

NOMINATION AND REMUNERATION COMMITTEE

Annual Report on the remuneration of Directors and Senior Executives for the year ended 31 December 2018

1. Introduction

The Nomination and Remuneration Committee has prepared this *Annual report on the remuneration of Directors and Senior Executives* of CEMEX LATAM HOLDINGS, S.A. (the “**Company**” or “**Cemex Latam**”) for the year ended 31 December 2018 (the “**Report**”) in compliance with article 44 of the Regulations of the Board of Directors.

This Report, which is to be approved by the Board of Directors, provides the Board of Directors with the information that the Nomination and Remuneration Committee (the “**Committee**”) deems necessary with regard to the remuneration of Directors and Senior Executives of the Company and its corporate group (“**Cemex Latam Group**”).

2. The Board of Directors

A. **Composition of the Board of Directors**

Pursuant to article 36 of the Articles of Association and article 7 of its Regulations, Cemex Latam’s Board of Directors shall consist of no fewer than five and not more than nine members, and its composition shall be such that non-executive Directors outnumber the executive Directors, and at least one-third of the Board members are independent directors. At 31 December 2018, the composition of the Board of Directors was as follows:

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|-----------------------------------|--|
| ▪ Mr Juan Pablo San Agustín Rubio | Chairman and Proprietary Director |
| ▪ Mr Jaime Gerardo Elizondo Chapa | Vice-Chairman and Proprietary Director |
| ▪ Mr Jaime Muguero Domínguez | Managing Director |
| ▪ Mr José Luis Orti García | Proprietary Director |
| ▪ Ms Carmen Burgos Casas | Proprietary Director |
| ▪ Ms Coloma Armero Montes | Independent Director |
| ▪ Mr Rafael Santos Calderón | Independent Director and Coordinator |
| ▪ Ms Mónica Aparicio Smith | Independent Director |
| ▪ Mr Juan Pelegrí y Girón | Secretary and Proprietary Director |

Between 1 January 2018 and the date of this Report, the composition of the Board of Directors has changed as follows:

- 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, to cover the vacancy arising on the Board of Directors following the resignation tendered by independent director Mr Gabriel Jaramillo Sanint on that same date. Mr Jaramillo was appointed Company director by a decision of the Company's then single shareholder on 4 October 2012, and was subsequently re-elected by the General Shareholders' Meeting on 20 June 2016, for the term provided for in the Articles of Association.
- Subsequently, the General Shareholders' Meeting held on 15 June 2018 resolved that the appointment of Ms Mónica Inés María Aparicio Smith, who had been co-opted to be an independent director, be ratified, and that she be appointed to be a director, on a proposal by the Nomination and Remuneration Committee, for the three-year term provided for in the Articles of Association, in an independent capacity.

B. Committees of the Board of Directors

At 1 January 2018 and at the date of this Report, the Board of Directors has the following Committees:

I) Audit Committee

Article 25 of the Regulations of the Board of Directors, read expressly in conjunction with article 43 of the Articles of Association, governs the Audit Committee's composition and duties. In accordance with these Internal Regulations, this Committee shall consist of not less than three and not more than five non-executive Directors, and the majority of the Independent Directors must serve on this Committee, at least one of them being appointed on the basis of his or her knowledge and expertise in accounting, auditing or both. The Committee Chair must be an Independent Director.

At 1 January 2018, the composition of the Audit Committee was as follows:

- Ms Coloma Armero Montes (Chair)
- Mr José Luis Orti García (Secretary)
- Mr Gabriel Jaramillo Sanint (Member)
- Mr Rafael Santos Calderón (Member)

Between 1 January 2018 and the date of this Report, the above composition of the Audit Committee has undergone the following change:

- The Board of Directors held on 2 April 2018 resolved, at the proposal of the Nomination and Remuneration Committee, to appoint Ms Mónica Inés María

Aparicio Smith as Audit Committee member, as a result of the vacancy occurred following Mr Jaramillo's departure referred to in A above.

- Subsequently, upon the General Shareholders' Meeting held on 15 June 2018 ratifying Ms Mónica Inés María Aparicio Smith's co-option to be an independent director and appointing her to be a director, for the three-year term provided for in the Articles of Association, in an independent capacity, the Board of Directors held on 15 June 2018 resolved, at the proposal of the Nomination and Remuneration Committee, to appoint Ms Aparicio as Audit Committee member.

