



INNOVATING FOR A BETTER WORLD



CEMEX LATAM HOLDINGS
2019 INTEGRATED REPORT

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-  **CEMEX COLOMBIA**
- CEMEX PANAMA**
- CEMEX COSTA RICA**
- CEMEX NICARAGUA**
- CEMEX GUATEMALA**
- CEMEX EL SALVADOR**



COMPANY SNAPSHOT

We work day in and day out to realize our mission: **Create sustainable value by providing industry-leading products and solutions** to satisfy the construction needs of our customers.

About CEMEX Latam Holdings

CEMEX LATAM HOLDINGS IS THE REGIONAL LEADER IN THE BUILDING SOLUTIONS INDUSTRY. WITH MORE THAN 4,200 EMPLOYEES, THE COMPANY PROVIDES HIGH-QUALITY BUILDING PRODUCTS AND SERVICES TO CUSTOMERS AND COMMUNITIES IN COLOMBIA, PANAMA, COSTA RICA, NICARAGUA, GUATEMALA, AND EL SALVADOR.

CEMEX Latam Holdings was organized and incorporated in Spain in 2012 as a capital stock corporation (sociedad anónima); it was registered under the Mercantile Registry in Madrid that same year. CEMEX Latam shares were listed on the Colombian Stock Exchange in 2012.

Our portfolio

Managing our operations as one vertically integrated business enables us to grow our core businesses by participating in a larger portion of our industry's value chain. This strategic focus offers us the opportunity to create value by means of our aggregates, cement, ready-mix concrete, mortar, and other related services and building solutions.

We always strive to provide excellent building solutions and a superior customer experience in the markets we serve.

To this end, we tailor our products and services to suit our customers' specific needs—from home construction, improvement, and renovation to agricultural, industrial, and marine applications. We are focused on three core businesses within the heavy building materials industry—cement, ready-mix concrete, and aggregates— which have enabled us to develop deep expertise, knowledge, and practices.

By leveraging the experience, knowledge, and best practices we have accumulated in our core businesses with innovation in high-margin specialty products, comprehensive building solutions, and new digital technologies, we are able to stand out in the market, develop a competitive advantage, make our customers more productive, and promote the well-being and development of the countries where we operate.



Support from a global industry leader

CEMEX, S.A.B. de C.V. is a global building materials company that offers high-quality products and reliable services for customers and communities in more than 50 countries. Founded in Mexico in 1906, CEMEX has a long history of benefiting those it serves through innovative building solutions, improvements in efficiency, and efforts to promote a sustainable future.

To our stakeholders

Supported by our values, at CEMEX Latam Holdings we are constantly looking for new ways to innovate in the way we generate value for our stakeholders. Confronted by the challenging environment of 2019, we worked hard to continue to ensure the health and safety of our employees, be closer to our customers, differentiate ourselves in the market through our portfolio of value-added products and services, make our operations more efficient, and strengthen our commitment to sustainability.

At CEMEX Latam Holdings our first priority is the **Health and Safety** of all our employees. We are convinced that it is possible to achieve zero injuries in our operations. During 2019, we were able to maintain a low level of lost-time incidents, which is testament to our determination to protect our own employees and anyone who participates in our activities. Supported by our culture of health and safety, we will continue to implement new initiatives until we achieve our zero incidents goal.

To reinforce the safety of our contractors, we finalized the implementation of a control system that strengthens our safety requirements

when operating inside our facilities. The system allows us to verify online, through an independent third-party, that all personnel from contractor companies have the necessary skills and training to carry out to the highest safety standard the tasks they are hired to perform. In addition, we are working with our supply chain to foster continuous innovation and implement the most sustainable practices in our operations.

We also draw on our know-how and leadership in these matters to promote better road safety practices in the community. More than 10,000 people participated in activities organized by our employees in collaboration with educational institutions, traffic authorities, and civil society organizations, to create awareness about compliance with traffic regulations and the prevention of accidents on the road.

Regarding our financial results, in 2019 we registered a solid improvement in the demand and price dynamics for cement in Colombia, while market conditions remained challenging in Panama, Costa Rica, and Nicaragua. For the full year 2019, our net sales and operating EBITDA were down

by 5% and 15%, respectively, in local currency. Net income for the year came to US\$4 million.

2019 was a very positive year, particularly in Colombia, where domestic demand for cement grew 4.2% after three consecutive years of declines. Based on our customer centricity culture and a robust portfolio of products and services, our sales and operating EBITDA in the country increased 7% and 3% in local currency, respectively. Sales were driven by increases in volumes in our three main products, as well as by higher prices for cement and aggregates.

To counter the economic, socio-political, and market challenges in the rest of our operations, we maintained our focus on variables that are under our control:

- Under our A Stronger CEMEX plan, we achieved recurring savings of US\$20 million during 2019. These savings are primarily related to administrative and selling expenses, improvements in the supply chain, as well as our low-cost sourcing initiative.
- We increased our prices in Colombia while recovering our market position.

Our cement prices were up 11% from December 2018 to December 2019, in local currency.

- We completed two alternative fuels substitution projects. In Costa Rica, we will increase our substitution rate to 35% by processing tires in our kilns; in Panama we will increase the substitution rate to 20% by processing spent ship oil in our kilns.
- In Panama, we replaced our primary carbon-based fuel with petcoke, taking advantage of better international prices, and we signed an energy-supply contract for savings of approximately US\$2 million per year, starting in 2020.
- We optimized our concrete business in all of the countries where we operate by reducing costs and focusing on locations with potential for growth. For example, the operating EBITDA for our ready-mix concrete business in Panama was up US\$8 million in 2019, despite lower volumes.
- We managed our working capital efficiently, which during 2019 reached a record level of negative 12 average days.
- We sold fixed assets, for which we obtained US\$23 million.

- We refinanced a considerable portion of our debt with CEMEX, our parent company, thus improving our debt maturity profile. We also reduced our debt by US\$92 million, or 11%, during 2019.
- Cemento Bayano (based in Panama) and CEMEX Guatemala, both of which are subsidiaries of CEMEX Latam Holdings, entered into the following contracts:
 - (i) For Cemento Bayano to supply clinker to Cemento Interoceánico for a ten-year term and an estimated sales volume of close to 300,000 metric tons annually,
 - (ii) For Cementos Progreso to supply clinker to CEMEX Guatemala for a ten-year term and an estimated sales volume of approximately 400,000 metric tons annually, and
 - (iii) An inter-company agreement establishing that Balboa Investments will make a payment to Cemento Bayano in order for the latter to guarantee the supply of clinker to Cemento Interoceánico in Panama. These contracts were entered into under the framework of Balboa Investments BV's (a Dutch subsidiary of Grupo CEMEX) divestiture of its 25% stake in Cemento Interoceánico's capital stock.

To achieve increasingly better results, we work tirelessly to stand out as the most customer-centric company in our industry. We know that understanding the opinions of our buyers concerning the experience we offer them puts us on the right path to meet their needs and improve results. We wish to make sure that, based on our initiatives, we are having a positive impact on those key factors our customers have deemed most relevant when they interact with us. In 2019, we obtained an outstanding result in our Net Promoter Score® (NPS), with a 2-point increase year over year, to 54 points. This key indicator helps us to measure systematically and identify new opportunities to improve customer satisfaction in every market segment and country where we operate.

CEMEX Go is one way in which we are improving the experience we offer our customers. Two years after its launch, close to 6,000 customers in the six countries where we operate, in the industrial, contractor, and distributor segments, are taking advantage of this digital value offering to minimize their administrative tasks and focus on the most strategic issues in their businesses. CEMEX Go provides us with valuable information

that we can use to anticipate the needs of our customers and optimize our business processes and service costs.

In addition to advances in our digital transformation, we continually seek new ways to become a strategic partner for our customers and innovate in the value offering we deliver to them.

We made progress in the rollout of our MIX3R program, which represents an advantage for our industrial customers who operate in increasingly competitive markets. By integrating assistance, training, and personalized service into our products, we help our customers develop more profitable operations. Likewise, we have brought innovations to the buying experience we offer our customers who are small builders, contractors, or do self-construction through the **CEMEX At Your Service** program that offers new service channels and an extended product portfolio. With our **Radar Comercial** solution, we continue to help our hardware store, industrial, and builder customers to increase their sales through a geo-positioning platform that identifies where construction is taking place in their area.

With **Construrama**® we continue to help our distributor customers grow and make their operations more professional by combining community engagement efforts with the benefits of belonging to a multinational family. Construrama® has continued to grow and currently has 453 hardware stores in Colombia, Nicaragua, Costa Rica, and El Salvador.

Aligned with our sustainable business strategy, we defined our 2030 Goals that support our vision of **building a better future**. These goals represent our commitment to sustainability in every aspect of the business and our determination to contribute in a more ambitious way to the agenda of the **United Nations Sustainable Development Goals** (SDGs).

Climate change mitigation is one of the biggest challenges of our time and one of the priorities for our company. Accordingly, we established a new **Climate Action Objective** in line with the plan of the **International Energy Agency**. Our 2030 goal is to reduce our net specific CO₂ emissions by 32%, from the level registered in our 1990 baseline. As of 2019, we had achieved a 20.9% reduction with respect to that baseline.

CLOSE TO 6,000 CUSTOMERS ARE USING OUR DIGITAL VALUE OFFERING CEMEX GO.

WE DEFINED A SERIES OF 2030 GOALS THAT SUPPORT OUR VISION OF BUILDING A BETTER FUTURE.

Currently, 64% of the electric power used at our cement operations comes from renewable sources and our **alternative fuels substitution rate** is 13%. In addition, we are implementing new initiatives that contribute to mitigate CO₂ emissions, reduce our consumption of fossil fuels, and build a circular economy. In Costa Rica, we signed an alliance to co-process worn-out tires, a solution which addresses the environmental challenge resulting from the accumulation of tires and, at the same time, enables us to achieve a 35% alternative fuels substitution rate in our kiln in that country. In Panama, we expanded our capacity to co-process spent ship oil, an investment that will bring our fuel substitution rate to 20%. In Nicaragua, we installed equipment that allows us to use the dust we recover from collectors in the kiln, achieving considerable savings in caloric and raw materials consumption. And in Colombia, we are collaborating with the municipality of Maceo so that it can become the first **Zero Waste** municipality in the country through a culture of waste separation, composting, recycling, and, in the future, also co-processing of materials in our kiln.

As part of our commitment to the measures expected from our sector to contribute to the **Paris Agreement**, CEMEX Latam Holdings has contributed with its leadership and active participation in the **Federación Interamericana del Cemento** (FICEM) to jointly develop the FICEM Roadmap, a document that represents the commitment of the Latin American industry to reduce CO₂ emissions and positions concrete as a solution to meet the need to mitigate and adapt to climate change. In 2019, 36% of our cement and ready-mix concrete sales were for products that have unique sustainability attributes.

Our social businesses and shared value programs open the doors for families and individuals to access high-quality community infrastructure, acquire new knowledge and skills, have better and more extensive job opportunities, start their own businesses, and provide their children with spaces for recreation. A source of great pride for us is the fact that in 2019 we exceeded one million beneficiaries of our initiatives. As we move forward, the new **Community Engagement Plans** that we have designed and implemented in our

cement plants will enable us to take full advantage of our strengths and experience to continue creating shared value that benefits our communities and our company.

It is thanks to our people that we have achieved the goals we set for ourselves and that we are able to foster innovation as one of the core values throughout our organization. We are continually improving the experience we offer our employees so they can unlock their full potential to benefit our company and our stakeholders. In 2019, we started using the **Employee Net Promoter Score (eNPS)** methodology to measure whether our employees would recommend us as a good place to work. Our eNPS score at year-end was 68 points, positioning us as one of the business units with the highest scores with respect to CEMEX's overall results.

Maintaining a high level of trust helps us attract and retain the best talent, streamline our operations, establish good relationships with customers, suppliers, and local communities, and puts us on track to enter new markets in a sustainable way. **Our Code of Ethics and Conduct**

is the cornerstone of our effort to help our employees understand and share the same values and behavioral standards in all our operations and in our interactions with our stakeholders.

As we focus on the variables that are under our control to face the challenges and leverage the opportunities present in the markets where we participate, at CEMEX Latam Holdings we will continue to innovate and work tirelessly to create new spaces where we can collaborate and develop ideas that will allow us to promote the ingenuity of our employees, and build new partnerships that strengthen the creation of value for all our stakeholders.

On behalf of the CEMEX Latam Holdings Board of Directors, our management team, and our employees, we appreciate your interest in our company and the trust you have placed in us. We invite you to read our Third Integrated Report in which you will find the results of our initiatives, all of which are designed and implemented in our effort to build a better future.

AN EXCESS OF ONE MILLION PEOPLE ARE BENEFICIARIES OF OUR SOCIAL RESPONSIBILITY INITIATIVES.

