



REPORT BY THE NOMINATION AND REMUNERATION COMMITTEE OF CEMEX LATAM HOLDINGS, S.A. TO THE BOARD OF DIRECTORS IN RELATION TO THE PROPOSAL TO APPROVE THE DIRECTORS' REMUNERATION POLICY FOR THE FINANCIAL YEARS 2020, 2021 AND 2022

1. Introduction

The Nomination and Remuneration Committee of CEMEX LATAM HOLDINGS, S.A. (the “**Company**”) submits this report in line with the provisions of article 32.3 of the Regulations of the Board of Directors, pursuant to which the directors’ remuneration policy (the “**Policy**”) will be approved by the General Shareholders’ Meeting at least every three years, and the aforementioned policy proposal submitted by the Board of Directors shall be reasoned and attach a specific report of the Nomination and Remuneration Committee (the “**Report**”). Both documents shall be made available to the shareholders at the Company’s corporate website following notice of the General Meeting.

The aforementioned article also provides that any alteration or replacement of the directors’ remuneration policy while it is in force shall require the prior approval of the General Shareholders’ Meeting in accordance with the procedure established for its approval.

The Policy justified by this Report is to be submitted for approval at the Company’s General Shareholders’ Meeting to be convened for 29 and 30 July 2020, respectively at first and second call, under agenda item seven. In addition, and in line with articles 49 of the Articles of Association and 44 of the Regulations of the Board of Directors, on a proposal by the Board of Directors, the Annual Directors’ Remuneration Report for the financial year 2019, which shall include an overview of the remuneration policy during that financial year, shall be submitted on a consultative basis to the General Shareholders’ Meeting as a separate item of business on the agenda.

2. Justification for the Report

Bearing the above in mind, the Company's Nomination and Remuneration Committee submits this Report for the purpose of justifying the Company directors' remuneration Policy for the financial years 2020, 2021 and 2022 replacing the Policy approved by the General Shareholders' Meeting held on 29 June 2017 for the financial years 2017, 2018 y 2019

3. Membership and functions of the Nomination and Remuneration Committee

Under article 26.2 of the Regulations of the Board of Directors, a majority of the directors on the Nomination and Remuneration Committee must qualify as independent directors and its membership must consist of no fewer than three (3) and not more than five (5) members. In addition, pursuant to section three of the aforementioned article, the Committee Chair must be designated by the Board of Directors from among its Independent Directors.

The current membership of the Nomination and Remuneration Committee is as follows:

Chair:

Mr Rafael Santos Calderón (Independent Director)

Member:

Ms Coloma Armero Montes (Independent Director)

Secretary:

Mr Gerardo Elizondo Chapa (Proprietary Director)

The remuneration functions the Nomination and Remuneration Committee is entrusted with include, but are not limited to, the following:

- (a) Reporting to the Board of Directors on the remuneration policy for directors and senior officers or whoever discharge senior management functions and report directly to the Board of Directors, the Executive Committee or managing directors, and the individual remuneration and other contractual terms of the executive directors, and checking their observance;
- (b) Verifying the information on directors' and senior officers' remuneration contained in the various corporate documents, including the annual directors' remuneration report.
- (c) Regularly reviewing the remuneration policy applied to directors and senior officers, including share-based remuneration systems and their application, if any, and ensuring that their individual remuneration is proportional to the remuneration paid to the other directors and senior officers of the Company and of the group companies.

4. Description and justification of the Remuneration policy proposal submitted at the General Shareholders' Meeting

Pursuant to article 32.5 of the Regulations of the Board of Directors, the remuneration policy shall determine the directors' remuneration in their capacity as such, within the remuneration system provided for in the Articles of Association, and needs must include the maximum amount of the annual remuneration payable to directors as a whole in their capacity as such.

For its part, article 32.8 Regulations of the Board of Directors provides that directors' remuneration for the performance of executive functions shall be compliant with the directors' remuneration policy, which needs must provide for the amount of the fixed annual remuneration and its variation in the period to which the policy relates, the different measures for setting the variable components and the main terms and conditions of their contracts, in particular comprising term, severance pays upon termination or expiration of the contractual relationship, and exclusivity, post-contractual non-compete and fixed-term or loyalty clauses.

In this regard, the Board of Directors is the body with authority to fix (i) the directors' remuneration for the performance of their executive functions, and (ii) the terms and conditions of their contracts with the company, in accordance with the provisions of article 249.3 of the Spanish Companies Act.

Bearing the above in mind, the Nomination and Remuneration Committee has arrived, in connection with the Company's Policy drawn up, at the conclusion set out in section six of the Report based on the following:

- (a) The Policy distinguishes between the remuneration of directors in their capacity as such, as is the case of proprietary and independent directors, and directors who in addition discharge executive functions in the Company (executive directors).
- (b) The Policy is compliant with the provisions of the Articles of Association and of the Regulations of the Board of Directors of the Company, and with the applicable laws.
- (c) In particular, the Policy has been checked for compliance with the general provisions for companies of section four of article 217 of the Spanish Companies Act, pursuant to which:

“the directors' remuneration shall in any case be reasonably proportional to the importance of the company, its financial position from time to time and the market standard of comparable companies. The remuneration system established shall be designed to promote the company's long-term profitability and sustainability and incorporate the necessary precautions in order to avoid taking excessive risks and rewarding unfavourable results”.

- (d) The Policy terms to be proposed by the Board of Directors, as appropriate, to the General Shareholders' Meeting scheduled for 29 and 30 July 2020, respectively at first and second call, are identical to the Policy terms approved by the General Shareholders' Meeting held on 29 June 2017 for the financial years 2017, 2018 and 2019, with the exception of the remuneration cap for directors, which has been increased by a sum of EUR 50,000 (gross). That increase is due to the inclusion, within the aforementioned limit, of the remuneration received by the executive director directly from the Company, which remains unchanged with respect to previous years, and an adjustment to the amount of the fee for attending meetings estimated for each year referred to in the Policy.

5. Validity of the Policy

The Policy shall apply to this financial year 2020 and to the financial years 2021 and 2022.

6. Conclusion

Based on all of the above, the Nomination and Remuneration Committee has concluded that the Policy conforms to the laws and recommendations and is compliant with good governance and transparency standards. Consequently, the Nomination and Remuneration Committee issues this Report to be submitted with the Board of Directors' Policy proposal to the General Shareholders' Meeting referred to in section one above.

Madrid, 18 June 2020.
