

**REPORT ON IMPLEMENTATION OF CORPORATE BEST
PRACTICES**

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

NAME OF ISSUER: CEMEX LATAM HOLDINGS, S.A.

LEGAL REPRESENTATIVE: ANA MARÍA GÓMEZ MONTES

**LEGAL REPRESENTATIVE DESIGNATED TO SUBMIT
IMPLEMENTATION REPORT: ANA MARÍA GÓMEZ MONTES**

REPORTING PERIOD: YEAR ENDED DECEMBER 31, 2016

REPORTING DATE: MARCH 24, 2017

INTRODUCTION

Issuers must report to the Financial Superintendency of Colombia (SFC) on the implementation of the recommendations set forth in the new Colombian Code of Corporate Best Practices by means of this Report on Implementation of Corporate Best Practices.

The purpose of this report is to inform the securities market of whether each issuer has implemented the recommendations set forth in the Code. Next to each recommendation are three boxes marked YES, NO and N/A and space to supplement the reply as follows:

If the answer is YES, the issuer should briefly describe how the recommendation has been implemented. If the answer is NO, the issuer should briefly explain why the recommendation has not been implemented.

The issuer may only reply N/A if the recommendation cannot be adopted for legal reasons. In such case, it should indicate the specific regulation preventing implementation.

As some recommendations comprise a series of points, they shall only be considered implemented where all such points have been met, unless there are legal reasons for failing to implement any of the points, which must be indicated.

There is a box in which to indicate the date on which the issuer first implemented the recommendation. There is also a box to record the dates on which modifications have been made.

Lastly, where due to its nature, an issuer does not have the specific body referred to in a recommendation, the recommendation shall be understood to refer to the equivalent internal body or that performing analogous functions.

EXPLANATORY NOTE

CEMEX LATAM HOLDINGS, S.A. (hereinafter indistinctly the “**Company**”, “**Cemex Latam**” or “**CLH**”) was incorporated on April 17, 2012 as a Spanish public limited liability company (sociedad anónima), for an unlimited period. Its registered office is located at Calle Hernández de Tejada, 1, Madrid and it is therefore a Spanish company.

The Cemex Latam Group is a sub-group of the corporate group of which the parent, CEMEX España, S.A., is the main shareholder (hereinafter “**CEMEX España Group**” or “**Cemex España**”, as appropriate).

The Company is part of an international cement and building materials group, CEMEX Group (hereinafter “**Cemex Group**”), of which the ultimate parent is CEMEX, S.A.B. de C.V. (hereinafter “**Cemex S.A.B. de C.V.**”), which is domiciled in Monterrey (Mexico) and listed on the Mexican Stock Exchange (BMV) and the New York Stock Exchange (NYSE).

The statutory activity of the Company consists of the management and administration of equity securities of companies engaged mainly in the manufacture and sale of cement and other building materials in South and Central America and the Caribbean. At the date of this report, the main operations of the Cemex Latam Group are located in Colombia, Panama, Nicaragua, Costa Rica, Guatemala, El Salvador and Brazil.

The Company carried out an IPO in Colombia of approximately 26% of its share capital in November 2012. Its shares began trading on the Colombian Stock Exchange on November 16, 2012.

Given that it is not a Spanish public limited liability company, Cemex Latam is not subject to Spanish corporate governance legislation applicable to corporations listed on Spanish stock markets and, since it is not a Colombian company, neither is it governed by similar provisions of best practice regulations applicable to Colombian issuers whose shares are listed on the BVC.

However, Cemex Latam opted to voluntarily comply with the best practice stipulations contained in the former Unified Code of Good Governance and has decided to comply with the equivalent practices set forth in the Good Governance Code of Listed Companies, and with the best practice provisions applicable to Colombian issuers. Since being admitted to trading, Cemex Latam’s corporate governance system has adhered to these best practice provisions, as well as to best practice on an international level. It is for this reason that the Company has decided to voluntarily complete this questionnaire.

To improve the reader's understanding, the following terms used in this questionnaire are defined below:

- “External Auditor”: the term used to translate the Spanish term “Revisor Fiscal”, which, in the case of the Company, is KPMG Auditores, S.L.P.
- “**Committee**”: term used to translate the Spanish term “Comisión” when referring to the Audit Committee, the Nominating and Compensation Committee and the Corporate Governance Committee.
- “Director”: member of the Board of Directors.
-
- “Board of Directors”: the Company’s board of management.
-
- “Bylaws”: the Company’s Bylaws
-
- “Cemex Group”: the group of subsidiaries headed by Cemex S.A.B. de C.V.
-
- “Cemex España Group”: the group headed by Cemex España, S.A.
-
- “Cemex Latam Group” or “CLH Group”: the group headed by Cemex Latam Holdings, S.A.
- “General Shareholders’ Meeting”: term used to refer to the general meeting of shareholders.
-
- “SCA”: the Spanish Companies Act, the law that governs the Company.
-
- “Internal regulations”: the Company Bylaws, the Shareholders’ Meeting Regulations, the Board Regulations and any other internal regulations approved by the Board of Directors.
-
- “RBD”: Regulations of the Board of Directors of the Company
-
- “RGSM”: Regulations of the General Shareholders’ Meeting.
-

I. EQUAL TREATMENT AND RIGHTS OF SHAREHOLDERS

Measure No. 1: Principle of equal treatment.

1.1. The company gives equal treatment to all holders of shares of a single class that confer the same rights. This does not entail providing certain shareholders with privileged information.

1.1 Has the measure been implemented? YES NO N/A

YES. Briefly describe: The share capital of the Company comprises shares of the same class and series which grant their legitimate holder the status of shareholder, conferring the rights and obligations enshrined in the SCA and the Company's internal regulations. This information is stipulated in articles 5 and 8 of the Company Bylaws and the RGSM.
NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Implementation date	16/11/2012
Date of modification	

1.2. The Board of Directors has approved a specific procedure defining the company practices **for communicating with different types of shareholders**. It covers matters such as access to information, handling of information requests, communication channels, and methods of interaction between shareholders and the company, the Board of Directors and other directors.

1.2 Has the measure been implemented? YES NO N/A

YES. Briefly describe:
NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted: As indicated in the preceding measure, CLH's shares are all of the same class and series and confer the same rights to all shareholders, and there is therefore no need to approve any specific procedure governing relations with different types of shareholders.

--

Date of implementation	
Date of modification	

Measure no. 2: Share information.

2.1. On its website, **the company informs the public** clearly, accurately and in full **of the different classes of share issued** by the company, the number of shares issued for each class, the number of shares not issued, and the rights and obligations conferred by each class of share.

2.1 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: The section on "Stock Information" on the Company website indicates that the shares are ordinary shares of a single class conferring the same rights, as set forth in the Company's internal regulations, which are likewise available on the corporate website. The aforementioned website also indicates the number of treasury shares held at year end.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	16/11/2012
Date of modification	31/12/2016

Measure no. 3: Non-dilution of share capital.

3.1. For **transactions that may lead to dilution of the share capital** held by non-controlling shareholders (in the event of a share capital increase in which preferential subscription rights are waived, a merger, spin-off or carve-out, among others), **the company provides shareholders with a detailed explanation of the transaction** in a preliminary report issued by the Board of Directors which includes a fairness opinion on the terms of the transaction issued by a recognized independent external advisor appointed by the Board of Directors. These reports are made available to shareholders before the GSM within the legally established time limits for exercising the right to inspect the reports.

3.1 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: Although no transaction has been carried out to date that could result in dilution of share capital, in the event that one were carried out, pursuant to article 2.1 of the Company Bylaws read in conjunction with the SCA, the Board of Directors and an independent expert other than the statutory auditor must each issue a report when notice of the General Shareholders' Meeting is issued.</p>
<p>NO. Explain:</p>

N/A. Specify the regulations that prevent the recommendation from being adopted:	
--	--

Date of implementation	01/10/2012
Date of modification	16/06/2015

Measure no. 4: Reporting and communication with shareholders.

4.1. The company has a corporate website, in Spanish and English, with a section on corporate governance or shareholder and investor relations, or the equivalent thereof, which sets out financial and non-financial information on the terms proposed by recommendations 32.3 and 33.3. In no event may confidential company information, information relating to trade secrets, or any other information that could be used to the detriment of the company, be posted therein.

4.1 Has the measure been implemented? YES NO N/A

YES. Briefly describe: Pursuant to article 45 of the RBD, the website includes the information indicated in this measure in the section "Investor Center" (in English) / "Inversionistas" (in Spanish).
NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	16/11/2012
Date of modification	20/06/2016

4.2. The company has mechanisms providing permanent access and use solely for shareholders such as a link providing shareholders with exclusive website access, or an investor or shareholder relations office, or periodic information meetings, among others, by means of which shareholders may express their opinions or voice their concerns or suggestions on the company or on their situation as shareholders.

4.2 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: The Company website contains a link that only current or probable future shareholders can use to submit queries to or request information from the Investor Relations department. Furthermore, when the General Shareholders' Meeting is called, a special office with an investor hotline is set up at the corporate headquarters in Bogotá and Madrid. The Head of Investor Relations takes part in various investor forums in order to shed light as needed on the Company's results and business strategy. Specifically:</p> <ul style="list-style-type: none"> - Each year, the Company takes part in between 16 and 19 variable income conferences organized by the banks whose analysts cover CLH, as well as an average of 4 "non-deal roadshows" per year with the CEO and Head of Investor Relations taking part. - The Investor Relations department dealt with 357 investors face-to-face in 2016, and fielded a similar number of calls from investors. - During 2016 the Company visited 8 countries in an effort to approach investors and address their concerns.
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	16/11/2012
Date of modification	

4.3. The company organizes quarterly earnings presentations for shareholders and analysts which may be attended in person or via distance communication media (conference calls, videoconferencing, etc.).

4.3 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: CLH holds quarterly earnings presentations which may be attended in person or by videoconferencing. The information needed to connect via videoconferencing is published sufficiently in advance. Once the event has finished, the content is posted to the website.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	16/11/2012
Date of modification	

4.4. The company organizes or takes part in presentations, events or fixed-income fora held mainly for **investors in debt instruments and market analysts** during which the issuer

provides an update on its business indicators, management of its liabilities, its financial policy, ratings, and status regarding any covenants, etc.

4.4 Has the measure been implemented? YES NO N/A

YES. Briefly describe:
NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted: The Company has not raised any debt on the capital markets and so does not take part in any fixed-income events or fora.

Date of implementation	
Date of modification	

4.5. Pursuant to the company Bylaws, shareholders or groups of shareholders representing at least five percent (5%) of share capital may request that a specialized audit be performed of matters other than those audited by the statutory auditor of the company. Based on its capital structure, the company may establish a threshold below five percent (5%).

4.5 Has the measure been implemented? YES NO N/A

YES. Briefly describe: Shareholders representing at least 5% of share capital may request specialized audits pursuant to article 53 of the Company Bylaws.
NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	01/10/2012
Date of modification	16/06/2015

4.6. The company has a written procedure for exercising this right in accordance with the details set forth in recommendation 4.6.