Jaime Muguero
Chairman of the Board of Directors

Jesús González
Chief Executive Officer

Our portfolio



Cement

Binding agent that is obtained from a calcination process of a mixture of limestone, clay, and iron ore.

- General Use
- Super Resistant
- Marine Environment
- Structural
- White Cement

10 Plants and grinding plants
28 Distribution centers
1 River terminal

7.3 Million tons²



Ready-mix concrete

Made from cement, aggregates, water, and admixtures, it is a durable building material that can be used in many different ways.

- For foundations
- For structures
- For infrastructure
- For industrial parks
- Architectural
- High-strength
- Sustainable and Value-added

79 Plants

2.4 Million cubic meters¹



Aggregates

Geological materials that are the primary ingredients in ready-mix concrete and mortar.

- Natural and manufactured sand
- Yellow sand
- Natural and manufactured gravels
- Mixed aggregates
- Granular base
- Granular sub-base
- Gravel

17 Quarries

5.7 Million tons¹



Dry mortar

A mixture of cement, sand, and admixtures with technically designed doses.

- Conventional
- Controlled density
- Floors
- Plaster
- Structural
- Fill grout
- Shotcrete

3 Plants



Admixtures

Chemical compounds that enhance the efficiency, offer value-added properties, and develop new applications.

- Accelerants
- Dust control
- Solidifiers
- Stabilizers
- Aerators
- Multifunctional
- Plasticizers
- Superplasticizers

2 Plants



Related businesses

Contribute to marketing our products in a better way, growing our businesses, and improving our performance.

- Pavement, housing, and infrastructure solutions
- Precast structures
- Value-added services
- Commercial solutions
- Construrama®
- CEMEX Go

453 Construramas

1. Annual sales volume

2. Annual production capacity

Highlights of our 2019 performance



Finance

US\$20 million

in recurring savings under the A Stronger CEMEX plan.

12 negative days

averaged in working capital: Record level.

US\$92 million

debt reduction.



Employees

100%

of sites have a Health and Safety Management System in place.

68

Employee Net Promoter Score.

+1,200

employees participated in volunteering initiatives.



Customers and suppliers

+ 5,900 customers

in our countries employ CEMEX Go.

54

Net Promoter Score (+2 points vs. 2018).

40%

of critical supplier spend assessed in sustainability practices.



Communities

1 million

people have benefited with our social programs since 1998.

33,000

families have participated in Patrimonio Hoy since 1998.

100%

of cement plants have a Community Relations Plan in place.



Climate Action

64%

renewable electric power in cement operations.

20.9%

reduction in specific CO₂ emissions vs. 1990.

Leaders in Climate Action.



Planet

100%

of our active quarries have a rehabilitation plan in place.

94%

of clinker under Continuous Monitoring Systems.

90%

of cement plants have been ISO 14001 certified.



HOW WE CREATE VALUE

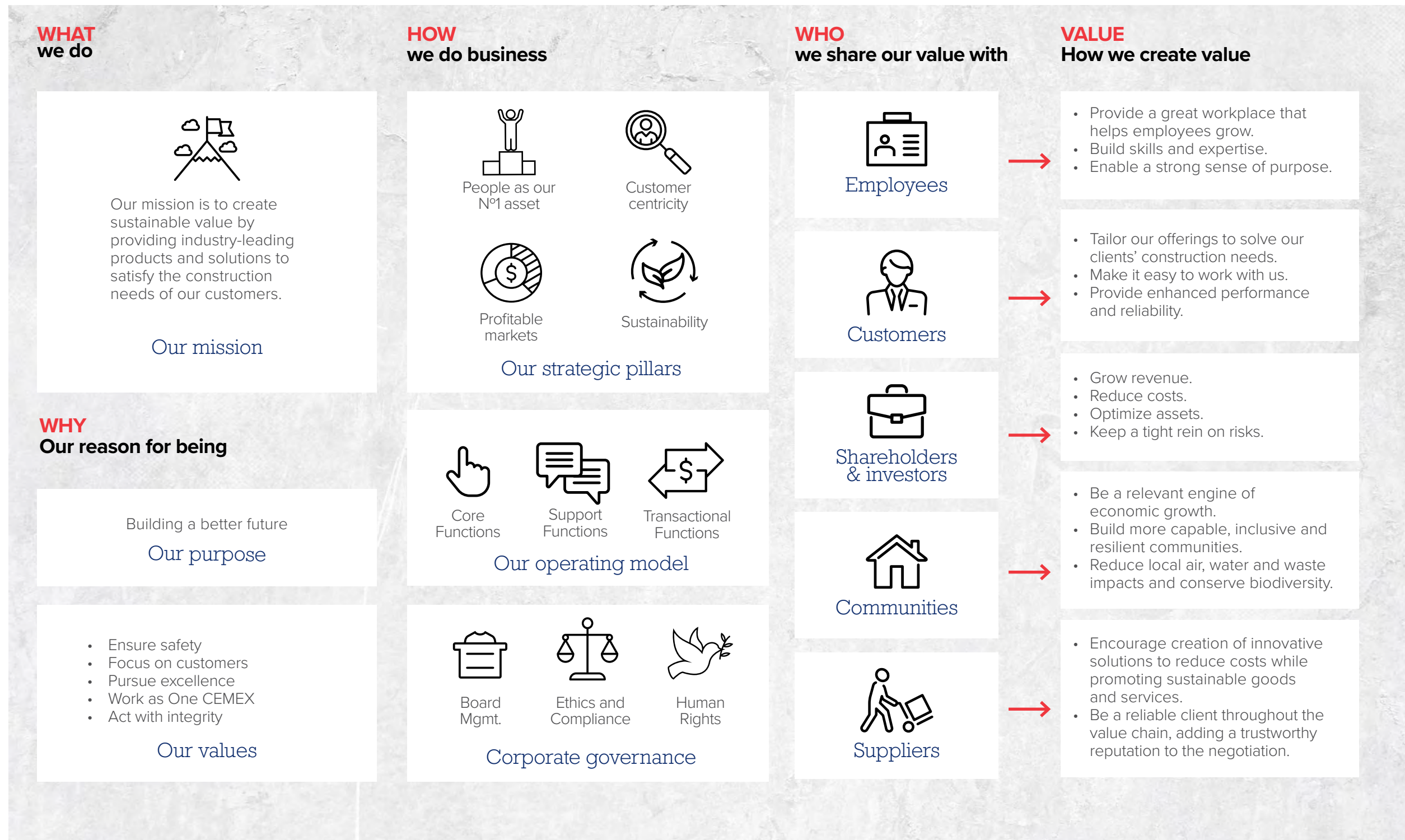
We are continually innovating our products and building solutions so as **to exceed the expectations of our customers**, differentiate ourselves in the markets in which we participate, and satisfy the growing needs of society.

We work day in and day out to make our mission a reality: Our Value Creation Model

OUR MISSION IS TO CREATE SUSTAINABLE VALUE BY PROVIDING INDUSTRY-LEADING PRODUCTS AND SOLUTIONS TO SATISFY THE CONSTRUCTION NEEDS OF OUR CUSTOMERS.

At CEMEX Latam Holdings we all share a common vision: to build a better future for our employees, our customers, shareholders, suppliers, and the communities in which we live and work.

We come to work each day excited to develop and deliver high-quality, sustainable construction products and innovative building solutions that exceed our customers' expectations and meet society's growing needs.



WHAT
we do



Our mission is to create sustainable value by providing industry-leading products and solutions to satisfy the construction needs of our customers.

Our mission

WHY
Our reason for being

Building a better future

Our purpose

- Ensure safety
- Focus on customers
- Pursue excellence
- Work as One CEMEX
- Act with integrity

Our values

HOW
we do business



People as our N°1 asset



Customer centricity



Profitable markets



Sustainability

Our strategic pillars



Core Functions



Support Functions



Transactional Functions

Our operating model



Board Mgmt.



Ethics and Compliance



Human Rights

Corporate governance

WHO
we share our value with



Employees



Customers



Shareholders & investors



Communities



Suppliers

VALUE
How we create value



- Provide a great workplace that helps employees grow.
- Build skills and expertise.
- Enable a strong sense of purpose.



- Tailor our offerings to solve our clients' construction needs.
- Make it easy to work with us.
- Provide enhanced performance and reliability.



- Grow revenue.
- Reduce costs.
- Optimize assets.
- Keep a tight rein on risks.



- Be a relevant engine of economic growth.
- Build more capable, inclusive and resilient communities.
- Reduce local air, water and waste impacts and conserve biodiversity.

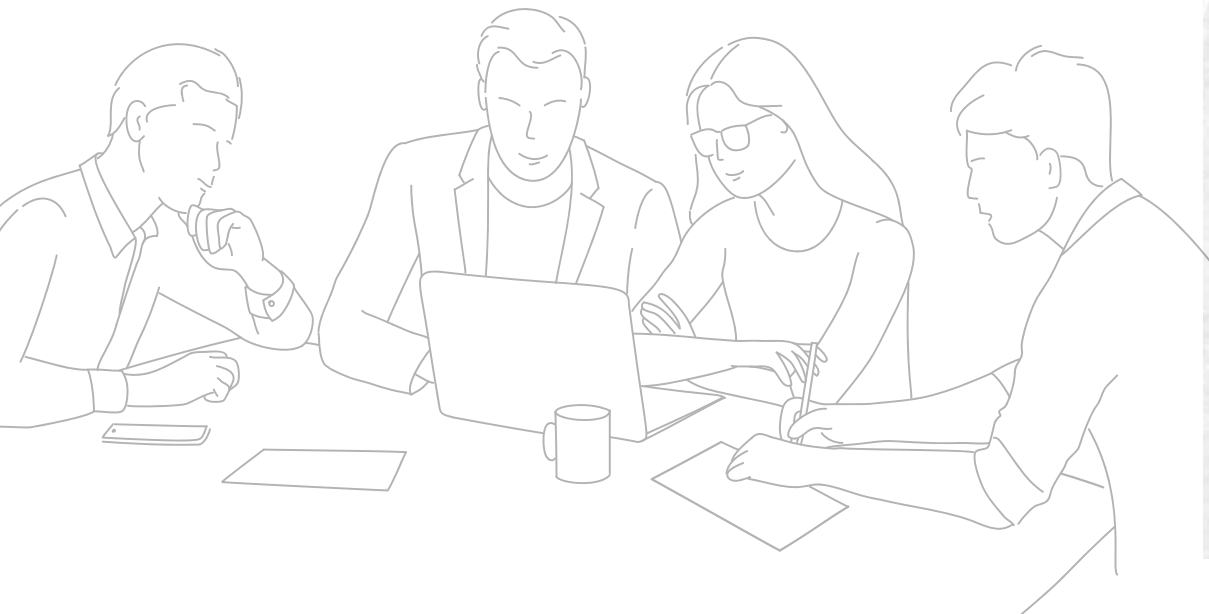


- Encourage creation of innovative solutions to reduce costs while promoting sustainable goods and services.
- Be a reliable client throughout the value chain, adding a trustworthy reputation to the negotiation.

The plan for achieving our mission

THERE ARE FOUR KEY PILLARS IN OUR STRATEGY. INDIVIDUALLY, EACH ELEMENT ENGAGES AND IMPACTS OUR BUSINESS. COLLECTIVELY, THESE FOUR ELEMENTS HELP US ACHIEVE OUR MISSION.

At CEMEX Latam Holdings, in addition to working towards a common goal in the region, we leverage CEMEX’s know-how and global scale to adopt best practices in order to generate the greatest value for both our stakeholders and the company.



Our four strategic pillars:



Employees

Value our people as our main competitive advantage

- We hire the best people and make their health, safety, and professional growth a priority.
- We develop leaders and encourage them to create new ways of thinking and acting, while assessing risks and opportunities.
- We foster an open dialogue in all of our interactions to align our goals and achieve better results.



Customers

Help our customers succeed

- We invest time in the relationship with our customers and we listen closely to understand their needs and offer new solutions.
- We help them succeed by delivering quality products, innovative solutions, and superior customer service.
- We compete by means of innovation applied to a unique offering that is difficult for our competition to match.



Markets

Pursue markets that offer long-term profitability

- We pursue markets where we can add value for our employees, customers, and shareholders.
- We focus on what we do best—cement, aggregates, ready-mix concrete, and related businesses.
- We venture beyond those core businesses when it is essential to better market our products.



Sustainability

Ensure sustainability is fully embedded in our business

- We invest and innovate to lead the industry in sustainable and environmentally-friendly operations.
- We provide products and solutions that contribute to more sustainable cities.
- We act responsibly in our operations, always looking for a way to minimize our impact on the environment.
- We collaborate with local communities to empower them and contribute to their development.

CEMEX Smart Innovation Model

WE LIVE IN A CHALLENGING AND DYNAMIC WORLD, WHERE NEW TECHNOLOGIES, NEW BUSINESS MODELS, AND NEW REGULATIONS ARE TRANSFORMING ENTIRE INDUSTRIES.

