

**ANNUAL REPORT ON THE ACTIVITIES OF THE AUDIT  
COMMITTEE OF CEMEX LATAM HOLDINGS, S.A.**

***-FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018-***



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## 1. INTRODUCTION

CEMEX LATAM HOLDINGS, S.A. (hereinafter, either the “**Company**” or “**Cemex Latam**” or “**CLH**”) was incorporated as a Spanish public limited company (*sociedad anónima*), to have perpetual existence, on 17 April 2012. The Company’s registered office is located at Calle Hernández de Tejada number 1, Madrid, and the Company is therefore Spanish. The Company’s main objects are to hold shares in companies mainly in the business of manufacturing and selling cement and other construction materials in Colombia, Panama, Nicaragua, Costa Rica, Guatemala and El Salvador (hereinafter, either “**Cemex Latam Group**” or “**CLH Group**”).

Cemex Latam Group is in turn a member, as a subgroup, of the business Group led by CEMEX España, S.A., its main shareholder (hereinafter, either “**CEMEX España Group**” or “**Cemex España**”). In addition, the Company is a member of international cement and construction materials group CEMEX (hereinafter, “**CEMEX Group**”), the ultimate parent company of which is Cemex S.A.B. de C.V. (hereinafter, “**CEMEX S.A.B. de C.V.**”), a company established en Monterrey (Mexico) and listed on the Mexican Stock Exchange and on the New York Stock Exchange (NYSE).

The Cemex Latam shares were admitted to trading on the Colombian Stock Exchange (hereinafter, “**BVC**”) effective from 16 November 2012.

Because it is a Spanish company, Cemex Latam is governed by the Companies Act and by its Articles of Association, the Regulations of the General Shareholders’ Meeting, the Regulations of the Board of Directors and other rules adopted by the Company’s internal bodies. In addition, since it was admitted to trading, Cemex Latam has a corporate governance system which is subject to the requirements of Spanish laws, and has voluntarily adopted the main good governance recommendations applicable to Colombian issuers.

Within the framework of this corporate governance system, Cemex Latam has an Audit Committee (the “**Audit Committee**” or the “**Committee**”), set up by a resolution of the Board of Directors adopted on 4 October 2012. Its powers and operating rules are laid down in the Articles of Association and in the Regulations of the Board of Directors.

In accordance with the provisions of article 25.13 of the Regulations of the Board of Directors, the Audit Committee shall, within three months following the end of each financial year, submit to the Board of Directors for approval a report detailing its work during the year (the “**Annual Report**”), to be made available to the shareholders when notice of the Annual General Meeting is given.

This Annual Report of Cemex Latam’s Audit Committee covers the period 1 January 2018 to 31 December 2018.

This Annual Report has been prepared on 27 March 2019 and will ultimately be submitted to the Board of Directors, for approval, if appropriate, at the Board meeting scheduled to be held on the same day, 27 March 2019.

Upon approval by the Board of Directors, as the case may be, this Annual Report will be made available to the Company’s shareholders and may be accessed at the Company’s website (i) following notice of the Annual General Meeting at which the Company’s Annual Accounts for the financial year ended 31 December 2018 shall be submitted for approval, and (ii) from the same day on which such notice is published.

All of the aforementioned documents may be accessed at the Company’s website.

## **2. COMPOSITION**

The Audit Committee is an internal permanent, informational and consultative body of the Board of Directors. Under the Articles of Association and the Regulations of the Board of Directors, a majority of the directors who are members of the Committee must qualify as independent directors, and the Committee must consist of no fewer than three (3) and not more than five (5) members.

The Committee Chair must be an independent director. The Committee Chair shall hold office for a period of not more than four (4) years, following which he or she may not be reappointed until at least one (1) year has elapsed after termination, notwithstanding which he or she may continue or be reappointed as a Committee member. The current composition of the Committee is as follows:

**Chair:**

**Ms Coloma Armero Montes** (Independent director)

**Member:**

**Ms Mónica Aparicio Smith** (Independent director)

**Member:**

**Mr Rafael Santos Calderón** (Independent director)

**Secretary:**

**Mr José Luis Orti García** (Proprietary director)

In the period comprised between 1 January 2018 and the date of this Report, the Audit Committee membership has suffered the following change:

- following the resignation tendered by independent director Mr Gabriel Jaramillo on 2 April 2018 as Independent Company Director, and, consequently, his departure as Audit Committee member, the Company's Board of Directors resolved, upon a proposal by the Nomination and Remuneration Committee, to co-opt Ms Mónica Inés María Aparicio Smith at its meeting held on 2 April 2018, as an Independent Director and as a new member of the Audit Committee; and
- in line with the above, the General Shareholders' Meeting held on 15 June 2018 resolved to approve the proposal tabled by the Board of Director to ratify and appoint Ms Mónica Inés María Aparicio Smith to be an Independent Company Director for the three-year term provided for in the Articles of Association, and it was resolved that she be appointed to be an Audit Committee member by virtue of a resolution adopted by the Board of Directors held on 15 June 2018, on a proposal by the Nomination and Remuneration Committee.