4.6 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe:</p>
<p>NO. Explain: The Company does not have such a written procedure. All information on the specialized audits is contained in article 53 of the Company Bylaws, which covers all the details contained in recommendation 4.6., except for point (vi).</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	
Date of modification	

Measure no. 5: Action by the Directors in the event of transactions to change control or take over the company.

5.1. In their acceptance letters or contracts, members of the Board of Directors and senior management personnel expressly accept that from the date a takeover bid or other relevant transaction such as a merger or spin-off is announced, there will be a period during which they undertake not to deal in company shares either directly or indirectly through a third party.

5.1 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe:</p>
<p>NO. Explain: Neither the Directors nor the senior management personnel have expressly accepted the prohibition referred to in this measure in their acceptance letters or contracts. Nonetheless, given that they are subject to Cemex policies to which the Company has signed up, both the Directors and the senior managers are obliged to observe the “quiet period” provided for in the internal Confidential and Privileged Information Policy. The above quiet period is the period during which dealings with securities are not permitted where so notified by the relevant internal department, ten days after the close of each quarter and where in possession of relevant non-public information, such as the transactions referred to in this recommendation.</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	
Date of modification	

Measure no. 6: Listing of shares in companies that form part of conglomerates.

6.1. Notwithstanding the independence of each company that forms part of the conglomerate and the responsibilities of its managing bodies, **the organizational structure** of the conglomerate defines, for each of the three (3) levels of governance – General Shareholders’ Meeting, Board of Directors and senior management personnel – the bodies and key individual positions, and the relationship between them, which is public, clear and transparent, enabling clear lines of responsibility and communication to be established, and facilitating the strategic orientation, oversight, control and effective management of the conglomerate.

6.1 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: The conglomerate has an organizational structure that is published on the website.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	01/10/2012
Date of modification	

6.2. The **Parent and its main subsidiaries have defined a framework for institutional relations** by signing a public agreement governing the matters indicated in recommendation 6.2, which has been approved by the board of directors of each company.

6.2 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: The Framework Agreement signed on October 5, 2012 by CLH, CEMEX, S.A.B. de C.V. and CEMEX España, S.A. governs intra-group relations. The above agreement is available on the corporate website.</p>
<p>NO. Explain:</p>

N/A. Specify the regulations that prevent the recommendation from being adopted:
--

Date of implementation	16/11/2012
Date of modification	

Measure no. 7: Dispute resolution.

7.1. With the exception of disputes among shareholders, or between the shareholders and the company or its Board of Directors, which by express legal authority must necessarily be settled before the ordinary courts, **the company Bylaws provide mechanisms for dispute resolution such as direct agreement, amiable composition, conciliation and arbitration.**

7.1 Has the measure been implemented? YES NO N/A

YES. Briefly describe:
NO. Explain: The final provision of the Bylaws refers only to the legal jurisdiction for disputes.
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	
Date of modification	

I. GENERAL SHAREHOLDERS' MEETING

Measure no. 8: Functions and powers.

8.1. In addition to the other functions legally conferred on the General Shareholders' Meeting, **the company Bylaws expressly define the functions of the General Shareholders' Meeting indicated in recommendation 8.1.,** emphasizing their exclusive and non-delegable nature.

8.1 Has the measure been implemented? YES NO N/A

YES. Briefly describe: Article 18 of the Company Bylaws regulates the matters conferred on the General Shareholders' Meeting by the SCA, which includes the functions indicated in recommendation 8.1.	
NO. Explain:	
N/A. Specify the regulations that prevent the recommendation from being adopted:	

Date of implementation	01/10/2012
Date of modification	16/06/2015

Measure no. 9: Regulations of the General Shareholders' Meeting.

9.1. The company has Regulations of the General Shareholders' Meeting which govern all matters affecting it, from calling the meeting to preparing the information for the shareholders, attendance, conducting the meeting and exercise of the voting rights of the shareholders so that they are fully informed of the entire regime for conducting meeting sessions.

9.1 Has the measure been implemented? YES NO N/A

YES. Briefly describe: Since its IPO, the Company has had in place Regulations of the General Shareholders' Meeting which govern the matters indicated in this measure and have been amended during 2015 to (i) adapt them to the changes introduced by Law 31/2014 of December 3, 2014 amending the Spanish Companies Act with a view to improving corporate governance; (ii) comply as far as possible with the recommendations for voluntary monitoring of good governance subject to the principle of "comply or explain" set out in the new Good Governance Code of Spanish listed companies and the recommendations for good governance in Colombia; (iii) modify certain aspects of the organization and operation of the General Shareholders' Meeting which have been revealed as requiring adjustment during the three-year life of the Company; and (iv) include clarifications of the wording or make technical improvements to certain articles. The Regulations of the General Shareholders' Meeting are published on the corporate website and filed with the Madrid Mercantile Registry.	
NO. Explain:	

N/A. Specify the regulations that prevent the recommendation from being adopted:	
--	--

Date of implementation	01/10/2012
Date of modification	15/06/2015

Measure no. 10: Notice of General Shareholders' Meeting.

10.1. To enable shareholders to exercise their right of information, **the company Bylaws provide that the ordinary General Shareholders' Meeting must be called with at least thirty (30) calendar days' notice** and that **extraordinary meetings must be called with at least fifteen (15) calendar days' notice**. Notwithstanding the legal provisions for corporate reorganizations (for example, merger, spin-off or alteration of legal form).

10.1 Has the measure been implemented? YES NO N/A

YES. Briefly describe:
NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted: As a Spanish company, its internal regulations contain the provisions of the SCA. Article 20 of the Company Bylaws and article 8 of the RGSM therefore make reference to the provisions of the applicable Spanish legislation. In this regard, article 176 of the SCA provide for a minimum prior call of 30 days for both ordinary and extraordinary meetings.

Date of implementation	01/10/2012
Date of modification	16/06/2015

10.2. In addition to the traditional and obligatory means provided for in the legal framework, **the company ensures maximum dissemination and publication of meeting notices** through the use of electronic means such as the corporate website, individual e-mail alerts and even, where pertinent, social networks.

10.2 Has the measure been implemented? YES NO N/A

YES. Briefly describe: Article 20 of the Company Bylaws and article 8 of the RGSM stipulate that notice of meetings must be published in at least: (i) the Official Gazette of the Spanish Mercantile Registry or in a
--

widely circulated Spanish daily newspaper; (ii) on the website of the Financial Superintendency of Colombia or such body as might perform its duties in future; (iii) on the Company website.
NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	01/10/2012
Date of modification	

10.3. To increase the transparency of decision-making during the General Meeting, **simultaneously with notice of the meeting, or at least with fifteen (15) calendar days' notice, the company provides shareholders with resolution proposals** in respect of each item on the agenda to be submitted to the General Shareholders' Meeting by the Board of Directors, in addition to the agenda stating, item by item, the issues to be discussed at the meeting.

10.3 Has the measure been implemented? YES NO N/A

YES. Briefly describe: Pursuant to article 10 of the RGSM, along with the meeting notice, shareholders receive the full text of resolution proposals with at least 30 days' notice.
NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	01/10/2012
------------------------	------------

Date of modification	
----------------------	--

10.4. A partial spin-off may only be analyzed and approved by the General Shareholders' Meeting if this agenda item has been expressly included in the notice of meeting.

10.4 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: Article 18.1.(i) of the Company Bylaws stipulates that, among other matters, the General Shareholders' Meeting shall decide whether to approve the spin-off. Similarly, pursuant to article 9.3. of the RGSM, the General Shareholders' Meeting may not deliberate or decide on matters that are not included in the meeting agenda distributed with the meeting notice.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	01/10/2012
Date of modification	16/06/2015

10.5. The agenda proposed by the Board of Directors accurately reflects the content of the matters to be addressed and does not conceal or mask important matters by using inaccurate, generic, overly general or broad terms such as "other" or "proposals and other".

10.5 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: The items on the agenda are broken down by section and, where appropriate, subsection, duly identifying the matters to be voted on by topic.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	17/04/2012
Date of modification	

10.6. In the event of amendments to the company Bylaws, separate votes are taken on all articles or groups of articles that are materially independent. In any case, a separate vote is held on an article if a shareholder or group of shareholders representing at least five percent (5%) of the share capital so requests during the Meeting, a right of which the shareholders are previously apprised.

10.6 Has the measure been implemented? YES NO N/A

YES. Briefly describe:
NO. Explain: Per the provisions of article 33 of the RGSM, separate votes are taken on the amendments of Bylaw articles or groups of articles that are materially independent. Nonetheless, the right of shareholders to request separate voting is not provided for.
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	16/06/2015
Date of modification	

10.7. Notwithstanding the provisions of article 182 of the Commercial Code, in order to reinforce and guarantee the right of inspection and information of the shareholders prior to the General Meeting, the company Bylaws recognize the right of shareholders, irrespective of the size of their shareholdings, to propose that one or more items be included on the agenda for discussion at the General Shareholders' Meeting, within reasonable limits and provided the request to include new agenda items is duly justified. Shareholders must file the request within five (5) calendar days from publication of the meeting notice.

10.7 Has the measure been implemented? YES NO N/A

YES. Briefly describe:

<p>NO. Explain: As a Spanish company, its internal regulations refer to the provisions of the SCA. Thus, article 9.2. of the RGSM, states that only shareholders representing at least 3% of share capital may request the publication of an addendum to the notice of the General Shareholders' Meeting, including one or more agenda items, provided justification for the request is given or, where appropriate, a justified resolution proposal, within five calendar days from the publication of the meeting notice.</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	
Date of modification	

10.8. If the Board of Directors rejects a request, **it is obliged to reply in writing** thereto where it is supported by at least five percent (5%) of the share capital, or a smaller percentage established by the company on the basis of the degree of concentration of ownership, **setting out the reasons for the decision and** informing shareholders of their right to submit proposals during the Meeting, pursuant to the aforementioned article 182 of the Commercial Code.

10.8 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: As a Spanish company, its internal regulations refer to the provisions of the SCA. Thus, article 9.2 of the RGSM and article 519 of the SCA provide that where such a request is made by at least three percent (3%) of the capital stock by the deadline envisaged in the above article, and such a request is made by duly authenticated means sent to the registered office, which must be received within five (5) days of the publication of the meeting call, the Board of Directors may not reject the request. Thus, where any of the requirements referred to above are not met by the shareholders, the request will be rejected in writing where it was proposed by at least three percent (3%) of the share capital.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	
Date of modification	

10.9. If the Board of Directors accepts the request after the deadline for shareholders to propose agenda items in accordance with the above recommendations, **an addendum to the notice of the General Shareholders' Meeting is published at least** fifteen (15) calendar days before the meeting.