Within this context, we strive to actively drive innovation in our industry by unlocking new value opportunities for our current and potential customers while at the same time enhancing our internal innovation and efficiency.

At CEMEX Latam Holdings, we have earned industry recognition for our leadership in innovation as applied to value-added solutions, digitalization, efficiency, and sustainability, among other areas.

In 2019 CEMEX launched its Smart Innovation Model focused on strengthening innovation across the organization, with clear priorities and an agile, transparent, and disciplined execution. Understanding that innovation is a core element of our DNA, our Smart Innovation Model enables every single one of our employees to provide ideas that have the potential to become new value-creation opportunities for our company in the future.

As part of our growth and customer centricity strategy, we strive to explore disruptive ideas that enable us to participate at any point in the construction value chain. In addition to continuing to improve our key businesses, we wish to make sure that innovation guides our company towards new horizons.

CEMEX Innovation Challenge

We encourage the participation of our employees and suppliers in our search for disruptive innovation in our core businesses and across our industry's value chain. The CEMEX Innovation Challenge, which was launched in 2019, received more than 1,250 proposals worldwide, among which 120 stood out for their innovation and potential to be implemented in our processes. Finalists in each region, including CEMEX Latam Holdings countries, were recognized for their creativity, talent, and conviction.

We prioritize innovation in three areas:

1.



Digital solutions in the supply chain for builder, distributor, and industrial customers.

2.



Improvements in the construction process by offering better materials with sustainability attributes.

3.



Help builders be more efficient at work sites.

The net value we generate for society

Our financial statements only partially reflect the way in which our activities benefit society. There are additional impacts that are not included in our traditional profit and loss calculations. To fully understand how the net value of the company is created, we need to include in our EBITDA values that are not part of our traditional profit and loss calculation.



Value created by a CEMEX Latam Holdings cement plant



Value for our employees

- Creates quality local jobs.
- Promotes professional growth with training programs.
- Works with Operational Excellence programs.
- Promotes health, safety, and well-being.
- Operates under a Health and Safety Management System.



Economic value

- Produces high-quality cement for building housing and infrastructure that promote the well-being of the population and the development of countries.
- Offers technical advice and specialized accompaniment.
- Makes our customers more productive with CEMEX Go and value-added commercial solutions.
- Operates under ISO 9001-backed quality.
- Generates profits, taxes, and interest payments.



Value for the community

- Promotes development through programs focused on education, employment capabilities, mobility, sports, health, environmental stewardship, and resilience.
- Fosters community ingenuity with its entrepreneurship programs.
- Hires local community suppliers who create new jobs.
- Contributes to strengthening safety practices in contractors.



Environmental value

- Operates under an Environmental Management System.
- Helps reduce community waste by employing alternative fuels.
- Consumes renewable electric power.
- Saves water with recycling systems.
- Protects biodiversity and implements rehabilitation programs.
- Promotes responsible environmental management based on ISO 14001.

Sustainability priorities for our company and our stakeholders

TO SET OUR BUSINESS PRIORITIES, WE INCORPORATE STAKEHOLDER INPUTS, COMPANY INSIGHTS, SECTOR INITIATIVES, PEER REVIEWS, AND GLOBAL TRENDS.

Identifying the most relevant issues for our company and stakeholders allows us to define risks, opportunities, and key indicators in addition to establishing strategic goals and reporting on our progress.

In order to identify those issues that are most relevant for our company and stakeholders, we rely on a materiality assessment developed by employing the methodology suggested by the Global Reporting Initiative (GRI).

This enables us to prioritize our efforts and minimize the gap between our business strategy and economic, environmental, social, and governance issues. In 2017, CEMEX updated its Materiality Matrix by conducting a global survey among representatives of the company's stakeholders. Executives at CEMEX Latam Holdings actively participated in this exercise by responding to the survey as well as during the process of identifying and inviting the representative stakeholders.

Stages of the materiality assessment



1. Identification:

CEMEX drafted an initial list of sustainability topics that are relevant to our industry, taking into account the results of previous materiality analyses, global trends, societal challenges where CEMEX can contribute the most, and the interests of analysts.



2. Definitions:

Subsequently, in order to refine the list of material aspects, we presented it among functional areas within CEMEX by means of a series of evaluation and discussion exercises. As a result, we reached an internal consensus on the 23 most relevant sustainability aspects for CEMEX.



3. Prioritization:

We shared the list of the most relevant matters in a stakeholder survey. More than 200 employees, customers, suppliers, and members of the CEMEX Latam Holdings communities provided their points of view on priority matters for the company across the countries where we operate.



4. Results:

Based on the results of the survey, we drafted the materiality matrix for CEMEX Latam Holdings, which shows the union between CEMEX's global vision and needs in our region. The vertical axis represents our stakeholders' concerns. The horizontal axis represents the potential impact to CEMEX Latam Holdings.

CEMEX Latam Holdings materiality matrix



◆ Economic ◆ Environmental ◆ Social ◆ Governance

Stakeholder concerns	High		<ul style="list-style-type: none"> ◆ Product quality and innovation ◆ Business ethics and transparency 	<ul style="list-style-type: none"> ◆ Customer experience and satisfaction
	Medium	<ul style="list-style-type: none"> ◆ Direct economic impact on stakeholders ◆ Water management ◆ Biodiversity preservation ◆ Transport and logistics optimization ◆ Supplier management 	<ul style="list-style-type: none"> ◆ Products and solutions for sustainable construction ◆ Environmental and air emissions management ◆ Energy sourcing, efficiency, and cost ◆ CO₂ management strategy ◆ Local community development 	<ul style="list-style-type: none"> ◆ Growth in existing markets and countries ◆ Return on Capital Employed ◆ Health and safety ◆ Employee engagement and development
	Low	<ul style="list-style-type: none"> ◆ Waste management ◆ Risk management ◆ Human Rights 	<ul style="list-style-type: none"> ◆ Materials recycling and circular economy ◆ Public affairs and stakeholder management ◆ Corporate governance 	
		Low	Medium	High

Potential impact on CEMEX LATAM HOLDINGS

Relationship with our stakeholders



In every country where we operate, we develop strategic relationships through an open dialogue with our stakeholders. In order to interact with each of them, we create innovative platforms for dialogue and we employ tailor-made activities. Building partnerships is key to achieving our goals, generating a positive and sustainable impact on society, and making our contribution to the UN Sustainable Development Goals a reality. We manage our relationship in a manner consistent with our values, our Code of Ethics, polices, and the law.



Employees

Our employees are our main competitive advantage. We are in constant communication with them in order to listen to their concerns and offer a safe, healthy, and inclusive work environment that provides growth and development opportunities for all.

Suppliers

Building solid relationships across our supplier network contributes to the success of our company. Under the principles of our Code of Conduct When Doing Business with Us, we work as a team with our suppliers to create greater shared value, including for ourselves, our suppliers, and our customers.

Academic institutions

We leverage the knowledge and experience we gain from our collaborative programs with leading academic institutions. We also build collaborative platforms through which we communicate the advantages of our products.

Customers

We place our customers at the center of everything we do. By listening to the needs of our customers and understanding the challenges they face, we strive to be their partners of choice, exceed their expectations, and become the most customer-centric company in our industry.

Communities

In order to improve the experience in neighboring communities, we promote an open dialogue that allows us to understand their expectations, analyze the progress of our initiatives, and measure our related achievements. By understanding their expectations, we are able to build mutual trust and carry out joint actions.

Governments & policy makers

We cooperate with the authorities—both directly and through associations—responsible for defining industrial policies. We participate in the conversation on key issues for our industry, as well as environmental and social development in the communities.

Shareholders and investors

We implement a robust strategy to promote a comprehensive understanding of the company and of how our business performs. Our commitment is to the clear understanding that, as a public company, we are stewards of other people's money.

NGOs

We work in tandem with NGOs that share our vision of building a better future. Through open dialogue, the exchange of best practices, and teamwork, we make sure we create shared value on key issues for CEMEX Latam Holdings and our neighboring communities.

Business associations

Participating in regional and local associations enables us to share best practices, acquire new knowledge, and promote our businesses. Likewise, it gives us a voice to advocate, in collaboration with other companies, on issues that are key to our sector.

Communication mechanisms with our stakeholders

Stakeholders	Relevant issues		Engagement	
Employees	<ul style="list-style-type: none"> • Health and safety • Diversity and inclusion • Career path and growth 	<ul style="list-style-type: none"> • Training and development • Experience 	<ul style="list-style-type: none"> • Health and safety campaigns • Ethics and compliance campaigns • Engagement survey • Meetings with leaders 	<ul style="list-style-type: none"> • Local HR teams • Intranet and press releases • ETHOSline
Customers	<ul style="list-style-type: none"> • Customer service • High-quality products • Value-added services • Comprehensive solutions 	<ul style="list-style-type: none"> • Sustainability practices • Company's economic performance 	<ul style="list-style-type: none"> • Net Promoter Score (NPS) • Customer Service Center • Satisfaction surveys 	<ul style="list-style-type: none"> • Sales representatives • Digital platforms • Commercial events
Shareholders and investors	<ul style="list-style-type: none"> • Company's economic performance • Environmental and social performance 	<ul style="list-style-type: none"> • Corporate governance • Ethics and integrity 	<ul style="list-style-type: none"> • Integrated Annual Report • Quarterly financial results conference call • Quarterly financial report • Investor relations division 	<ul style="list-style-type: none"> • Continuous website updates • Press releases and relevant information
Suppliers	<ul style="list-style-type: none"> • Health and safety • Company's economic performance 	<ul style="list-style-type: none"> • Fair business conditions • Sustainability practices 	<ul style="list-style-type: none"> • Procurement interactions • Capacity building programs • Joint innovation programs 	<ul style="list-style-type: none"> • Health and safety guidelines • Sustainability guidelines
Communities and NGOs	<ul style="list-style-type: none"> • Community development • Jobs • Education • Work capabilities • Entrepreneurship • Empowerment for women 	<ul style="list-style-type: none"> • Health and safety • Environmental stewardship • Human rights • Transparent communication • Infrastructure and mobility 	<ul style="list-style-type: none"> • Inclusive businesses • Community Centers • Social investment programs • Development of local suppliers • Development of local SMEs • Entrepreneurship programs 	<ul style="list-style-type: none"> • Community coordinators • Dialogue with our neighbors • CEMEX Experience program • Open Doors program • Investment in community infrastructure • Volunteering initiatives
Academia	<ul style="list-style-type: none"> • Collaboration • Student development 	<ul style="list-style-type: none"> • Understanding of global trends • Innovation 	<ul style="list-style-type: none"> • Team research • CEMEX Chair • Publications 	<ul style="list-style-type: none"> • Education events • Internships for students
Governments and policy makers	<ul style="list-style-type: none"> • Health and safety • Company's economic performance • Manage environmental impacts 	<ul style="list-style-type: none"> • Jobs • Pavement, infrastructure, and housing solutions 	<ul style="list-style-type: none"> • Integrated Annual Report • Dialogue on public policies • Partnerships 	<ul style="list-style-type: none"> • Working groups • Guided plant tours • Conferences
Business associations	<ul style="list-style-type: none"> • Active engagement 		<ul style="list-style-type: none"> • Meetings • Conferences 	<ul style="list-style-type: none"> • Working groups • Research

2030 CEMEX Latam Holdings Sustainability Targets

A KEY ELEMENT IN OUR SUSTAINABILITY STRATEGY CONSISTS OF ESTABLISHING GOALS THAT DRIVE OUR COMPANY TOWARDS THE CREATION OF A BETTER FUTURE.

With the worldwide focus on reaching the 2030 goals of the global agenda for sustainable development, we recognize our responsibility to mobilize our efforts to help meet these important targets. In order to continue creating shared value, we have established, in collaboration with CEMEX, a series of 2030 goals that strengthen our commitment to building a better future.

The process of complying with these goals will enable us to embed sustainability more profoundly in our company's strategy and, at the same time, it will help alleviate some of the greatest challenges communities are facing today.

How were these goals established?

We embed sustainability in the CEMEX Latam Holdings strategy in a synergistic manner. Accordingly, sustainability at CEMEX Latam Holdings is linked to all corporate functions and business lines. Coordinated by the CEMEX sustainability team, the process to define the CEMEX 2030 Sustainability Targets involved collaboration of employees

from more than 10 corporate functions. Representatives from all countries and regions were also active participants in this effort. Through this inclusive process, all business units are accountable and contribute to the achievement of the goals we have set for ourselves.

Measuring progress and results

Through the CEMEX Sustainability Scorecard, the company has an internal management tool that registers the sustainability performance in every country and region where CEMEX operates. The scorecard will dynamically make an internal assessment of initiatives related

to different environmental, social, and governance (ESG) issues, a process similar to those performed by specialized external analysts.