As a result of the foregoing change, the composition of the Audit Committee at the date of this Report is as follows:

- Ms Coloma Armero Montes (Chair)
- Mr José Luis Orti García (Secretary)
- Ms Mónica Aparicio Smith (Member)
- Mr Rafael Santos Calderón (Member)

II) Nomination and Remuneration Committee

Article 26 of the Regulations of the Board of Directors, read expressly in conjunction with article 44 of the Articles of Association, governs the Nomination and Remuneration Committee's composition and duties. The Committee shall consist of not less than three and not more than five non-executive Directors and the majority of the Independent Directors must serve on this Committee. The Committee Chair must be an Independent Director.

At 1 January 2018, the composition of the Nomination and Remuneration Committee was as follows:

- Mr Rafael Santos Calderón (Chair)
- Ms Coloma Armero Montes (Member)
- Ms Carmen Burgos Casas (Secretary)

Between 1 January 2018 and the date of this Report, the composition of the Nomination and Remuneration Committee has remained unchanged.

III) Corporate Governance Committee

Article 27 of the Regulations of the Board of Directors read expressly in conjunction with article 45 of the Articles of Association, governs the Corporate Governance Committee's composition and duties. This Committee shall consist of not less than three and not more than five non-executive Directors and the majority of the Independent Directors must serve on this Committee. The Committee Chair must be an Independent Director.

At 1 January 2018, the composition of the Corporate Governance Committee was as follows:

- Mr Gabriel Jaramillo Sanint (Chair)
- Ms Coloma Armero Montes (Member)
- Mr Juan Pelegrí y Girón (Secretary)

Between 1 January 2018 and the date of this Report, the composition of the Corporate Governance Committee has undergone the following change:

- The Board of Directors held on 2 April 2018 resolved, at the proposal of the Nomination and Remuneration Committee, to appoint Ms Mónica Inés María Aparicio Smith as Corporate Governance Committee member, as a result of the vacancy occurred following Mr Jaramillo's departure referred to in A above.
- Subsequently, upon the General Shareholders' Meeting held on 15 June 2018 ratifying Ms Mónica Inés María Aparicio Smith to be an independent director and appointing her to be a director, for the three-year term provided for in the Articles of Association, in an independent capacity, the Board of Directors held on 15 June 2018 resolved, at the proposal of the Nomination and Remuneration Committee, to appoint Ms Aparicio as Corporate Governance Committee member and also Committee Chair.

As a result of the above change, the composition of the Corporate Governance Committee at the date of this Report is as follows:

- Ms Mónica Aparicio Smith (Chair)
- Ms Coloma Armero Montes (Member)
- Mr Juan Pelegrí y Girón (Secretary)

3. Board remuneration policy

Pursuant to the Articles of Association and the Regulations of the Board of Directors, Directors shall be entitled to receive remuneration from the Company, comprising (i) a fixed retainer fee and, as the case may be, (ii) fees for attending Board and Committee meetings.

Moreover, Executive Directors will receive remuneration in respect of all or any of the following items:

- (i) a fixed component, commensurate with services performed and responsibilities assumed;
- (ii) a variable component, linked to an indicator of the performance of the Director or the Company;
- (iii) a welfare component comprising pension or insurance contributions; and

- (iv) severance payment in the event of dismissal or any other termination of the legal relationship with the Company other than in the event of a breach by the Director.

The total remuneration payable by the Company to Directors as a whole shall not exceed the amount determined by the General Shareholders' Meeting. The exact consideration payable shall be set by the Board of Directors, on a proposal by the Nomination and Remuneration Committee, without exceeding the limit set by the General Shareholders' Meeting. The Board shall also be responsible for determining how it is apportioned among the various Directors, the criteria to be followed, the timing for payment, and other issues not expressly considered by the General Shareholders' Meeting.

The remuneration policy at the date of this Report is defined in A.1 below.