10.9 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: Pursuant to article 9.2. of the RGSM, the Company will publish the addendum to the meeting notice at least fifteen days before the General Shareholders' Meeting.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	01/10/2012
Date of modification	16/06/2015

10.10. Within the deadline indicated in point 10.7. **shareholders may also submit new resolution proposals and their arguments to support them** in respect of items already included on the meeting agenda. In such cases, the Board of Directors acts as indicated in points 10.8 and 10.9 above.

10.10 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe:</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted: As noted in the above recommendations, as a Spanish company, its internal regulations refer to the provisions of the SCA. Thus, article 9.2 of the RGSM provide that shareholders representing at least 3% of the capital stock may submit proposals in respect of items already on the agenda or that must be included within five days of the date on which the meeting call is published.</p>

--

Date of implementation	01/10/2012
Date of modification	16/06/2015

10.11. The company undertakes to use electronic means of communication, mainly the shareholders only section of the corporate website, to provide them with the documents and information associated with each item on the meeting agenda.

10.11 Has the measure been implemented? YES NO N/A

YES. Briefly describe:
NO. Explain: All documentation legally required for the General Shareholders' Meeting is published on the public-access section of the corporate website, not that reserved solely for shareholders.
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	
Date of modification	

10.12. The company Bylaws confer on shareholders the right to request with sufficient notice any information or clarifications deemed pertinent through traditional channels and/or, where appropriate, using new technologies, or to submit in writing any questions they consider necessary regarding the items included on the agenda, the documentation received or the public information provided by the company. Depending on the length of prior notice chosen by the company for calling the General Shareholders' Meeting, the company shall determine the period within which shareholders may exercise this right.

10.12 Has the measure been implemented? YES NO N/A

YES. Briefly describe: Pursuant to article 11 of the RGSM, from the date of publication of the meeting notice until the fifth day prior to the General Shareholders' Meeting, shareholders may request in writing any information or clarifications they deem necessary or submit the questions they consider pertinent on the items included in the agenda or the documentation made available along with the meeting notice.
NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:	
--	--

Date of implementation	01/10/2012
Date of modification	16/06/2015

10.13. The company has made provision for requested information to be refused where, in accordance with the internal procedures, it may be deemed: i) unreasonable; ii) irrelevant for the purpose of ascertaining the progress or interests of the company; iii) confidential, including privileged information on securities trading, trade secrets, ongoing operations, the success of which depends substantially on secrecy; and iv) information the disclosure of which places the competitiveness of the company at serious imminent risk.

10.13 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: Pursuant to article 11.4 of the RGSM, directors are not obliged to attend to information requests in the following cases: (i) where the information is unnecessary to safeguard the rights of the shareholders, or there are objective reasons to believe that it might be used for non-corporate ends, or the disclosure thereof could undermine the Company or related companies. This exception shall not apply if the request is supported by shareholders representing at least twenty-five percent (25%) of share capital; (ii) where the request for information or clarification refers to information clearly, explicitly and directly available to all shareholders on the corporate website in Q&A format, in which case the directors may limit their reply to referring to the information provided therein; (iii) where the request for information or clarification does not relate to items included on the agenda, or available to the public and filed with the Financial Superintendency of Colombia since the last General Shareholders' Meeting, or the audit report or the documentation made available at the time of publication of the meeting notice, even if not included on the agenda; or (iv) where provided otherwise by law or in the Bylaws.</p>
NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	01/10/2012
Date of modification	16/06/2015

10.14. Where the reply given to a shareholder might place the shareholder at an advantage, **the company immediately makes the reply available to the other shareholders** in accordance with the mechanisms provided for that purpose, and on the same terms.

10.14 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: Pursuant to article 11.2 of the RGSM, any written replies by the directors will be posted on the website to which all shareholders have access.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	16/06/2015
Date of modification	

Measure no. 11: Rules of representation.

11.1. Notwithstanding the limits set forth in article 185 of the Commercial Code, External Circular 24 of 2010 and regulations amending, supplementing or replacing them, **the company does not limit the right of shareholders to be duly represented at the General Shareholders' Meeting**, and to delegate their vote to any person, whether or not a shareholder.

11.1 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: Pursuant to article 14 of the RGSM, shareholders may exercise their right to attend in person or through a proxy, whether or not the latter is a shareholder, at the General Shareholders' Meeting, complying with legal requirements and internal regulations. Pursuant to article 522 of the SCA, any clauses in the bylaws limiting the right of shareholders to be represented by any person at General Meetings shall be deemed null and void.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	01/10/2012
Date of modification	

11.2. The company minimizes the use of blank proxy voting without voting instructions, actively encouraging the use of a standard letter of representation form, which the company itself sends to shareholders or publishes on its website. The form includes the items on the agenda and the corresponding resolution proposals established in accordance with the above procedure, which shall be submitted for consideration by the shareholders so that they may, if they wish, indicate their vote on each item by proxy.

11.2 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: Pursuant to article 10 of the RGSM, templates of attendance, proxy and voting cards shall be published on the corporate website on publication of the meeting notice, including the delegation of blank proxy voting without instructions. This rule stipulates that in the event that these cards cannot be published for technical reasons, the Company must specify on its website how shareholders may obtain printed copies, which must be sent to the shareholders who so request. This card includes the agenda and an indication that the respective proposals are available on the website.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	01/10/2012
Date of modification	16/06/2015

Measure no. 12: Attendance of persons other than the shareholders.

12.1. To revitalize the role of the General Meeting in corporate decision making and make this body a far more participative one, the company GSM Regulations **require the members of the Board of Directors, particularly the presidents of the committees of the Board of Directors and the President of the company to attend the General Meeting** to address the concerns of the shareholders.

12.1 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: Pursuant to article 13 of the RGSM, members of the Board of Directors are required to attend the General Shareholders' Meeting.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

--

Date of implementation	01/10/2012
Date of modification	16/06/2015

NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	17/04/2012
Date of modification	

Measure no. 14: Regulations of the Board of Directors.

14.1. The Board of Directors has approved the internal regulations that govern its organization and operation, as well as the functions and responsibilities of its members, Chairman and Secretary, and their duties and rights. These regulations, which are binding on the members of the Board of Directors, are distributed to the shareholders.

14.1 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: The Regulations of the Board of Directors are not only filed with the Madrid Mercantile Registry but also published on the website to which all shareholders have access, pursuant to article 3. Furthermore, pursuant to article 2, the Regulations are binding on all directors. The RBD sets out, among other aspects, the rules and operation of the Board of Directors and the functions and responsibilities of all the directors, their rights and their duties.</p>
NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	01/10/2012
Date of modification	16/06/2015

Measure no. 15: Size of the Board of Directors.

15.1. The company has opted in its Bylaws not to appoint alternate members to the Board of Directors.

15.1 Has the measure been implemented? YES NO N/A

YES. Briefly describe:
NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted: Pursuant to article 529 <i>decies</i> of the SCA, listed corporations are not required to appoint alternates, and it has therefore not opted in its Bylaws not to appoint them.

Date of implementation	
Date of modification	

Measure no. 16: Formation of the Board of Directors.

16.1. Based on the premise that once all members of the Board of Directors have been chosen they will act in the interests of the company, **the company, in the interest of maximizing transparency, identifies the origin of the members of the Board of Directors** according to the scheme defined in recommendation 16.1.

16.1 Has the measure been implemented? YES NO N/A

YES. Briefly describe: The types of directors are indicated, but in accordance with the terminology set forth in the SCA and indicated in article 8 of the RBD. Thus, the article draws a distinction between executive directors, non-executive directors, proprietary directors and independent directors.
NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	01/10/2014
Date of modification	16/06/2015

16.2. The company has a procedure in place, expressed through the Nominating and Compensation Committee or other analogous body, which enables the Board of Directors, based on its own initiative and the conclusions of the annual reviews, to achieve the objectives indicated in recommendation 16.2.

16.2 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: The Nominating and Compensation Committee assesses the competencies, knowledge and expertise required of members of the Board of Directors. It defines the functions that must be covered in the event of a vacancy and evaluates the time and dedication required for members to discharge their duties effectively.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	01/10/2012
Date of modification	16/06/2015

16.3. The professional profiles identified as necessary are reported to the shareholders by the Board of Directors, such that the different stakeholders, namely majority or significant shareholders, families, shareholder groups and institutional shareholders, if any, and the Board of Directors itself, are in a position to identify the most suitable candidates.

16.3 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: Along with the notice of the General Meeting at which each director is to be ratified, appointed or re-elected, the Nominating and Compensation Committee shall publish on the website the report containing the results of the preliminary analysis by the Board of Directors referred to in the previous recommendation, as stated in article 26.6 of the RBD and other internal regulations. Thus, in 2016, on call for the Shareholders' Meeting at which the re-election and appointment of the current directors was approved, the report prepared by the Nominating and Compensation Committee was published on the Company's website, including the prior analysis of the needs of the Board of Directors.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	01/10/2012
Date of modification	16/06/2015

16.4. The company considers that the mere perusal of the CVs by the shareholders is insufficient for them to determine the suitability of candidates. Consequently, **an internal procedure has been implemented to evaluate any legal incompatibilities or disqualifications and determine whether the candidate is suitable for the needs of the Board of Directors.** It evaluates the set of criteria to be met by functional and personal candidate profiles, and verifies compliance with certain target requirements for membership of the Board of Directors and other additional requirements for independent membership.

16.4 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: Pursuant to article 9.3. of the RBD, in addition to providing the CVs of the directors, the Board of Directors and the Nominating and Compensation Committee will undertake to ensure that all directors (i) contribute some professional expertise and have experience related to the activity of the Company; (ii) have sufficient time to discharge their duties responsibly; and (iii) have the basic skills required to enable them to discharge their duties adequately. For this reason, the Company draws up questionnaires for the assessment of directors and committee members.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	01/10/2012
Date of modification	16/06/2015

16.5. In addition to the independence requirements already provided for in Law 964 of 2005, **the company has voluntarily adopted a stricter definition of independence** than that established in the aforementioned Law. This definition has been adopted as a reference framework through the Regulations of the Board of Directors. It includes, among other requirements to be evaluated, relationships or links of any kind between the candidate to independent membership and controlling or significant shareholders and related parties, national and foreign, and requires a dual declaration of independence: (i) from the candidate vis-à-vis the company, its shareholders and members of senior management, in its Letter of Acceptance, and (ii) from the Board of Directors on the independence of the candidate.

16.5 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: Article 8.2. of the RBD regulates the prohibitions for appointment as an independent director, among which are the requirements referred to in this measure.</p>
<p>NO. Explain:</p>

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	10/10/2012
Date of modification	16/06/2015

16.6. The company's its Internal Regulations state that it considers that the Board of Directors, through its Chairman and with the support of the Nominating and Compensation Committee or other analogous body, is the most suitable body to centralize and coordinate the process for forming the managing body prior to the General Shareholders' Meeting. Thus, shareholders wishing to form part of the Board of Directors on the basis of their shareholdings, can learn about the Board of Directors' needs and express their wishes, negotiate balances of shareholdings and the distribution between the different categories of board member, submit their candidates and be willing for such candidates to undergo an assessment of suitability by the Nominating and Compensation Committee before a vote is held at the General Shareholders' Meeting.