### **3. POWERS AND RESPONSIBILITIES**

The Audit Committee's powers and responsibilities are established in article 25 of the Regulations of the Board of Directors, read in conjunction with article 43 of the Articles of Association.

In accordance with the aforementioned articles, the Audit Committee, an internal body of the Board, is in the nature of a permanent, informational and consultative body with no executive functions, but with powers to report, advise and submit proposals within its remit.

The following are the powers and authorities conferred on the Audit Committee by the Articles of Association and the Regulations of the Board of Directors, arranged by subject area:

**A. With regard to financial information:**

- (i) to supervise the preparation and submission process and the integrity of the regulatory financial information of the Company and its group, checking compliance with regulatory requirements, that the scope of consolidation is properly delimited and that the accounting standards are properly applied, and

to establish the policies and practices to be applied by the Company to structure, report and disclose its financial information;

- (ii) to review the financial statements before their submission for approval to the Board of Directors and the General Shareholders' Meeting, ensuring that the interim financial statements are prepared in accordance with the same accounting standards as the annual accounts, to which end it shall weigh up the possibility of an audit or limited review of those interim statements; and
- (iii) to ensure that the Board of Directors submits annual accounts to the General Shareholders' Meeting with an auditor's report having no scope limitations or qualifications and that, in exceptional cases where the auditor's report is qualified, both the Audit Committee Chair and the auditors clearly explain to the shareholders the content and extent of any such scope limitations or qualifications.

**B. With regard to regulatory compliance:**

- (i) to monitor compliance with the specific laws applicable to the Company.

**C. With regard to internal audit and internal control:**

- (i) to supervise the efficiency of (i) the Company's internal controls, (ii) the internal audit function, which reports to the Audit Committee, and compliance with its programme, which shall take business risks into account and fully assess all areas of the Company, (iii) the risk management systems, including tax risks, and (iv) discuss with the auditor any significant internal control system weaknesses identified during the course of the audit;
- (ii) to assess all matters related to the Company's non-financial risks, including operational, technological, legal, corporate, environmental, political and reputational risks;
- (iii) to oversee the independence of the unit responsible for the internal audit function, propose the recruitment, appointment, reappointment and removal of the head of the internal audit service, propose the budget for this service, approve guidance and work plans therefor, ensuring that its activity focuses mainly on key risks for the Company, receive information on its activities on a regular basis and verify that the senior management takes the conclusions and recommendations of its reports into account.

For the purposes of the preceding paragraph, the Audit Committee shall ensure that the head of the unit responsible for the internal audit function submits its annual work plan to the Audit Committee and reports directly on any issues arising in carrying it out and submits an activity report at the end of each financial year; and

- (iv) to oversee a whistleblowing mechanism allowing employees to confidentially and, if possible and where that is deemed appropriate, anonymously report any potentially material irregularities, particularly of a financial and accounting nature, they may detect within the Company and its group companies.

**D. With regard to the external audit:**

- (i) to provide the Board of Directors, for submission to the General Shareholders' Meeting, with proposals to recruit, appoint, reappoint and replace the auditors, in accordance with the prevailing laws, and their terms of engagement, and to obtain from them on a regular basis information on the audit plan and progress thereof, and in addition to safeguard their independence in the discharge of their duties;

The Company shall not designate as auditor any persons or firms that may have received income from the Company and/or from companies directly or indirectly controlled thereby, as defined in article 42 of the Commercial Code, where that income accounts for twenty-five per cent (25%) or more of their latest annual income;