4. Board remuneration

A.1. Board remuneration for 2017

The Committee, in line with the provisions of article 48 of the Articles of Association, pursuant to which the directors' remuneration policy will be approved by the General Shareholders' Meeting at least every three years, and the proposal of the aforementioned policy submitted by the Board of Directors shall be reasoned and attach a specific report of the Nomination and Remuneration Committee, resolved at its meeting of 8 May 2017 to submit that report following the proposal tabled by the Board of Directors to the General Meeting on 29 June 2017, for a new directors' remuneration policy for the years 2017, 2018 and 2019.

The aforementioned policy, which was approved by the General Shareholders' Meeting held on 29 June 2017, provides that the annual remuneration (fixed retainer plus attendance fees) payable to the directors as a whole in their capacity as such for the years 2017, 2018 and 2019 shall amount to not more than EUR 350,000 (gross) for each year¹. The reasons for the increase in that limit with respect to the financial year 2016 and preceding years, as explained in the report submitted by the Committee and provided to the shareholders when the aforesaid General Shareholders' Meeting was convened, were mainly as follows:

- a) to update and adapt the distribution of the directors' remuneration system four full financial years after the Company was incorporated and because it was deemed convenient to improve some of the criteria for allocating the fees for attending meetings of the corporate bodies;

¹ Mr Muguiro's remuneration as the Company's Managing Director, i.e. €48,600 (gross) is not subject to the maximum remuneration limit.

- b) as a result of the extraordinary burden on the corporate bodies, mainly the Audit Committee during the year 2016, which is why ratification of the excess fees incurred was submitted for approval by the General Shareholders' Meeting of 29 June 2017, as referred to in the explanatory report for that Meeting, and although the directors' fixed retainer has been the same resolved by the Board of Directors for the previous three years, the increased limit has extended the limit for attendance fees and avoided that, if the corporate bodies have to meet more frequently than expected, the agreed limit is again exceeded; and
- c) because allowing shareholders to vote on the policy individually and separately from the Annual Directors' Remuneration Report is considered good practice for corporate governance and transparency purposes.

In addition, and pursuant to article 48.3 of the Articles of Associations, the Board of Directors resolved on 18 May 2017, following a proposal by the Committee and subject at the time to approval by the General Shareholders' Meeting of 29 June 2017, to propose the following change in the distribution of Directors' remuneration for the year 2017, 2018 and 2019, namely:

- 1) A total fixed annual retainer (gross) of ONE HUNDRED AND FORTY-FIVE THOUSAND EIGHT HUNDRED EUROS (€145,800), to be exclusively distributed among the following Directors based on the amounts specified:

Director		Gross amount EUR
Ms Coloma Armero Montes	Independent Director	48,600.00
Mr Gabriel Jaramillo Sanint	Independent Director	48,600.00
Mr Rafael Santos Calderón	Independent Director	48,600.00
Total fixed annual retainer (gross)		145,800.00

- 2) A fee for attending the meetings of the Board of Directors and its Committees in the (gross) amounts specified below, the total aggregate (gross) annual amount of which for the Directors as a whole may not exceed TWO HUNDRED AND FOUR THOUSAND TWO HUNDRED EUROS (€204,200), based on the following criteria:
- i) A fee for attending all meetings of the Board of Directors, the gross amount being TWO THOUSAND AND THIRTY-EIGHT EUROS (€2,038).
- ii) A fee for attending all Committee meetings in the following gross amounts:
- If the meeting lasts one hour or less than one hour, the director shall be entitled to receive SIX HUNDRED EUROS (€600).
 - If the meeting lasts three hours or less than three hours but more than one hour, the director shall be entitled to receive ONE THOUSAND EIGHT HUNDRED EUROS (€1,800).

- If the meeting lasts more than three hours, the director shall be entitled to receive THREE THOUSAND EUROS (€3,000).
- iii) The above attendance fee shall be paid, on a proposal by the Chairman of the Board of Directors, exclusively to Directors qualifying as independent directors.
- iv) All meetings of the Board of Directors and/or its Committees shall be paid for regardless of whether the meetings are held on the same day.
- v) All meetings of the Board of Directors and/or its Committees shall be paid for regardless of whether the meetings are held in person or by any remote means.
- vi) No right to receive an attendance fee shall accrue where resolutions are adopted using the written procedure without a meeting.

