 3 Increasing energy efficiency and promoting the use of renewable energy.**



CEMEX position paper:
 > Climate change
 > Carbon capture and storage



From waste to fuel

The first line of action at CEMEX Latam Holdings toward minimizing our carbon footprint—and, at the same time, maximizing the contribution our plants make to society—is to reuse waste generated by society for alternative fuels in the production of cement.

The alternative fuels used in the cement kilns are predominantly waste and waste products from industrial, domestic, agricultural, and forestry processes—including used tires, used solvents, waste oil, processed municipal solid wastes—as well as biomass, such as rice and coffee



CEMEX position paper:
> Alternative fuels

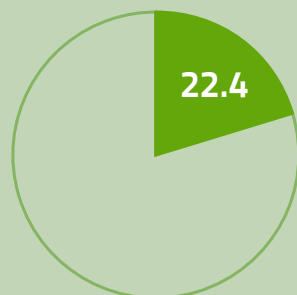
Study confirms that alternative fuels reduce emissions

In 2013, CEMEX collaborated with Columbia University's Earth Engineering Center and with the City College of New York to execute a study on the environmental implications of alternative fuels in cement manufacturing. The yearlong study was carried out by faculty and graduate students at both institutions and included visits to cement plants in Mexico and the United States, analyzing operating data, and calorimetric tests. It also included mathematical modeling to estimate the behavior of sulfur, nitrogen, chlorine, and carbon monoxide compounds through the cement kilns.

Completed in 2014, the study concluded that the use of fuels derived from municipal solid wastes (MSW) in cement manufacturing reduces greenhouse gas emissions by up to three tons of CO₂ per ton of MSW used in place of coal. Furthermore, this use of MSW does not have an adverse impact on the cement production process or the quality of the product.

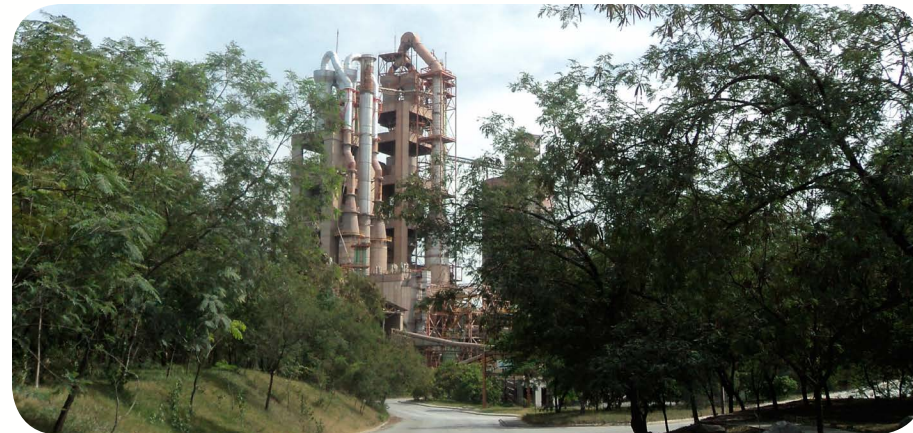
22.4%

was the substitution rate of fossil fuels for alternative fuels in 2014.



husks, animal feed, and sediments from discharge water, all of which include recoverable energy.

Substituting alternative fuels for conventional fuels in cement production offers several environmental benefits. First, we are able to reduce our environmental footprint by reducing total CO₂ emissions. Whereas with traditional disposal methods many of the alternative fuels used would generate CO₂ without recovering any energy when they are disposed of, the emissions generated by the use biomass as an alternative fuel are considered carbon-neutral. In addition, the use of alternative fuels contributes to the preservation of non-renewable resources and offers communities an effective and efficient alternative to disposing of waste in landfills.



Besides contributing to preserving the environment by substituting alternative fuels for traditional fossil fuels, we also promote economic activity through our development of new supply chains.

As of year-end 2014, 100 percent of our clinker production was carried out in kilns using alternative fuels. Altogether, in our cement plants in 2014 we achieved an alternative-fuel substitution rate of 22.4 percent, a slight decrease compared to the 23.1 percent of 2013. Of the total alternative fuels used during the year, approximately 40 percent corresponded to the reuse of biomass, including waste from agricultural processes.

In the future, we will continue strengthening those supply chains through which we are able to increase the alternative-fuel substitution rate.

Our Caracolito plant, leader in consumption of alternative fuels

The Caracolito plant in Colombia is our leading operation in terms of the use of alternative fuels, with a substitution rate of 39 percent in 2014. Besides other benefits, it is important to note that by using more than 29,000 tons of rice husks each year as fuel to produce cement at the Caracolito plant, carbon consumption is reduced by more than 14,000 tons annually. This use of the husks as fuel also contributes to solving environmental problems that are generated in the area when there is inadequate final disposal of husks.

We will continue to support and explore new compensation mechanisms

The Kyoto Protocol's Clean Development Mechanism (CDM) encourages sustainable development by promoting the implementation of emissions reduction projects in developing countries. Those countries then accumulate certified emissions reductions in exchange.

CEMEX Latam Holdings developed CDM projects at four of our clinker production facilities between 2008 and 2013. The projects implemented since 2008 are equivalent to a total carbon compensation of close to 330,000 tons annually, which corresponds to taking 70,000 cars out of

circulation during the year. Additionally, through these projects we can mitigate emissions of other gases such as NO_x and SO_x, and preserve non-renewable fuels such as carbon.

As we continue to expand our operations throughout the region—and while negotiations for a new global agreement against climate change evolve—we remain committed to continuing to support and explore the implementation of new CDM projects and other mechanisms that have greater potential to offset carbon emissions.



70,000

vehicles out of circulation for one year is the equivalent potential CO₂ emissions offset from our CDM projects portfolio.

Clean Development Mechanism Project	Potential carbon offset per year (tCO ₂ /year)
Costa Rica alternative fuels (2008)	39,972
Ibagué alternative fuels (2008)	146,798
Panama K1 alternative fuels (2011)	29,212
Cúcuta biomass (2012)	42,307
Panama K2 alternative fuels (2013)	70,883
Potential offset	329,172

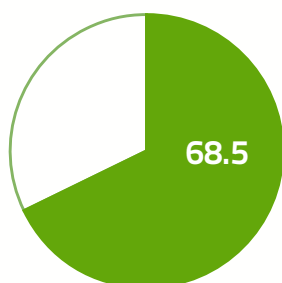


CEMEX position paper:
> Market mechanisms to mitigate climate change



Using alternative cementitious materials

68.5%
was our clinker factor
in 2014.



The second CEMEX Latam Holdings initiative for minimizing our carbon footprint consists of using other materials that possess cementitious characteristics as substitutes for part of the clinker needed for producing cement.

Some of the main alternative materials that can be used for making cement include waste generated by other industries in their production processes, including pozzolana, blast furnace slag, fly ash from electric power generation plants, and addition limestone. It is important to point out that clinker substitution by alternative

materials is limited to the demand and use of different types of cement, as well as by the technical limits allowed for its manufacture.

Using alternative cementitious materials to produce cement contributes first toward reducing the consumption of natural resources—including the energy needed for mine quarries—and also to reducing the CO₂ emissions associated with the production of clinker.

In 2014, our clinker factor was 68.5 percent. To strengthen our optimization strategy, we have implemented new measures through which we will be able to optimize the clinker factor in our cements over the next few years, including:

- ✓ **Optimizing cement-grinding systems.**
- ✓ **Producing clinker with greater reactivity, which means less of it is needed in the production of cement.**
- ✓ **Optimizing the portfolio of cementitious products that require a lower clinker factor.**

Today we have several agreements in the region with power plants to use the ash they generate, a waste product that can have environmental liabilities if not adequately managed. Although the numbers are still small at this point, we hope that by using industrial ecology, in the future these synergies will have a positive impact on our clinker factor.



Investing in efficiency and renewable sources of energy

CEMEX Latam Holdings' third initiative for minimizing our carbon footprint is based on our firm commitment to use energy efficiently and to source from renewable sources.

Committed to optimizing the use of electric energy

While CEMEX Latam Holdings does not always control the primary sources used for generating the electric power it consumes—nor the carbon emissions related to its production—we do control the efficiency with which we consume electricity in our operations. Corre-

spondingly, we are constantly evaluating energy efficiency models so that we can identify areas where we can improve, increase efficiency, and optimize energy consumption in our operations throughout different production stages.

For example, in Colombia in 2013 at the Los Patios and Bucaramanga cement operations, we installed new cement separators that include technological improvements, we modified the warehouses so that we could make better use of natural light, and we installed LED lighting, all of which contributed to our being able to improve efficiency and reduce how much electric energy we use per ton of cement produced. Similarly, in the concrete and aggregates operations, we optimized operating processes to make sure we had adequate levels of load and capacity in our equipment.

5%

reduction in energy consumption per ton of cement.

This translates into benefits in terms of efficiency in the use of electric energy per unit of finished product.

We are constantly looking to increase access to energy from renewable sources

Besides committing to optimize our consumption of electric energy, at CEMEX Latam Holdings we are continually exploring opportunities to use renewable sources of energy or to develop renewable energy projects ourselves.

For example, our Bayano cement plant in Panama currently exclusively uses energy supplied by hydroelectric power stations in the region. In Colombia, two of our five cement plants use electric energy that comes from renewable sources. The Sueva I and Sueva II hydroelectric power stations generate clean energy that can fulfill 100 percent of the requirements of

Registered an entity as a wholesale participant in the Colombian energy market.

In Colombia starting in 2015, we began operating our business unit that specializes in the energy market. The entity is an agent that actively participates in the wholesale energy market in the country, with the main goal of ensuring a complete and reliable supply for the growing energy needs of our Colombian operations that are connected to the public network, optimizing the portfolio of suppliers, and reducing costs. As a first step in its assets portfolio, the entity manages the sale of the energy generated in the Sueva I and Sueva II hydroelectric power stations, which, besides supplying the Santa Rosa plant, generate a surplus that is sold in the Colombian energy market.



the Santa Rosa plant. Additionally, the hydroelectric power station in Bucaramanga fulfills approximately 30 percent of our requirements for the cement operations in that location.

At the Caracolito plant and our new operation in Clemencia, Colombia, we have equipment that generates highly efficient electric power and we use technologies that run on natural gas, fulfilling 80 and 100 percent of our requirements, respectively.

Additionally, we are continuing to rehabilitate the La Naveta hydroelectric power station, which is located on the land that surrounds our aggregates mine in the city of Apulo, Colombia. At the intake, it will use water from the Bogotá River, and it will return the water to the same river two kilometers downstream, near Apulo, in the exact same condition that it was taken. The average annual production of electricity will be 30 GWh.

Participation in the Carbon Disclosure Project

In 2015, CEMEX Latam Holdings was invited by the Carbon Disclosure Project (CDP) to register as a participant. CEMEX Latam Holdings and the CDP agreed that it is not necessary to present a separate report for the CEMEX Latam Holdings operations since the report presented by CEMEX already includes cumulative information on all the operations that CEMEX controls globally. The CDP has determined that this means that CEMEX Latam Holdings is already participating in the program, and it will allocate to it in its system the “See Another” status, an indication to our stakeholders that they can review the CEMEX report to get information on our efforts.

The work done by our partner CEMEX toward reducing CO₂ emissions globally and maintaining transparency in communicating these efforts has been recognized once again. In 2014, for the third consecutive year, the CDP named CEMEX one of the best Latin American companies in terms of Climate Change Data Disclosure.

For more information visit *Latin America 80*
Climate Change Report of the CDP

Minimizing emissions and conserving land, biodiversity, and water

In addition to their intrinsic value, natural ecosystems provide essential services to people, such as sequestering carbon, providing fresh water, supporting food production, and preventing diseases. Climate change, energy demand, biodiversity loss, and water scarcity are all global issues that will exert significant pressure on ecosystems, businesses, and society over the next decades.

Through rigorous efforts to standardize implementation of our environmental management processes, during 2014 once again there were no category 1 incidents reported and we continued to decrease the number of category 2 incidents, with a 20 percent reduction compared to 2013.

Sustainable growth in our cement operations during 2014

Performance of our cement operations in 2014

Responsible management

100%

have the **tool to measure** the environmental footprint of our products

90%

have the **CEMEX Environmental Management System** in operation

70%

have been **ISO 14001** certified

80%

of clinker kilns **operate a CDM project** of the Kyoto Protocol

0

category 1 **environmental incidents**

Monitoring and reducing emissions

92%

of clinker produced with **continuous monitoring** of major emissions

100%

of the clinker kilns **use alternative fuels**

22%

was the **substitution rate** of alternative fuels

5%

reduction in net CO₂ emissions per ton of cementitious product

5%

reduction in the consumption of electric energy per ton of cement

Recycling and lower consumption of water

70%

have **water recycling** plants

16%

reduction in water consumption per ton of cementitious product

Less waste and commitment to biodiversity

91%

of the cement quarries have **rehabilitation plans**, and we are in the process of incorporating new quarries

13%

reduction in waste disposal



We invest in technology to minimize emissions

The clinker production process creates emissions—basically materials particles (dust), nitrogen oxides (NOx), and sulfur compounds (SOx).