- (ii) to establish suitable relations with the auditors in order to receive information regarding issues which may put their independence at risk, to be examined by the Audit Committee, and such others as may be related to the audit procedure proper, and any other communications provided for in the audit laws and in all other audit standards;
- (iii) if the external auditor should resign, to examine the circumstances leading to such resignation;
- (iv) to ensure that the remuneration for the external auditor's work does not compromise the auditor's quality or independence;
- (v) to verify that the Company notifies the relevant regulatory authorities of any change of auditor and encloses a statement as to the potential existence of disagreements with the outgoing auditor and, if any such disagreement existed, a description thereof;
- (vi) to ensure that the external auditor holds a meeting on a yearly basis with the whole of the Board of Directors to report on work done and on the progress of the Company's accounting affairs and risk management;
- (vii) to ensure that the Company and the auditor comply with the prevailing laws on the provision of non-audit services, the auditor's business concentration limits and, in general, all other auditor independence laws;
- (viii) to receive written confirmation from the auditors, on a yearly basis, of their independence with respect to the Company or entities directly or indirectly related thereto, and information regarding additional services of any kind

provided and the relevant fees received by the auditor or the auditor's related persons or entities from the Company or from the aforementioned related entities in accordance with the provisions of the applicable laws; and

- (ix) to issue a report on a yearly basis, prior to the auditor's report, expressing an opinion as to the auditors' independence. This report shall at all events provide an assessment as to the provision of the additional services referred to in the preceding paragraph, considered both individually and as a whole, other than the statutory audit, and as to the independence requirement in accordance with audit laws.

**E. With regard to other matters:**

- (i) to report to the General Shareholders' Meeting on any issues raised thereat by the shareholders regarding matters falling within its remit;
- (ii) to coordinate procedures for reporting non-financial and diversity information in accordance with the applicable laws and with international standards and benchmarks;
- (iii) to define mechanisms to consolidate issuer control body information in order to submit the information to the Board of Directors;
- (iv) to monitor compliance with the laws applicable to the Company;
- (v) to inform the Board of Directors, before it adopts the relevant decision, as to the establishment or acquisition of shares in special purpose entities or entities domiciled in countries or territories defined as tax havens;
- (vi) it shall be informed of transactions involving structural and corporate changes proposed to be carried out by the Company or any of its group companies, in order to analyse the same and report in advance of the Board of Directors as to their financial terms and their accounting and tax implications and specifically, as the case may be, as to the proposed exchange ratio;
- (vii) to issue such reports and do such things as may additionally be within its remit, in accordance with the Company's Internal Regulations, or as requested by the Board of Directors or its chair; and
- (viii) such others as may it be entrusted with by the Board of Directors or provided for by law.

#### **4. ACTIVITIES CARRIED OUT IN THE YEAR 2018**

##### **A. General information**

In accordance with the provisions of the Company's Internal Regulations, the Audit Committee shall meet as many times as its chair shall deem necessary to exercise the powers entrusted to it, and at least once (1) every quarter. It shall also meet when requested by at least two (2) of its members. The chair of the Board of Directors and the chief executive officer may in addition exceptionally request informational meetings of the Audit Committee to be held.

During the year 2018, the Audit Committee held nine (9) meetings, on the following dates:

6 February	23 July
13 February	25 September
9 March	23 October
20 April	20 December
14 June	

In addition, at its meeting held on 13 February 2018, the Committee approved a Work Plan for that financial year, itemising the main tasks which the Committee proposed to carry out during the year 2018 in relation to the following matters:

- 1) Financial and non-financial information.
- 2) Risk control management – internal audit
- 3) Risk control management – internal control and ERM.
- 4) Audit of the financial statements (external auditor).
- 5) Reports and other actions.
- 6) Actions relating to Maceo Plant transactions.

The Audit Committee has carried out the aforementioned tasks in accordance with the schedule of meetings approved by the Committee for the year 2018, notwithstanding which certain actions commenced in that year will be completed or, as appropriate, continue to be carried out during the year 2019.

For a proper performance of the duties and responsibilities attributed to the Committee in the Internal Regulations and notwithstanding the work sessions organised during the Committee meetings, the Committee Chair has also been directly in contact outside those meetings with the head of the Internal Audit Area and with the statutory auditor, in order to receive all appropriate information in between the meetings held by the Committee.

The following is a summary of the main actions carried out by the Audit Committee during the year 2018 within its sphere of authority and responsibility, which were duly reported to the Board of Directors in accordance with the provisions of article 25.13 of the Regulations of the Board of Directors.