The aforementioned aggregate amount of the annual remuneration of the Board of Directors applies effective from 1 January 2017, although the criteria for allocating the above-mentioned fees have been applied to meetings held by the Board of Directors and its Committees after the General Shareholders' Meeting at which the Remuneration policy for the Company's Directors was approved, i.e. the Meeting held on 29 June 2017.

- 3) In addition, the Company will continue to bear the Directors' travel expenses (travel to wherever the meeting is held, accommodation, food and local transport) for attending the meetings of the Board of Directors or its Committees, and the Directors shall be entitled to reimbursement of those expenses because they are not in the nature or part of their remuneration.

Therefore, based on the above, each of the Company's three Independent Directors and Mr Jaime Muguero Domínguez received during 2018 the following fixed remuneration with respect to the year 2017:

Director	Total remuneration 2017 (gross)
Ms Coloma Armero Montes	EUR 48,600
Mr Gabriel Jaramillo Sanint	EUR 48,600
Mr Rafael Santos Calderón	EUR 48,600
Mr Jaime Muguero Domínguez	EUR 48,600

Based on the above, the independent directors received the following attendance fees amount during the year 2017 for the meetings held during that financial year:

Director	Total fees for attending meetings (gross)
Ms Coloma Armero Montes (26)	EUR 51,322
Mr Gabriel Jaramillo Sanint (22)	EUR 43,408
Mr Rafael Santos Calderón (21)	EUR 44,246

A.2. Board remuneration for 2018

In line with the remuneration policy approved by the General Shareholders' Meeting on 20 June 2017 referred to in A.1. above, each of the Company's Independent Directors and Mr Jaime Muguero Domínguez are entitled to receive the following fixed remuneration in the year 2018, which is the same as for the year 2017 with the exception of Directors Mr Gabriel Jaramillo and Ms Mónica Aparicio, who earned the remuneration for the months after which they were duly appointed:

Director	Total remuneration 2018 (gross)
Ms Coloma Armero Montes	EUR 48,600
Mr Gabriel Jaramillo Sanint	EUR 16,200
Mr Rafael Santos Calderón	EUR 48,600
Ms Mónica Aparicio Smith	EUR 32,400
Mr Jaime Muguero Domínguez	EUR 48,600

The independent directors received the following attendance fees amount during the year 2017 for the meetings of the respective corporate bodies held during the financial year 2018:

Director	Total fees for attending meetings (gross)
Ms Coloma Armero Montes (31)	EUR 53,380
Mr Gabriel Jaramillo Sanint (8)	EUR 13,914
Mr Rafael Santos Calderón (24)	EUR 45,104
Ms Mónica Aparicio Smith (16)	EUR 35,266

5. Senior Executives

According to the Regulations of the Board of Directors, Senior Executives are deemed to be the Company's top executives who will report directly to the Board of Directors or the Company's chief executive, and any other Directors recognised as such by the Board of Directors.

The Senior Executives are primarily responsible for implementing the strategy devised by the Board of Directors, and the Board shall, pursuant to the Articles of Association and the laws in force from time to time, establish their powers and authority to act on the Company's behalf.

Notwithstanding the above, given that Cemex Latam is a holding company and the Cemex Latam Group parent company, its Senior Executives are executives of the group's subsidiary companies. These Senior Executives of Cemex Latam Group also report to the Company's Board of Directors or chief executive, implementing the strategy devised by the Board, which is also responsible for establishing their powers and authority to act on the Company's behalf, in line with the Articles of Association and the laws in force from time to time.

At the end of the year 2018, Cemex Latam Group's Senior Executives were as follows:

▪ **Jaime Muguero Domínguez**

General Manager (CEO) of Cemex Latam Group

As Cemex Latam's chief executive, Mr Muguero is responsible for managing the operations and business of Cemex Latam Group. Mr Muguero's management team is formed by the following Senior Executives:

▪ **Mr Josué R. González Rodríguez**

CFO of Cemex Latam Group and of CEMEX Colombia

As head of Finance and Cash Management for the Cemex Latam Group countries, Mr González manages, coordinates and supervises the finance and cash management teams of the various business and operating units in this region. Mr González is also directly responsible for operations in Colombia.

▪ **Mr Jesús García**

Vice-President of Operations of Cemex Latam Group

As head of Operations for the Cemex Latam Group countries, Mr García manages, coordinates and oversees all matters related to the production of the materials that the various business and operating units manufacture, sell and distribute in this region. Mr García is directly responsible for operations in Colombia.