Within this context, we maintain a permanent effort to monitor emissions at our production facilities. Through our Environmental Management System (EMS), we monitor our major and minor emissions to ensure we are below local regulation limits, and we continuously identify areas where we can reduce them further. Currently we have installed technology through which we can continuously monitor emissions in 92 percent of our clinker production. Continuously

monitoring emissions helps us control and continue to decrease emissions by optimizing our processes.

We are constantly looking for opportunities to use technology that will help us minimize our impact on the environment. For example, the conversion technology we use in the Caracolito plant has allowed us to minimize dust emissions. The process began in 2010 and included the design, construction, and mounting of a new bag filter, a high-technology machine that captures the particles generated by the operation and makes it easier to control and manage them internally, stopping them from dispersing into the environment. Afterward, in 2014, we installed a bag filter in line two, which produces the most clinker in the country, with an investment of US\$4.5 million. The filter reduces dust emissions to levels

that are way below the norm. Additionally, with an investment of US\$1.4 million we carried out improvements in the plant filters, and we installed a new burner in the line two kiln that increases energy efficiency, reduces gas emissions, and runs on alternative fuels.

The technology currently installed in the Caracolito plant allows us to capture 99 percent of the materials particles generated by the kilns. While emissions at the Caracolito plant have continually been below the levels established by environmental standards, the technological conversion increases the level of efficiency and operating safety.

In this same mitigation effort, we used an investment of more than US\$500,000 to change the kiln burner at the Los Patios Cúcuta plant, and the positive results

99%
of materials particles
captured at the
Caracolito plant.

were similar to those at the Caracolito plant. Another important achievement in terms of emissions reduction was registered in the concrete operations where five state-of-the-art filters we installed in the loading areas reduce emissions in facilities located in population centers. This effort will be continued throughout 2015 in order to reduce the impact on neighboring areas and to ensure the sustainability of the operation.



Focused on protecting and improving biodiversity

At CEMEX Latam Holdings, we are committed to being a responsible steward of the natural resources we use and to carrying out our activities in a sustainable manner. An essential element of this commitment consists of protecting biodiversity in our operation. To guide us in this task, we have integrated the CEMEX Biodiversity Policy into our business model, which adheres to the Convention on Biological Diversity (CBD) and the Aichi Targets.

A key element to following this policy is implementing our Biodiversity Action Plans (BAP) in those operations that have been identified as a priority due to their location in or near areas of high

biodiversity value. The BAP standard, which was developed based on the global partnership CEMEX has with BirdLife International, guides us in drafting local plans that are systematic, detailed, and tailored to the value and challenges of each operation. Among other tools, the BAP standard identifies and establishes priorities for managing biodiversity in our operations, and also contributes to creating tools to evaluate, manage, and implement effective actions in favor of biodiversity.

Within the CEMEX Latam Holdings operations, there are two sites identified as priority locations based on their biodiversity value: one in Antioquia and the other in Minas de Santander in Colombia. In 2014, CEMEX Colombia began implementing the first stage of the BAP in Minas de Santander, including a

collaboration agreement with the Calidris Association, a local partner of BirdLife International. This first stage includes the establishment of a schedule and work plans as well as training programs for overseeing the protection of species.

These measures constituted an important step toward reaching our goal of having a fully functioning BAP in both sites by 2020.

Our commitment to protecting biodiversity continues even after we have finished using the mineral resources. The objective behind restoring our quarries is to sustainably close production activity, minimizing negative impacts, consolidating environmental compensation programs, and strengthening the supply of environmental goods and services in order to contribute to restoring the loca-

tion. We currently have restoration plans for 91 percent of our active quarries. For example, in the Apulo mine in Colombia, we have made progress in reforesting the slopes using vegetation generated in the plant's nursery, so that we can restore the land to a condition similar to what it was when the intervention first began.

91%

of our quarries currently have restoration plans. In the future, we strive to be able to rapidly incorporate restoration plans for those quarries that have recently begun operating as a result of the company's expansion process.



> CEMEX Biodiversity Policy
> CEMEX position paper: Environmental Management and Biodiversity



Responsible waste management

Developing our production processes generates a certain amount of waste, which needs to be managed adequately based on our standards and the requirements imposed by regulations.

In order to contribute to protecting the environment and to handling and managing our waste correctly, at CEMEX Latam Holdings we have implemented the Comprehensive Plan for Handling Solid Waste, which establishes measures for controlling and minimizing the environmental impacts identified through the implementation of the CEMEX En-

vironmental Management System. The objective of the plan is to suggest ways to reduce the generation of waste and to adequately manage, collect temporarily, and dispose of waste, favoring valorizing, reuse, and recycling programs and taking into consideration the applicable environmental standards.

Besides committing to waste management at our own sites, we also strive to have a positive impact on areas plagued by environmental issues. Our facilities at La Fiscala and Las Delicias, in Colombia, for example, are a destination for construction and demolition waste (CDW), which can be either incorporated as recycled construction material or properly disposed of according to local

Reduction in waste disposal vs 2013.



regulations. This solution allows our builder clients to maximize the use of their construction materials, comply with environmental norms, and also apply for LEED points for their projects. The La Fiscala mine works under an environmental management plan registered with Colombia's Urban Development Institute, which allows the company to issue certificates for proper CDW disposal.

Today, CEMEX Colombia is accelerating its process to ISO-certify both the La Fiscala and Las Delicias facilities as well as the CDW recycling process so that disposal and recycling of waste will be carried out using the highest operating and quality standards and so the best technical and environmental practices are certified.



In 2013, we began operations at our fifth cement production plant in Colombia: the Clemencia plant. As part of our commitment to continue growing sustainably, the plant's cement grinding process has state-of-the-art technology that eliminates 100 percent of water consumption in the industrial process and treats water through evaporation wetlands of the water from domestic effluents, thus ensuring water conservation.

We optimize our water consumption

According to the United Nations World Water Development Report, published annually by the UN and the World Water Forum, demand for water in 2030 will be 40 percent higher than it is today, making it a resource for which efficient use and savings are very important.

At CEMEX Latam Holdings, we are fully committed to using water efficiently. In 2013, we adopted the CEMEX Corporate Water Management Policy, which describes the company's strategy for sustainable management of water, acts as a framework for developing conservation measures, and establishes the basis for continuous improvement through measuring our performance against our

objectives. In addition to covering our compliance with codes and regulations, the focus of the policy includes our commitment to protect the ecosystems in our operations and to establish positive collaborative relationships in implementing water projects.

Correspondingly, the Plan for the Efficient Use and Savings in Water establishes diagnostics, procedures, and responsibilities that have to be adopted at the cement facilities in order to optimally manage and use this resource. The plan contains the elements necessary to identify and implement possible improvements for handling water in the production of cement, including controlling collection points, addressing water use and treatment, and employing sustainable sources of water.

100% of our aggregates operations have water recycling plants.

An important step toward reducing our water consumption is the standardization of our measuring processes. At CEMEX Latam Holdings, we benefit from the partnership CEMEX has with the International Union for Conservation of Nature (IUCN) to develop a methodology that includes key performance indicators specific to our industry, different levels of accuracy for water measurement, and guidance on how to report. During 2014, we continued to apply this methodology at our plants.

As a result of the initiatives carried out in recent years to strengthen the way in which we measure and manage water, in 2014 our water consumption in cement operations registered a 16 percent reduction per ton of cement and a 23 percent reduction per ton of aggregates. Our challenge for the future is to strengthen and standardize water management in the company's numerous new ready-mix concrete operations, where in 2014 we registered a 23 percent average increase in water consumption per cubic meter.



> CEMEX's Corporate Water Policy



Sustainable transportation

To minimize vehicular traffic, and as part of our focus on sustainable transportation, we are looking for ways in which to dispose of raw materials and products without the use of trucks. In some places, we use conveyor belts to transport raw materials from the quarry, and whenever feasible, we use multimodal systems that combine land, rail, and water means of transportation for our products.

We operate and maintain our vehicle fleet to make sure we protect the community, and by using strategic planning in our logistics we avoid unnecessary truck

traffic during rush hours. These efforts help reduce noise, vibration, and traffic jams, as well as the use of energy, carbon emissions, and costs.

We also mitigate the noise associated with our operations by using operating controls and measures such as noise reduction, isolating the sources of noise, and carefully controlling activities that require controlled explosives. As much as possible, we avoid night operations in the quarries, and we coordinate the use of explosives to minimize alterations.

Sustainable mobility strategy

Based on an internal study in which we found that more than 80 percent of the employees in our Bogotá corporate offices spend at least one hour commuting daily, in 2015 we began implementing a sustainable mobility program, which includes three key initiatives:



Encouraging the use of bicycles as a means of transportation to and from the office. We found that during rush hours bicycles can achieve higher speeds than a car, and we loan bicycles free of charge and have ample spaces that can be used for parking them.



Enabling a web and mobile platform to share car rides. To reduce the number of cars on the streets, improve travel times, and optimize the use of parking, we participate in the *Compartir nos Mueve* (Sharing Moves Us) platform, which promotes sharing automobiles.



Flexible work hours. In mutual agreement with area heads, employees are able to choose between three different work schedules, based on their own needs.

Our core values in every action

47%

reduction in the lost
time injury frequency
rate in 2014.



100% of the countries
where we operate apply
surveys to measure
customer service.

96%

of our purchases come from
national suppliers.



18th place. CEMEX
Colombia continues to
improve its position in
the MERCO Personas
best place to work index.

Our values

Our values integrate the essence of our culture: They express who we are, how we behave, and what we believe in.

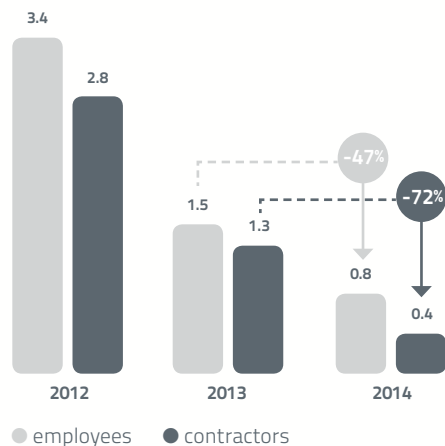
The CEMEX Latam Holdings values



Placing health and safety first



Lost time injury frequency rate
(incidents per million hours worked)



The safety, health, and well-being of our employees, contractors, and third parties are the highest priorities for CEMEX Latam Holdings. These are key factors in the successful development of our operations. Consequently, we continually improve our prevention strategies in terms of occupational health and safety.

The chain of responsibility and supervision in health and safety issues extends down from CEMEX globally. At CEMEX Latam Holdings, this chain is led by the Human Resources divisions, in collaboration with the Industrial Safety and Occupational Health departments and the supervision of the directors of each of the business units. All of these parties are responsible for implementing the occupational health



and safety strategies, as well as communicating examples of best practices, giving information on development initiatives, and following up on reported incidents.

The CEMEX Latam Holdings Vision positions safety as our main priority, under four principles:

- Ensure nothing comes before the health and safety of our people, contractors and the community.
- Make safety a personal responsibility; look after yourself and each other.
- We believe zero injuries and zero fatalities is more than a goal, it is a necessity.
- Hold each other accountable for safe acts and behaviors.



A local approach to reach our goal

In 2014, CEMEX Latam Holdings transitioned our safety strategy from a regional to a local approach. During the year, we employed individual actions designed to solve specific weaknesses in each business unit of all our operations, strengthening programs that have been in place since 2012.

As a result, we continued to make our operations safer and improve our health and safety indicators. In 2014, our Employee Lost Time Injury Frequency Rate per million hours worked was 0.8, down 47 percent compared to 2013. We regret to report that in the past year there were two fatalities in the operations of our contractors and third parties.

Zero incidents is our one and only goal, and we will continue to work diligently to reach it. Consequently, we maintain a robust health and safety strategy that encourages safe behaviors for employees, contractors, and third parties through five clear lines of action:

1. **Manage our operations through robust systems.**
2. **Expand leadership and accountability programs.**
3. **Eliminate incidents at the root cause.**
4. **Hold contractors and third parties to high standards.**
5. **Promote a healthy lifestyle.**

Health and safety policy

We are committed to carrying out our business activities in a safe and efficient way, and to protecting the well-being of the people in our facilities and of anyone who could be affected by our activities. Our health and safety policy guides CEMEX Latam Holdings' leaders in complying with their responsibility to make sure that the well-being of employees is the main priority. The high expectations we have for our leaders are outlined in 14 categories that include a set of performance requirements. In addition, the guidelines prioritize the prevention of accidents and describe procedures for monitoring the efficiency of our risk controls.





We operate with robust management systems

The CEMEX Health and Safety Management System (HSMS) is based on the evaluation of potential risks and establishing clear expectations in terms of health and safety. In addition to covering performance requirements, the system provides orientation and the tools needed to help our leaders implement the CEMEX Latam Holdings' health and safety strategy.