## **B. Financial information**

During the year 2018, the Audit Committee performed the duties and responsibilities set forth in the Company's Internal Regulations with regard to the Company's financial information, and as a result carried out the following actions:

### **I. Supervision of the process for preparing and filing regulatory financial information**

During several of the meetings held in the year 2018, the Committee has been supervising the process for preparing and filing the Company's individual and consolidated financial information, as regulated by applicable Spanish and Colombian laws.

In addition, the Committee reviewed the regulatory financial information before submission to the Board of Directors and the General Shareholders' Meeting for approval, as the case may be in each case.

During the aforementioned review process, the Committee verified that the interim financial statements were prepared in accordance with applicable international and Spanish financial information laws, such interim statements having undergone a limited audit by the auditor.

In particular, the Committee supervised the process for preparing and filing the following financial information which has also been reviewed by this body:

#### **(I) Individual Annual Accounts of the Company**

At its meeting held on 9 March 2018, the Committee reviewed the Company's individual Annual Accounts prepared in accordance with the Spanish General Accounting Plan and the Directors' Report for the financial year ended 31 December 2017, following which it submitted a favourable report to the Board of Directors, this being the body with authority to draw up the same.

The individual Annual Accounts and the Directors' Report for the said financial year were drawn up by the Board of Directors on the same day 19

March 2018 and, together with the auditor's report, were approved by the Company's Annual General Shareholders' Meeting held on 15 June 2018.

**(II) Separate (individual) and consolidated Financial Statements, prepared in accordance with IFRS**

During the year 2018, the Committee reviewed the following individual (separate) and consolidated Financial Statements prepared in accordance with International Financial Reporting Standards (“**IFRS**”) which, upon being approved by the Board of Directors, had to be filed by the Company with the Colombian Financial Authority (“**SFC**”), in accordance with the provisions of instruction 10 of External Circular no. 004 of 2012, dated 9 March, establishing rules and regulations for periodic and relevant reporting by securities issuers entered in the National Registry of Securities and Issuers of Colombia.

The above-mentioned Financial Statements refer to both interim periods respectively ended 31 March, 30 June and 30 September, and the full financial year ended 31 December of each year. Those Financial Statements were reviewed by the Committee at the following meetings:

- i) The individual (separate) and consolidated Financial Statements, prepared in accordance with IFRS, for the year ended 31 December 2017, audited by the Company's statutory auditor, KPMG Auditores, S.L., at its meeting of 6 February 2018
- ii) The condensed individual (separate) and consolidated Financial Statements, prepared in accordance with IFRS, for the three-month period ended 31 March 2018, at its meeting of 20 April 2018
- iii) The condensed individual (separate) and consolidated Financial Statements prepared in accordance with IFRS, for the six-month period ended 30 June 2018, at its meeting of 23 July 2018
- iv) The condensed individual (separate) and consolidated Financial Statements prepared in accordance with IFRS, for the nine-month period ended 30 September 2018, at its meeting of 23 October 2018

They were all (i) favourably reported on by the Audit Committee, (ii) approved by the Company's Board of Directors, (iii) signed by the Company's authorised representative and the auditor appointed for each period, and (iv) filed with the SFC within the statutory deadlines established in the aforementioned Circular.

Additionally, at the aforementioned meetings and at the meetings of 14 June 2018, 25 September 2018 and 20 December 2018, the Committee was informed about the key accounting aspects and criteria as of the date of the meeting and followed up on matters with potential significant future accounting implications.

### **C. Internal Audit and Internal Control**

As set out above, the Audit Committee is responsible for supervising the activity of the Internal Audit area, which reports to this Committee, and for compliance with its Work Plan.

The Internal Audit area has been fully assessing the operating processes carried out by the various operations and business units existing in the countries in which Cemex Latam Group operates, along with any risks associated therewith.

During the year 2018, the Audit Committee performed the duties and responsibilities set forth in the Company's Internal Regulations with regard to Internal Audit and Internal Control, and as a result carried out the following actions:

#### **I. Supervision of risk management system efficiency**

During the year 2018, the Committee has been watching over the supervision system for risks relating to the various activities carried out by the Company and by its different subsidiaries in the countries in which they operate.

To do so, the Committee has gathered sundry information from officers in various areas across the organisation regarding the risk management procedures in place and the actions carried out in each of the aforementioned countries and operations.

That work has allowed the Committee to identify during the year a number of key issues within the risk supervision process, and the Committee has verified, with the officers of both the Internal Audit and the Internal Control areas, that those key issues are duly covered, or, as the case may, will be duly covered, in the work plan and audit programme carried out by those areas or functions.

