

NOMINATING AND COMPENSATION COMMITTEE

Annual Report on the Compensation of Directors and Senior Executives for the year ended December 31, 2016.

1. Introduction

The Nominating and Compensation Committee prepared this *Report on the Compensation of Directors and Senior Executives* of CEMEX LATAM HOLDINGS, S.A. (the “**Company**” or “**Cemex Latam**”) for the year ended December 31, 2016 (hereinafter the “**Report**”) in compliance with Article 44 of the Regulations of the Board of Directors.

This Report, which precedes the Annual Corporate Governance Report to be approved by the Board of Directors, provides the Board of Directors with the information that the Nominating and Compensation Committee (the “**Committee**”) deems necessary with regard to the compensation of the Directors and Senior Executives of the Company and its corporate group.

2. The Board of Directors

A. Composition of the Board of Directors

Pursuant to Article 36 of the Bylaws and Article 7 of its Regulations, Cemex Latam's Board of Directors shall consist of a minimum of five and a maximum of nine members, and its composition shall be such that the Non-executive Directors outnumber the Executive Directors, and at least one-third of the Board members shall be Independent Directors. At January 1, 2016, the composition of the Board of Directors was as follows:

- | | |
|--------------------------------|--|
| ▪ Jaime Muguero Domínguez | Chairman and Managing Director |
| ▪ Jaime Gerardo Elizondo Chapa | Vice Chairman and Proprietary Director |
| ▪ Ignacio Madrideo Fernández | Proprietary Director |
| ▪ Juan Pablo San Agustín Rubio | Proprietary Director |
| ▪ Jaime Ruiz de Haro | Proprietary Director |
| ▪ Coloma Armero Montes | Independent Director |
| ▪ Rafael Santos Calderón | Independent Director and Coordinator |
| ▪ Gabriel Jaramillo Sanint | Independent Director |
| ▪ Juan Pelegrí y Girón | Secretary and Proprietary Director |

At its meeting of June 20, 2016, the General Shareholders' Meeting adopted the following resolutions regarding the composition of the Company's Board of Directors:

- To reappoint Jaime Muguero Domínguez as director and, more specifically as executive director, subject to a favorable report of the Nominating and Compensation Committee, for the three-year term provided for in the Bylaws.
- To reappoint Jaime Gerardo Elizondo Chapa as director and, more specifically as proprietary director, subject to a favorable report of the Nominating and Compensation Committee, for the three-year term provided for in the Bylaws.
- To reappoint Juan Pablo San Agustín Rubio as director and, more specifically as proprietary director, subject to a favorable report of the Nominating and Compensation Committee, for the three-year term provided for in the Bylaws.
- To reappoint Juan Pelegrí y Girón as director and, more specifically as proprietary director, subject to a favorable report of the Nominating and Compensation Committee, for the three-year term provided for in the Bylaws.
- To reappoint Coloma Armero Montes as director and, more specifically as independent director, as proposed by the Nominating and Compensation Committee, for the three-year term provided for in the Bylaws.
- To reappoint Gabriel Jaramillo Sanint as director and, more specifically as independent director, as proposed by the Nominating and Compensation Committee, for the three-year term provided for in the Bylaws.
- To reappoint Rafael Santos Calderón as director and, more specifically as independent director, as proposed by the Nominating and Compensation Committee, for the three-year term provided for in the Bylaws.
- To appoint Carmen Burgos Casas as director and, more specifically as proprietary director, subject to a favorable report of the Nominating and Compensation Committee, for the three-year term provided for in the Bylaws.
- To appoint José Luis Orti García as director and, more specifically as proprietary director, subject to a favorable report of the Nominating and Compensation Committee, for the three-year term provided for in the Bylaws.