The CEMEX HSMS is designed to:

- **Identify and reduce risk.**
- **Share best practices.**
- **Unify criteria, speak the same language, and standardize procedures and guidelines.**

- **Improve the health and safety of our employees and the reliability and efficiency of our operations.**
- **Comply with local legislation and strive for international certification.**

We continue to implement awareness efforts directed to the leaders in our operations, seeking to generate a greater commitment to taking action toward improving safety in the plants and making sure that all initiatives strictly adhere to the guidelines established in the HSMS and the laws of every country in which we operate. Through this effort, we offer greater certitude and provide long-term continuity to the industrial safety initiatives, in order to achieve the greatest impact on the established objectives. Currently, 99 percent of our operation sites throughout the region have a functioning HSMS.



20% of our cement operations are OHSAS 18001-certified, and we will continue to grow this percentage until we reach 100% in 2017.

We also have weekly reports to inform the complete chain of command—from our country directors to middle managers—of safety-related incidents in any of our operations that occurred during the week. Through this constant review process, leaders in the company can understand, learn about, monitor, and take the necessary actions to correct any weaknesses that are revealed by a given incident.

In 2014, CEMEX Colombia obtained certification under the OHSAS 18001 standard—the most important international occupational health and safety management system standard—for the Santa Rosa plant and for the Northern concrete cluster. Additionally, the CEMEX Nicaragua team of auditors concluded the first training course in the OHSAS 18001 Management System. For 2015, our objective is

to certify the Center concrete cluster and the Caracolito plant, as well as to keep the certifications obtained in 2014 up to date.



Leadership for zero incidents

LEGACY is an industrial safety program designed to promote a cultural change in the operation, shifting from a focus on simply “production” to “safe production.”

With the premise in mind that initiatives in occupational health and safety that are promoted with good leadership are the ones that have a greater impact on performance, LEGACY offers the tools and capabilities required to lead safer and more efficient operations. The two-day course is geared toward middle managers, senior managers, and directors so that they can develop behaviors that are key to reaching our safety goals. In 2014, we carried out local meetings with safety leaders in our different operations to eval-

uate the implementation of the behaviors promoted by LEGACY. As a result, we have identified strengths and weaknesses that will contribute to improving the program. Starting in 2015, we will add E-LEGACY, an interactive course designed to help operation managers evaluate risks, adopt health and safety as a personal value, and have a healthy and safe lifestyle.

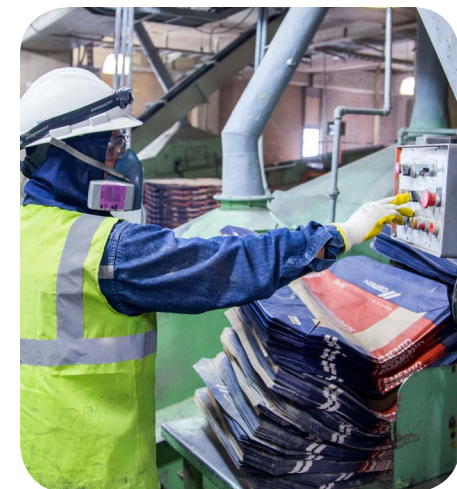
The Visible Felt Leadership (VFL) program contributes to putting the LEGACY behaviors into practice. VFL invites company vice-presidents, directors, and managers to individually visit the operations at least twice a month, observe the behavior of employees, and offer immediate feedback concerning good and bad practices in the operation. The objective is to leverage leadership capabilities to provide a constant, consistent, and positive focus on industrial safety.

The 7 key behaviors that LEGACY promotes are:

1. Manage safety personally every day.
2. Know your processes, and know your people.
3. Communicate adequately.
4. Hold yourself accountable.
5. Train and motivate employees.
6. Apply discipline in a fair and conscientious manner.
7. Lead by example and actively.

Additionally, to measure our middle and senior managers' level of commitment to safety, at CEMEX Latam Holdings we use the Safety Leadership Index (SLI), which evaluates performance based on three criteria: field supervision and feedback, number of working hours offered in training, and compliance with basic safety requirements in the operation.

Starting in 2013, the implementation of VFL and SLI led to important changes in the way in which we manage safety in our operations that have significantly contributed to improving our indicators.





For the sixth consecutive year, CEMEX Nicaragua was a recipient of the Leading Company in Hygiene and Safety in the Workplace award, which recognizes extraordinary commitment to the health and safety of employees. In addition, CEMEX Costa Rica received the National Preventico Award in the category of Manufacturing Industry from the National Insurance Institute. This award was in recognition of CEMEX Costa Rica's management system and safety programs, which have contributed to creating a culture of safe behaviors in all of the company's workers.

We avoid incidents at the root cause

To try to eliminate incidents caused by human error, at CEMEX Latam Holdings we have implemented a safety program that is focused on behavior: the 365 Plus System. This program incorporates the best initiatives from various safety systems and adapts them to our industry in order to offer our employees, contractors, and third parties the abilities they need to identify, prevent, and correct risky behaviors and dangerous situations in their surroundings.

The system is based on training employees to observe potential dangers and recognize risky behaviors that arise in

their day-to-day tasks, in order to prevent incidents while performing their jobs and to improve performance in terms of safety. That is, we observe our surroundings in 360 degrees, for the 5 riskiest behaviors, 365 days a year.

In the 365 Plus System framework, we consolidate the information that comes from different observation processes to define solutions, protect resources, and implement action plans that contribute to correcting risky behaviors. Finally, we monitor the results through management indicators that contribute to establishing performance patterns and implementing improvement actions. In 2014, we increased the number of employees who participate in the observation process of the 365 Plus System, considerably strengthening the program's results.

The goal of the Root-Cause Analysis (RCA) methodology is to get to the root cause of an incident and to ask ourselves "4" times "why" the event happened in order to design action plans and prevent their recurrence. We use this methodology for all incidents that occur at our operations, and it always involves the whole chain of command: operation leaders, technicians, and safety advisors.

The continuous implementation of the RCA methodology has been key to improving our health and safety indicators in recent years. To this end, in 2014 we implemented a set of measures that solve issues specifically identified by each business unit locally. We are committed to continuing to implement the RCA methodology in order to carry out more exhaustive investigations that will help us identify those aspects of our Management System that we need to reinforce.

We implemented the safety program based on behavior: the 365 Plus System.



High expectations for contractors and third parties

We use the same leadership we apply to develop safe behaviors among our employees to do the same for our contractors and third parties. Our objective is to continually improve the standards under which everyone doing business with CEMEX Latam Holdings operates, and to make their industrial safety standards equivalent to those the company applies in its own operations.

In 2012, we introduced the Health and Safety Manual for contractors, and during 2013 we began an audit program to guarantee that contractors implement the newly acquired commitments. Addi-

tionally, starting in 2012 we implemented a code of conduct for our contractors. The Driving Essentials code consists of drivers adopting 12 basic behaviors, and it strives to make them responsible for adhering to these requirements, namely: using safety devices, adequately planning the trip, using seat belts, maintaining an adequate distance, respecting the laws and other drivers, not talking on cell phones, moderating speed, not passing other vehicles, respecting other drivers on the road, being cautious when facing risks, staying fit and alert, and remembering that their families are awaiting them.

Finally, in order to meet the company's accelerated growth in the areas of housing and infrastructure solutions, in 2012 we developed the Safety in Construction

72%
was the reduction in the lost time injury frequency rate for contractors in 2014.

Manual, which tries to standardize processes during the different stages of construction in housing and infrastructure projects in order to ensure compliance with appropriate guidelines in terms of safety.

In 2014, we introduced the Safety Visa. Contractors and third parties have to carry this identifying document to prove that they have the abilities and training needed to safely perform the services they were hired to carry out. The specific credentials that endorse contractors and third parties can be acquired through training we offer to them, by taking courses in accredited educational institutions, or by presenting legal documents—such as an official driver's license.

The Driving Essentials code, consists of:



Using safety devices



Adequately planning the trip



Using seat belts



Maintaining an adequate distance



Respecting the laws and other drivers



Not talking on cell phones



Moderating speed



Not passing other vehicles



Respecting other drivers on the road



Being cautious when facing risks



Staying fit and alert



Remembering that their families are awaiting them



A healthy lifestyle

We have developed programs to increase awareness of health and preventive medicine that help our employees address the physical and environmental factors that could lead to disease or injury. We also have health professionals at our facilities who help facilitate the implementation of these programs. As a result, in 2014 the absentee rate for employees due to illness was down 90 percent compared to the prior year.

The goal of the Active Pauses program is to take brief pauses in daily activities as a way to intervene in the ergonomic and bone and muscle overload risks that our em-



99%

of our sites in operation have a health professional in charge of promoting a healthy lifestyle among employees.

ployees face. These pauses contribute to reducing risks and stress, as well as maintaining good relationships and a healthy work environment in the operations.

Similarly, the Medicine at Work program is aimed at prevention and early diagnosis of work-related diseases. The actions of this program include periodic medical exams focused on job-specific risks, evaluations for work in heights, and epidemiological monitoring programs. For work incidents, the program also indicates the measures that need to be taken during the recovery, rehabilitation, reincorporation, and readaptation process.

The Industrial Hygiene program is used to recognize, evaluate, and control potential risk factors in the workplace that could

produce illnesses in employees or affect the community. This program includes environmental measurements of noise, particles, and lighting.

Finally, additional measures are taken to promote the health of our employees and their families including, prevention of alcohol consumption and psychoactive substances, vaccine campaigns, and information meetings on illnesses such as cancer.

Satisfied customers



We make an effort to satisfy our customers and create value for them, concentrating on offering comprehensive solutions for their construction projects.

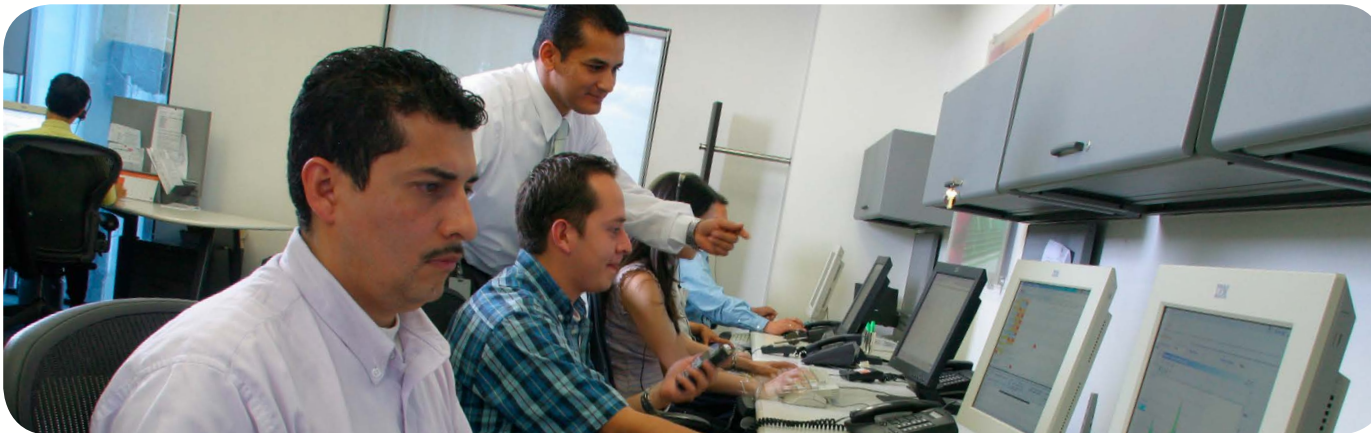
As leaders in solutions for the construction industry, we go beyond just producing and selling our portfolio of products with efficiency. The CEMEX Vision is clearly focused on serving our customers. Our success is directly dependent on their success, which means that in all the markets where we operate we strive to become our customers' best option.

What are the challenges our customers face? How can we add more value to their projects? What are the products, services, and solutions that the countries where we operate require in order to continue growing and bringing greater well-being to their populations? It is up to us to know the answers to these questions.

At CEMEX Latam Holdings, we are investing resources to build productive and long-term relationships with our customers, listen to them closely to make sure we understand their needs and that our portfolio of products and solutions responds to their demands with the highest quality. Our commitment to our customers is a key driver behind our creativity and our work in search of better industry solutions. We strive to create value for our customers by concentrating on offering comprehensive solutions for their construction projects, whether that involves building housing and developing sustainable communities; improving, renovating, and building infrastructure; or tackling other commercial and industrial applications.

The CEMEX Latam Holdings Vision is basically focused on serving our customers:

- Listen to our customers, understand their challenges, and provide valuable solutions
- Build close customer relationships that set us apart from our competitors
- Ensure doing business with us is easy and a delight for the customer
- Fulfill our commitments and solve any problem fast



The first step: listening to our customers



We apply random surveys to measure customer service in 100% of the countries where we operate.

We do not earn the loyalty of our customers by chance, but rather by our determined efforts to forge relationships with them every day. In 100 percent of the countries in which we operate, we apply random surveys to measure service and obtain feedback from our customers in order to evaluate their level of satisfaction with respect to our service and our compliance with delivery dates and times. We make a continuous effort to improve our customers' satisfaction by facilitating the planning, execution, and management process for their construction projects. We work to identify and implement measures that generate value and efficiently respond to market needs.