#### **II. Supervision of the Company's Internal Control efficiency**

During 2018, the Committee has been informed about the Internal Control area work plan, and on the results of the audit KPMG Auditores, S.L. were asked to carry out of financial information control systems, and their recommendations were submitted to the Committee at its 6 February 2018 meeting.

In relation to those control systems, the Board of Directors has resolved, at the Committee's proposal, that although the Company is not subject to the Sarbanes Oxley Act (SOX), the SOX audits that are carried out at Cemex S.A.B. de C.V., which include Colombia because of its materiality to that Group, will be used to advantage to include Panama, Costa Rica and Nicaragua. The scope of the SOX audit will not include Guatemala and El Salvador because they are not material to the Company. KPMG Auditores, S.L. will carry out the SOX audits within the audit that it currently has under way for Cemex S.A.B. de C.V. globally and will start in the year 2019. During this year 2018, Internal Control has implemented SOX controls in Panama, Costa Rica and Nicaragua and Internal Audit is now checking their efficiency.

### **III. Supervision of the Internal Audit Area activity**

During the year 2018, work has continued intensely in the field of supervision of the Internal Audit area's activity, and the Committee has in that connection (i) approved the Internal Audit area's work plan and budget for that financial year, and (ii) reviewed the development of and compliance with the Internal Audit programme, paying particular attention to the results submitted from time to time by the head of the area to the Committee during its meetings.

The Internal Audit programme has comprised the following actions:

- 1) Reviewing internal operating risks ("internal operating risks map") in order to ensure the existence and execution of internal controls in the following fields in every country, with the exception of Nicaragua where that was not possible due to security reasons:
  - Production Process: Cement, Concrete, Aggregates and Infrastructure and Housing (Colombia and Panama only)
  - Sales: Commercial, Supply Chain (Logistics)
  - Operations support: Supplies (Procurement), Payroll, Treasury, IT, Tax, Business Service Organisation (BSO) Projects and Processes, Accounting/Accounts, Fixed Assets, Accounts Payable and Commercial Administration / Credit and Portfolio
  - Consolidation of financial information.
  - Corporate Governance
- 2) Analysing results, including those obtained in anti-bribery reviews.

- 3) Assessing compliance with controls by country.
- 4) Following up on the main issues identified in the different countries.
- 5) Following up on the anonymous and confidential mechanisms for submitting complaints, claims, reports and queries within the framework of the Code of Ethics.
- 6) Reviewing results.

The head of the Internal Audit area has attended all the Committee meetings during the year 2018 although he has been reporting on work done at the meetings held on 20 April, 14 June, 23 July, 25 September, 23 October and 20 December.

Furthermore, and in line with the information given in the previous year's Committee report, Internal Audit has been reporting to the Committee on the actions and recommendations issued by the Colombian Institute of Internal Auditors (IIA) for the Global IIA certificate to be obtained, and it has now been issued.

In addition, at the meeting held on 5 February 2019, the Committee approved the Internal Audit area's budget and Work Plan for the year 2019 and reviewed the 2018 Work Plan.

Moreover, during the year 2018, the Committee interviewed different candidates to take up the role of Internal Audit Manager which was vacant after the former Manager of that area departed, leading to Mr Carlos Mejía joining the Company as new Internal Audit Manager on 22 October 2018.

#### **D. Enterprise Risk Management (ERM)**

At its meetings held on 13 February and 14 June, the Committee has been monitoring the state of the ERM area, the risk identification process and opportunities among other aspects related to that area. In addition, the Committee has received information on the operation and membership of the Company's new Risks Committee and has followed up on the business transacted at that Committee at its meetings of 14 June and 25 September.

#### **E. External audit**

During the year 2018, the Audit Committee performed the duties and responsibilities set forth in the Company's Internal Regulations with regard to external audit, and as a result this body carried out the following actions:

**(i) Relations with the statutory auditor**

The Audit Committee has been constantly in touch during the year 2018 with the Company's statutory auditor, and as a result the auditor has been informing the Committee not only on various matters related to the progress of the audit of the financial information, but also in regard to other additional matters of interest to the Committee.

Similarly, and as explained above, the Committee has been liaising properly with the statutory auditor for the purpose of identifying and analysing, as early as possible, any major internal control system weakness to have been detected in carrying out the audit programme.