16.6 Has the measure been implemented? YES NO N/A

YES. Briefly describe: Pursuant to article 9.1. of the RBD, the results of the preliminary analysis of the needs of the Board of Directors set forth in the report or supporting proposal of the Nominating and Compensation Committee must be published on the Company website on publication of the notice of the General Shareholders' Meeting in which directors' appointments is to be decided. Thus, in 2016, on call for the Shareholders' Meeting at which the re-election and appointment of the current directors was approved, the report prepared by the Nominating and Compensation Committee was published on the Company's website, including the prior analysis of the needs of the Board of Directors.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	01/10/2012
Date of modification	16/06/2015

16.7. The Regulations of the Board of Directors stipulate that the assessment of suitability of candidates should be carried out prior to the General Shareholders' Meeting, so that the shareholders have sufficient information about the proposed candidates (personal qualities, suitability, career, experience, integrity, etc.) and sufficient time to make an adequate assessment.

16.7 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: The Regulations of the Board of Directors and the Regulations of the General Shareholders' Meeting both stipulate the obligation to include the following information with the proposed resolution for the appointment, re-election or ratification of directors that must be published along with the notice of the General Shareholders' Meeting: professional profile and biography of the director; membership of other boards of directors, irrespective of whether or not they are listed companies; category of directorship indicating, for proprietary directors, the shareholder proposing, or that proposed, their appointment or to which it is related; dates of first and successive appointments to a Company directorship; a supporting report from the Board of Directors assessing the competence, experience and merits of the proposed candidate; in the case of independent directors, the proposal by the Nominating and Compensation Committee and, additionally, in the case of non-independent directors, a report issued by the Nominating and Compensation Committee. Thus, on call for the Shareholders' Meeting held in 2016, the above information was published on the Company's website.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	01/10/2012
Date of modification	16/06/2015

Measure no. 17: Functional structure of the Board of Directors.

17.1. The Regulations of the Board of Directors provide that **independent and proprietary directors must always be in the majority with respect to executive directors**, of which the number, should they form part of the Board of Directors, is the minimum number needed to inform and ensure coordination between the Board of Directors and the senior management of the company.

17.1 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: The composition of the Board of Directors shall be such that non-executive directors shall be in the majority with respect to the executive directors and such that at least one third of the members of the board are independent directors. This obligation is enshrined in article 36.3. of the Company Bylaws.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

--

Date of implementation	1/10/2012
Date of modification	16/06/2015

17.2. Beyond the minimum twenty-five percent (25%) threshold for independent directors established in Law 964 of 2005, **the company may analyses and voluntarily increase the number of independent directors**, ensuring that, among other things, the number of independent directors is in proportion to the floating capital.

17.2 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: Independent directors make up 33% of the Board of Directors and are therefore in proportion to the floating capital.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	04/10/2012
Date of modification	

Measure no. 18: Organization of the Board of Directors.

18.1. The functions of the Chairman of the Board of Directors are listed in the company **Bylaws**, his main responsibilities being those established in recommendation 18.1.

18.1 Has the measure been implemented? YES NO N/A

YES. Briefly describe: The functions of the Chairman of the Board of Directors comprise the responsibilities indicated in recommendation 18.1. Though not governed by the Company Bylaws, they are set forth in article 15 of the RBD.
NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	01/10/2012
Date of modification	16/06/2015

18.2. The company’s internal regulations provide for the possibility of affording different treatment to **the Chairman of the Board of Directors vis-à-vis the other members**, in terms of both obligations and remuneration, due to the scope of his specific functions and his increased dedication in terms of time.

18.2 Has the measure been implemented? YES NO N/A

YES. Briefly describe:
NO. Explain: Given that the current Board Chairman is a proprietary director and not an executive director, he is not afforded any different treatment vis-à-vis the other proprietary directors in terms of compensation, although article 15 of the RBD provides for the specific obligations to be met by the Chairman
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	01/10/2012
Date of modification	16/06/2015

18.3. The company Bylaws set forth the rules for the appointment of the Secretary to the Board of Directors, foremost among which are those indicated in recommendation 18.3.

18.3 Has the measure been implemented? YES NO N/A

YES. Briefly describe: Although the rules for appointing the Secretary to the Board of Directors, which include those indicated in recommendation 18.3, are not regulated in the Company Bylaws, they are set forth in article 19 of the RBD. The Secretary shall in all cases be designated by the Board of Directors as proposed by the Chairman subject to a favorable preliminary report by the Nominating and Compensation Committee. The Secretary may or may not be a member of the Board of Directors.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	01/10/2012
Date of modification	16/06/2015

18.4. The Regulations of the Board of Directors establish the functions of the Secretary, among which are those indicated in recommendation 18.4.

18.4 Has the measure been implemented? YES NO N/A

YES. Briefly describe: The functions of the Secretary to the Board of Directors, which include those indicated in recommendation 18.4, are set forth in article 19.3. of the RBD.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	01/10/2015
Date of modification	16/06/2015

18.5. The Board of Directors has set up a Nominating and Compensation Committee

18.5 Has the measure been implemented? YES NO N/A

YES. Briefly describe: On 4 October 2012 the Board of Directors created the Nominating and Compensation Committee.

NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	04/10/2012
Date of modification	

18.6. The Board of Directors has set up a Risk Committee.

18.6 Has the measure been implemented? YES NO N/A

YES. Briefly describe:
NO. Explain: The Audit Committee supervises risk management systems, including tax risk, pursuant to article 25.6. of the RBD.
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	
Date of modification	

18.7. The Board of Directors has set up a Corporate Governance Committee.

18.7 Has the measure been implemented? YES NO N/A

YES. Briefly describe: On 4 October 2012 the Board of Directors set up the Corporate Governance Committee.
NO. Explain:

<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>	

Date of implementation	04/ 10/2012
Date of modification	

18.8. Where the company has considered that it is not necessary to set up a committee, its functions have either been distributed among the existing committees or have been assumed by the Board of Directors in full.

18.8 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: As indicated in measure 18.6. the functions of the Risk Committee have been assumed by the Audit Committee.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	01/10/2012
Date of modification	

18.9. Each committee of the Board of Directors has internal regulations governing the details of its formation, matters, functions that the committee must carry out and operation, paying special attention to the communication channels between the committees and the Board of Directors and, in the case of conglomerates, to relations and coordination mechanisms between the board committees of the parent and those of the subsidiaries, if any.

18.9 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe:</p>
<p>NO. Explain: The rules governing the operation and organization of the three committees are included in the RBD in separate articles.</p>

N/A. Specify the regulations that prevent the recommendation from being adopted:	
--	--

Date of implementation	
Date of modification	

18.10. The committees of the Board of Directors comprise solely independent or proprietary directors (at least three (3)) and are chaired by an independent director. In the case of the Nominating and Compensation Committee, independent directors are always in the majority.

18.10 Has the measure been implemented? YES NO N/A

YES. Briefly describe: The three committees comprise independent directors and proprietary directors. Furthermore, pursuant to the internal regulations, the three committees must be chaired by an independent director and comprise at least three members, most of whom must be independent directors.
NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	01/10/2012
Date of modification	

18.11. Board committees may receive support, on a one-off or on an ongoing basis, from members of senior management with experience in the matters within their jurisdiction and/or from external experts.

18.11 Has the measure been implemented? YES NO N/A

YES. Briefly describe: Pursuant to the internal regulations, the committees may procure support from any executive and/or employee, and from external experts.
NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:
--

Date of implementation	01/10/2012
Date of modification	

18.12. When setting up the committees, the Board of Directors considers the profile, knowledge and professional experience of the members regarding the matters under the mandate of the committee.

18.12 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: Pursuant to the provisions of the internal regulations and the analysis performed by the Nominating and Compensation Committee regarding the needs of the Board and the committees, the Board of Directors must seek to ensure that the members of the three committees have appropriate knowledge, skills and experience for the functions they are called upon to perform. Specifically, in relation to the Audit Committee, pursuant to article 25.2 of the RBD, the Board of Directors will seek to ensure that the members of the Audit Committee and, in particular, its President, have appropriate knowledge, skills and experience in accounting, audit or risk management matters for the functions they are called upon to perform.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	01/10/2012
Date of modification	16/06/2015

18.13. Minutes are taken at all committee meetings, a copy of which is sent to all members of the Board of Directors of the company. If the committees have delegated decision-making powers, minutes of meetings must conform to articles 189 and 431 of the Commercial Code.

18.13 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe:</p>
<p>NO. Explain: Minutes of committee meetings are drawn up in accordance with the applicable Spanish legislation and are not distributed to all directors but only to the members of the specific committees.</p>

However, they are available to all directors and the respective committees report to the Board of Directors on the meetings held and matters discussed.
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	
Date of modification	

18.14. Unless required under the applicable legal or regulatory framework, the internal regulations state **the boards of directors of the subsidiaries may choose whether or not to create special committees** to handle certain matters and for these tasks to be undertaken by the committees of the Board of Directors of the parent, without this implying the transfer of responsibility from the boards of directors of the subsidiaries to the parent.

18.14 Has the measure been implemented? YES NO N/A

YES. Briefly describe: Where the legislation in each country allows it, the companies that make up Cemex Latam Group may choose whether or not to set up special committees.
NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	N/A
Date of modification	

18.15. The main task of the Audit Committee is to assist the Board of Directors in its oversight function by evaluating the accounting procedures, the relationship with the statutory auditor and generally reviewing the control structure of the company, including the audit of the risk management system implemented by the company.

18.15 Has the measure been implemented? YES NO N/A

YES. Briefly describe: The Audit Committee's detailed duties are defined in article 25.6. of the RBD, and include those indicated in this measure.
--

NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	01/10/2012
Date of modification	16/06/2015

18.16. Members of the Audit Committee are knowledgeable about accounting, finance and other associated subjects, which enables them to give an informed opinion of the matters addressed by the Committee, with a level of expertise sufficient to understand their scope and complexity.

18.16 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: Pursuant to article 25 of the RBD, the Board of Directors must endeavor to ensure that the members of the Audit Committee and, in particular, the Chairman, have suitable knowledge, skills and experience in accounting, audit or risk management matters for the functions they are called upon to perform.</p>
NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	01/10/2012
Date of modification	16/06/2015

18.17. At the request of the Chairman of the General Shareholders' Meeting, the President of the Audit Committee reports to the General Shareholders' Meeting on specific aspects of the work carried out by the Committee such as analyzing the scope and content of the statutory auditor's report.