Also, since the aforesaid General Shareholder's Meeting, the following resolutions have been adopted for the appointment of offices on the Board of Directors:

- To reappoint Jaime Muguero Domínguez as Managing Director of the Company, by resolution of the Board of Directors of June 20, 2016, and subject to a favorable report of the Nominating and Compensation Committee, following the approval by the aforementioned General Shareholders' Meeting of his appointment as Executive Director of the Company.
- To appoint Juan Pablo San Agustín Rubio as the new Chairman of the Company's Board of Directors, by resolution of the Board of Directors of October 4, 2016 and subject to a favorable report of the Nominating and Compensation Committee. This appointment was made as a result of Jaime Muguero Domínguez's resignation from

office as Chairman of the Board of Directors, while remaining in office as Managing Director and General Manager of the Company. The above resignation was tendered as it was felt that the Company's oversight and control functions should be separated from its administration and management functions in the interests of good governance.

As a result of the foregoing changes, the composition of the Board of Directors at the date of this Report is as follows:

▪ Juan Pablo San Agustín Rubio	Chairman and Proprietary Director
▪ Jaime Gerardo Elizondo Chapa	Vice Chairman and Proprietary Director
▪ Jaime Muguero Domínguez	Managing Director
▪ José Luis Orti García	Proprietary Director
▪ Carmen Burgos Casas	Proprietary Director
▪ Coloma Armero Montes	Independent Director
▪ Rafael Santos Calderón	Independent Director and Coordinator
▪ Gabriel Jaramillo Sanint	Independent Director
▪ Juan Pelegrí y Girón	Secretary and Proprietary Director

In accordance with article 8.7 of the Regulations of the Board of Directors, the Committee has verified that all of the board members maintained their respective executive, proprietary and independent functions in 2016 and at the pertinent dates.

B. Committees of the Board of Directors

At January 1, 2016 and at the date of this Report, the Board of Directors had 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 Bylaws, governs the Audit Committee's composition and duties. In accordance with these internal regulations, this Committee shall be composed of a minimum of three and a maximum of five 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 knowledge and expertise in accounting, auditing or both. The Committee's president must be an Independent Director.

At January 1, 2016, the composition of the Audit Committee was as follows:

- Gabriel Jaramillo Sanint (President)
- Rafael Santos Calderón (Member)
- Coloma Armero Montes (Secretary)

Between January 1, 2016 and the date of this Report, the above composition of the Audit Committee has undergone the changes listed below, all of them by resolution of the Board of Directors of January 24, 2016:

- The appointment of José Luis Orti García as a member of the Audit Committee, at the proposal of the Nominating and Compensation Committee.
- The appointment of Coloma Armero Montes as President of the Audit Committee, to replace Gabriel Jaramillo Sanint, whose mandate expired on January 16, 2017, in accordance with the four-year mandatory rotation requirement.
- The appointment of José Luis Orti García as Secretary of the Audit Committee, to replace Coloma Armero Montes.

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

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

II) Nominating and Compensation Committee

Article 26 of the Regulations of the Board of Directors, read expressly in conjunction with Article 44 of the Bylaws, governs the Nominating and Compensation Committee's composition and duties. In accordance with these internal regulations, this Committee shall be composed of a minimum of three and a maximum of five non-executive Directors, and the majority of the Independent Directors must serve on this Committee. The Committee's president must be an Independent Director.

At January 1, 2016, the composition of the Nominating and Compensation Committee was as follows:

- Rafael Santos Calderón (President)
- Coloma Armero Montes (Member)
- Jaime Gerardo Elizondo Chapa (Secretary)

Between January 1, 2016 and the date of this Report, the foregoing composition of the Nominating and Compensation Committee has been amended as a result of the appointment, by resolution of the Board of Directors of 20 June 2016, of Carmen Burgos Casas as Member and Secretary of the Nominating and Compensation Committee, to replace Jaime Gerardo Elizondo Chapa following his resignation.