In addition to the information received during the year 2018 in relation to the 2017 audit programme, which is included in the Committee's activity report for that year, at its meeting of 5 February 2019, the Committee received detailed information from the statutory auditor as to the main aspects of the audit process for the financial year 2018, the following being noteworthy among others:

- The scope of the audit.
- The materiality level insofar as the audit for the financial year 2018 is concerned.
- The significant audit risks map.
- The main accounting issues of the audit for the financial year 2018.
- The main ongoing litigation cases involving Cemex Latam Group.

Furthermore, the Audit Committee was informed at its meeting of 6 February 2018 of the observations noted in the audit procedure for the year 2017 ("*Management Letter 2017*").

**(ii) Reappointment of the statutory auditor and review of the terms of engagement for the financial year 2018**

At its meeting of 20 April 2018, the Audit Committee resolved that a proposal be made to the Board of Directors, for submission to the General Shareholders' Meeting, to reappoint KPMG Auditores, S.L. as the statutory auditors for the financial year 2018, along with the expected terms of engagement.

The aforementioned proposal was approved by the Board of Directors at its meeting held on 11 May 2018, and the reappointment aforesaid was approved by the General Shareholders' Meeting held on 15 June 2018.

### **(iii) Independence of the external audit**

In the discharge of its duties under the Articles of Association and the Regulations of the Board of Directors, the Committee has received and analysed the written confirmation issued by KPMG Auditores, S.L. in relation to its independence, and as a result the Committee has issued a report expressing an opinion in this connection, deciding at its meeting of 27 March 2019 that there are no objective reasons which could allow the independence of the statutory auditor to be questioned.

Similarly, the Committee has verified at its meeting of 27 March 2019 that the total fee amount earned by KPMG during the year 2018 for statutory audit work and non-audit work, for both Cemex Latam and its group companies, does not account for a significant percentage of its annual income and therefore does not put its independence at risk. That verification of fees earned in 2017 was carried out by the Committee at its meeting of 9 March 2018, as explained in the Committee report for 2017.

### **F. Other matters and actions**

Pursuant to article 25.13 of the Regulations of the Board of Directors, the Committee has been reporting to the Board of Directors on the various matters discussed and the resolutions adopted at the different Committee meetings. Therefore, the main matters the Committee has been working on during the year 2018 include, but are not limited to, the following:

- Reviewing the main aspects of the annual accounts for the year ended 31 December 2017 of the subsidiary Corporación Cementera Latinoamericana, S.L.
- Reviewing and authorising various non-audit services permitted in the Committee's opinion by European and Spanish regulations which have been provided by KPMG Auditores, S.L. to the Group
- Proposing an amendment to Cemex Latam Group's Corporate Tax Policy approved by the Board of Directors on 18 December 2017 and approving an internal operating protocol for the Committee
- Following up on the main tax procedures and inspections and lawsuits and provisions therefor
- Following up on related party transactions
- Report on the Manaus (Brazil) terminal sale transaction

- Report on refinancing proposals.
- Following up on the Company's Compliance Plan.

### **G. Maceo Plant**

As explained in the report for the year 2017, an extraordinary meeting of the Audit Committee was called on 23 September 2016 to inform the Committee about potentially irregular events related to the acquisition of the site and other assets located in Maceo where a Company subsidiary, Cemex Colombia, was building the Maceo Plant, and resulting from an internal probe undertaken by the Company following receipt of an anonymous report. During the years 2016 and 2017, the Committee has devoted much of its time to issues relating to the events at the Maceo Plant and adopted the resolutions described in the reports for those years.

During the year 2018, the Committee has continued to have its agendas include Maceo-related issues, although the Board of Directors was the body that was kept apprised at all times of any news on the state of affairs regarding the Maceo plant. However, the Committee has monitored the internal audit prepared regarding the irregular events that occurred at the Maceo Plant and other audits requested by the Committee in connection with the first one.

In addition, the Committee has during 2018 been monitoring Cemex Latam Group's Risk Management and Internal Control Remedial Plan proposed by the management, which seeks to remedy the internal control weakness in regard to major unusual transactions detected as a result of the audits carried out regarding events at the Maceo Plant and which Cemex S.A.B. de C.V. and the Company have defined as a material weakness.

## **5. CONCLUSIONS**

The Audit Committee considers that it has, during the year 2018, adequately carried out all actions included in its Work Plan approved for that year, notwithstanding the actions this body has completed at the date of issue of this Annual Report or, as the case may be, will be completing during 2019.

Accordingly, it submits this Annual Report to the Board of Directors' approval.

Madrid, 27 March 2019