Sustainability Committees in every country where we operate

In 2019, we created Sustainability Committees in each of the countries where we operate in order to address the 2030 targets as well as all issues pertaining to the CEMEX Sustainability Model. These Committees also help us monitor progress continuously and in a timely manner. Moreover, they work as collaboration, discussion, and

decision-makingspaces in which our Country Directors meet every two months with leaders of related functional divisions such as: health and safety, environment, operations, legal, planning, corporate social responsibility, human resources, communications and corporate relations, ERM, procurement, and customer experience. In addition to exchanging best practices and reviewing compliance with all regulations, the Committees are in charge of supporting the planning processes, leading the implementation of initiatives, and verifying and communicating on the company's progress through key performance indicators.

Inputs for defining the 2030 sustainability goals:



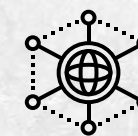
UN Sustainable Development Goals.



Global agreements on climate change (for example, the Paris Agreement).



Sector trends, risks, challenges, and opportunities.



Our Materiality Matrix.



CEMEX top management.



Key external stakeholder concerns.

Focus of the 2030 Sustainability Targets

Our targets are focused on creating economic, social, and environmental value while at the same time partaking in the necessary global efforts to comply with the UN Sustainable Development Goals.



Employee experience

Our goal is to measure and increase the percentage of employees who would recommend CEMEX Latam Holdings as a good place to work, a straightforward indicator that reflects the positive experience of employees in the company.



Diversity and inclusion

We plan to improve diversity and inclusion in the company by implementing a series of initiatives that include gender equality for all entry level positions, review of compensation parity during audits, and training.



Health and safety

We believe that zero incidents is a moral duty that is possible if we work together under the direct management of our leaders. We will continue to work day in and day out to fulfill our primary commitment to the health and safety of our employees, contractors, and communities.



Customer centricity

We are committed to becoming the most customer-centric company in our industry. The Net Promoter Score (NPS) is the most relevant indicator to monitor customer satisfaction as well as the results of our initiatives.



Sustainable construction

We are committed to ensuring that a considerable portion of our ready-mix concrete and cement sales is linked to products that offer unique sustainability attributes including savings in resources, energy efficiency, and health and safety benefits.



Circular economy

We plan to continue to promote a circular economy by employing waste from other industries as alternative fuel and alternative raw materials in cement production, and to employ residues and by-products to substitute for cement or aggregates in the production of ready-mix concrete.



Climate change

Our ambition of contributing to mitigate climate change is reflected in our new goal, calculated using the Science-Based Targets (SBTs) methodology for limiting the global temperature increase within 2°C, in accordance with the Paris Agreement.



Air emissions

We are known for proactively facing challenges across the planet. Our intention is to go beyond just complying with local regulations and to reach international excellence levels in relation to the main air emissions of our cement facilities.



Biodiversity

We have a long history of rehabilitating quarries and implementing Biodiversity Action Plans (BAPs). We are committed not only to continuing this effort but also to strengthening it with the conservation certification provided by a third-party.



Water

Although the building materials sector is responsible for less than 1% of industrial water consumption, CEMEX Latam Holdings is aware of the importance of this resource. We are committed to implementing water management plans in all of our operations located in water-scarce areas.



Communities

We plan to establish Community Engagement Plans at all our priority sites and implement formal dialogues with our stakeholders through Social Responsibility Committees in order to continue to add partners to our social investment initiatives.



Suppliers

We have carried out a supplier evaluation that includes criteria such as health and safety, human rights, employee development, and environmental compliance. As we move forward, we will continue to assess critical suppliers as part of our effort to encourage sustainable practices in our commercial partners.



Ethics and compliance

The goal refers to the permanent implementation of a program to strengthen compliance with the law based on our Code of Ethics, training, and audits, so that every employee continues to enforce ethical behavior practices across the company.



Progress in the 2030 CEMEX Latam Holdings Sustainability Goals

Key issue	Key indicator	2019	2030 Goal
Employee experience	Employee Net Promoter Score (eNPS)	68	≥ 70
Diversity and inclusion	Implementation of key diversity and inclusion initiatives (%)	66	100
Health and safety	Employee fatalities (number)	0	0
	Employee Lost-Time Injuries (number)	7	0
Customer centricity	Net Promoter Score	54	60
Sustainable construction	Annual sales from cement and ready-mix concrete products with outstanding sustainable attributes (%)	36	≥ 50
Circular economy	Total consumption of waste-derived sources from other industries (million tons)	0.33	0.51
Climate change	Reduction in net CO ₂ emissions per ton of cementitious products from 1990 baseline, aligned with the International Energy Agency's roadmap to reducing CO ₂ emissions (%)	20.9	32
	Power consumption from renewable energy in cement (%)	64	65
Air emissions	Reduction of dust emissions per ton of clinker from 2005 baseline (%)	83	95
	Reduction in NO _x emissions per ton of clinker from 2005 baseline (%)	66	60
	Reduction SO _x emissions per ton of clinker from 2005 baseline (%)	7	27
Biodiversity	Quarry rehabilitation plans, Biodiversity Action Plans, and third-party certification (% from target quarries)	66	100
Water	Implementation of Water Management Plans in sites located on water-scarce areas (%)	ND	100
	Community engagement plans in all priority sites (%)	100	100
Communities	Individuals who have participated in social programs since 1998 (million people)	1.0	1.4
Suppliers	Sustainability assessment executed by an independent third-party for our critical supplier spend (%)	40	80
Ethics and compliance	Implementation of an Ethics and Compliance Continuous Improvement Program (%)	88	100

1. In 2019 we updated our Water Stress Assessment. During 2020 we expect to implement water management plans.

Contribution to the UN Sustainable Development Goals

WE ARE AWARE THAT OUR BUSINESS CANNOT THRIVE IN A WORLD BEREFT OF ENVIRONMENTALLY-FRIENDLY INITIATIVES THAT CONTRIBUTE TO SOLVING POVERTY, INEQUALITY, AND THE LACK OF OPPORTUNITIES.

By aligning our business strategies with the United Nations Sustainable Development Goals (SDGs), we are not only better positioned to respond to big societal challenges, but also to facilitate opportunities for growth, strengthen our license to operate, and create economic, social, and environmental value for our stakeholders.

We selected five SDGs to which CEMEX Latam Holdings is best positioned to make a contribution. In order to identify them, we performed an exercise to align our strengths as a leading company in the building materials industry with the expectations of our stakeholders, the relevant issues identified in our materiality assessment, and the 2030 targets we have established. This set of SDGs is at the center of our vision and strategy. We are convinced that contributing our efforts and daily work to achieving these goals is part of our responsibility to help build a better future.

Establishing strategic links



The reason we come to work every day

We recognize our responsibility to join the effort to confront the most critical challenges facing our planet. We improve the lives of the people and communities around us by contributing to building family homes, the roads that connect them, and the infrastructure that makes cities vibrant. We address the growing needs of society with high-quality products and innovative solutions for the construction industry.



The way in which we build a more sustainable world

We strive to create a better future for our employees, our customers, our suppliers, our shareholders, the planet, and the communities in which we live and work. We promote sustainable development by prioritizing health and safety at our operations, fostering the professional career of our employees, and generating a low-carbon and resource-efficient industry.



The path to being stronger

We are aware that our operations play an important role in the communities in which we live and operate. That is why we invest talent, resources, and creativity to establish partnerships and jointly build the foundations for driving the development of families and individuals who are looking for opportunities to get ahead.

Our contribution to the SDGs in 2019

SUSTAINABLE DEVELOPMENT GOALS



- Sustainable cities p. 43
- Pavement p. 46
- Infrastructure p. 47
- Housing p. 48



- Jobs p. 61
- Compensation p. 64
- Work-life balance p. 64
- Development p. 66



- Innovation p. 37
- Infrastructure p. 47
- Community infrastructure p. 77



- Commitment p. 92
- Innovation p. 44
- Alternative energy p. 96
- Carbon-neutral fleet p. 100



- Rehabilitation p. 104
- Certifications p. 104
- Action plans p. 105
- Species protection p. 106



- Education p. 73
- Social businesses p. 79
- Entrepreneurship p. 81
- Local suppliers p. 82



- Commitment p. 51
- Communities p. 52
- Contractors p. 53
- Well-being p. 55



- Career development p. 66
- Training p. 66
- Education p. 73
- Community Centers p. 73



- Employees p. 61
- Inclusive company p. 62
- Development p. 66
- Human rights p. 125



- Circular economy p. 97
- Power p. 99
- Waste p. 101
- Water p. 103



OPERATIONAL AND FINANCIAL RESULTS

We continue innovating to **strengthen our customer centricity** and leverage new business opportunities, while also continuing to be more efficient and optimize our operations.

We continue innovating to set ourselves apart in the markets where we participate



Improved customer service

We increased our customer service levels, improving our key Net Promoter Score indicator from 52 points in 2018 to 54 in 2019.

Robust value offer

We continue innovating in order to improve our offering in the industrial, builder, and distributor segments with the aim of providing greater value to our customers, building a relationship based on trust, and continuing to be their strategic partner of choice.

Growth of CEMEX Go

We remain at the forefront of meeting our customers' digital needs. More than 5,900 customers are using CEMEX Go in the industrial, builder, and distributor segments in the six countries where we operate, which contributes to our ability to provide superior service and to reduce service costs.

Cost reduction

Under the A Stronger CEMEX plan, we achieved recurring savings for US\$20 million in 2019. The savings relate primarily to administrative and selling expenses, supply chain improvements, as well as our low-cost sourcing initiative.

Efficiency in working capital

We manage our working capital efficiently. Working capital days during 2019 reached a record level of negative 12 average days.

Alternative fuels

We achieved a substitution rate of 13% in 2019, thus reducing our consumption of fossil fuels. In addition, we completed two new projects in order to increase our ability to process spent oil from ships in Panama as well as used tires in Costa Rica. Furthermore, in Panama we substituted coal with pet coke to take advantage of low international prices.

Optimized operations

We optimized our ready-mix concrete business by reducing costs and focusing on places with greater growth potential. For example, the operating EBITDA for our ready-mix concrete business in Panama was up US\$8 million in 2019, in spite of lower volumes.

Balanced portfolio

We finalized fixed asset sales for US\$23 million. Proceeds from these divestitures were used mainly to reduce debt. We signed 2 clinker purchase agreements, one as a supplier in Panama and the other as a buyer in Guatemala.

Debt reduction

We reduced our net debt by US\$92 million, or 11%, during 2019. Further, we refinanced a considerable portion of our debt with CEMEX, our parent company, thus improving our debt maturity profile. Our maturity profile is currently more manageable, and we do not have any considerable maturities until December 2022.

Consolidated results

Consolidated net sales decreased 11% in US dollars, or 5% in local currency, year-over-year to US\$989 million in 2019. Higher sales in Colombia and El Salvador were offset by a fall in the rest of our operations.

Cost of sales as a percentage of net sales increased 2.8 percentage points, from 58.5% in 2018 to 61.3% in 2019.

Operating expenses as a percentage of net sales increased 0.8 percentage points, from 26.2% in 2018 to 27.0% in 2019.

Operating EBITDA decreased 20% in US dollars, or 15% in local currency, year-over-year to US\$199 million in 2019.

Operating EBITDA margin decreased 2.3 percentage points, from 22.4% in 2018 to 20.1% in 2019. The decline was mainly due to lower sales, as well as higher maintenance expenses and distribution costs, which were partially offset by savings in administrative and selling expenses related to our A Stronger CEMEX program.

Free cash flow after maintenance capital expenditures increased to US\$96 million in 2019, compared to US\$56 million in 2018.

We reported a **controlling interest net income** of US\$4.4 million in 2019, compared to a net income of US\$62 million in 2018.

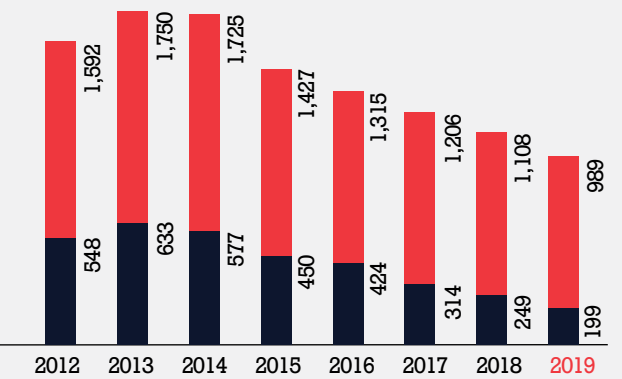
Net debt at the end of 2019 was US\$736 million, or US\$92 million less than 2018.