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

- Rafael Santos Calderón (President)
- Coloma Armero Montes (Member)
- Carmen Burgos Casas (Secretary)

III) Corporate Governance Committee

Article 27 of the Regulations of the Board of Directors read expressly in conjunction with Article 45 of the Bylaws, governs the Corporate Governance Committee's composition and duties. This Committee shall comprise a minimum of three and a maximum of five Non-executive Directors, and the majority of the Independent Directors must serve on this Committee. The Committee's president must be an Independent Director.

At January 1, 2016, the composition of the Corporate Governance Committee was as follows:

- Coloma Armero Montes (President)
- Gabriel Jaramillo Sanint (Member)
- Juan Pelegrí y Girón (Secretary)

Between January 1, 2016 and the date of this Report, the foregoing composition of the Corporate Governance Committee has been amended as a result of the appointment of Gabriel Jaramillo Sanint, by a resolution of the Board of Directors of January 24, 2017, as President of the Corporate Governance Committee, to replace Coloma Armero Montes who vacated her office as a result of her appointment as President of the aforementioned Audit Committee.

As a result of the above modification, the composition of the Board of Directors at the date of this Report is as follows:

- Gabriel Jaramillo Sanint (President)
- Coloma Armero Montes (Member)
- Juan Pelegrí y Girón (Secretary)

3. Director remuneration policy

Pursuant to the Bylaws and Regulations of the Board of Directors, Board members are entitled to receive remuneration from the Company, comprising (i) a fixed salary and, as the case may be, (ii) per diems for attendance of Board and Committee meetings.

Moreover, Executive Directors will receive remuneration in respect of each and every one of the following items:

- (i) a fixed component, commensurate with the services performed and responsibilities assumed;
- (ii) a variable component, linked to an indicator of the performance of the Board member or of the Company;
- (iii) a welfare benefit comprising pension or insurance contributions; and
- (iv) severance in the event of dismissal or any other type of termination of the legal relationship with the Company not attributable to a breach by the Board member.

The total remuneration payable by the Company to Board members taken as a whole shall not exceed the amount stipulated by the shareholders at the General Meeting. The exact consideration payable shall be set by the Board of Directors, pursuant to the proposal of the Nominating and Compensation Committee, without exceeding the limit established by the shareholders at their General Meeting. The Board shall also be responsible for determining the allocation among the various Board members, the criteria to be followed, the timing of payment, and other issues not expressly considered by the shareholders at their General Meeting.

4. Director remuneration

A.1. Director remuneration for 2015

As indicated in the Report on the Compensation of Directors and Senior Executives for the year ended December 31, 2015, and as a result of the entry into force of Law 31/2014 of 3 December 2014, amending the Spanish Companies Act to improve Corporate Governance and, specifically, in view of the provisions of section two, letter a, of the transitional provision, the Board of Directors decided to submit the Report on the Compensation of Directors and Senior Executives for the year ended December 31, 2014 to the General Shareholders' Meeting held on June 16, 2015, in its consultative capacity, for approval. In line with the aforesaid provision, the General Shareholders' Meeting approved the director remuneration policy for a period of three years as from the date of the Meeting. The Committee has therefore not submitted to the Board of Directors the proposal referred to in Article 48.3 of the Company Bylaws, which provides that the exact amount to be paid, subject to the limit set by the General Shareholders' Meeting, and the distribution thereof among the Directors, is determined by the Board of Directors after receiving a proposal from the Nominating and Compensation Committee. The proposed director remuneration for 2015 was therefore the same as that set for the previous year, the amount of which was stated in the 2015 Report and, for the reasons explained below, is transcribed once again in the following section.