18.17 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: Should any shareholder so request, the Chairman of the Audit Committee must report on any matter that might arise within their mandate as provided for in article 25.6. of the RBD (a). He will also report where so requested by the Shareholders' Meeting Chairman.</p>
--

NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	01/10/2012
Date of modification	

18.18. The internal regulations of the Audit Committee assign it the functions indicated in recommendation 18.18.

18.18 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: Pursuant to article 25.6. of the RBD, the Audit Committee is assigned the functions indicated in recommendation 18.18, except for those pertaining to related-party transactions and compliance with the Code of Ethics, which are the remit of the Corporate Governance Committee.</p>
NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	01/10/2012
Date of modification	16/06/2015

18.19. The main purpose of the Nominating and Compensation Committee is to support the Board of Directors in the exercise of their decision-making or advisory functions associated to the nomination and compensation of the members of the Board of Directors and senior management personnel and to monitor observance of corporate governance rules,

periodically reviewing compliance, recommendations and principles (where this function is not expressly assigned to another company committee).

18.19 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: Although the Nominating and Compensation Committee is assigned the functions indicated in this measure, the task of observing the rules of corporate governance is assumed by the Corporate Governance Committee.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	01/10/2012
Date of modification	16/06/2015

18.20. Some members of the Nominating and Compensation Committee are sufficiently knowledgeable about strategy, human resources (personnel recruitment and selection, hiring, training, administration or management), remuneration policy and similar matters, to understand the scope and complexity that such matters pose for the company.

18.20 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: Some members of the Nominating and Compensation Committee have the knowledge indicated in this recommendation. In particular, the Secretary of the Nominating and Compensation Committee is the Vice-President of Human Resources in Spain and the Mediterranean Region of Cemex Group.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	04/10/2012
Date of modification	

18.21. At the request of the Chairman of the General Shareholders' Meeting, the President of the Nominating and Compensation Committee can report to the General Shareholders' Meeting on specific aspects of the work carried out by the Committee such as monitoring the remuneration policies in respect of the Board of Directors and senior management personnel.

18.21 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: Where so requested by the Chairman of the Shareholders' Meeting, the President of the Nominating and Compensation Committee will report on those matters under its remit that might arise.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	01/10/2012
Date of modification	

18.22. The internal regulations of the Nominating and Compensation Committee assign to it the functions indicated in recommendation 18.22.

18.22 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe:</p>
<p>NO. Explain: As noted in recommendation 18.9 above, the rules governing the operation of the three committees are all included in the RBD. Nonetheless, note that the Nominating and Compensation Committee has been assigned the functions detailed in recommendation 18.22, as provided for in article 26.6 of the RBD, save for function (i) handling queries raised at the Shareholders' Meeting, which, although not expressly envisaged in the above article, where so requested by any shareholder, the President of the Nominating and Compensation Committee will handle any queries on matters within its remit.</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

--

Date of implementation	01/10/ 2012
Date of modification	16/06/2015

18.23. The main purpose of the **Risk Committee** is to assist the **Board of Directors** in fulfilling its supervisory responsibilities in connection with risk management.

18.23 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe:</p>
<p>NO. Explain: As noted in recommendation 18.6, the Audit Committee supervises risk management systems, including tax risks, pursuant to article 25.6. of the RBD.</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	
Date of modification	

18.24. At the request of the Chairman of the General Shareholders' Meeting, **the President of the Risk Committee can report to the General Shareholders' Meeting** on specific aspects of the work carried out by the Committee.

18.24 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe:</p>
<p>NO. Explain: See measure 18.6.</p>

N/A. Specify the regulations that prevent the recommendation from being adopted:
--

Date of implementation	
Date of modification	

18.25. The **Internal Regulations of the Risk Committee assign it the functions indicated in recommendation 18.25**, with such adjustments as may be necessary to distinguish between companies in the financial or real economy sector, and notwithstanding the functions assigned to this Committee under the regulations in force.

18.25 Has the measure been implemented? YES NO N/A

YES. Briefly describe:
NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted: There is no Risk Committee, but the Audit Committee performs the functions indicated in measure 18.25, which is set forth in article 25.6. of the RBD.

Date of implementation	
Date of modification	

18.26. The main purpose of the Corporate Governance Committee is **to assist the Board of Directors in its functions pertaining to the proposal and oversight of corporate governance measures** adopted by the company.

18.26 Has the measure been implemented? YES NO N/A

YES. Briefly describe: Among others, the purpose of the Corporate Governance Committee is to assist the Board of Directors in corporate governance matters as provided for in article 27 of the RBD.
NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	01/10/2012
Date of modification	16/06/2015

18.27. The internal regulations of the Corporate Governance Committee assign it the functions indicated in recommendation 18.27.

18.27 Has the measure been implemented? YES NO N/A

YES. Briefly describe:
NO. Explain: As noted in recommendation 18.9 above, the rules governing the operation of the three committees are all included in the RBD. Nonetheless, note that article 27.6 of the RBD sets forth the functions indicated in recommendation 18.27 with the exception of those set forth in subsections (ii) and (iii), which are entrusted to the Nominating and Compensation Committee
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	01/10/2012
Date of modification	16/06/2015

Measure no. 19: Operation of the Board of Directors

19.1 The Chairman of the Board of Directors assisted by the Secretary and the President of the company **prepare a work program of the Board of Directors** for the period being evaluated, a tool that makes it easier to determine a reasonable number of ordinary meetings per year and their estimated duration.

19.1 Has the measure been implemented? YES NO N/A

YES. Briefly describe: Pursuant to article 28.2. of the RBD, a calendar is prepared for ordinary meetings, which is approved by the Board of Directors. Moreover, a tentative work program for each year is drawn up by the Company Secretary together with the Board Chairman.
NO. Explain:.

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	01/10/2012
Date of modification	16/06/2015

19.2. With the exception of entities subject to control which, due to their regime, are obliged to hold at least one (1) meeting per month, **the company's Board of Directors holds between eight (8) and twelve (12) ordinary meetings per year.**

19.2 Has the measure been implemented? YES NO N/A

YES. Briefly describe: Per the provisions of article 28.1 of the RBD and the SCA, the Board of Directors must meet at least once a quarter. Nonetheless, in 2016 the Board held nine meetings and adopted Board resolutions in writing and without a meeting on one occasion.
NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted: In accordance with the SCA and the provisions of article 28.1 of the RBD, the Board of Directors must meet at least once a quarter in all cases, although the Board held nine meetings in 2016 and adopted Board resolutions in writing and without a meeting on one occasion.

Date of implementation	
Date of modification	

19.3. One (1) or two (2) meetings of the Board of Directors per year **are clearly focused on defining and monitoring the company's strategy.**

19.3 Has the measure been implemented? YES NO N/A

YES. Briefly describe: The Board of Directors analyzed the business strategy at most of its meetings in 2016.
--

NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	04/10/2012
Date of modification	

19.4. The Board of Directors approves a specific calendar of ordinary meetings, notwithstanding the fact that it may meet as often as necessary on an extraordinary basis.

19.4 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: As indicated in measure 19.1, per the provisions of article 28.2 of the RBD, the calendar of ordinary meetings is approved by the Board before the beginning of each year or during the first month thereof, without prejudice to any extraordinary meetings that may be held on other dates.</p>
NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	01/10/2012
Date of modification	16/06/2015

19.5. Together with the meeting notice and at least five (5) calendar days in advance, the members of the Board of Directors are provided with the documents or information relating to each item on the agenda so that they may actively participate in the meeting and make informed decisions.

19.5 Has the measure been implemented? YES NO N/A

YES. Briefly describe:

NO. Explain: The meeting notice and documentation is distributed at least three days in advance per the provisions of article 28.4 of the RBD, except in the event of amendment of the Regulations of the Board of Directors, where they are distributed seven days in advance as provided for in article 4.2. RBD
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	
Date of modification	

19.6. The Chairman of the Board of Directors, with the assistance of the Secretary Board of Directors, **assumes ultimate responsibility for the members receiving the information sufficiently in advance** and such information being useful, so that quality rather than quantity should prevail in all documents forming part of the Board of Directors' "dashboard".

19.6 Has the measure been implemented? YES NO N/A

YES. Briefly describe: As provided in articles 15 and 19 of the RDB, both the Chairman and the Secretary of the Board of Directors seek to ensure that directors receive information sufficiently in advance of the meeting.
NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	01/10/2012
Date of modification	16/06/2015

19.7. Ultimate responsibility for preparing the agenda for Board Meetings falls to the Chairman of the Board of Directors, not to the President of the company, and it is structured according to certain parameters that permit agenda items and deliberations to be presented in a logical order.

19.7 Has the measure been implemented? YES NO N/A

YES. Briefly describe: According to the provisions of article 15 of the RBD, the Chairman of the Board of Directors sets the agenda for Board meetings, which must follow a logical order.

NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	01/10/2012
Date of modification	

19.8. The company publishes member attendance at meetings of the Board of Directors and its committees in the Annual Corporate Governance Report and on the corporate website.

19.8 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: The information on member attendance at meetings appears in the Annual Corporate Governance Report, which is prepared according to the good governance recommendations in Spain, which is published on the Company website when Shareholders' Meetings are called and remains access to the public at large.</p>
NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	01/01/2013
Date of modification	

19.9. Each year, the Board of Directors assesses the effectiveness of its work as a collegiate body, that of its committees and that of the individual members, including by means of a peer review, as well as the reasonableness of its internal regulations and the dedication and performance of its members, proposing, as the case may be, such changes to its organization and operation as it may deem appropriate. In the case of conglomerates, the Board of Directors of the parent ensures that the assessment is also conducted by the boards of directors of its subsidiaries.

19.8 Has the measure been implemented? YES NO N/A

YES. Briefly describe: Pursuant to article 6.6. of the RBD, each year the Board of Directors must evaluate and, as the case may be, adopt an action plan to remedy any shortcomings identified with respect to:

1. The quality and efficiency of the Board's operation.
2. The operation and composition of Board committees.
3. Diversity in the composition and powers of the Board of Directors.
4. The performance of the chairman of the Board of Directors and the Chief Executive of the Company.
5. The performance and contribution of each director, with particular attention to those in charge of the different Board committees.

Notwithstanding, the assessment is not conducted with respect to the Boards of Directors of subsidiaries.

NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	01/10/2012
Date of modification	16/06/2015

19.10. The Board of Directors alternates the internal self-assessment mechanism with external assessment by independent advisors.

19.9 Has the measure been implemented? YES NO N/A

YES. Briefly describe:

NO. Explain: In line with recommendation 36 of the Spanish Code of Good Governance, the Board of Directors is assisted with the assessment every three years by an external consultant. Nonetheless, given that the above recommendation entered into force in 2015, less than three years ago, such services have yet to be contracted. Moreover, since 2016 is the fourth complete year since the Company was formed, on 17 December 2016 the Board of Directors resolved not to proceed with assessment by an external adviser in 2016, given that two new directors were appointed in 2016 and since, per the provisions of article 6.6 of the RBD, additional costs have been incurred when engaging various external advisers for other matters falling within the remit of the Board of Directors.

The above notwithstanding, in every year except 2015, on the understanding that there was no need since the Nominating and Compensation Committee had conducted various analyses of the structure and operations of the Board and its Committees and had studied the needs of the Board as a result of the proposed director appointments and reappointments, PricewaterhouseCoopers has been hired exclusively to send the assessment questionnaires to the directors and compile the results obtained from them for subsequent submission to the Chairman of the Board of Directors.