Financial Highlights

Millions of US dollars, except percentages and earnings per share	2019	2018	Change
Net sales	989	1,108	(11%)
Operating earnings before other expenses, net	116	170	(32%)
Operating EBITDA	199	249	(20%)
Net income (loss) of controlling share	4	62	(93%)
Earnings (loss) per share	0.01	0.13	(94%)
Free cash flow after maintenance capital expenditures	96	56	71%
Total assets	2,994	3,065	(2%)
Total debt	736	828	(11%)
Total controlling stockholders equity	1,539	1,507	2%

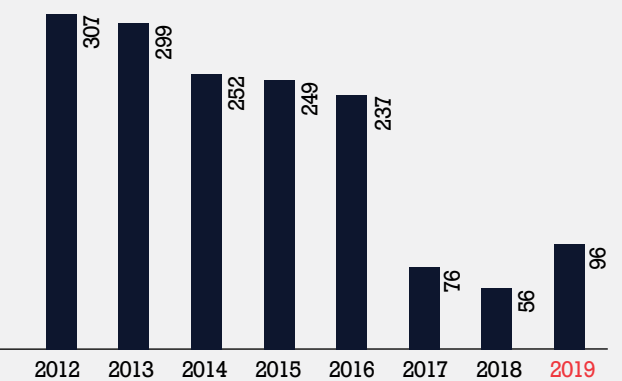
Net sales and operating EBITDA

millions of US dollars



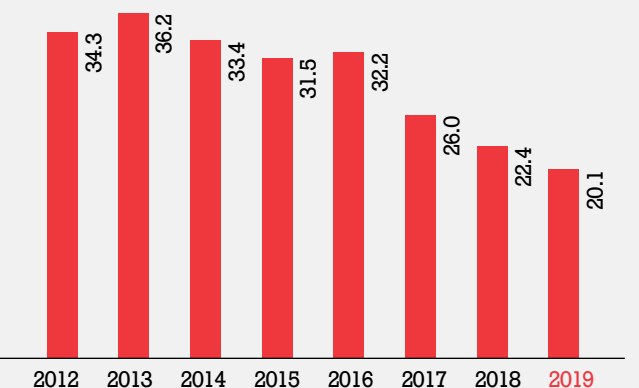
Free cash flow after maintenance capital expenditures

millions of US dollars

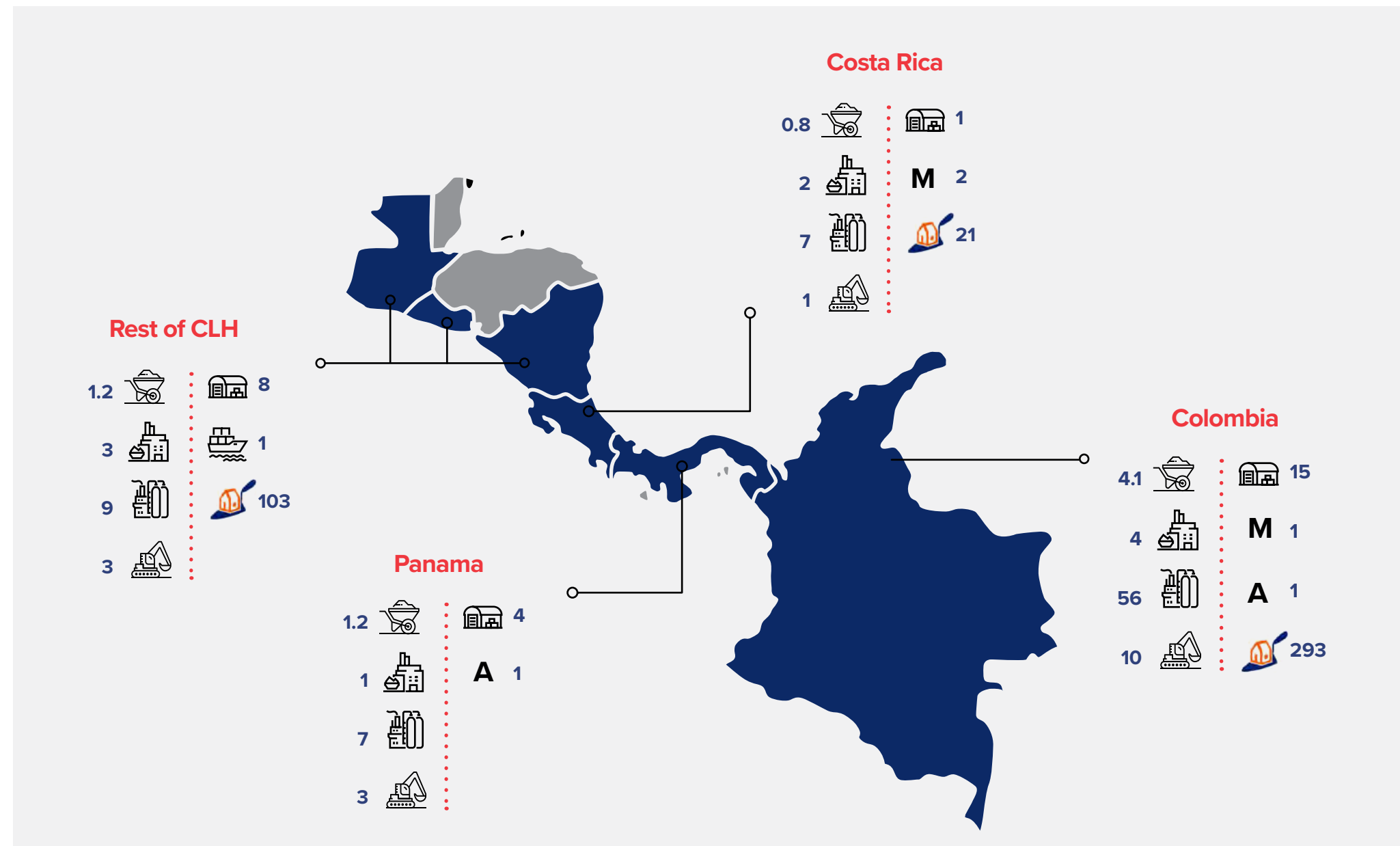


Operating EBITDA margin

percentage

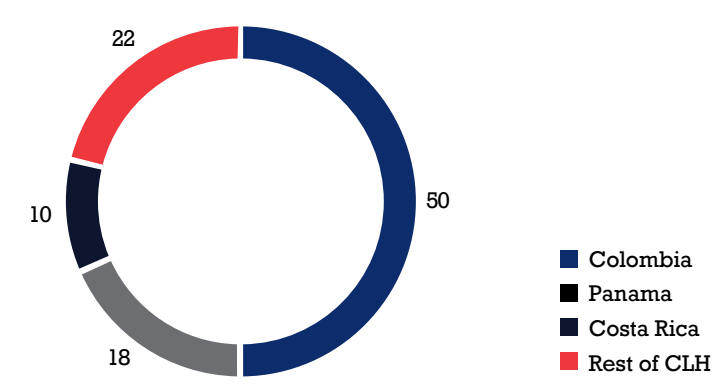


Capacity by region

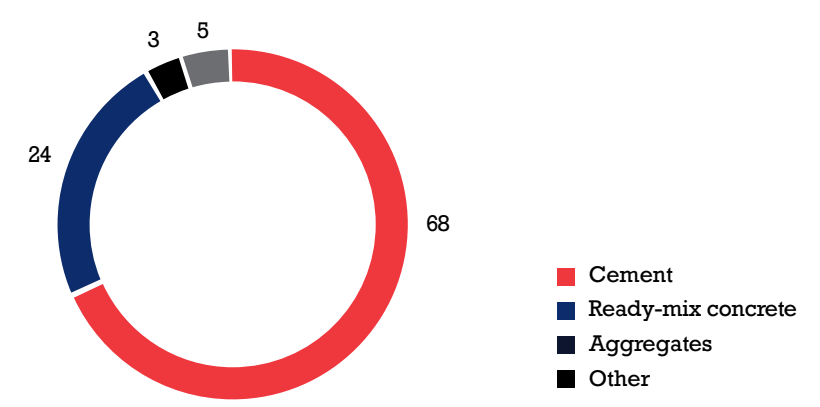


- Annual cement production capacity (million metric tons/year)
- Cement and grinding plants
- Ready-mix concrete plants
- Aggregates quarries
- Distribution centers
- M** Mortar plants
- A** Admixtures plants
- Construrama® hardware stores
- River terminals

Net sales by country
percentage



Net sales by product
percentage



Colombia



In 2019, our Colombian operations' net sales decreased 4% in US dollars and increased 7% in local currency to US\$504 million on a year-over-year basis.

Our operating EBITDA decreased 6% in US dollars, or a 3% increase in local currency, with respect to 2018, to US\$91 million in 2019. Operating EBITDA margin declined by 0.5 percentage points during the year, from 18.5% in 2018 to 18.0% in 2019.

The lower operating EBITDA margin was due mainly to higher variable and fixed costs in addition to higher distribution

costs, which were partially offset by higher sales in local currency and with savings in administrative and selling expenses and other corporate expenses.

Our domestic gray cement, ready-mix concrete, and aggregates volumes increased 9%, 5% and 1%, respectively, compared to 2018.

In 2019, our domestic gray cement and aggregates prices in local currency increased 5% and 4%, respectively, compared to 2018. Our ready-mix concrete prices in local currency remained flat compared to the prior year.

Summary of results

Millions of US dollars	2019	2018	Change
Net sales	504	524	(4%)
Operating EBITDA	91	97	(6%)
As a percentage of net sales	18.0%	18.5%	(0.5pp)

Local currency	2019 volume vs 2018	2019 prices vs 2018
Domestic gray cement	9%	5%
Ready-mix concrete	5%	0%
Aggregates	1%	4%

Sector information



Demand

Following a 3-year downturn, during 2019 the national demand for cement grew 4.2%, driven by greater activity in the infrastructure and self-construction sectors.



Residential

We estimate that domestic deliveries of cement for the residential sector registered a low single-digit increase for 2019. Cement volumes for the self-construction segment improved during the year, driven by the economic recovery and remittances.



Infrastructure

Infrastructure was the best performing sector in Colombia during 2019. We estimate that the domestic cement volume for the infrastructure sector registered a double-digit increase for the year. Projects driving our volumes included several 4G projects—such as the Mar 1, Neiva-Girardot, and Pasto-Rumichaca highways—, the Salitre water treatment plant and CETIC hospital in Bogotá, the Picacho aerial tramway in Medellín, among others.

Panama



Net sales for 2019 decreased 18% on a year-over-year basis, to US\$181 million.

Our operating EBITDA decreased 26% with respect to 2018, to US\$49 million. During the year, the operating EBITDA margin decreased 2.8 percentage points, from 29.6% in 2018 to 26.8% in 2019.

The decline in EBITDA margin was due mainly to lower sales and higher distribution costs, which were partially

offset by optimizing our ready-mix concrete business, lower energy costs, and savings in administrative and selling expenses.

Our domestic gray cement, ready-mix concrete, and aggregates volumes decreased 15%, 28%, and 29%, respectively, compared to 2018.

In 2019, our domestic gray cement, ready-mix concrete, and aggregates prices decreased 6%, 3%, and 8%, respectively, compared to 2018.

Summary of results

Millions of US dollars	2019	2018	Change
Net sales	181	222	(18%)
Operating EBITDA	49	66	(26%)
As a percentage of net sales	26.8%	29.6%	(2.8pp)

Local currency	2019 volume vs 2018	2019 prices vs 2018
Domestic gray cement	(15%)	(6%)
Ready-mix concrete	(28%)	(3%)
Aggregates	(29%)	(8%)

Sector information



Demand

We estimate that domestic demand for cement decreased 12% during 2019.



Residential and commercial

Demand for cement in the residential sector continued to be weak during 2019 given high inventory levels in apartments and offices, as well as by the deceleration of the economy.



Infrastructure

Demand for cement in the infrastructure sector was impacted by delays in the execution of several projects, including the Corredor de las Playas and the fourth bridge over the Panama Canal.



Costa Rica



During 2019, net sales in our operations in Costa Rica decreased 27% in US dollars and 26% in local currency in a year-over-year basis, to US\$102 million.

During the year, our operating EBITDA decreased 33% in US dollars, or 32% in local currency, with respect to 2018, to US\$30 million. The operating EBITDA margin decreased 2.9 percentage points, from 32.7% in 2018 to 29.8% in 2019.

The lower EBITDA margin was due mainly to lower volumes and higher distribution costs,

which were partially offset with savings in administrative and selling expenses.

Our domestic gray cement, ready-mix concrete, and aggregates volumes decreased 21%, 30%, and 13%, respectively, compared to 2018.

Our domestic gray cement and aggregates prices in local currency decreased 3% and 9%, respectively, compared to 2018. Our ready-mix concrete prices in local currency increased 2%.

Summary of results

Millions of US dollars	2019	2018	Change
Net sales	102	139	(27%)
Operating EBITDA	30	45	(33%)
As a percentage of net sales	29.8%	32.7%	(2.9pp)

Local currency	2019 volume vs 2018	2019 prices vs 2018
Domestic gray cement	(21%)	(3%)
Ready-mix concrete	(30%)	2%
Aggregates	(13%)	(9%)

Sector information



Demand

We estimate that national demand for cement was down 12% during 2019, impacted in part by uncertainty related to the implementation of the fiscal reform and by the slow execution of infrastructure projects.