A.2. Director remuneration for 2016

For the reasons set out in section A.1. above, i.e. due to the approval by the General Shareholders' Meeting, in its consultative capacity, of the Report on the Compensation of

Directors and Senior Executives for the year ended December 31, 2014, the proposed director remuneration for 2016 was the same as that set for the previous year, which consisted of:

- A total fixed (gross) annual compensation of €194,400, or the equivalent amount in US Dollars at the official exchange rate established by the European Central Bank (ECB) on the accrual date, to be paid exclusively, and based on the decision adopted by the Board of Directors on April 10, 2014, to the three Independent Directors and the Chairman of the Board of Directors as Executive Director, in the amount of €48,600 (gross) to each of them, and
- Per diems for attending the Meetings of the Board of Directors and its Committees, in a total amount of €2,000 (gross), the total aggregate annual amount (gross) of which for all of the Directors not exceeding €72,000, on the following terms:
 - i. The above attendance per diem shall be paid exclusively to Independent Directors.
 - ii. Directors who, on a given day, attend a meeting of the Board of Directors and/or one or more meetings of the Committees shall be entitled to receive a single per diem in the amount of €2,000 (gross).
 - iii. Directors shall not be entitled to receive attendance per diems where resolutions are adopted in writing without a meeting.
- Independent Directors shall be entitled to receive an attendance per diem for attending meetings of the Board of Directors or its Committees by videoconference or other permitted electronic media.
- The Company shall cover Directors' travel expenses (airfare to the location where the meeting is held, lodging and local transportation) for attending meetings of the Board of Directors or its Committees.

Consequently, in accordance with the aforementioned resolutions adopted by the Board of Directors on April 10, 2014, the maximum annual overall amount for 2016 is distributed as follows:

- (i) A total fixed (gross) annual compensation of €194,400, or the equivalent amount in US Dollars at the official exchange rate established by the European Central Bank (ECB) on the accrual date.
- (ii) €2,000, as the individual per diem (gross) for attending the meetings of the Board of Directors and its Committees, in accordance with the terms set forth above.

Each of the Company's three Independent Directors and Jaime Muguiro Domínguez are therefore entitled to receive the following fixed compensation in 2016:

Director	Total compensation for 2016 (gross)
Jaime Muguiro Domínguez	Euros 48,600
Coloma Armero Montes	Euros 48,600
Gabriel Jaramillo Sanint	Euros 48,600
Rafael Santos Calderón	Euros 48,600

Likewise, in relation to the attendance per diems to which each of the Company's three Independent Directors are entitled for attending the meetings held in 2016, it is placed on record that, as a result of the irregularities identified in the acquisition of the properties in Planta de Maceo (Antioquía, Colombia) and which have been reported to the market as Relevant Information, the Nominating and Compensation Committee, the Audit Committee and the Board of Directors have held a large number of extraordinary meetings that were not scheduled in the meeting calendars approved by such bodies at the beginning of the year, all of them to deal with matters relating to Maceo. Such additional sessions were as follows:

- Audit Committee: September 23, October 4, October 19, November 25 and December 16.
- Nominating and Compensation Committee: October 4
- Board of Directors: October 4

The aforementioned per diems limit, set at €72,000 (gross) has therefore been exceeded by €26,294 (gross), i.e. per diems in 2016 stood at 36.5% above the amount provided for in the aforementioned compensation policy.

In light of the above, at its meeting of December 17, 2016, and as proposed by the Nominating and Compensation Committee at its meeting of December 16, 2016, the Board of Directors resolved to propose that the General Shareholders' Meeting to be held in 2017 approve the excess per diems, i.e. €26,294 (gross), in respect of the meetings held by the Audit Committee on September 23, October 4, October 19, November 25 and December 16.

Accordingly, the amount of attendance per diems to be received by the independent directors in 2016 is as follows:

Director	Total per diems for meeting attendance (gross)
Coloma Armero Montes (13)	Euros 34,102
Gabriel Jaramillo Sanint (11)	Euros 30,090

5. Senior Executives

According to the Regulations of the Board of Directors, senior management consists of the Company's top executives who report directly to the Board of Directors or the Company's most senior executive, and any other Directors whom the Board of Directors recognizes as such.

Senior Management is primarily responsible for implementing the strategy devised by the Board of Directors. Pursuant to the Bylaws and prevailing legislation, the Board of Directors shall grant powers to Senior Management and authorize Senior Executives to act on the Company's behalf.