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	
Date of modification	

Measure no. 20: Duties and rights of the members of the Board of Directors.

20.1. The Regulations of the Board of Directors supplement the legislative provisions as regards the duties and rights of Board Members.

20.1 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: Title VI of the RBD regulates directors' duties. Their rights are also set out throughout the Regulations, per the provisions of the applicable Spanish legislation in this regard.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	01/10/2012
Date of modification	16/06/2015

20.2. The Regulations of the Board of Directors set out the company's understanding as regards the duties of Board Members referred to in recommendation 20.2.

20.2 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: The duties referred to in recommendation 20.2 are set out in Title VI of the RBD.</p>
--

NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	01/10/2012
Date of modification	16/06/2015

20.3. The Regulations of the Board of Directors contain details of the rights of Board Members established in recommendation 20.3.

20.3 Has the measure been implemented? YES NO N/A

YES. Briefly describe: The rights referred to in recommendation 20.3 are set out in the articles of the RBD.
NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	01/10/2012
Date of modification	16/06/2015

Measure no. 21: Conflicts of interest.

21.1. The company has defined and formalized in its internal regulations a policy and procedure for identifying, managing and resolving conflicts of interest - whether direct or indirect via Related Parties - that may affect the members of the Board of Directors and other Directors.

21.1 Has the measure been implemented? YES NO N/A

YES. Briefly describe: Articles 27.6 (q) and 37 of the RBD set out the procedure to be followed in order to identify, manage and resolve the conflicts of interest referred to in this measure.
NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:	

Date of implementation	01/10/2012
Date of modification	16/06/2015

21.2. In the procedure for managing conflicts of interest, a distinction is drawn between sporadic and permanent conflicts of interest. Where the conflict of interest is sporadic in nature, the applicable procedure indicates the rules and steps to be followed, which must be relatively easy to manage and difficult for the affected party to evade. In the case of permanent conflicts of interest, the procedure states that if this situation affects all of the Company's operations, it should be understood as a cause for mandatory resignation by the affected party as it will disqualify him from holding office.

21.2 Has the measure been implemented? YES NO N/A

YES. Briefly describe: Article 37.4. of the RBD sets out the rules for sporadic and permanent conflicts of interest. Also, article 13 of the RBD regulates the obligation on directors to resign from office where they are subject to permanent conflicts of interest.
NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	01/10/2012
Date of modification	16/06/2015

21.3. The members of the Board of Directors, legal representatives, members of senior management and other directors of the company **regularly inform the Board of Directors of any direct or indirect relationships** existing among them, or with other entities or structures belonging to the conglomerate of which the issuer forms part, or with the issuer, suppliers, clients or any other Interest Group, which may give rise to a situation of conflict of interest or influence management in its opinion or vote, in order to create a "Map of Directors' Related Parties".

21.3 Has the measure been implemented? YES NO N/A

YES. Briefly describe:

<p>NO. Explain: In accordance with the applicable Spanish legislation, only directors are required to report the existence of any conflicts of interest to the Board of Directors, which they do each year.</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	01/01/2013
Date of modification	

21.4. Relevant conflicts of interest, which is taken to mean those that would require the affected party to abstain from a meeting and/or vote, affecting the Board of Directors and other directors, **are included in the public information** that the company publishes on its website each year.

21.4 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: Any relevant conflicts of interest must be included in the Annual Accounts that are published on the website, per the applicable Spanish legislation.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	01/01/2013
Date of modification	

21.5. For this purpose, the definition of Related Party applied by the company **is consistent with International Accounting Standard no. 24 (IAS 24)**.

21.5 Has the measure been implemented? YES NO N/A

YES. Briefly describe: The definition is consistent with that contained in IAS 24.
NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	01/10/2012
Date of modification	16/06/2015

Measure no. 22: Related-party transactions.

22.1. The company has a policy that defines the specific procedure for assessing, approving and disclosing related-party transactions, including outstanding balances and relations between them, with the exception of transactions for which specific regulations exist.

22.1 Has the measure been implemented? YES NO N/A

YES. Briefly describe: As provided for in article 27.6. of the RBD (q), the Company has approved a general policy that regulates the procedure for certain related-party transactions falling within the ordinary course of the Company's business and subject to fixed limits. Moreover, the Company has signed up to the Cemex Group policy on related-party transactions.
NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	01/10/2012
Date of modification	16/06/2015

22.2. The company's related-party transactions policy covers the aspects addressed in recommendation 22.2

22.2 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: Per the provisions of its internal regulations, the applicable external legislation, the general approved policy of transactions and the Cemex Group related-party transactions policy to which the Company has signed up, the Company complies with recommendation 22.2.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	01/10/2012
Date of modification	16/06/2015

22.3 The policy provides that the express authorization of the Board of Directors is not required for ongoing related-party transactions conducted in the course of the company's normal business under standard contracts, or general framework agreements the terms of which are perfectly standardized and applied en masse and which are performed at market prices set generically by the supplier of the good or service in question and the individual amount of which is not material for the company.

22.3 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: As indicated in recommendation 22.1, the Company has approved a general policy for related-party transactions conducted in the course of the Company's normal business and subject to a fixed limit in terms of amount. Likewise, article 6.E section (k) of the RBD and article 34 E (k) provide that authorization of the Board of Directors will not be required for transactions (i) that are performed under contracts the terms of which are standard and are applied en masse to a large number of clients, (ii) that are performed at generally-established prices or rates by the supplier of the good or service in question, and (iii) the amount of which does not exceed 1% of the Company's annual revenues.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	01/10/2012
------------------------	------------

Date of modification	16/06/2015
----------------------	------------

Measure no. 23: Remuneration of Board members

23.1. The company has a Board Remuneration Policy, approved by the General Shareholders' Meeting and reviewed each year, which lists all of the remuneration components that may effectively be paid. These components may be fixed or variable. They may include a fixed fee for membership of the Board of Directors, per diems for attendance of meetings of the Board and/or its Committees and other emoluments of any kind accruing over the course of the year, for whatever reason, in cash or in kind, as well as the obligations undertaken by the Company in respect of pensions or the payment of life insurance premiums or other items with respect to both former and current members and the civil liability insurance premiums (D&O policies) taken out by the company on behalf of members of the Board of Directors.

23.1 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: As a Spanish company, the Company abides by the provisions of the SCA. Thus, the SCA provides that the General Shareholders' Meeting must approve the compensation policy every three years and that such policy must, in turn, be reviewed by the Shareholders' Meeting when approving the annual compensation report on a consultative basis.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	16/06/2015
Date of modification	

23.2. Where the company implements remuneration schemes including a variable component that is linked to the successful performance of the company in the medium and long term, the remuneration policy includes limits in terms of the amount that may be distributed to the Board of Directors and, where the variable component is related to company profit or other management indicators at the end of the period subject to assessment, regard must be had to any qualifications included in the statutory auditor's report and which may reduce the profit for the period.

23.2 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe:</p>
<p>NO. Explain:</p>

<p>N/A. Specify the regulations that prevent the recommendation from being adopted: The remuneration system does not include variable remuneration.</p>
--

Date of implementation	
Date of modification	

23.3. Proprietary and independent members of the Board of Directors are expressly excluded from remuneration schemes including share options or variable remuneration linked to absolute variation in the listing price of the shares.

23.3 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: No proprietary or external directors are entitled to a remuneration scheme that includes share options or variable remuneration linked to absolute variation in share listing prices.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	01/10/2012
Date of modification	

23.4. For each period subject to assessment, as part of the remuneration policy, the General Shareholders' Meeting approves a maximum cost of all approved remuneration components for the Board of Directors.

23.4 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: The General Shareholders' Meeting approves the maximum amount of the above remuneration policy where applicable in line with the provisions of recommendation 23.1.</p>
<p>NO. Explain:</p>

<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>	
---	--

Date of implementation	15/05/2013
Date of modification	

23.5. The shareholders are aware of the total effective cost of the Board of Directors during the period subject to assessment, including all remuneration components paid to members of the Board of Directors and the reimbursement of expenses and this information is also published on the corporate website, according to the break down and with the level of detail approved by the Board of Directors.

23.5 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe:</p>
<p>NO. Explain: The remuneration components are included in the Annual Report on the Compensation of Directors and Senior Executives, which is published annually on the website. However, this Report does not include detailed information on the reimbursement of expenses.</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	
Date of modification	

Measure no. 24: The President of the company and senior management.

24.1. The company's governance model provides for effective separation between the management or governance of the company (represented by the Board of Directors) and the ordinary running of its business (which is entrusted to senior management headed by the President of the company).

24.1 Has the measure been implemented? YES NO N/A

YES. Briefly describe: The positions of Board Chairman and Managing Director - CEO of the Company are assigned to different persons	
NO. Explain:	
N/A. Specify the regulations that prevent the recommendation from being adopted:	

Date of implementation	04/10/2016
Date of modification	

24.2. Generally speaking, the policy of the Board of Directors is to delegate the ordinary running of the business to the senior management team, the activities of which are focused on general strategy, oversight, governance and control functions.

24.2 Has the measure been implemented? YES NO N/A

YES. Briefly describe: The Board of Directors delegates the ordinary running of the business to Senior Executives appointed for the purpose, with the exception of powers that are non-delegable in accordance with the law.	
NO. Explain:	
N/A. Specify the regulations that prevent the recommendation from being adopted:	

Date of implementation	17/04/2012
Date of modification	

24.3. As a general rule, senior management members are identified, assessed and appointed directly by the President as they work directly with him. Alternatively, **the company may opt for senior management members to be appointed by the Board of Directors at the proposal of the President.** Irrespective of who is ultimately responsible for appointment, candidates to key executive offices must meet and undergo assessment by the Board of Directors' Nominating and Compensation Committee, which must issue an opinion in this regard.

24.3 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: Senior Executives are appointed by the Board of Directors at the proposal of its Chairman and subject to a report by the Nominating and Compensation Committee.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	17/04/2012
Date of modification	

24.4. The company has a clear policy for the delegation of functions that is approved by the Board of Directors and/or a framework of powers setting out the different powers attributed to the President and other members of senior management.

24.4 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe:</p>
<p>NO. Explain: There is a clear policy for the delegation of powers by category, for both executives and employees, but it has not been approved by the Board of Directors, with the exception of that corresponding to the Managing Director.</p>

N/A. Specify the regulations that prevent the recommendation from being adopted:	
--	--

Date of implementation	17/04/2012
Date of modification	

24.5. The Board of Directors, by means of the Nominating and Compensation Committee, or the person performing its functions, **conducts the President's performance appraisal** and is aware of the results of the appraisals of the other members of senior management.