Residential and commercial

Demand for cement in the residential sector remained weak during 2019 given uncertainty related to the impact of the fiscal reform on family incomes.



Infrastructure

Demand for cement in the infrastructure sector was affected by the delay in the execution of several projects. Projects driving our volumes included the North Corridor, Route 32 Río Frío-Limón, and the Garantías Sociales bridge.

Rest of CEMEX Latam Holdings



In the rest of the CEMEX Latam Holdings region (Guatemala, Nicaragua, and El Salvador), our sales for 2019 decreased 9% in US dollars, or 6% in local currency, on a year-over-year basis, to US\$217 million.

Our operating EBITDA decreased 21% in US dollars, or 19% in local currency, with respect to 2018, to US\$60 million.

The operating EBITDA margin decreased 4.3 percentage points, from 32.2% in 2018 to 27.9% in 2019.

The decline in the operating EBITDA margin is mainly due to lower volumes

and higher electricity costs in Nicaragua, as well as higher costs for purchased clinker and the acquisition of cement from third parties in Guatemala.

Our domestic gray cement, ready-mix concrete, and aggregates volumes for the region decreased 6%, 46%, and 27%, respectively, compared to 2018.

In 2019, our domestic gray cement, ready-mix concrete, and aggregates prices in local currency increased 1%, 6%, and 19%, respectively, compared to 2018.

Summary of results

Millions of US dollars	2019	2018	Change
Net sales	217	239	(9%)
Operating EBITDA	60	77	(21%)
As a percentage of net sales	27.9%	32.2%	(4.3pp)

Local currency	2019 volume vs 2018	2019 prices vs 2018
Domestic gray cement	(6%)	1%
Ready-mix concrete	(46%)	6%
Aggregates	(27%)	19%

Information by country



Nicaragua

National demand for cement was weak during 2019, impacted by the socio-political crisis. Our cement volumes during the year were down 16% in line with domestic demand.

In the infrastructure sector, the majority of government-backed highway projects were in the final stages of construction. The self-construction sector continued to be driven by cement consumption in the country.



Guatemala

National demand for cement was up during 2019, driven by the residential and industrial and commercial sectors. Our cement volumes remained flat during the year.

Private investment in the residential and industrial and commercial sectors were the main drivers behind the demand for cement during 2019, backed by vertical housing and industrial projects in Guatemala City.

HELP OUR CUSTOMERS GROW AND SUCCEED

By placing our customers at the center of everything we do, **we strive to become their partner of choice with a tailor-made value offering** and a proactive attitude when addressing their needs.



Promoting customer centricity

AT CEMEX LATAM HOLDINGS WE PLACE OUR CUSTOMERS AT THE CENTER OF EVERY ACTION WE TAKE AND EVERY DECISION WE MAKE, UNDERSCORING OUR DETERMINATION TO BE THE MOST CUSTOMER-CENTRIC COMPANY IN THE BUILDING MATERIALS INDUSTRY.

We work in collaboration with the CEMEX Global Customer Experience division to better understand the needs and preferences of every market segment in the countries where we operate, striving to offer each type of customer the most complete and competitive selection of products, services, and solutions.

In addition, for more than five years we have been working diligently to improve the service experience we offer our customers. We have made considerable progress by reaching out in order to listen to their needs and understand what matters most to them. Our goal is to exceed our customers' expectations in every interaction we have with them.

We offer an omnichannel experience to our customers

Our Service Model is a key piece in our One CEMEX Commercial Model that allows us to offer our customers an omnichannel experience that is consistent, professional, transparent, and pleasant from beginning to end, for all their interactions with us. In order to implement this Model across our organization, we performed a comprehensive assessment of relevant roles, practices, processes, and technologies, and we established a roadmap that will enable every country where we operate to offer the best experience possible. Other measures we have implemented include increasing technical training, redefining response times to address customer concerns, monitoring the supply of our products more accurately, and improving our information technologies.

Four attributes that set us apart with our customers:

- 
1. We are Reliable
- 
2. We are Assertive
- 
3. We are Experts
- 
4. We are Innovators

One Commercial Model

In 2019 we participated in the creation and implementation of the One CEMEX Commercial Model to continue innovating in our commercial strategies. While we continually strive to adapt to the needs of our customers with an advanced and flexible offering, we remain attentive to identifying new business opportunities. To this end, among other elements, we explored the creation of new commercial ecosystems, the development of digital tools to personalize value proposals, and the implementation of strategies that enable us to capture the value we deliver.

We promote a robust customer centricity culture

AT CEMEX LATAM HOLDINGS WE ARE ALL RESPONSIBLE FOR DELIVERING A SUPERIOR CUSTOMER EXPERIENCE. CREATING A CUSTOMER-CENTRIC ORGANIZATION MEANS ALIGNING OUR ORGANIZATION UNDER ONE SOLE OBJECTIVE TO BUILD AN ESSENTIAL COMPETITIVE ADVANTAGE FOR OUR COMMERCIAL STRATEGY.

To support a cultural change toward a more customer-centric organization, we continually evaluate the results of our initiatives, while recognizing those employees and business units that excel in customer satisfaction.

We reinforced the Customer Journey Experience program to directly involve our executives in the comprehensive improvement process for the key service elements that CEMEX Latam Holdings offers. With this in mind, our executives carry out visits to the company's commercial facilities and to the operations of our customers. We also launched the Superior Customer Experience Award to recognize those business units and work teams that demonstrate outstanding customer satisfaction practices.

Our Service Committees meet once a month in each of the countries where we operate to monitor the result of the initiatives we have designed to support our Service Promise. The Country Director, as well as directors for all areas focused on improving customer experience, participate in the Service Committees.

We listen to our customers to measure our results

Understanding our customers' perceptions of the service experience we offer them is the path to continuous improvement.

Launched in 2018, Net Promoter Score® (NPS) is a key performance indicator that helps us to systematically measure customer satisfaction and monitor their purchasing experiences in every market segment, in all the countries where we operate. Managing our NPS enables us to offer a superior customer experience.

During 2019, we obtained outstanding NPS results with an average of 54 points, a 2-point increase with respect to the prior year, keeping us on track to reach our 2030 goal of 60 points. The result signals the positive impact of our efforts on the key factors that determine that our customers receive an excellent experience when interacting with us.

+2 points

on the Net Promoter Score® in 2019.



[Visit our website for more information on our Service Promise \(in Spanish\).](#)

Our Service Promise makes us the partner of choice for our customers:



Product quality.



Just-in-time delivery.



Support for our salesforce.



Product availability.



Ease in placing orders.



Accuracy in billing.



Technical support.

It is easy to do business with us

OUR GOAL IS TO KEEP OUR CUSTOMERS INFORMED AT ALL TIMES, STRIVING TO ANTICIPATE THEIR NEEDS AND TO RESPOND IN AN AGILE AND EFFECTIVE MANNER TO THEIR REQUESTS.

A key component of our effort consists of identifying critical requirements and taking the necessary steps to exceed their expectations. We aim to implement appropriate initiatives to ensure that doing business with us is easy and pleasant.

Backed by the best team and state-of-the-art information technologies, our Service Center works to offer a superior customer experience by employing personalized processes that support their requests, as well as a timely and top-tier post-sale service.

The Center is key to the successful rollout of our new commercial strategies, ensuring that our customers in the region are able to take full advantage of our constantly evolving portfolio of products and services.

In order to offer a comprehensive service, the team of professionals in charge of

servicing our customers includes service agents, supervisors, technical professionals, sales agents, and quality experts. Additionally, the Center also offers the Teleperformance experience, a world-class ally with broad technological capabilities.

The Service Center works in synchrony with the company's logistics, commercial, treasury, communications, and planning divisions. Having up-to-date information on operational and logistics availability allows us to streamline the service we offer, ensure just-in-time delivery, and offer exact information about the value offer we are committed to delivering.

The CEMEX Latam Holdings Service Center is among the most advanced in the CEMEX global operations network due to its robust management, performance, and technology, among other key aspects.

Our communication channels grow so that we can adapt to the needs of our customers

Communication channels



CEMEX Go



Telephone



Web



Social media



e-mail



WhatsApp



Chat



Text message

Welcome Olivia!

In 2019 our Service Center added Olivia to our service team, a bot that contributes to even faster responses to our customers' most common questions. This constitutes the first step in the process to integrate artificial intelligence tools into our service processes.

Omnichannel experience

The next step will be to formalize and strengthen our omnichannel customer experience strategy aimed at offering an increasingly more personalized service that improves the purchase experience and supports our customers' trust in us.

CEMEX Commercial Academy

The goal of the CEMEX Commercial Academy is for our salesforce to have high technical specialization while at the same time continuing to launch new products, services, and solutions. The multiyear program puts us in a position to have a sales team that is highly qualified to create a superior customer experience and identify the value offerings we need to provide.

CEMEX Go: Delivering a superior experience to our customers

DIGITAL AND TECHNOLOGICAL INNOVATIONS OFFER GREAT POTENTIAL FOR TRANSFORMING OUR BUSINESS.

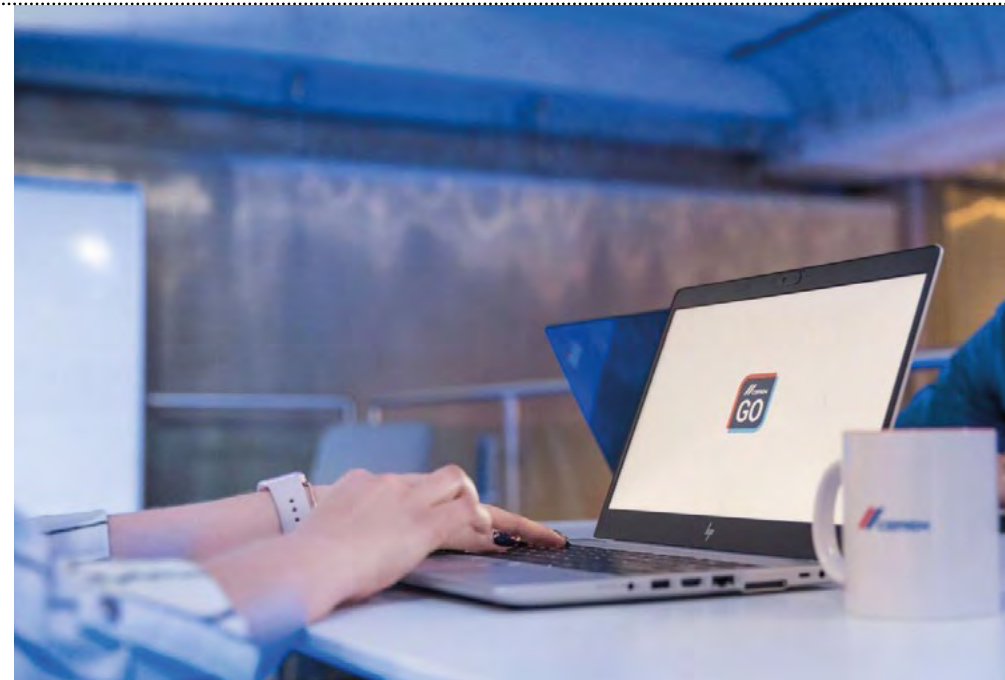
With CEMEX Go we are able to offer a customer experience that exceeds anything our competitors are offering today. It represents our company's will to promote disruption in the industry through a digital revolution, with the aim of offering a unique and innovative customer experience.

Two years after the launch of CEMEX Go, we can state with great satisfaction that we are exceeding the goals we set to offer the best digital experience for our customers, every time and everywhere. CEMEX Go's fully integrated, mobile services help our customers reduce their administrative burden and have more time to focus on more strategic business matters.

Our customers enjoy an extraordinarily useful tool—unique within our industry—that enables them to select the products and

services they need with ease; make their purchases with total security; track their deliveries in real time; and manage their bills and payments in a way that best suits them. This is all supported by our specialized team of advisers and sales and customer service representatives, 365 days a year.

Leveraging the advantages of digital technology allows us to be closer to our customers; listen to them more directly; better understand their needs and buying patterns; add value to their projects; and focus on offering solutions that are most useful to them. As CEMEX Go continues to mature and generate analytical data, we are better able to anticipate our customers' needs and obtain valuable information to continue optimizing our business processes and service costs.



THANKS TO CEMEX GO, DIGITAL TECHNOLOGY IS NOW AN ESSENTIAL PART OF OUR DAY-TO-DAY RELATIONSHIPS WITH OUR CUSTOMERS.

CEMEX Go represents a milestone in innovation and customer centricity in our industry:

2 Years
of operation.

+5,900
customers use
CEMEX Go.