We share knowledge

To strengthen our relationship with our customers, we share our knowledge with them. For example, we carry out training sessions through which we are able to give them current information on construction and concrete technologies, including on-site quality control, managing and installing concrete, building concrete pavements, building industrial floors, and using concrete for industrialized systems. Furthermore, we have designed a program for customers, suppliers, distributors, students, neighboring communities, and other interested parties that allows them to visit our cement plants.

As part of the *Cátedra CEMEX* (CEMEX Chair) at the Colombian School of Engineering and at Javeriana University, presentations are given to civil engineering and architecture students on modern and innovative solutions for the construction sector. These talks not only help us share knowledge and experience about our products, but also make sure that new generations—those who will soon become the people responsible for purchasing decisions—become familiar with our brands.



Doing business in an easy and pleasant way

We rely on technology to offer better service to our customers. By placing a call to our Regional Service Center or visiting our internet service platforms, customers can place an order, report a payment, generate account statements, view the details of invoices, produce reports on consumption, ask for certificates, or rate customer service.

To be in constant contact with our customers, we have created a notification system that uses automated SMS text messages to send alerts whenever a cement or concrete order is ready for delivery. This free service keeps customers updated on the logistics of their project and helps them plan for the delivery of materials.

We also create partnerships to offer our customers better service. For example, starting in 2014 the Regional Service Center partnered with Teleperformance, a world-class specialized supplier. With this partnership, CEMEX Latam Holdings can get closer to our customers while still concentrating our efforts on maintaining an optimal operation.

In Colombia in 2014, we established an agreement with Bancolombia that allows our customers to use the bank's branches to make down payments or pay their invoices. These payments are then immediately registered in our commercial system. The initiative is the result of conversations between our customers and our salesforce, during which we identified the need to speed up the process for applying payments. Working as a team, together with an ally, allowed

us to quickly and effectively implement a solution that considerably enhances the buying experience.

We recognize the preference our customers show us and the trust they place in us. *CEMEX al punto* (CEMEX to the point) is our loyalty program that for more than five years has rewarded our customers in Colombia by granting them points based on their level of consumption of our products. Hardware stores, Construrama®, and industrial customers are the main beneficiaries of this program, which allows the exchange of points for products that can be used in business, such as marketing materials, technology devices, and tools, among other things.

"At Construrama®, all the stores in the chain are known for serving customers with the best attitude and disposition, and for always being quick and pleasant. Teams go through training and are aware of the fact that we depend on the trust we generate in our customers."

Diego Andrés Triana Jiménez
Colombian Coordinator for Developing
Construrama® Customers

In 2014, we launched an innovation challenge to our employees that resulted in more than 200 ideas that will contribute to improving our customer service and developing new solutions.



Everyone aligned to serve customers

To improve the service that we offer our customers through the new CEMEX Latam Holdings portfolio of solutions, we rely on our *Academia Comercial CEMEX* (CEMEX Commercial Academy). The program consists of multi-annual sessions that strive to strengthen commercial competencies and develop a common sales language through which our salesforce can offer high-quality service while we continue to deploy new products, services, and solutions for the construction industry. As of this date, more than 120 employees have graduated from the academy.

Additionally, with the *Enlázate con el Nuevo CEMEX* (Get Engaged with the New CEMEX) program, our employees in the corporate offices in Bogotá can get closer to and have a better understanding of the day-to-day operations related to the complete portfolio of commercial initiatives we have launched in recent years. By scheduling periodic visits to our various operations, including Construma®, *CEMEX en su Obra*, our cement and aggregates plants, our housing and infrastructure projects, the Productive Centers of Self-Employment, and our community initiatives, the Enlázate program offers the administrative staff firsthand experience of the solutions we offer and gives them an opportunity to suggest projects and ideas to innovate and strengthen the operations and performance of our customer service programs.





Construrama® offers the best buying experience

Construrama® is the CEMEX Latam Holdings solution that gives our hardware distributors the opportunity to upgrade their operations and get closer to their customers by offering a friendlier, easier, and more innovative buying experience. The combination of tradition, experience, and closeness to the community, as well as the benefits associated with belonging to a multinational chain, empowers hardware stores to grow revenue, reduce costs, and gain more control over how they manage their business.

When hardware stores join Construrama®, we work with them to optimize the layout of their stores and increase their commercial offering through a portfolio of more than 5,000 Construrama® brand products and value-added services. We also offer opportunities for training and certification, which in addition to installing point-of-sale management software, improves customer service and business management—including the detailed control of sales, inventory, product mix, and other business performance indicators. Finally, the transformation of the hardware stores includes technical advice in construction,



7,000
Construrama® employees
and construction foremen
have participated in the
training programs.

financing, and microcredit for hardware customers, construction foremen, and end consumers, as well as investments in advertising and marketing, promotions, sales, and consumer-loyalty programs. As a result, since 2013 Construrama® has been positioned as the hardware store chain with the most points-of-sale in Colombia. We also have operations in Nicaragua and Costa Rica, and we have a new store in El Salvador, for a total of more than 270 hardware stores in the region.

US\$7
million in microcredit
for working capital
through Construrama®
loans.



33,000
construction foremen
have registered in the
Construganas customer-
loyalty program.

Benefits for the whole community

Upgrading the hardware stores brings considerable benefits to the communities. The growth in sales and the training programs consolidate new jobs and formalize existing ones. The convenience and availability of additional services, such as banking, paying for utility bills, and refilling prepaid cell phones, saves the community time and money in trips. The professionalization of the business management has made succession plans in the hardware stores easier. Finally, improvements to the appearance of the stores contribute to building cleaner and safer communities.

Responsible suppliers



96%
of our purchases
come from national
suppliers.

CEMEX Latam Holdings is a company that manages its supply chain largely in a comprehensive way: the supply of raw materials for our quarries, production in cement, concrete, and mortar plants, distribution of products directly or through our commercial partners, and the use of our products in different building solutions.

However, we are aware that our responsibility toward sustainability is not limited to our production activities, but rather extends to the operations of our suppliers. We address this responsibility by implementing long-term partnerships with suppliers and contractors that encourage mutual development and by implementing robust programs that promote the development of a sustainable supply chain, through two action lines:

1. Hiring responsible suppliers.
2. Monitoring the performance of our suppliers.



Our suppliers increasingly apply best practices

Our continuous work to encourage sustainable practices in the operations of our suppliers has been rewarding. For example, in Colombia, given that our potential suppliers have improved their practices, the percentage them that are rejected or are under special performance conditions with respect to social and environmental practices has decreased considerably in recent years, down to only 2.1 percent in 2014, compared to the 9 percent in 2010.



When we evaluate suppliers, we assign the same value to sustainability criteria as we do to the economic proposal.

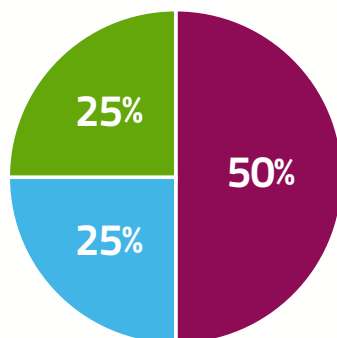
We hire responsible suppliers



Code of Conduct When Doing Business with Us

We implement sustainability principles in our purchases, which helps our suppliers develop more competitive operations. Integrating sustainability criteria when evaluating and selecting our suppliers and contractors is the most important step we have taken to objectively ensure the development of a supply chain that has sustainable practices.

The sustainability criteria we have included in our supplier evaluation matrix since 2012 accounts for 25 percent of the total weight, which is the same weight we give to the economic proposal. Today, in 100 percent of the countries where we operate, we use social and environmental criteria in selecting suppliers and contractors.



Supplier evaluation matrix

Sustainability criteria 25%

- Certification in industrial safety: 5%
- Local supplier: 7%
- Hires local labor force: 4%
- Environmental certifications: 5%
- Developing suppliers: 4%

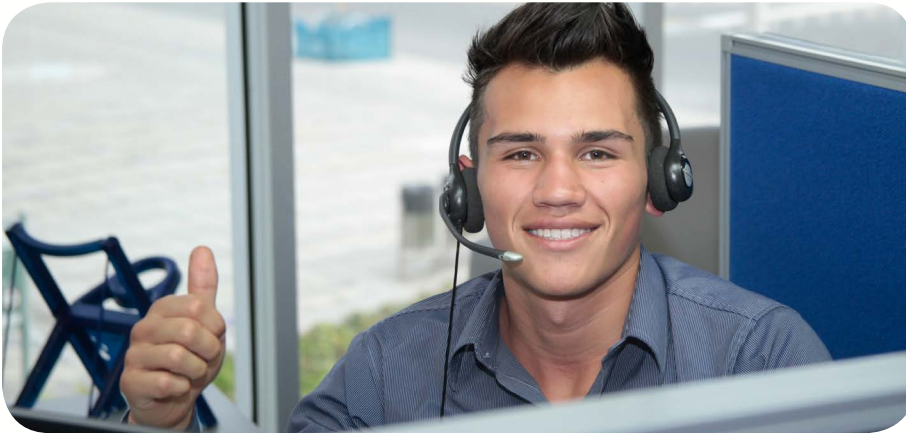
Economic criteria 25%

- Economic proposal: 25%

Other criteria 50%

- Technical proposal: 20%
- Certifications: 10%
- Experience with related contracts: 10%
- Start and delivery dates: 5%
- Quality certifications: 5%

Note: These percentages can vary based on the type of activity and/or service. The table is a general reference.



We monitor supplier performance

In order to maintain a focus on sustainability, at CEMEX Latam Holdings we work to make sure that our supply chain partners share our commitment. We have three supervision levels to monitor suppliers and contractors in terms of their compliance with the commitments they adopt when working with us (see sidebar).

For the suppliers and contractors working within CEMEX Latam Holdings' operations, we have additional evaluation tools. The audit shows the degree of compliance with the regulations in regards to: comply-

ing with and delivering benefits, making legal payments, avoiding child labor, and respecting human rights. In 2013, we reinforced the supervision of our suppliers and contractors that operate in the mining zones, giving them a series of requirements that they need to comply with in order to offer their services, all in accordance with labor and environmental regulations.

In building a sustainable supply chain, we also benefit from our partnership with CEMEX. The Global Supplier Sustainability Program promotes the importance of sustainable practices across our supply chain and evaluates suppliers in terms of their social responsibility and the effort they make to strengthen respect for human rights and labor obligations.

In every case where deficiencies are detected in the strict compliance with the norms and regulations that suppliers and contractors have agreed to, we first monitor the situation in order to solve it and then—in situations where there are critical recurrences—we implement corrective measures, which can result in the cancellation of contracts or the working relationships.

1 Before signing a contract. CEMEX Latam Holdings evaluates potential suppliers through third parties. For example, in Colombia we analyze the profile of potential suppliers, not only in terms of their financial situation but also regarding compliance with their obligations.

2 When the contract is signed. Suppliers receive the Code of Conduct When Doing Business With Us, which is issued by CEMEX. The code requires parties wishing to do business with the company to support and respect internationally proclaimed human rights as they have been defined in our Code of Ethics and Business Conduct and in the principles of the Global Compact. As part of our continuous commitment to having safe operations, in each of the contracts we give every supplier our Industrial Safety Manual.

3 During the procurement contract. CEMEX Latam Holdings supervises suppliers in order to make sure they comply with their different obligations. For example, in Colombia we audit suppliers twice a year, not only with respect to their operational, organizational, and financial capabilities, but also to make sure they have not incurred any legal violations and that they comply with the CEMEX Environmental Management System as stipulated by the ISO 14001 norm.

Engaging and retaining our talent



CEMEX Colombia continues to improve its position in the MERCO Personas best place to work index, currently ranking 18th, from 84th place in 2011.

Our employees are the driver behind the success of CEMEX Latam Holdings. The talent, energy, and vision of each of them make us what we are: the leading company in building solutions, with a proud past, a solid reputation, and a brilliant future.

To attract and retain talent and to promote growth within the company, at CEMEX Latam Holdings we follow one strategy: giving our employees a competitive value offering in a challenging work environment, with open communication and ample opportunities for growth.

The CEMEX Latam Holdings Vision motivates us to strive for excellence:

- Strive for the highest standards to be the best in our industry.
- Challenge ourselves to constantly improve and never settle for "good enough."
- Our passion for the work we do drives us to exceed expectations.
- Develop leaders that inspire, promote excellence, and achieve results.





Our value offer

In a growing employment market, attracting and retaining talent requires not only competitive wages and benefits, but also additional elements that help to generate a sense of belonging and commitment.

Más para ti (More for you) is a platform that promotes initiatives favoring an optimal work environment, greater well-being, and continuous possibilities for personal and professional growth. It is based on a process of ongoing dialogue with our employees, designed to understand their

views and expectations about the working environment, and the analysis of the best practices in the labor market.