▪ **Mr Francisco Aguilera Mendoza**

Vice-President of Planning of Cemex Latam Group and CEMEX Colombia

As head of Strategic Planning for the Cemex Latam Group countries, Mr Aguilera manages, coordinates and oversees all matters related to the planning of operations performed by the various business and operating units in this region. Mr Aguilera is also directly responsible for strategic planning of operations in Colombia.

- **Mr Eugenio Barquet Becerra**

Legal Affairs Director of Cemex Latam Group

As head of legal affairs for the Cemex Latam Group countries, Mr Barquet manages, coordinates and oversees all legal matters related to the operations performed by the various business and operating units in this region.

- **Mr Alejandro Alberto Ramírez Cantú**

Director of Cemex Colombia

As Country Director, Mr Ramírez manages, coordinates and oversees operations and business in Colombia, and is also responsible for the Company's sales strategy in this geographic market.

- **Mr Andrés Jiménez Uribe**

Director of Cemex Panama

As Country Director, Mr Jiménez manages, coordinates and oversees operations and business in Panama, and is also responsible for the Company's sales strategy in this geographic market.

- **Mr Alejandro Ramírez Cantú**

Director of Cemex Costa Rica

As Country Director, Mr Ramírez manages, coordinates and oversees operations and business in Brazil, and is also responsible for the Company's sales strategy in this geographic market.

- **Mr Yuri de los Santos Llanas**

Director of Cemex Nicaragua, Guatemala and El Salvador

As Country Director, Mr de los Santos manages, coordinates and oversees operations and business in Nicaragua, Guatemala and El Salvador, and is also responsible for the Company's sales strategy in both of these geographic markets.

- **Mr Guillermo Rojo de Diego**

Director of Cemex Guatemala

As Country Director, Mr Rojo manages, coordinates and oversees operations and business in Guatemala, and is also responsible for the Company's sales strategy in this geographic market.

- **Mr Guillermo García Clavier**

Director of Cemex Brazil

As Country Director, Mr García manages, coordinates and oversees operations and business in Brazil, and is also responsible for the Company's sales strategy in this geographic market.

6. Senior Executive remuneration

The 11 Senior Executives forming the senior management team of Cemex Latam and its subsidiaries at 31 December 2018 have received a total aggregate amount of USD 4.0 million, equivalent to EUR 3.5 million, from Cemex Latam Group for all items of the theoretical compensation package.

Members of Cemex Latam's Senior Management are entitled to the following financial benefits and/or conditions:

- i) Fixed annual compensation or basic annual salary.
- ii) Performance-linked bonus or remuneration; and
- iii) Long-term incentives.

The Company assigned to 8 of the Senior Executives a total of 270,128 treasury shares, which were charged to the Long-term Company share incentive plan for 2018 ("2018 PILP"). The closing share price for 16 April 2018 was used to determine the number of shares to be assigned under the 2018 PILP in the case of the RS CLH ABR18 plan and the closing share price for 30 June 2018 was used in the case of the RS CLH JUN18 plan.

This number of shares shall be delivered to the Senior Executives in four annual blocks, each amounting to 25%, in accordance with the proportion determined for each of them individually.

The aforementioned shares assigned to Senior Executives have been blocked off within the Company's treasury shares until delivery to those executives in accordance with the schedule established for the 2018 PILP. The first annual block of Company shares shall be transferred to the aforementioned group of executives on 1 May 2019 in the case of the RS CLH ABR18 plan and on 1 July 2019 in the case of the RS CLH JUN18 plan.

In 2018, three (3) of the eleven (11) Senior Executives benefitted under the long-term share incentive plan (ordinary depositary receipts, or "CPOs") of CEMEX, S.A.B. de C.V. ("CEMEX") because they were at non-Cemex Latam Group companies during that year. A total of 415,739 shares were assigned.

In addition to the above remuneration package, Cemex Latam's Senior Management also benefit from:

- i) An international mobility package and a pension plan (for only 9 of these executives).
- ii) Medical expenses insurance.
- iii) Life insurance.
- iv) A company car.

Madrid, 26 March 2019