24.5 Has the measure been implemented? YES NO N/A

YES. Briefly describe:
NO. Explain: The Board of Directors, via the Nominating and Compensation Committee, appraises the performance of the President and the CEO of the Company but is not aware of the results of Senior Executives.
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	15/05/2013
Date of modification	

24.6. The company has a policy for the remuneration of the President and other members of senior management, approved by the Board of Directors, which identifies all of the remuneration components that may effectively be paid, linked to the attainment of long-term objectives and risk levels.

24.6 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: Per the provisions of article 6.5 (D) of the RBD, the Board of Directors is the body with competence to approve the remuneration policy for senior executives and to propose to the General Shareholders' Meeting the remuneration policy for directors in general.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	01/10/2012
Date of modification	16/06/2015

24.7. Where the President's remuneration includes both fixed and variable components, the technical design and method of calculation thereof prevents the variable component from exceeding the maximum limit set by the Board of Directors.

24.7 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe:</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted: The President's remuneration does not include a variable component.</p>

Date of implementation	
Date of modification	

III. CONTROL STRUCTURE

Measure no. 25: Control environment.

25.1. The Board of Directors is ultimately responsible for ensuring that the company has a strong control environment that is aligned with the company's nature, size, complexity and the risks it faces, so that it meets with the requirements set forth in recommendation 25.1.

25.1 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: The Board of Directors is the body with ultimate responsibility for the control environment in place at the Company, as defined in this measure.</p>	
<p>NO. Explain:</p>	
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>	

Date of implementation	17/04/2012
Date of modification	

25.2. In the case of conglomerates, the Board of Directors of the parent **seeks to establish a formal, consolidated Control Structure** for all of its subsidiaries, establishing responsibilities with respect to the policies and guidelines in this regard at conglomerate level, and defining clear reporting lines to give an overall view of the risks to which the conglomerate is exposed and the control measures taken.

25.2 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: The Company has in place a clearly defined hierarchical control structure, with set channels for granting authorization on a case-by-case basis.</p>	
<p>NO. Explain:</p>	

N/A. Specify the regulations that prevent the recommendation from being adopted:
--

Date of implementation	17/04/2012
Date of modification	

Measure no. 26: Risk Management.

26.1. The **risk management objectives** at the company are those referred to in recommendation 26.1.

26.1 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: The Internal Control and Enterprise Risk Management (ERM) departments identify the internal and external risks that may affect the strategy (or objectives) defined by the Company, evaluating them on the basis of probability, impact and tendency, in order to subsequently define mitigation measures (decisions as to how to handle them) in order to avoid them materializing or reduce their impact in the event of materialization. Likewise, both departments continuously monitor and update the status of risks and the likelihood of impact on the organization and these results are presented to the Board of Directors, the Audit Committee (the body tasked with risk-related supervision) and senior management. In certain cases, they include new mitigation measures or changes in the way in which they are to be handled.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	17/04/2012
Date of modification	

26.2. The company has a **risk map**, which is understood as a tool for identifying and monitoring the financial and non-financial risks to which it is exposed.

26.2 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: The Enterprise Risk Management ("ERM") and Internal Control departments consolidate the Company's financial, operating and external risks, among others, including their impact and mitigation measures. The CLH Risk Map at the date hereof is not merely one document; the Internal Control and ERM risk maps are worked on separately, and there are therefore two risk maps consolidating all of the risks at Cemex Latam Group.</p>
<p>NO. Explain:</p>

N/A. Specify the regulations that prevent the recommendation from being adopted:
--

Date of implementation	17/04/2012
Date of modification	

26.3. The Board of Directors is responsible for defining a risk management policy, and for setting maximum exposure limits for each risk identified.

26.3 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: Per article 6.5.E (f) of the RBD, the Board of Directors has the authority to establish the risk control and management policy, including tax risks.</p>
NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	17/04/2012
Date of modification	

26.4. The Board of Directors is aware of and regularly monitors the company's effective exposure to the maximum risk limits defined, and suggests actions to correct and check them in the event of deviations.

26.4 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: The Board of Directors, through the Audit Committee, monitors the defined risks and resolves upon corrective actions where necessary.</p>
--

NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	17/04/2012
Date of modification	

26.5. As regards the risk management policy, **senior management is in charge of processes and responsible for risk management**, i.e. for identifying, evaluating, measuring, controlling, monitoring and reporting risks, defining methodologies and ensuring that risk management is consistent with the strategy, the defined risk policy and the maximum limits approved.

26.5 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: The Internal Control and ERM departments identify and update risks based on interviews and information analyses. The likelihood of impact is assessed by means of control monitoring and the results of audits and reported to the respective management levels. Senior management personnel review the results of audits every month, together with Internal Control and transactions, following up on the plans to improve such controls, until all defects are entirely mitigated and any opportunities for improvement have been implemented. Moreover, every two months, senior management also reviews the non-financial risks on the ERM agenda, as well as the action plans designed to manage each such risk. Senior management is therefore in charge of or responsible for all of them as from the moment in which they are identified.</p>
NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	17/04/2012
Date of modification	

26.6. The company has a risk delegation policy, approved by the Board of Directors, which lays down the limits on the risks that may be managed directly at each level at the company.

26.6 Has the measure been implemented? YES NO N/A

YES. Briefly describe:
NO. Explain: While all of the risks identified have not been expressly delegated, there are persons in charge of managing commercial and operational risk, as well as authorization pathways for approving tolerance levels for such risks. Examples include limits on the authorization of negotiations and purchases in contracts, the approval of CAPEX, the approval of commercial loans to clients and the management of pricing policies.
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	
Date of modification	

26.7. In conglomerates, risk should be managed at consolidated level to increase the cohesion and control of the companies that comprise them.

26.7 Has the measure been implemented? YES NO N/A

YES. Briefly describe: Risk is managed on a consolidated basis at Cemex Latam Group, and supervised overall by the Audit Committee, which reports to the Board of Directors.
NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	17/04/2012
Date of modification	

26.8. If the company has a complex and diverse business and operating structure, **there is a Chief Risk Officer** with authority at conglomerate level in the case of companies under control and/or groups of companies.

26.8 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: The ERM and Internal Control departments share the risk management function for the conglomerate. ERM manages external risks and internal control, operating risks.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	17/04/2012
Date of modification	July 2015

Measure no. 27: Control Activities.

27.1. The Board of Directors is in responsible for ensuring that the company has a **suitable internal control system in place**, which is adapted specifically to the company and the complexity thereof, and consists of the management of current risks.

27.1 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: See recommendation 26.3.</p>
<p>NO. Explain:</p>

N/A. Specify the regulations that prevent the recommendation from being adopted:
--

Date of implementation	17/04/2012
Date of modification	

27.2. The Board of Directors is responsible for overseeing the effectiveness and suitability of the internal control system, a task that may be delegated to the Audit Committee, although this will not release the Board from its responsibility for oversight in this regard.

27.2 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: The Board of Directors, via the Internal Audit Committee, is in responsible for supervising the internal control system.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	October 2012
Date of modification	July 2015

27.3. The company applies and enforces the principle of self-control, which is understood as the “*capacity of the persons participating in the various processes to view control as an intrinsic element of their responsibilities, areas of activity and decision-making duties*”.

27.3 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: The controls in place to mitigate risks are associated with the people involved in the area that may be affected by the risk. The Company also has matrices in place that contribute to the mitigation of intrinsic operating risks.</p>

NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	17/04/2012
Date of modification	

Measure no. 28: Information and Communication.

28.1. The risk culture, philosophy and policies, and the approved exposure limit, are communicated both vertically and horizontally, so that the whole organization is aware of both the risks and control activities relating to its activities.

YES NO N/A

YES. Briefly describe:
<p>NO. Explain: The Company partially complies with this recommendation given that the various levels of the organization are aware of the great majority of the operating risks supervised by Internal Control and audited by Internal Audit. This is because they are tasked with applying and improving internal controls specific to the business processes they manage in their day-to-day activity. However, with respect to tax risk and the external risks handled by ERM, such risks are not generally made public and are not therefore shared organization-wide, but rather with a limited number of people, at the most reaching management levels within the organization.</p>
N/A. Specify the regulations that prevent the recommendation from being adopted:

--

Date of implementation	
Date of modification	

28.2. The company has in place a **vertical reporting mechanism** (to the Board of Directors and senior management), which is accurate, comprehensible and complete, so that it supports and permits informed decision making and management of risks and control.

28.2 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: The Internal Audit department reports directly to the Audit Committee, which in turn, reports to the Board of Directors. Moreover, the Internal Control department, which reports to BSO and is independent from the organization - since by reporting to BSO (<i>Business Services Organisation</i>), it reports to Cemex Central -, compiles all of the process management practices, including any defects and opportunities for improvement, and allows people in the organization to put forward their concerns regarding their respective risks. Subsequently, Internal Control reports upwards to the Country Directors of Latam Group and the Company CEO in order to monitor the plans for improvement. Furthermore, as noted in recommendation 28.4, the Ethos Line enables any supplier, client or employee to report irregularities on a confidential basis, ensuring that such matters are brought to the attention of the Company's Ethics Committee and the President of the Audit Committee.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	17/04/2012
Date of modification	

28.3. The company's **communication and reporting mechanism** enables: i) senior management to involve the company as a whole, drawing attention to its responsibility for managing risks and defining controls, and ii), company staff to understand their role in managing risks and identifying controls and their individual contribution with respect to the work of others.

28.3 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: The communication and reporting mechanism reflects that set forth in this recommendation.</p>
--

NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	17/04/2012
Date of modification	

28.4. There are internal reporting or whistleblowing channels that enable employees to anonymously report any illegal or unethical behavior that may run contrary to the culture of risk management and control at the company. A report on these matters is submitted to the Board of Directors of the company.

28.4 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: There is also an anonymous line (ETHOS LINE), via which anonymous complaints can be made. Where this occurs, such communications are reported to the Corporate Governance Committee or Audit Committee which, depending on the specific case, inform the Board of Directors. Similarly, in line with the functions assigned to him, which are regulated in article 21 of the RBD, the Compliance Officer must notify the Corporate Governance Committee of any reported violations of the provisions of the good corporate governance policies.</p>
NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	01/10/2012
Date of modification	09/11/2016

Measure no. 29: Monitoring of the Control Structure

29.1. The company's Board of Directors, via the Audit Committee, is responsible for overseeing the effectiveness of the various components of the Control Structure.

29.1 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: The Audit Committee oversees the effectiveness of the various components of the Control Structure and reports to the Board of Directors in this regard.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	01/10/2012
Date of modification	16/06/2015

29.2. The task of monitoring to ensure the effectiveness of the company's Control Structure principally involves the **internal audit department, together with the statutory auditor** in the tasks falling within its remit and particularly as regards the financial information generated by the company.

29.2 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: The aforementioned monitoring task involves the internal audit department as well as the auditor.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	01/10/2012
Date of modification	

29.3. The company's internal audit function has Internal Audit Statutes, approved by the Audit Committee, which expressly state the scope of their functions in this regard, and should include the matters referred to in recommendation 29.3.