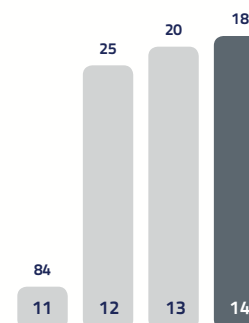
To address the concerns of our employees, *Más para ti* uses modern human resources practices that promote greater commitment and better results for the company. These practices can be divided into five pillars (see sidebar).

By endorsing our commitment to our employees—our main stakeholders—through *Más para ti*, CEMEX Latam Holdings contributes to growth in the region and to the well-being of the population.

- 1** **More time** promotes a work-life balance by offering additional terms beyond those stipulated by law so that employees can carry out personal and family activities. Benefits include time bonuses, the Mothers Program, and family days, among others.
- 2** **More benefits** offers a wide range of benefits to our employees, with emphasis on their well-being and the well-being of their families. We constantly renew our offering in order to remain at the cutting-edge and continue to be competitive in the market.
- 3** **More environment** promotes well-being through family sports activities, talent contests, casual dress codes, volunteering, recognizing seniority in the company, and training programs for families, among other activities.
- 4** **More growth** offers opportunities for learning and growth at all levels of the organization, and includes formal and functional technical study programs, developing managerial skills, graduate studies for the salesforce and plant managers, courses, and language training.
- 5** **More career** offers access to opportunities for growth. We openly publish all available vacancies within the company, and we combine interest surveys with talent-planning processes to evaluate the performance of our employees, reward merit, and identify future company leaders.

MERCO Personas Index- Best Place to Work

CEMEX Colombia position





A challenging working environment

At CEMEX Latam Holdings, we promote a culture of high performance. To help our employees comply with this standard, we offer them challenging experiences as well as the necessary tools, professional guidance, and interaction with trained personnel.

This experience is the driver behind growth, and that is the reason why we encourage employees to seek challenging opportunities, including participating in internal recruiting processes to fill vacancies. We also help them reach success by providing comprehensive support and professional guidance from their supervisors, department heads, and the human resources division.

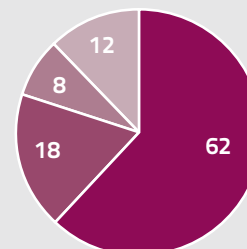
We promote continuous education

We view education as a key element for success. We encourage the professional growth of our employees through ample opportunities for training that improves abilities, allowing them to do their jobs more efficiently.

Through our synergy with CEMEX, we help our employees acquire new knowledge by taking advantage of the online training tools the company has deployed globally. Additionally, we develop our own training tools. For example, in 2013 CEMEX Colombia incorporated UNICEMEX, a platform that offers short courses, workshops, and conferences in which anyone can participate. The materials offered through

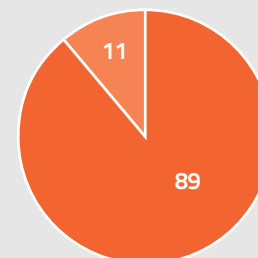
4,929 employees make up CEMEX Latam Holdings

Employees by country percentage



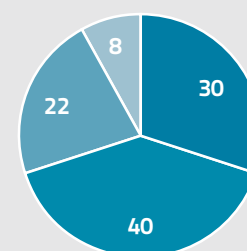
- Colombia
- Panama
- Costa Rica
- Rest of CLH

Employees by gender percentage



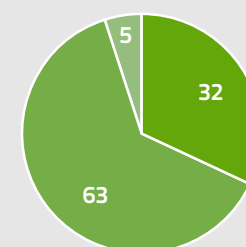
- Men
- Women

Employees by age percentage



- Less than 30 years old
- 31-40 years old
- 41-50 years old
- Over 50 years

Employees by type of work percentage



- Executive
- Non-executive
- Operating staff



We strengthen teamwork through sports and activities that promote well-being.

UNICEMEX strengthen communication, productivity, and engagement abilities, including: assertive negotiations, effective presentations, teamwork, time management, and emotional intelligence.

In addition, we have created collaboration schemes that maximize knowledge and expertise in our employees in order to develop value-generating initiatives. For example, we participate in the CEMEX on-line collaboration platform known as Shift, through which our employees in different countries can receive and share experiences, ideas, information, and best practices.

Communication generates commitment

Without a doubt, our employees are our best source of information on ways to improve the work environment in both our operations and our offices, as well as ways to promote the conditions that generate greater commitment. This means that we transform their voices into action.

Employee engagement surveys play a key role in shaping CEMEX Latam Holdings' workplace environment. Based on the feedback we got from the most recent survey, done in 2013, and in collaboration

with specialists, in 2014 our business units implemented measures to strengthen engagement. We will take the next engagement survey in 2015, and through it, we will be able to stay close to our employees and continue developing action plans to address their concerns.



Some of the measures implemented based on the most recent engagement survey include: conversations with the management team, undertaking improvements to the customer service strategy, increasing training offerings, enhancing communication around results and changes in the organization, expanding *Más para ti*, and strengthening teamwork through sports and activities that promote well-being and which are open to family participation.

With the *Mano a Mano* (Hand in Hand) program, members of the CEMEX Latam Holdings management committee share a work day with our operating staff, opening a direct channel of communication for exchanging ideas and feedback.



Feedback is continuous improvement

From a professional growth perspective, all CEMEX Latam Holdings employees are evaluated and expect to receive systematic feedback concerning their performance in comparison to the set goals. To offer effective orientation, we implement growth programs geared toward improving supervision practices. The goal of the Role Model Supervisor program is to provide supervisors with the tools they need to develop leadership, feedback, recognition, and teamwork managerial skills. Alternatively, the objective of the Managers Program

is to provide the executive team with the skills needed to become leaders and to manage efficiently. Topics include performance management, employee growth, effective feedback, and preparing successors.

To evaluate and measure the results of our leadership development programs, in 2014 we implemented the Program for Recognizing Leadership. Through this program, we monitor 100 percent of our executives in terms of how they implement the company values, manage talent, and apply our value proposal. With the results of this exercise, we offer leaders feedback and recognize the individuals, departments, and operations that have the best practices and performance.

The conversation seen up close



Career Building helps our employees take control over their own career growth within the organization. The program guides employees through four key conversations during the year in order to benefit their careers by maximizing their talents and abilities. The first conversation aligns personal goals with the company's strategy so that the sum of personal performance makes a contribution to reaching the goals of the company. The second conversation generates a

Comprehensive Growth Plan and invites employees to work toward accomplishing their established goals by updating their own course of study and implementing measures for personal growth. The third conversation reviews performance and the progress made in reaching mid-term goals. Finally, the fourth conversation closes the cycle by offering feedback and evaluating individual performance as well as the performance of the teams and supervisors.



Strengthening ethics, compliance, and transparency

At CEMEX Latam Holdings, we strive for excellence in the business' current and future performance, while at the same time contributing to regional growth by offering building solutions that generate well-being for people.

We endorse this commitment with solid corporate governance that reflects domestic and international best practices, strict behavioral ethic standards, and respect for human rights at all times.

Corporate governance

CEMEX Latam Holdings S.A. (CLH) was organized and incorporated in Spain on April 2012, as a capital stock corporation (sociedad anónima). Its shares were listed on the Colombian Stock Exchange in November of the same year. Since it is a Spanish company, CEMEX Latam Holdings is governed mainly by the Royal Legislative Decree (*Ley de Sociedades de Capital*), as well as by the provisions of its bylaws, the regulations of the General Shareholder's Meeting and the Board of Directors and

other internal regulations duly approved by the competent Company bodies.

The CEMEX Latam Holdings Board of Directors is made up of nine directors, of whom three are independent as defined by the applicable legislation and best practices in Spanish and Colombian corporate governance. The executive team is made up of the Chairman of the Board of Directors, the Chief Executive Officer, and six country directors. Since October 2012, Jaime Elizondo has served as Chairman of the Board of Directors, and Carlos Jacks is the CEO.

The CEMEX Latam Holdings Vision invites us to act with integrity:

- Live up to our commitments and do what we say we'll do.
- Act with honesty and transparency in all our interactions.
- Do the right thing in compliance with our Code of Ethics.
- Care for our people, our communities, and our natural resources.





Given that CEMEX Latam Holdings is a Spanish entity listed in the Colombian stock exchange but not in Spain, it is not required to comply with Spanish regulations related to corporate governance that are applicable to companies listed in the Spanish stock exchanges, nor is it subject to the same best practice provisions applicable to Colombian issuers whose shares are listed in the Colombian Stock Exchange. CEMEX Latam Holdings has decided, however, to voluntarily comply with some of the best practices provisions contained in the Unified Spanish Corporate Governance Code, as well as with best practice provisions applicable to Colombian issuers. Ever since it was listed, CEMEX Latam Holdings has aligned its good corporate governance system to these best practices.

Furthermore, CEMEX Latam Holdings upholds the highest corporate governance standards because CEMEX, S.A.B. de C.V.—

its parent company—complies with the Sarbanes-Oxley Act (SOX), the regulations of the New York Stock Exchange (NYSE), and the Mexican Stock Exchange (BMV).

The CEMEX Latam Holdings Board of Directors includes a Corporate Governance Commission that carries out numerous functions and capabilities, including:

- Promote the corporate governance strategy.
 - Supervise compliance with internal codes of conduct and the company's corporate governance rules.
 - Review the company's corporate social responsibility policy, making sure it is geared toward creating value.
 - Understand, promote, guide, and supervise the company's performance in terms of corporate reputation, and inform the Board of Directors on this.
- Periodically review the internal regulations of the company, with special emphasis on compliance with corporate governance policies, and proposing to the Board of Directors—for them to first approve and then send to the General Shareholders' Meeting—modifications and updates that contribute to growth and continuous improvement.



- To share the information, prior to its approval, on the company's corporate governance annual report and the corporate governance survey (Country Code – Colombia).



Code of Good Corporate Governance





Relationship with CEMEX

At CEMEX Latam Holdings, we have the support of one of the world's leading building materials companies. CEMEX is one of the largest cement companies in the world, based on its installed cement production capacity; it is also the largest ready-mix concrete company and one of the largest aggregates companies. CEMEX is also one of the largest marketers of cement and clinker.

Access to CEMEX's breadth of experience and its exposure to multiple sectors allows us to benefit from best practices, technologies, and know-how in production techniques, marketing, and sales strategies. These benefits not only let us implement programs aimed at increasing

sales, but also help us reduce production costs by adopting new techniques, such as our use of alternative fuel sources.

We also capitalize on our relationship with CEMEX to capture synergies and exploit cross-selling opportunities, resulting, for example, from CEMEX's global building materials trading network, or the strong brand recognition it has in the relevant industries. Our relationship with CEMEX is governed by a Framework Agreement, a management support services agreement, and a brand licensing agreement.

With an average of 20 years of experience at CEMEX, we have a highly experienced senior management team that has been working together for many years. This continuity has helped establish long-standing relationships and loyalty

with customers. Our management team has substantial industry experience and a proven track record of successfully steering the company through different economic environment cycles, and of acquiring and integrating related businesses and assets.

@ Learn more about the relationship between CLH and CEMEX



Code of Ethics and Business Conduct

To comply with the best practices in corporate governance, on October 4, 2012, CEMEX Latam Holdings formally adhered to the Code of Ethics and Business Conduct that rules over the CEMEX group. All executives and employees in the company sign this agreement to acknowledge that they understand and accept the conditions and agree to comply with them. However, the Code of Ethics was already being applied at all the companies, business units, and operations that became part of CEMEX Latam Holdings on July 1, 2012.

The Code of Ethics is the backbone on which we strive to ensure that all CEMEX Latam Holdings employees understand and share the same values and behavioral standards in our operations and in our interactions with our stakeholders. Inspired by our fundamental values of collaboration, integrity, and leadership, the code helps us guarantee transparency in all our activities in all our operations, strictly complying with the laws, regulations, and company bylaws, and strengthening the trust of our employees, customers, investors, suppliers, and communities.

All our employees have access to our Code of Ethics through our intranet and our website. New employees are asked to sign the Code of Ethics as part of their orientation and hiring process, thus stating their commitment from the very beginning.

The Code of Ethics also incorporates requirements of the Sarbanes-Oxley law, including:

- A work team that makes sure the company complies with the laws and regulations that affect our business, applies best practices, and generates proposals for improvement.
- A system that channels relevant information to the executive officers in a timely manner.
- ETHOSline, a system to anonymously and confidentially report violations related to ethical behavior.



Updated Code of Ethics and Business Conduct



Compliance

All CEMEX Latam Holdings employees, without exception and regardless of their circumstances, are obligated to respect the law, the Code of Ethics and Business Conduct, the institutional corporate policies, and other internal bylaws.

To ensure communication, knowledge, updating, and compliance with these policies, as well as reinforcing compliance with the law and the ethical behavior of all employees, we carry out periodic communication and training campaigns. We perform internal audits to verify compliance in issues dealing with antitrust and bribery, among other things. Additionally, CEMEX Latam Holdings carries out a continuous effort to offer the market and its customers and suppliers greater transparency in all hiring processes.