66%
of our recurring
customers use
CEMEX Go.

62%
of cement
purchase orders.

6
CEMEX Latam
Holdings countries.

3 segments
industrial builder
and distribution

CEMEX Go CRM: A sales team focused on our customers' success

In the competitive environment that characterizes our industry, our commitment is to use CEMEX Latam Holdings' digital transformation to optimize all our interactions with our customers and to continue to improve the experience we offer them. The new CEMEX Go CRM platform automates administrative tasks to further focus the talent of our salesforce on providing a superior customer experience. The new software gives our sales professionals full control of the entire commercial cycle on their mobile devices, including the development of proposals, estimates, and management reports, allowing them to do in minutes what used to take them hours.

By increasing efficiency in our commercial arm and identifying the most relevant factors for retaining and gaining customers, the new CRM makes us more productive and profitable. Without a doubt this innovation constitutes a fundamental cultural transformation to promote a growing number of successful sales processes. During 2019, we continued to rollout the CRM, thus strengthening strategic decision making and our ability to foresee the needs of our customers in every country where we operate.

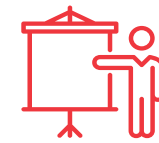
We cultivate close and personal relationships with our customers

In addition to offering high-quality and high-performing products and a portfolio of comprehensive solutions for their projects, we work day in and day out to become the partner of choice in addressing the construction challenges of each of our customers.



Technical advice

We have experts who guide our customers by offering the highest-quality technical advice and training. We strive to build a relationship of trust that enables us to be a strategic partner for our customers and to help them optimize their operations and achieve greater profitability.



CEMEX Chair

In addition to sharing our know-how and experience with civil engineering and architecture students at several universities, this initiative helps us familiarize new generations with our brands and share information about our innovative products and solutions.



Industry forums

We attend exhibitions and actively participate in the discussion about trends in the use of our materials. By participating in the Colombian Council for Sustainable Construction, we promote best practices in materials design and urban design throughout the country.



Workshops and training

We offer workshops on our technologies, during which architects and engineers can experience firsthand the advantages of our value-added materials and test them. They also receive the most up-to-date information on construction methods and quality control.



CEMEX Research Center

Experts in the CEMEX SAB Research and Development Center in Switzerland train and share information with CEMEX Latam Holdings' commercial spokespersons so that they can offer better construction options to our customers based on the characteristics of our value-added products.

**THE CEMEX GO CRM
BENEFITS OUR CUSTOMERS
WITH A MORE EFFICIENT
AND AGILE SERVICE.**

Construrama®: Value-added for our hardware store customers

WITH CONSTRURAMA® WE HELP OUR DISTRIBUTOR CUSTOMERS TO MODERNIZE THEIR STORES, MAKE THEIR OPERATIONS MORE PROFESSIONAL, AND STAY CURRENT WITHIN THEIR INDUSTRY.

The success of the Construrama® value offering relies on combining tradition, experience, and the close relationships our customers have developed within their communities with the benefits associated with belonging to a multinational family. To this end, the improvements program offered by Construrama® contributes to our customers' ability to get closer to their consumers with a friendlier, practical, and innovative buying experience.

At the same time that we help our customers be more successful in their businesses, Construrama® allows CEMEX Latam Holdings to increase sales through innovations in our products, our multiproduct portfolio, and our services, all of which respond to the changing needs of the market.

The transformation of the hardware stores that become part of Construrama® begins by improving store fronts and personalizing the way in which they exhibit their products and branding materials. We also provide technical advice and training opportunities to improve customer service and management of the hardware store. Likewise, in order to attract more consumers and increase the average ticket, Construrama® makes investments in activations, advertising, loyalty programs, social network campaigns, and promotions.

Based on our micro distribution service, our hardware store customers can order the quantities of products that meet their needs, adapting to the specific demand based on their inventory and cost optimization requirements.

The Construrama® hardware stores offer additional benefits to the community, such as contributing to the successful succession of the hardware stores to new generations, creating new job opportunities, and providing access to convenience services.

453
Construrama® hardware stores in Colombia, Nicaragua, Costa Rica, and El Salvador.

+12%
vs. 2018.

We guide our customers so they can gain access to credit

As part of the Construrama® benefits, our clients and consumers may access to financing through third parties specializing in the MSMEs market. With the CrediCEMEX program, Construrama® distributors obtain funds to buy company products, and through the Don Lucas program—launched in 2019 in Colombia—the end consumer can purchase construction materials on credit.

Don Lucas financing



- Purchase materials on credit, at competitive rates.
- Different credit options, for different needs.
- Managed directly in the hardware store or from home.

The path to more profitable Construrama® stores



Store

- Storefront improvements.
- Personalized exhibits.
- Branding materials.



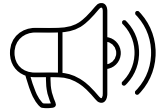
Management

- Inventory and administration.
- Information on consumer preferences.
- Reports on the most popular products.



Training

- For affiliated hardware stores.
- For construction foremen.
- Certifications from official entities.



Marketing

- Activations, advertising, campaigns, and promotions.
- Magazines, social networks, digital media, television, and Construrama TV.
- Road shows.



Consumer-loyalty programs

- CEMEX al Punto offers benefits to hardware store customers.
- Consumers accumulate points through Construganas.
- Convenience and banking services.



Financing

- Third parties specializing in the MSMEs market.
- Consumer credit.
- Working capital for hardware stores customers.



Multiproduct portfolio

- Growing multiproduct portfolio.
- Large scale product negotiations.
- Access to competitive prices.



Profitability

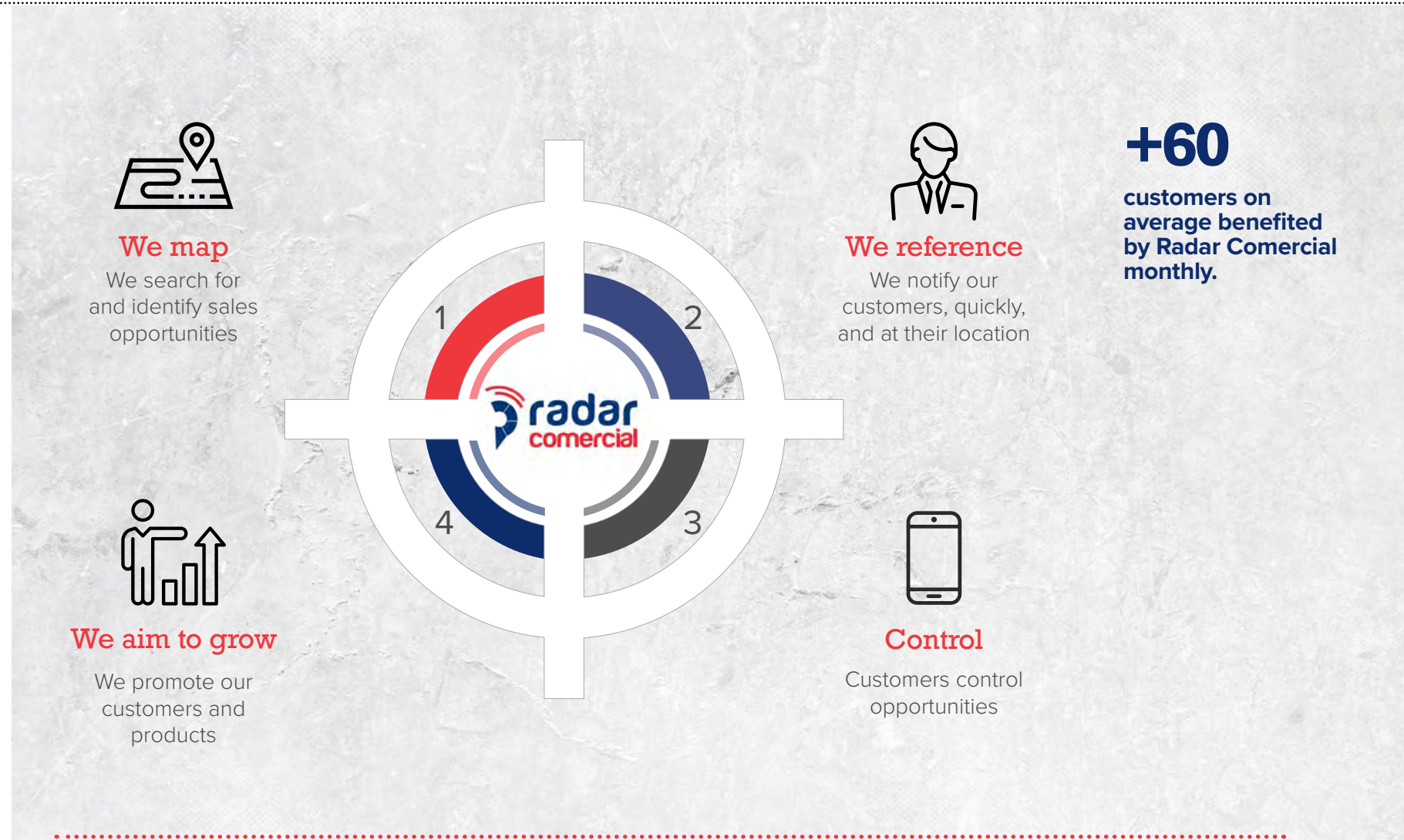
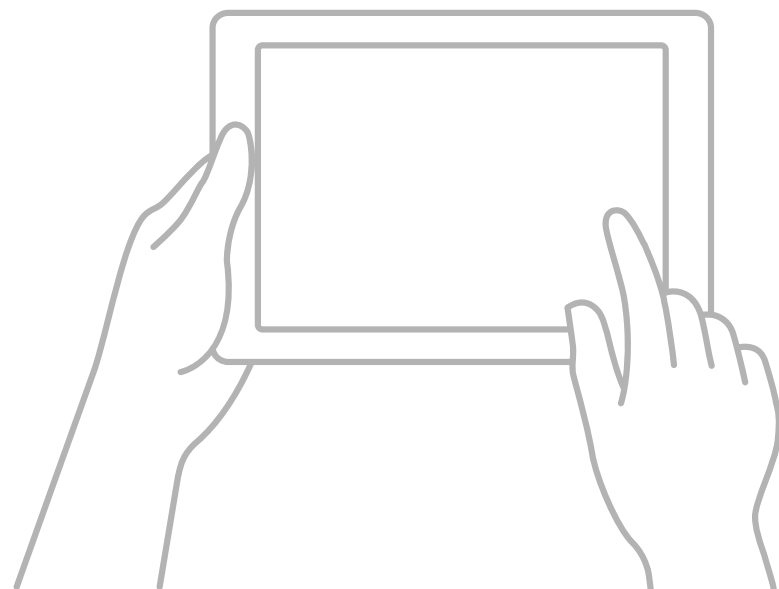
- Higher sales.
- More control.
- Retaining and attracting new consumers.

Radar Comercial: Higher sales for our customers

THROUGH OUR RADAR COMERCIAL SOLUTION WE BECOME OUR CUSTOMERS' EYES ON THE STREET.

Radar Comercial is a mobile app that uses a GPS platform to help our hardware store, industrial, and builder customers increase sales. With this digital tool, we identify and notify our customers about construction worksites in their area so they can contact them in a timely manner and offer solutions for their projects.

This technological solution, which has been deployed in Costa Rica and Colombia, analyzes the surroundings and optimizes commercial processes in order to promote our customers' businesses to increase their sales and market share. Likewise, by connecting worksite prospects with our customers, we are able to capture all available sales opportunities and continue positioning our products.



CEMEX Desarrolla: Engineering tailored to your needs

With our CEMEX Desarrolla value offering, we seek to continue positioning ourselves as a technological benchmark. This solution helps our customers improve the quality and performance of their works by means of an in-depth understanding of our products and applicable regulations. Additionally, CEMEX Desarrolla offers engineering experiences and solutions tailored to their needs, which generates value and trust.

CEMEX Desarrolla includes a portfolio of 4 solutions tailor-made to our customers' needs, including: assistance in quality-control, access to state-of-the-art materials technologies, commercial benefits, and sharing of best practices.



MIX3R: An unbeatable value offering for our industrial customers

Driven by our customer centricity focus, we are continually looking for new ways in which to be a strategic partner for our industrial customers and innovate in the value offering we deliver to them.

Our MIX3R program constitutes an advantage for our customers who have to operate in an increasingly competitive market. In addition to the highest-quality

construction materials, the benefits offered exclusively by MIX3R contribute to making their operations more productive and to boosting quality in their processes.

In 2019, the MIX3R offering evolved to service new market segments and subsegments with a more robust value offering that includes products, services, and solutions.

The 3 advantages of MIX3R:

Profitability

Grouping cement, aggregates, and admixtures in one purchasing process that can also offer discounts and synergies generates better profitability for our customers.

60% OF OUR INDUSTRIAL CUSTOMERS TAKE ADVANTAGE OF THE MIX3R BENEFITS TO MAKE THEIR PURCHASES.