Notwithstanding, given that Cemex Latam is a "holding" company and parent of a group ("**Cemex Latam Group**"), its senior executives are the executives of the subsidiaries forming part of such group. These senior executives of the Cemex Latam Group also report to the Company's Board of Directors or most senior executive, implementing the strategy devised by this managing body, which is also competent to establish their powers and authority to represent the Company, in line with the Bylaws and applicable statutory provisions.

At year-end 2016, the Cemex Latam Group's Senior Executives were as follows:

- **Jaime Muguero Domínguez**

General Manager (CEO) of the 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:

- **Josué R. González Rodríguez**

CFO of the Cemex Latam Group and of CEMEX Colombia

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

- **Fernando Enríquez Martell**

Vice President of Operations at the Cemex Latam Group and CEMEX Colombia

As head of Operations for the countries covered by the Cemex Latam Group, Mr. Enríquez 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. Enríquez is also directly responsible for operations in Colombia.

▪ **Francisco Aguilera Mendoza**

Vice President of Planning at the Cemex Latam Group and CEMEX Colombia

As head of Strategic Planning for the countries covered by the Cemex Latam Group, Mr. 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 the strategic planning of operations in Colombia.

▪ **Ana María Gómez Montes**

Legal Affairs Director at the Cemex Latam Group and Compliance Officer at the Cemex Latam Group.

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

▪ **Ricardo Naya Barba**

Director of Cemex Colombia

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

▪ **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.

▪ **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.

▪ **Yuri de los Santos Llanas**

Director of Cemex Nicaragua and El Salvador

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

▪ **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.

▪ **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 management remuneration

The 11 Senior Executives forming the senior management team of Cemex Latam and its subsidiaries at December 31, 2016 have received a total aggregate amount of US\$6.2 million (€5.8 million) from the Cemex Latam Group for all items of the theoretical compensation package.

Members of senior management of Cemex Latam 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 bonuses.

In 2016, certain Senior Executives who were entitled to do so finished benefiting from the Long-Term Bonus Plan (common share certificates, or "CPOs") of CEMEX, S.A.B. de C.V. ("CEMEX"), which they enjoyed before the incorporation of the Cemex Latam Group and up until February 2013.

Consequently, in 2016, they received, with or without restrictions, the CEMEX common share certificates corresponding to the annual blocks previously established in the incentive plans applicable through February 2013.

In addition, and effective January 1, 2013, the Senior Executives were included in the Company-share-based Long-Term Incentive Plan (“PILP”) approved by the Board of Directors having received a report from the Nominating and Compensation Committee at its January 16, 2013 meeting.

The Company assigned to seven Senior Executives a total of 108,494 treasury shares, which were charged to the Long-Term Incentive Plan for 2016 (“PILP 2016”). The closing share price for April 15, 2016 was used to determine the number of shares to be assigned under PILP 2016 in the case of the RS CLH ABR15 plan and that for June 30, 2016 in the case of the RS CLH JUN16 plan.

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

The shares assigned to Senior Executives have been blocked off within the Company's treasury shares until delivery to the executives in accordance with the timetable set forth for the 2016 PILP. The first annual block of Company shares shall be transferred to the group of Senior Executives on May 1, 2016 in the case of the RS CLH ABR16 plan and on July 1, 2017 in the case of the RS CLH JUN16 plan.

In 2016, three (3) of the eleven (11) Senior Executives received shares under the Long-Term Bonus Plan (common share certificates, or “CPOs”) of CEMEX, S.A.B. de C.V. (“CEMEX”) as they were at companies other than the Cemex Latam Group companies in that year. A total of 1,770,081 shares were assigned.

One (1) of the eleven (11) Senior Executives did not receive shares under a CEMEX Latam long-term bonus plan in 2016, as he joined the group at the end of the year.

In addition to the aforementioned remuneration package, Cemex Latam's Senior Management also receives:

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

Madrid, 27 March 2017