In January 2013, CEMEX Latam Holdings' Board of Directors approved the adoption of several policies that are applied globally at CEMEX on the following issues:

Anticorruption

The objective of the policy is to avoid or prevent employees from performing corrupt acts, both actively or passively, in order to obtain a favor or benefit from public officials. The policy includes local laws, the U.S. Foreign Corrupt Practices Act, and the UK Bribery Act 2010

Defending free competition

The objective of this policy is to defend at all times the competition regulations in force in the countries where CEMEX Latam Holdings operates, and to avoid participating in, be it consciously or involuntarily, practices that represent collusion agreements, abusing a potentially dominating position, or any other types of acts that could artificially alter free competition in these markets.

Information retention

The objective of this policy is to protect information, which is viewed as a highly valuable asset. This norm establishes the periods during which information needs to be saved, based on the applicable regulations in each of the countries or regions, and when it can be destroyed.

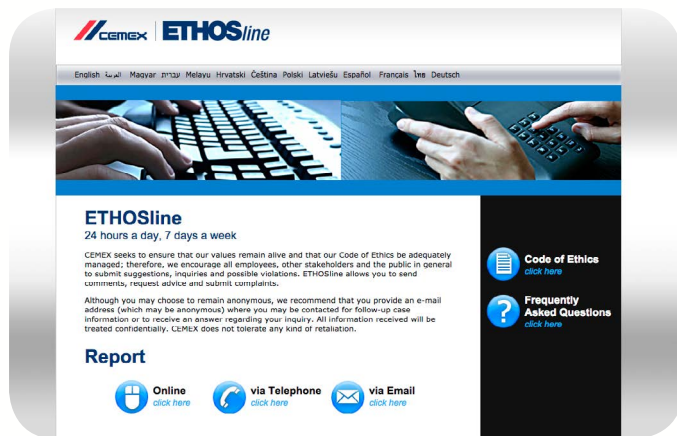
Use of privileged information

The objective of this policy is to respect and comply with applicable regulations in the financial and stock markets. In particular, this policy seeks to prevent CEMEX Latam Holdings' employees and people related with the company from benefitting from information obtained while performing their jobs.

Reporting line and ethics committees

It is the responsibility of all CEMEX Latam Holdings' employees to know, comply with, and protect compliance with the Code of Ethics and Business Conduct and additional internal bylaws. Any concerns with respect to the legal or ethical determination of a given situation or compliance with regulation need to be reported to the corresponding authority within the organization. For that purpose, all of CEMEX Latam Holdings' employees have a safe channel and space to turn to.

ETHOSline helps our employees integrate ethics and regulations into their daily work, with an effective, safe, and confidential tool through which they can send comments, make suggestions or observations, ask for advice or report and send evidence, if need be, about incorrect behaviors within the organization. The tool, which can also be used by external people, is available 24 hours a day, seven days a week, through the ETHOSline website, or by phone or email.



In 2014, the Ethics Committee received 77 reports for which we carried out preventive consultations concerning potential violations of the Code of Ethics. A total of 61 reports were solved during the year.

@ ETHOSline website

Repercussions against any employee who in good faith denounces a problem or violation are expressly and strictly prohibited. ETHOSline is managed by an external supplier who, among other things, collects and adequately documents information on the case and communicates that information to the corresponding authorities within the organization. Additionally, to submit a report, CEMEX Latam Holdings' employees can talk directly to their superior, the head of human resources, the legal department, the ethics committees that have been created in the different countries or regions, or with the Audit Committee of the Board of Directors. The Director for Internal Audit periodically informs the members of the Audit Committee about issues related to these mechanisms.

CEMEX Latam Holdings has several ethics committees, made up of a minimum of four members in each country, and one

manager. The ethics committees are independent from the Board of Directors and are under the mandate to manage issues relating to correct behavior within the company and to oversee compliance with the organization's values. This responsibility includes solving ethical dilemmas and addressing questions posed by employees on issues relating to possible conflicts of interest or in the framework of the Code of Ethics and Business Conduct, as well as managing and, if need be, solving, cases pertaining to possible violations. All reports are fully investigated, and, when proven violations to the code are found, corresponding disciplinary measures are taken, which can range from just a written warning to firing the person involved, and could include other legal actions, too, depending on the type and gravity of the violation. The activities of these committees are confidential and their decisions are mandatory.



Respect for human rights

At CEMEX Latam Holdings we make sure we have behaviors that respect human rights in our operations, particularly in terms of employees, contractors, and third parties that are part of our production chain.

CEMEX Latam Holdings has included the global CEMEX Human Rights Policy Statement, based on the three pillars of the guiding principles of the United Nations: protect, respect, and solve. The commitment goes beyond the labor laws and activities it develops or those in which CEMEX Latam Holdings participates, as the company rejects and prohibits any form of discrimination and contributes, in as much

as possible, to respecting economic, social, and cultural rights for human dignity and the freedom of every person to grow in their own terms.

We work hard to maintain a positive working environment, free of harassment, intimidation, or discrimination. Consequently, the corresponding internal authorities, and in particular the ethics committees, ensure compliance with the Code of Ethics and Business Conduct—which includes a specific chapter on regulating behaviors dealing with human rights—, through the objective and opportune definition of actions that give due answer to reports of possible conflicts of interest, abuses, or other behaviors that go against our core values.

Commitment to international conventions

We have a strong commitment to supporting and respecting human rights as they are internationally defined based on the Universal Declaration of Human Rights and the fundamental agreements of the International Labour Organization pertaining to human rights. Currently, CEMEX as an international group, is a signatory of the UN Global Compact and adopts the UN Guiding Principles on Business and Human Rights, also known as the Ruggie Framework.

At CEMEX Latam Holdings, incorporating the UN Global Compact is a decision that is managed locally in each of the countries where we operate. For example, the director for CEMEX Colombia, where our largest operation is located, has since 2012 strengthened the obligation to respect human rights by renewing the commitment of CEMEX Colombia as a signatory of the Global Compact, a strategic initiative to help companies commit to aligning their operations with 10 universally accepted principles in the areas of human rights, labor, the environment, and anticorruption.



CEMEX Human Rights
Policy Statement



Diversity

At CEMEX Latam Holdings we prohibit any type of discrimination, including but not limited to race, color, age, religion, social status, political views, mental or physical disability, gender, origin or nationality. In our operations we have people of different origins and nationalities. Even so, we promote local growth in the areas surrounding our operations, by hiring local human capital. In late 2014, women accounted for 10 percent of the CEMEX Latam Holdings workforce. Over the past few years, we have had a considerable increase in the number of employees who are younger than 30 years old. Our surveys have helped us detect the concerns of the newer generations and, correspondingly, we have implemented programs to satisfy expectations and review the conditions needed for successful sharing between different generations.

Equal opportunity and fair compensation

At CEMEX Latam Holdings we offer our employees the opportunity to ask to be considered for job postings within the company. We encourage candidates to participate in the process, filling job vacancies through several means, including open invitations, internal selection, references from other employees, databases from local universities, job search websites, and communications media.

Hiring and promotion decisions are made strictly by taking into consideration the talent of the people who apply to fill a given vacancy and of our employees, whom we encourage to seek for opportunities for growth and professional coaching by their supervisors, department heads, or the human resources division, among others. Additionally, at CEMEX Latam Holdings we promote the professional development of our employees by offering them the tools they need to reach their professional goals, which in turn contributes the continuous improvement of the company in several aspects.

CEMEX Latam Holdings, compensation packages are based on the level of responsibility of the post and other objective elements, and are designed to take into consideration the labor market and competition for attracting and retaining talent. For this, we use as a reference, among other things, professional and independent surveys prepared by third parties or the available information relating to wages at comparable companies.



Work-life balance

CEMEX Latam Holdings operations are regulated by policies that guide our employees in terms of working overtime. We comply with the laws regulating the maximum overtime allowed, and we have processes in place that allow us to monitor overtime systematically. Additionally, through our *Más para ti* program we promote new initiatives that contribute to the life-work balance. The program offers additional benefits to those included in the law to carry out personal and family activities. Among other examples, it is worth mentioning that we offer additional vacation days or a half-day off on an employee's birthday, a day off for moving and special work days, family activities in recreational centers, flexible hours for mothers with children under the age of four, and sponsorships for sports-related activities.

Freedom of association

At CEMEX Latam Holdings, we recognize, support, and respect the right of every worker in our operations to belong to a union and to have a collective-bargaining contract. Approximately 74 percent of our workers are represented by a union or are covered by a collective-bargaining contract. We relate to our employees by means of different mechanisms that make it possible to exchange opinions and contribute to improving our operations, including collective-bargaining negotiations, meeting with the Board of Directors, division meetings, surveys, ETHOSline, open dialog, and consulting meetings.

Forced labor and safe work environment

We do not require anyone to perform tasks against their will or that are detrimental to their health or well-being. At CEMEX Latam Holdings, we offer cutting-edge health and safety programs through which we strive to prevent, or at the very least minimize, the risks and dangers associated with the workplace, and at the same time create awareness among our suppliers, contractors, and other people we do business with about the safety practices and healthy life inside and outside the workplace. All employees are free to leave the company at any time, and we never offer any benefit as leverage to force labor. Correspondingly, we make sure our workers don't fall into excessive debt through company loans. For example, we only offer loans through the employee fund after conducting an analysis of the worker's borrowing capacity and guaranteeing a minimum income.

Child labor

We are fully committed to respecting and complying with all regulations dealing with child labor. We do not tolerate child labor for any person or process related to our business and, among other assurances, we demand to see a government-issued ID as part of our selection and hiring process.

Personal political activities

As is described in the Code of Ethics and Business Conduct, CEMEX Latam Holdings respects the right of our employees to freely participate in political activities. However, they must participate on a personal basis and without it interfering with their work obligations. Employees are not allowed to use company facilities or assets with political purposes.





Public policy

CEMEX Latam Holdings actively follows the evolution of public policies, defends sustainable growth, and promotes fair and well-designed environmental regulations. The main issues we monitor are protection of the environment, climate change, measuring the carbon footprint of our products, reducing greenhouse gas emissions, and adequately managing emission rights, sustainable construction, and financing models to encourage investments in sustainable infrastructure.

Additionally, we offer independent research and guidance to form public-private partnerships (PPP) that are able to develop infrastructure projects that are efficient and profitable. For example, CEMEX collaborates closely with the Concrete Sustainability Hub at the Mas-

sachusetts Institute of Technology (MIT), which is carrying out the most complete study to date on creating a Life Cycle Analysis model for concrete. The conclusions of the study currently indicate that the cost of operating concrete highways when taking into consideration the whole life cycle, is less than for operating asphalt highways. At CEMEX Latam Holdings, we use the conclusions of this and other studies to try to get more infrastructure projects to be built using concrete, which will benefit sustainable growth in cities.

The need to balance economic development with environmental protection requires solutions that come from the government and the private sector. At CEMEX Latam Holdings, we are convinced that the fastest way to reach solutions is through an open dialogue.



Risk management

A multitude of risks can potentially affect the assets, operations, neighbors, and employees of CEMEX Latam Holdings. To manage these risks, we use risk-management systems and tools to get information, analyze it, and identify and evaluate potential risks and respond to them. The risks related to sustainability are managed by our corporate risk management system, which is supervised by the executive officers team.

We have several processes that test the effectiveness of our systems, evaluate compliance across all business units, and encourage continuous improvements. These processes include training for employees, periodic revisions of the policies and procedures, and regular internal audits.

Our operations are subject to a wide range of laws and regulations concerning the environment, health, and industrial safety in each of the regions in which we operate. These laws and regulations impose environmental protection standards that are increasingly stricter with respect to emissions, water discharge, using and handling hazardous waste, reduction of environmental impact, and the health and safety of our employees and contractors, among other things. These standards expose us to the risk of substantial costs and liabilities, including liabilities concerning past activities carried out by previous owners or operators of our businesses.

Efforts to address climate change through laws and regulations can create risks and uncertainties for our business because the cement manufacturing process re-

quires large amounts of fuel and creates carbon dioxide (CO₂) as a by-product of the calcination process. Such risks could include greater costs to purchase carbon credits and investments in equipment to reduce greenhouse gas emissions and regulatory controls that could result in decreased profits because of higher production costs or decreased demand for our products.

Our operations consume significant amounts of energy and fuel, the costs of which are subject to market conditions. To mitigate the volatility in the costs of fuel and energy, we have implemented, among other strategies, the use of alternative fuels such as biomass, which makes us less vulnerable to the unexpected hikes in prices, and has produced reductions in CO₂ emissions. We have also implemented

practical improvements and have signed long-term contracts to mitigate price volatility. In spite of having taken these measures, our operations could be negatively impacted in the future if the costs of energy and fuel increase.

Due to the nature of our business, we have a high degree of integration in the processes needed to obtain raw materials required in our production process. Failure to maintain the land and mining rights in our sites could have an adverse effect on the continuity of our operations and potentially increase costs of some of these materials.