29.3 Has the measure been implemented? YES NO N/A

YES. Briefly describe:
NO. Explain: While there is no Internal Audit Statute, per the provisions of article 26.5 of the RBD, the Audit Committee approves the work plan for the internal audit department, which includes the functions referred to in recommendation 29.3.
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	01/10/2012
Date of modification	16/06/2015

29.4. The person ultimately in charge of internal audit has an independent professional relationship with senior management of the company or conglomerate that hires him, and for functional purposes reports solely to the Audit Committee.

29.4 Has the measure been implemented? YES NO N/A

YES. Briefly describe: Per the provisions of article 25.6 of the RBD, the internal audit department reports for functional purposes to the Audit Committee, which seeks to ensure the independence of such area.
NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	01/10/2012
Date of modification	

29.5. Appointment and removal of the head of internal audit falls to the Board of Directors, at the proposal of the Audit Committee, and his removal or resignation is reported to the market.

29.5 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: Per article 26.5 of the RBD, the Audit Committee proposes the selection, appointment, re-election and removal of the head of the Internal Audit Service to the Board of Directors.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	01/10/2012
Date of modification	

29.6. The statutory auditor of the company or conglomerate is clearly independent from it, and this independent status must be expressly stated in the respective audit report.

29.6 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: Pursuant to article 26.5. of the RBD, each year, the Audit Committee receives written confirmation from the statutory auditors of their independence with respect to the Company and its related entities. Likewise, the Audit Committee issues an annual report in which it confirms such independence.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	01/10/2012
Date of modification	

29.7. If the company is the Parent of a conglomerate, the statutory auditor is the same for all of the companies forming part thereof, including off-shore companies.

29.7 Has the measure been implemented? YES NO N/A

YES. Briefly describe: The entire Cemex Group Latam is audited by the same auditor.
NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	16/04/2012
Date of modification	

29.8. The company has a policy for appointing the statutory auditor, which is approved by the Board of Directors and distributed to the Shareholders, and includes the points established in recommendation 29.8.

29.8 Has the measure been implemented? YES NO N/A

YES. Briefly describe: Per the provisions of article 22 of the RBD, the Company may not appoint as its auditor persons or firms that have received revenues representing twenty-five per cent (25%) or more of their last annual revenues from the company and/or its related companies, directly or indirectly as a result of a relationship of control as provided for in article 42 of the Spanish Commercial Code, or any persons or firms subject to the conflicts of interest provided for in the Spanish legislation in force from time to time. Nonetheless, such policy does not stipulate the maximum term of contracts and their renewals, although such matters are envisaged in the Spanish Audit Law.
NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	01/10/2012
Date of modification	16/06/2015

29.9. In order to avoid excessive ties between the company and the statutory audit firm and/or team and protecting their independence, **the company establishes a maximum engagement term of between five (5) and ten (10) years.** In the case of individual statutory auditors not related to a firm, **the maximum engagement term is five (5) years.**

29.9 Has the measure been implemented? YES NO N/A

YES. Briefly describe:
NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted: As a Spanish company, it is subject to the provisions of the Spanish Audit Law.

Date of implementation	
Date of modification	

29.10. The company **encourages rotation of the partner and engagement teams of the statutory audit firm assigned to the company** half way through the statutory engagement term, at the end of which the firm must necessarily be rotated.

29.10 Has the measure been implemented? YES NO N/A

YES. Briefly describe:
NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted: See measure 29.9 above. At the date of this report, the statutory auditor has audited the company for four financial years, with the same partner assigned to it for all five years.

Date of implementation	
Date of modification	

29.11. In addition to the current prohibition on engaging the statutory auditor for professional services other than those involved in the financial audit and other functions recognized in the legislation in force, the company extends this limitation to persons or entities related to the statutory auditor, which includes companies of its group and companies with a large number of partners and/or directors in common with the statutory audit firm.

29.11 Has the measure been implemented? YES NO N/A

YES. Briefly describe: The Company extends this prohibition to all entities related to the auditor.
NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	17/04/2012
Date of modification	

29.12. The company discloses in its public information the total amount of its contract with the statutory auditor, as well as the proportion that the fees paid by the company represent with respect to the firm's total revenues from its statutory audit activity.

29.12 Has the measure been implemented? YES NO N/A

YES. Briefly describe: The auditor's fees are stated in both the Annual Accounts and the Corporate Governance Report published on the Company's website.
NO. Explain:

N/A. Specify the regulations that prevent the recommendation from being adopted:
--

Date of implementation	31/12/2012
Date of modification	

V. TRANSPARENCY OF FINANCIAL AND NON-FINANCIAL INFORMATION

Measure no. 30: Information disclosure policies.

30.1. The Board of Directors has approved an information disclosure policy, which includes at least the information included in the recommendation.

30.1 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe:</p>
<p>NO. Explain: The Board of Directors has not approved an information disclosure policy but meets all the information disclosure requirements applicable under Spanish and Colombian legislation. At the date of this report, the Company is in the process of drawing up the above policy, which is set to be approved in 2017 by the Board of Directors.</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	
Date of modification	

30.2. In the case of conglomerates, the information disclosed to third parties is comprehensive and global and refers to all of the companies forming part thereof, thereby enabling third parties to form an informed opinion of the situation, organization, complexity, activity, size and governance model at the conglomerate.

30.2 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: The information published is global and comprehensive, except for the annual accounts required under the applicable Spanish legislation, which correspond to the parent.</p>
<p>NO. Explain:</p>

N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	16/11/2012
Date of modification	

Measure no. 31: Financial statements

31.1. Where the statutory auditor's Report includes *qualifications* these and the actions that the Company proposes to remedy the situation, these will be submitted to the shareholders at the General Meeting, by the President of the Audit Committee.

31.1 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: Per the provisions of article 25.6 of the RBD, where qualifications are included, both the President of the Audit Committee and the statutory auditors must clearly explain to the shareholders the content and scope of such qualifications or limitations.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	01/10/2012
Date of modification	16/06/2015

31.2. Where the Board of Directors considers that regard should be had to the criterion of the statutory auditor in respect of any *qualifications and/or emphasis of matter*, this position is **duly explained and justified by means of a written report to the General Shareholders' Meeting, specifying the content and scope of the discrepancy.**

31.2 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: Where qualifications are included, the Board of Directors must explain its criterion to the General Shareholders' Meeting in writing.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	17/04/2012
Date of modification	

31.3 Transactions with or among related parties, including transactions between companies of the conglomerate which, on the basis of objective parameters such as the size of the transaction, percentage with respect to assets, sales or other indicators, are classed as material by the company, **are included in detail in the public financial information together with the reference to performance of off-shore transactions**

31.3 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: Such information is included in the Annual Accounts and in the Annual Corporate Governance Report published on the Corporate website.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	21/12/2013
Date of modification	

Measure no. 32: Disclosures to the market.

32.1. As part of the information disclosure policy, the Board of Directors (or the Audit Committee), **adopts the necessary measures to ensure that all financial and non-financial information on the Company** that is required under the legislation in force, and any other that it considers relevant for investors and clients, **is disclosed to the financial and capital markets.**

32.1 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: The Audit Committee must oversee the preparation, filing and comprehensiveness of the regulatory financial information pertaining to the Company and its group, reviewing compliance with regulatory requirements, suitable delimitation of the scope of the consolidated group and correct application of accounting policies; it must also establish the policies and practices to be used by the Company in the construction, disclosure and dissemination of its financial information, and coordinate the reporting process in respect of non-financial information and information on diversity, in accordance with the legislation in force and the international standards of reference.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	01/10/2012
Date of modification	16/06/2015

32.2. The corporate website is organized in a user-friendly manner, so that it is easy for the user to access information associated with or related to Corporate Governance.

32.2 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: The website is organized in a simple and logical manner for ease of use.</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	16/11/2012
Date of modification	31/12/2016

32.3. The corporate website includes at least the links referred to in recommendation 32.3.

32.3 Has the measure been implemented? YES NO N/A

YES. Briefly describe: The website contains the information referred to in recommendation 32.3.
NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	16/11/2012
Date of modification	31/12/2016

32.4. The company generally discloses information to the markets in the form of **documents that can be printed, downloaded and shared.**

32.4 Has the measure been implemented? YES NO N/A

YES. Briefly describe: All documentation can be downloaded and printed.
NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	16/11/2012
Date of modification	

32.5. If the company is a large, particularly complex company, it publishes a report on its website each year explaining the organization, methods and procedures of the Control Structure in place at the company in order to provide correct and safe financial and non-financial information, and safeguard the company's assets and the efficiency and security of its

transactions. The information on the Control Structure is supplemented with a risk management report.

32.5 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: The company publishes its Annual Corporate Governance Report on its website in accordance with the applicable Spanish legislation. Such Report includes information contained in the report on risk supervision systems and in the report on internal control and risk management systems in relation to financial reporting (SCIIF).</p>
<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted:</p>

Date of implementation	01/10/2012
Date of modification	16/06/2015

Measure no. 33: Annual Corporate Governance Report

33.1. The company prepares an Annual Corporate Governance Report, responsibility for the content of which lies with the Board of Directors, subject to review and a favorable report by the Audit Committee. This report is presented with the rest of documents at year end.

33.1 Has the measure been implemented? YES NO N/A

<p>YES. Briefly describe: The Annual Corporate Governance Report, which is drafted in accordance with Spanish legislation, is approved by the Board of Directors subject to a favorable report by the Corporate Governance Committee, which is the competent body in this regard. Such Report is presented together with the Annual Accounts for the relevant year</p>

NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	01/10/2012
Date of modification	16/06/2015

33.2. The company's Annual Corporate Governance Report is not simply a transcription of the Corporate Governance Rules included in the Bylaws, internal regulations, good governance codes or other corporate documents. Its aim is not to describe the company's corporate governance model, but rather to explain how it actually functions and any relevant changes during the year.

33.2 Has the measure been implemented? YES NO N/A

YES. Briefly describe: As indicated in measure 33.1, the Annual Corporate Governance Report, like this Survey, explains the Spanish good governance recommendations met by the Company. Where it fails to meet them, the reasons for such failure are explained.
NO. Explain:
N/A. Specify the regulations that prevent the recommendation from being adopted:

Date of implementation	01/10/2012
Date of modification	16/06/2015

33.3. The Annual Corporate Governance Report of the company contains year-end information **describing how the corporate governance recommendations adopted by the company have been implemented during the year and the main changes they have brought about.**

The structure of the company's Annual Corporate Governance Report is in line with that stipulated in recommendation 33.3.

33.3 Has the measure been implemented? YES NO N/A

YES. Briefly describe:

<p>NO. Explain:</p>
<p>N/A. Specify the regulations that prevent the recommendation from being adopted: The Annual Corporate Governance Report reflects the guidelines issued by the Spanish National Securities Market Commission - the body with competence in this regard -, and contains details of the Company's compliance with Spanish good governance recommendations or, where it fails to comply with the recommendations, the reasons for such failure.</p>

Date of implementation	
Date of modification	