About this report

Reporting history and cycle

This is the second CEMEX Latam Holdings Sustainable Development Report. It includes information on our strategy and Sustainability Model as well as on the programs we implemented and the results we obtained in 2014, covering a wide range of environmental, social, and corporate governance issues.

CEMEX globally has been publishing Sustainable Development Reports annually since 2003. For more information, please visit: www.cemex.com/SustainableDevelopment/GlobalReports.aspx. CEMEX Colombia, which is part of CEMEX Latam Holdings' operations, has been publishing Sustainable Development Reports since 2011. To view them, please visit the CEMEX Colombia website www.cemexcolombia.com.

Applying the GRI guidelines

In preparing this report, we used the Sustainability Reporting Guidelines of the Global Reporting Initiative—a useful tool for monitoring the management and performance of organizations in terms of their sustainability. For the first time, we used the fourth version of the GRI-G4 guidelines, opting for the “in accordance” Essential option.

For more information on the GRI guidelines, please visit www.globalreporting.org. In the GRI G4 Content Index enclosed with this report, we have indicated page numbers where the related content is located.

Boundary and reporting period

This report covers CEMEX Latam Holdings' cement, concrete, and aggregates operations and presents the information on our performance, progress, achievements, and challenges for calendar year 2014, which also corresponds to the company's fiscal year. Unless otherwise indicated, the information provided in this report is for the company as a whole. We have included information for the operations in which we have financial and operative control.

The issues included in this report were established based on a materiality analysis carried out by CEMEX S.A.B. de C.V. Among these issues, we have focused in particular on the matters of greater relevance for our stakeholders and CEMEX Latam Holdings' management. The main issues are reflected in our Sustainability Model.





Protocols and techniques for collecting information

The information we used in this report comes from different sources, and we took into consideration the guidelines for collecting data established by CEMEX, including: internal management systems, databases, performance questionnaires, and interviews with executive officers. For this report, CEMEX Latam Holdings used the same protocols and techniques for measuring data in the key performance indicators that CEMEX reports globally, particularly the protocols of the Cement Sustainability Initiative of the World Business Council for Sustainable Development (WBCSD/CSI), as well as the GRI G4 Guidelines.

All monetary amounts are reported in U.S. dollars. All references to "tons" are metric tons.

Data-measuring techniques

We employ the following protocols for measuring the key performance indicator (KPI) data that we report:



CO₂ emissions

CEMEX Latam Holdings reports CO₂ emissions following the latest version of the CSI Protocol, known as Cement CO₂ and Cement Energy Protocol, version 3.1, published in 2011. As defined in the protocol, we consider direct emissions to be those occurring from sources that are owned or controlled by the company, excluding CO₂ emissions from biomass fuels, which are reported separately; indirect emissions are from the generation of purchased electricity consumed in the company's owned or controlled equipment.



Energy

Fuel consumption indicators are reported to internal CEMEX databases in which "conventional," "alternative," and "biomass" fuels are classified according to the CSI Cement CO₂ and Cement Energy protocol spreadsheet. Heat values are obtained from on-site analysis, from values provided by the supplier, or from standard values from the CSI Guidelines.



Dust, NO_x, and SO_x emissions

Figures are calculated based on kiln emission measurements taken from Continuous Emissions Monitoring Systems or from spot analyses. These methods fully comply with the CSI guidelines. All the information is taken from the CEMEX databases. The values are calculated in Standard for 0°C, 1 atmosphere and 10% Oxygen (O₂) content at measuring point.



Clinker factor and alternative fuels

All consumptions of materials are reported to internal CEMEX databases that define "alternative materials" following the standards from the CSI Guidelines document. The clinker factor is calculated using procedures detailed in the CSI Cement CO₂ protocol spreadsheet.



Safety

Through an internal database, CEMEX collects all related safety information from each site, which automatically provides the appropriate information needed to calculate the indicators. The database is configured using the World Business Council for Sustainable Development definitions.

GRI-G4 Index



Strategy and analysis		
G4-1	Statement from the most senior decision-maker of the organization.	Page 3-5
Organizational profile		
G4-3	Name of the organization.	CEMEX Latam Holdings, S.A.
G4-4	Primary brands, products, and services.	Page 6-7, 15
G4-5	Location of the organization's headquarters.	Calle Hernández de Tejada 1, CP 28027 Madrid, Spain
G4-6	Countries where the organization operates.	Countries where the organization operates.
G4-7	Nature of ownership and legal form.	Corporate Structure: www.cemexlatam.com/InvestorCenter/CorporateStructure.aspx
G4-8	Markets served.	Page 6-7
G4-9	Scale of the organization.	Page 6, 8, 72
G4-10	Labor.	Page 72
G4-11	Collective bargaining agreements.	74% of our operational employees are covered by collective bargaining agreements.
G4-12	Organization's supply chain.	Page 6
G4-13	Significant changes during the reporting period regarding the organization.	No significant changes.
G4-14	Precautionary approach.	Page 85
G4-15	Externally developed charters, principles, or other initiatives to which the organization subscribes or which it endorses.	CEMEX Colombia, a subsidiary of CEMEX Latam Holdings is a signatory of the United Nations Global Compact. For more information, visit www.unglobalcompact.org . Our partner CEMEX, is a founding member of the Cement Sustainability Initiative (CSI), a voluntary chapter of the World Business Council of Sustainable Development, established in 1999, and it adheres to the CSI protocol for emissions measurement. For more information visit www.wbcsdcement.org .
G4-16	Memberships in associations and advocacy organizations.	Page 13

Identified material aspects and boundaries			External assurance
G4-17	Entities included in the organization's consolidated financial statements.	Page 86	No
G4-18	Process for defining the report content.	Page 10-11, 86-87	No
G4-19	List all the material Aspects.	Page 11	No
G4-20	Report the Aspect Boundary within the organization.	Page 10-11, 86 All material aspects are relevant within the organization; customer relations, economic value creation; health and safety; community engagement and development; climate change and CO ₂ emissions; renewable and alternative energy sourcing; labor relations; corporate governance and transparency; human rights; products, services, and solutions to improve lifestyle in cities; quarry rehabilitation and biodiversity preservation.	No
G4-21	Report the Aspect Boundary outside the organization.	Page 10-11, 86 Material aspects relevant outside the organization are: client relations, economic value creation, health and safety, community engagement and development, climate change and CO ₂ emissions, human rights.	No
G4-22	Restatements of information provided in previous reports.	No significant changes.	No
G4-23	Changes from previous reporting periods in the Scope and Aspect Boundaries.	No significant changes.	No
Stakeholder engagement			External assurance
G4-24	List of stakeholder groups engaged by the organization.	Page 11 Employees, customers, suppliers, analysts/investors/shareholders, community/communication leaders, government/administration, NGOs/associations/foundations/universities	No
G4-25	Basis for identification and selection of stakeholders with whom to engage.	The first step to identifying stakeholders is to analyze the issues represented in our materiality matrix, Public Affairs agenda, Risk agenda, and the strategic business plans. For each issue, we identify what objectives we want to achieve and the expected outcomes we are targeting to complete a matrix that includes: the impact level that the stakeholder will have toward achieving the objective and the probability of engagement success based on the stakeholders' interest and alignment towards our objective. After the stakeholders are mapped and selected, an engagement plan is developed and executed.	No

G4-26	Organization's approach to stakeholder engagement.	<p>Page 11</p> <p>For the materiality analysis, CEMEX implemented a survey and received more than 1,500 responses from stakeholders that helped define a materiality matrix that include their point of view. Different stakeholders answered the survey, including: employees, customers, suppliers, analysts/ investors/shareholders, community/communication leaders, government/administration, NGOs/ associations/foundations, and universities.</p> <p>Stakeholder relations are managed at a local level in each country where we operate through a specific strategy and frequency rate tailored to address community concerns and programs in each operation. For more information about our stakeholder engagement strategy in Colombia, please visit: www.cemexcolombia.com/Sostenibilidad/RelacionGruposInteres.aspx</p> <p>For a framework about CEMEX's communication mechanisms with its stakeholders at a global level, please visit: www.cemex.com/ES/DesarrolloSustentable/files/InformeDesarrolloSostenibleCemex2014.pdf; page 89.</p>	No
G4-27	Key topics and concerns that have been raised through stakeholder engagement.	<p>We have structured this report to match the higher materiality aspects that were identified. Accordingly, our Sustainability Model includes the most relevant aspects for our stakeholders and CEMEX Latam Holdings.</p> <p>The specific topics that were raised by each stakeholder are:</p> <ul style="list-style-type: none"> ▪ Employees: health and safety; labor relations; and economic value creation. ▪ Customers: customer relations; products, services and solutions to improve lifestyle in cities; and economic value creation. ▪ Suppliers: health and safety; economic value creation; and customer relations. ▪ Analysts: economic value creation; corporate governance and transparency; and quarry rehabilitation and biodiversity preservation. ▪ Community: economic value creation; climate change and CO₂ emissions; health and safety. ▪ Government: quarry rehabilitation and biodiversity preservation; health and safety; and economic value creation. ▪ NGOs/Universities: quarry rehabilitation and biodiversity preservation, economic value creation, and human rights. 	No
Report profile			
G4-28	Reporting period.	2014	
G4-29	Date of most recent previous report.	2013	
G4-30	Reporting cycle.	Annual	
G4-31	Contact point for questions regarding the report or its contents.	Office of Sustainable Development, Communications, and Corporate Affairs Calle 99 No. 9A- 54 Piso 8, Bogotá, Colombia, Tel: + 57 (1) 603 9000	
G4-32	GRI Content Index and 'in accordance' option.	Page 88	

G4-33	External assurance.	The indicators reported don't have external assurance. For more information, see: Protocols and techniques for collecting information, page 87.
Corporate governance		
G4-34	Governance structure and committees.	Committees: www.cemexlatam.com/InvestorCenter/Committees.aspx
Ethics and integrity		
G4-56	The organization's values, principles, standards, and norms of behavior.	Page 54 Our Vision: www.cemexlatam.com/AboutUs/OurVision.aspx
CATEGORY: ECONOMIC		
MATERIAL ASPECT: Economic performance		
G4-DMA	Management approach.	Page 6-8, 11, 54
G4-EC1	Direct economic value generated and distributed.	Page 8 Customers: Net sales (excludes sale of assets): US\$1,725 million Suppliers: Cost of sales and operating expenses: US\$1,243 million Investment: CAPEX plus working capital: US\$207 million Free cash flow: US\$172 million
G4-EC4	Financial assistance received from government.	No significant financial assistance was received from any government.
G4-EC7	Development and impact of infrastructure investments.	Individuals benefited with the Community Infrastructure Improvements Program: 291,777
G4-EC8	Indirect economic impacts.	CEMEX Latam Holdings' indirect economic impacts, particularly those from community initiatives, contribute to public policy agendas related to health, affordable housing, education and environmental sustainability. Individuals benefited from Patrimonio Hoy: 13,613 Individuals benefited from Productive Centers of Self-employment: 2,333 Individuals benefited from PIAC: 901 Kids participating in <i>Sembrando Futuro</i> (Seeding the Future): 2,303 Kids participating in CEMEX Sports Schools: 1,875 Individuals graduated from the Labor Skills program: 708

CATEGORY: ENVIRONMENTAL		
MATERIAL ASPECT: Energy		
G4-DMA	Management approach.	Page. 11, 39, 45-46, 54
G4-EN3	Energy consumption within the organization.	<p>Total energy consumption: 17,304 Tj.</p> <p>In 2014, we substituted 22.4% of primary fuels with alternative fuels.</p> <p>Electric consumption: 659 GWh.</p> <p>Please refer to the WBCSD's Guidelines for the Selection and Use of Fuels and Raw Materials in the Cement Manufacturing: www.wbcscement.org/index.php/key-issues/fuels-and-materials/guidelines-for-selection</p> <p>All units are available in Cement CO₂ and Energy Protocol, Version 3.1, CO₂ Emissions and Energy Inventory: www.cement-co2-protocol.org/en/</p>
G4-EN4	Energy consumption outside of the organization	Production of cement produces CO ₂ mostly from sources within the organization: combustion of fossil fuels during the calcination of limestone. Hence energy consumed outside of the organization is not an issue where we focus our energy strategy.
G4-EN7	Reductions in energy requirements of products and services.	We have a number of initiatives and products that result in energy savings; however, we consider that specific information confidential and key to our business strategy.
MATERIAL ASPECT: Emissions		
G4-DMA	Management approach.	Page 11, 39, 40, 54
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1).	<p>Absolute gross CO₂ emissions: 4.0 million tons</p> <p>More information can be found in our CDP submission: www.cdp.net</p> <p>Base year: 1990 according to best practices in our industry (for example the Cement Sustainability Initiative).</p> <p>Protocols and techniques for collecting information: 87</p>
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2).	<p>More information can be found in our CDP submission: www.cdp.net</p> <p>Base year: 1990 according to best practices in our industry (for example the Cement Sustainability Initiative).</p> <p>Protocols and techniques for collecting information: 87</p>
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3).	More information can be found in our CDP submission: www.cdp.net
G4-EN18	Greenhouse gas (GHG) emissions intensity.	<p>Specific gross CO₂ emissions: 581 kg CO₂/ton of cementitious products.</p> <p>GHG emissions included in the intensity ratio: CO₂, following the GHG Protocol and the WBCSD CSI Protocol.</p>

G4-EN19	Reduction of greenhouse gas (GHG) emissions.	<p>Specific gross CO₂ emissions: 2014: 581 kg CO₂/ton of cementitious products 2013: 610 kg CO₂/ton of cementitious products (a 5% reduction)</p> <p>GHG emissions included in the intensity ratio: CO₂, following the GHG Protocol and the WBCSD CSI Protocol. Base year: 1990 according to best practices in our industry (for example the Cement Sustainability Initiative). Protocols and techniques for collecting information: 87 Report where the reductions in GHG emissions occurred: Scope 1.</p>
G4-EN20	Emissions of ozone-depleting substances.	We do not report on this issue because our business does not create significant emissions of ozone-depleting substances.
G4-EN21	NO _x , SO _x , and other significant air emissions.	<p>Specific dust emissions: 156 g/ton clinker Specific NO_x emissions: 975 g/ton clinker Specific SO_x emissions: 1,216 g/ton clinker</p> <p>CEMEX Latam Holdings reports on the air emissions that the "CSI Guidelines for Emissions Monitoring and Reporting in the Cement Industry" identifies as the most important from the on-site stationary sources we use in our processes: www.wbcscement.org/index.php/key-issues/emissions-reduction/guidelines</p> <p>The standards used in the air emissions measurements depend on the legal requirements in each country. Standards used also depend on the normal procedures used by the external companies performing the spot measurements. In the case of CEMs (Continuous Measurements), the equipment is maintained, operated, and calibrated according to the standards. Standards used for punctual measurements are EPA, ISO, and EN according to the pollutant and the country. In most cases, EPA rules are used for sampling and EPA or ISO methods are used for the calculations at laboratory. All data reported in the Stack Emissions Report is measured either continuously or spot.</p>
MATERIAL ASPECT: Compliance		
G4-DMA	Management approach.	Page 12, 54, 75-76
G4-EN29	Monetary value of significant fines.	No significant fines.

CATEGORY: SOCIAL, LABOR PRACTICES AND DECENT WORK

MATERIAL ASPECT: Employment

G4-DMA	Management approach.	Page 11, 54, 70-71
G4-LA1	Number and rates of new employee hires and employee turnover by age group, gender, and region.	<p>Total number of employees hired in 2014: 170F, 1,035M, 1,205T</p> <p>Under 30 years: 126F, 485M, 611T</p> <p>31 to 40 years: 46F, 400M, 446T</p> <p>41 to 50 years: 5F, 120M, 125T</p> <p>Over 50 years: 0F, 23M, 23T</p> <p>Total number of employee turnover in 2014: 74F, 634M, 708T</p> <p>Under 30 years: 37F, 194M, 231T</p> <p>31 to 40 years: 34F, 282M, 316T</p> <p>41 to 50 years: 0F, 131M, 131T</p> <p>Over 50 years: 3F, 27M, 30T</p>

MATERIAL ASPECT: Occupational health and safety

G4-DMA	Management approach.	Page 11, 54-57
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	<p>Type of employee/contractor injuries in our regions: slip, trip, or fall on same or uneven level; hit by moving, flying, or falling object; incidents involving moving vehicles; injured while handling, lifting, or carrying; hit against something fixed or stationary; contact with moving machinery; fall from a height; trapped by something collapsing; exposed to or contact with a harmful substance; exposed to fire or heat; injured by animal / insect; contact with electricity or electrical discharge; exposed to an explosion; drowned or asphyxiated; another kind of incident.</p> <p>EMPLOYEE: 8 incidents with a frequency rate of 0.8. Severity rate: Guatemala 220.8, Nicaragua 126.3, Colombia 102.0, Costa Rica 12.9, Panama 12.8. Absentee rate: 0.2. Costa Rica 2.1, Nicaragua 2.0, Colombia 1.5, Panama 1.4, Guatemala 0.5, El Salvador 0.0. Fatalities: 0.</p> <p>CONTRACTORS: 8 incidents with a frequency rate of 0.4. Fatalities: 2.</p> <p>The system of rules applied in recording and reporting accident statistics: Cement Sustainability Initiative reporting protocol. We complement this with internal reporting guidelines.</p> <p>In calculating lost days, we track calendar days, starting from the first day of absence.</p>

MATERIAL ASPECT: Training and education

G4-DMA	Management approach.	Page 11, 54, 82
G4-LA11	Performance and career development reviews.	Employees that received performance reviews: 87%F, 83%M, 83%T / 91% Executives, 91% Staff, 79% Operational.

MATERIAL ASPECT: Diversity and equal opportunity

G4-DMA	Management approach.	Page 11, 54, 82
G4-LA12	Composition of governance bodies.	<p>Page 75-76</p> <p>Board of Directors: www.cemexlatam.com/InvestorCenter/BoardDirectors.aspx</p>

MATERIAL ASPECT: Equal remuneration for women and men

G4-DMA	Management approach.	Page 11, 54, 82
G4-LA13	Ratio of basic salary and remuneration of women to men.	Ratio of basic salary and remuneration of women to men: 93%. Executive: 92%, Staff: 95%, Operational: 91%.

CATEGORY: SOCIAL, HUMAN RIGHTS

MATERIAL ASPECT: Investment

G4-DMA	Management approach.	Page 11, 54, 69, 81
G4-HR1	Investment agreements and contracts that include human rights clauses.	We include a series of clauses in all (100%) contracts, regardless of the investment size; i.e., our contracts now require all partners to warrant that they abide and will continue to abide by internationally recognized human rights standards, including the Universal Declaration of Human Rights and the ILO's Declaration of Fundamental Principles and Rights of Work.

MATERIAL ASPECT: Non-discrimination

G4-DMA	Management approach.	Page 11, 54, 81-82
G4-HR3	Number of incidents of discrimination.	No discrimination cases were reported.

MATERIAL ASPECT: Freedom of association and collective bargaining

G4-DMA	Management approach.	Page 11, 54, 83
G4-HR4	Freedom of association.	Supplier Code of Conduct: www.cemex.com/Suppliers/CodeOfConduct.aspx No risks to freedom of association or collective bargaining were identified. CEMEX fully acknowledges, supports, and respects its employee's rights to freedom of association, provided all actions are legal and that they do not interfere with the employees' duties and responsibilities. We also engage with employees through collective bargaining processes, and periodic meetings with employees and specific departments.

MATERIAL ASPECT: Child labor

G4-DMA	Management approach.	Page 11, 54, 83
G4-HR5	Child labor.	Page 83 No risks of this kind were identified. At CEMEX Latam Holdings, we are strongly committed to protecting and respecting the rules regarding child labor in every country we operate. Our company policy is to only hire people who are 18 or older. Our selection and hiring process requires the presentation of government-issued identification, as well as a rigorous investigation of the person's information. This process also extends to our contracted labor suppliers.

MATERIAL ASPECT: Forced or compulsory labor

G4-DMA	Management approach.	Page 11, 54, 83
G4-HR6	Forced or compulsory labor.	<p>Page 83</p> <p>At CEMEX Latam Holdings, no one is forced to perform any task that is hazardous or detrimental to their health or well-being. Our operations in every country comply with the local laws, and we take measures to prevent workers from falling into debt bondage through company loans. All our employees are free to leave the company at any time and we do not offer any benefit used as a leverage to force labor.</p>

MATERIAL ASPECT: Indigenous rights

G4-DMA	Management approach.	Page 11, 54, 81
G4-HR8	Rights of indigenous peoples.	We are not aware that any violations involving rights of indigenous people have taken place in our operations.

MATERIAL ASPECT: Human rights grievance mechanisms

G4-DMA	Management approach.	Page 11, 54, 81
G4-HR12	Grievance mechanisms.	<p>During 2014, no grievances related to human rights violations were reported through any formal mechanisms. Employees are encouraged to report any potential human rights violation to the Human Resources Department, the Unit Ethics Committee, or through our ETHOSline.</p>

CATEGORY: SOCIAL, SOCIETY

MATERIAL ASPECT: Local communities

G4-DMA	Management approach.	Page 11, 26-28, 54
G4-SO1	Local community engagement programs.	<p>Sites conducting social impact assessments: 90%</p> <p>Sites with community engagement Plans: 100%</p> <p>Sites with the Environmental Management System implemented: 37%</p> <p>Community relations are managed at the country level so that they can be tailored to the particular circumstances of each locale.</p> <p>Before we open, close, or change local operations, we talk with our neighbors in order to improve our mutual understanding of needs and concerns. Community engagement plans help us to identify the communities near our operations, our impacts on them, and their needs; they also help to develop and implement effective, site-specific social programs. Our new Environmental Management System includes a requirement that all business units consider community concerns when identifying the potential effects of our operations. Though details are determined locally, the community plans must be in accordance with social-investment guidelines. These internal guidelines provide a common framework for the planning and execution of all our social-investment strategies.</p>
G4-SO2	Negative impacts on local communities.	There were no reports that we are aware of on significant negative impacts on communities.

MATERIAL ASPECT: Anti-corruption		
G4-DMA	Management approach.	Page 11, 54, 78-79, 81
G4-S05	Confirmed incidents of corruption.	There were no incidents.
MATERIAL ASPECT: Anti-competitive behavior		
G4-DMA	Management approach.	Page 11, 54, 78-79
G4-S07	Anti-competitive behavior.	There were no legal cases pending or concluded, related to anti-competitive behavior.
MATERIAL ASPECT: Compliance		
G4-DMA	Management approach.	Page 11, 54, 69, 76, 85
G4-S08	Non-compliance.	Number of non-monetary sanctions: 1 Monetary value of significant sanctions: US\$100,000
CATEGORY: SOCIAL, PRODUCT RESPONSIBILITY		
MATERIAL ASPECT: Product and service labeling		
G4-DMA	Management approach.	Page 11, 54, 62
G4-PR3	Information required by the organization's procedures for product and service information and labeling.	The great majority of our products are sold in bulk without information labeling or packaging. However, at a local level we make available to all our customers key information about our products, including: key features, applications, safety precautions, information on how to use them, information on how to store them, components, contents, and other information. To see an example of these data sheets, please visit: www.cemexcolombia.com/SolucionesConstructor/files/UsGeneral.pdf
G4-PR4	Incidents of non-compliance concerning product and service information and labeling.	The company has not identified any non-compliance with regulations and voluntary codes during the reporting year.
G4-PR5	Results of surveys measuring customer satisfaction.	Page 63
MATERIAL ASPECT: Customer privacy		
G4-DMA	Management approach.	Page 11, 54, 62
G4-PR8	Substantiated complaints regarding breaches of customer privacy and losses of customer data.	The company has not identified any substantiated complaint during the reporting year.

Cautionary Statement Regarding Forward-Looking Statements

This report contains forward-looking statements within the meaning of applicable securities laws.

CEMEX Latam Holdings, S.A. ("CEMEX Latam") intends for these forward-looking statements to be covered by applicable securities laws. In some cases, these statements can be identified by the use of forward-looking words such as, but not limited to, "may," "should," "could," "anticipate," "estimate," "expect," "plan," "believe," "predict," "potential" and "intend" or other similar words. These forward-looking statements reflect CEMEX Latam's current expectations and projections about future events based on CEMEX Latam's knowledge of present facts and circumstances and assumptions about future events. These statements necessarily involve risks and uncertainties that could cause actual results to differ materially from CEMEX Latam's expectations.

Some of the risks, uncertainties and other important factors that could cause results to differ, or that otherwise could have an impact on CEMEX Latam or CEMEX Latam's subsidiaries, include: the cycli-

cal activity of the construction sector; competition; general political, economic and business conditions; the regulatory environment, including environmental, tax and acquisition-related rules and regulations; the ability of CEMEX, S.A.B. de C.V. ("CEMEX") to satisfy its obligations under the Facilities Agreement as well as under the indentures that govern its high yield notes; CEMEX Latam's ability to service its debt; CEMEX's or CEMEX Latam's ability to consummate asset sales, asset acquisitions and/or to achieve cost-savings from CEMEX and CEMEX Latam's cost-reduction initiatives; weather conditions; natural disasters and other unforeseen events; and other risks and uncertainties associated with CEMEX and/or CEMEX Latam's business and the countries in which CEMEX and CEMEX Latam operates. Readers are urged to read this report and carefully consider the risks, uncertainties and other factors that affect CEMEX Latam's business. The information contained in this report is subject to change without notice, and CEMEX Latam is not obligated to publicly update or revise forward-looking statements.

Readers should review future reports filed by CEMEX Latam with the *Superintendencia Financiera de Colombia*. This report also includes statistical data regarding the production, distribution,

marketing and sale of cement, ready-mix concrete, clinker and aggregates, CEMEX Latam generated some of this data internally, and some was obtained from independent industry publications and reports that CEMEX Latam believes to be reliable sources. CEMEX Latam has not independently verified this data nor sought the consent of any organizations to refer to their reports in this report.

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