Recognition

We transfer best practices by offering training and technical and operational advice so that our customers are recognized in the market as promoters of development and excellence.

Support

We back the continuity and quality of our customers' operations with personalized service, benefit transferences, and online tools such as CEMEX Go.



C-PRO: Recognizing quality in our customers

C-PRO is a CEMEX Latam Holdings solution for our customers who wish to stand out in the market for their professionalism. We award this recognition to our MIX3R customers at the end of a consultancy process that verifies their optimization standards in employing the CEMEX products, as well as the quality, safety, and efficiency of their production processes. Certification is granted to employees who participate in training sessions aimed at providing them with vital information and professional skills.

C-PRO IS OUR ACCOMPANIMENT AND IMPROVEMENT SYSTEM THAT RECOGNIZES THE QUALITY OF OUR CUSTOMERS.



The key role ready-mix concrete plays in sustainable cities

AS GOVERNMENTS WORK HARD TO HELP CITIES DEVELOP AND THEIR INHABITANTS TO PROSPER, NEW INFRASTRUCTURE AND BUILDING PROJECTS NEED TO BE SUSTAINABLE IN ORDER FOR THEM TO EFFECTIVELY ADDRESS COMMUNITY NEEDS.

The building materials industry plays a key role in facing some of the most challenging issues in modern society, which includes everything from enabling the construction of bridges, airports, schools, hospitals, homes, and roads to building the cities of the future.

We firmly believe that ready-mix concrete plays a key role in the construction of a truly sustainable society. Installing the infrastructure required to have clean water and generate electricity from renewable sources as well as building highways to interconnect communities or more efficient buildings are activities that require ready-mix concrete.

Of all materials used for making buildings, infrastructure, and highways, ready-mix concrete is the most resistant, lasting decades with low maintenance requirements and contributing to reduce

repair costs over the life cycles of the works. Additionally, its performance features offer other benefits such as improvements in energy efficiency in buildings, a high tolerance for extreme weather conditions, as a substitute for other construction materials, or for its resistance to natural phenomena. Finally, ready-mix concrete is a material that can be 100% recycled if used as an alternative to other aggregates in the construction of transportation infrastructure or as a base for roads.

It is important to mention that a considerable portion of our product portfolio offers performance characteristics that go beyond traditional options. CEMEX Latam Holdings is building a better future through the development of value-added concrete with sustainability attributes, as well as infrastructure and decent and affordable housing models that offer solutions within the fast-paced urbanization process.

In addition to working hard to develop innovative products, we make an effort to produce them in a more sustainable manner by, for example, increasing our use of alternative fuels and raw materials with a lower clinker content.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE **36%**
sales from products with outstanding sustainable attributes.

11 SUSTAINABLE CITIES AND COMMUNITIES **47**
sustainable building projects under certification.



Connecting research to customer needs

INNOVATION IS A KEY FACTOR IN REACHING OUR STRATEGIC GOAL OF BEING THE MOST CUSTOMER-CENTRIC COMPANY IN OUR INDUSTRY. WE STRIVE TO UNDERSTAND WHAT IS BEHIND THE TRENDS AND HOW TO ADEQUATELY TO INTERPRET THEM SO THAT CEMEX LATAM HOLDINGS CAN ALWAYS REMAIN AT THE CUTTING-EDGE.

We seek to transform our research and development into a process that responds to the specific needs of our customers and communities. To this end, our customers increasingly participate in our innovation processes. As a result, many of the products and building systems developed by the CEMEX Research Center are accomplished through a co-creation

process in which CEMEX experts work hand in hand with customers and other leading institutions to achieve better building solutions.

Technologies developed by the CEMEX Research Center are protected by international patents for cement, cementitious materials, value-added concrete, and admixtures formulations, among other building solutions. CEMEX Latam Holdings' customers benefit from these new technologies based on the use agreement signed with CEMEX. We continually optimize our manufacturing and distribution capabilities to efficiently meet the demand in the markets in which we participate.

Leaders in admixtures

An element that makes us unique in the markets where we participate is that we are the only building materials company that makes its own chemical admixtures for cement, ready-mix concrete, and aggregates. We currently have two admixtures plants, one in Colombia and the other in Panama. Admixtures play a key role in our innovation model. They allow our engineers to adapt our products' performance, grant value-added properties to materials, and develop innovative apps, while at the same time maintaining superior quality standards.



[Get to know our product portfolio](#)

By Design™ is the CEMEX philosophy focused on developing new value-added products.

	A solution for draining pavement that makes it easier for water to infiltrate into the ground.
	Improves energy efficiency by eliminating thermal bridges.
	Saves time and costs because it is self-compacting, self-leveling, and offers great strength.
	Tolerates extreme conditions and has self-curing properties that eliminate concrete cracking.
	Compressive strength in four hours and an adequate application time for ease of use.
	A substitute for steel with fibers that provide hyper strength and ductility.
	Aggregates that improve the yield and technical characteristics of ready-mix concrete.
	Special concrete for industrial applications.
	Achieves the highest mechanical specifications and superior finishes.

Extensive value-added services portfolio



CEMEX At Your Service

During 2019 we made innovations in the buying experience we offer our small builders, contractors, and self-builders through the CEMEX At Your Service program. We included several new channels in our Service Center, focused on this new value offering through which customers can receive personalized information, make purchases, and schedule deliveries. We also optimized our customer service hours we offer to ensure a timely delivery of multiproduct orders and our expanded CEMEX product portfolio, including our value-added products.

As a consequence of higher satisfaction levels and greater loyalty, in 2019 we increased our sales to this important market segment. At year-end in Colombia, more than 10% of ready-mix concrete sales and more than 10% of cement bags sales to the builder segment came through the At Your Service program, thus reducing the administrative burden of our salesforce. Given that this initiative was so well received, in 2019 we extended it to also serve the market in Panama.



Concrete at the worksite

CEMEX at Your Worksite is the ideal solution for our customers' high-consumption projects. Through this program, we quickly and effectively install a mobile ready-mix concrete plant directly at our customer's worksites. This helps us satisfy their need for just-in-time delivery, support the critical project path, perform quality testing, and provide technical assistance at the operation site. Mobile plants generate savings by eliminating the use of mixers and reducing waste, and they offer environmental benefits through reduced emissions.



Disposal of construction waste

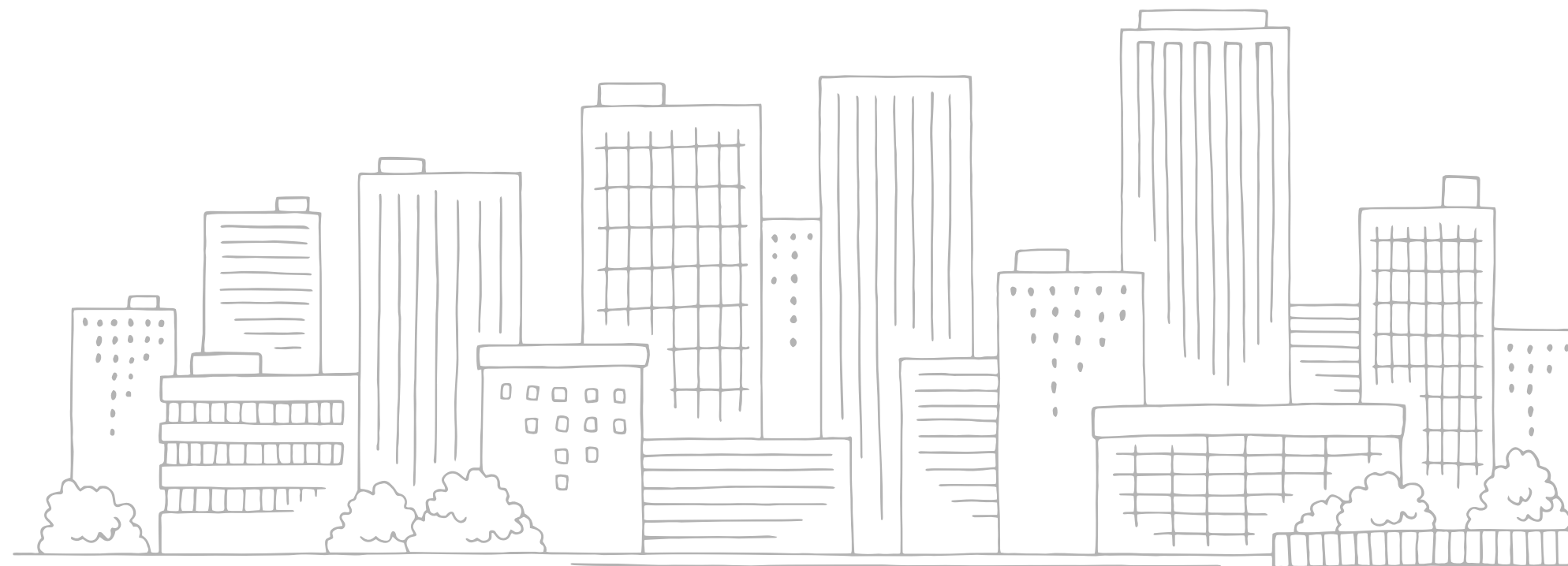
In Colombia we have facilities that are a destination for Construction and Demolition Waste (CDW), where it can be reincorporated as recycled construction materials or properly disposed of according to local regulations. This solution allows our builder customers to maximize the use of materials, comply with environmental regulations, and apply for LEED points for their projects. The environmental management and registration plan of Colombia's Urban Development Institute allows us to issue certificates for proper CDW disposal.



Sustainable construction

CEMEX collaborates with international experts to offer an array of specialized services in sustainable construction: certifications, architectural design, energy management, and construction solutions. In addition to environmental benefits such as better-performing buildings, this portfolio of sustainable construction services provides savings in operational costs and improves the return on investment.

100%
of our cement operations are ISO 9001:2015 certified.



Concrete pavements: A superior solution

With our expertise and innovation in concrete pavement solutions, we help interconnect cities and communities by means of highways, public transportation systems, airport landing strips, rural roads, and urban roads that are more durable, safer, and more energy-efficient.

Our value-added materials, in addition to our operating capacity and state-of-the-art technology, enable us to offer our customers a comprehensive solution for their structural projects. In order to communicate the advantages of concrete pavement, we convey information to engineers, architects, and the community in general about its attributes, including the results obtained by research institutions around the world.

48,500 M³
OF CONCRETE DELIVERED
FOR PAVEMENT IN 2019.

Concrete pavement solutions for every scenario:



UNICAPA

Offers a more accessible surface for rural roads.

Roller-compacted

Designed for structures subject to a high water flow.



MR with Hidratium

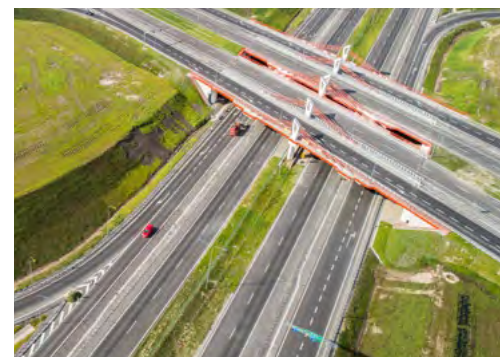
Minimal maintenance and rapid curing, ideal for pavement and industrial floors.

Whitetopping

Hydraulic concrete over damaged asphalt, ideal for highways, airports, and urban streets.

High-strength

Special slabs and bases that increase load-bearing capacity in high-traffic streets.



6 benefits that make concrete better than asphalt



For Builders

1. SUPERIOR Durability

Concrete pavements don't lose rigidity with time; also, they have fewer deformities and support more traffic and heavier loads.

2. LOWER Costs

Asphalt requires regular maintenance works. Concrete lasts for decades and requires minor repairs.



For Drivers

3. GREATER Safety

Concrete pavements shorten the distance for bringing a vehicle to a standstill and reduce the risk of water skidding.

4. LESS Fuel

Tires sink less on concrete. A lower resistance reduces fuel consumption.



For the Planet

5. MORE Light

Concrete reflects more light and absorbs less heat, which contributes to reducing lighting costs and urban temperatures.

6. LESS CO₂

Lower fuel consumption on concrete highways means lower greenhouse gas emissions.

Comprehensive solutions for building infrastructure

POPULATION AND URBAN GROWTH BRING A HIGH DEMAND FOR INFRASTRUCTURE, INCLUDING INVESTMENTS IN KEY ECONOMIC SECTORS SUCH AS TRANSPORTATION, ENERGY, TELECOMMUNICATIONS, WATER, AND SANITATION. THIS INFRASTRUCTURE IS A DRIVER OF GROWTH AND IT IS CRUCIAL FOR OFFERING SERVICES IN AN INCLUSIVE MANNER.

Building affordable infrastructure such as roads, bridges, and airports opens access to new markets and makes investments more productive, encouraging job creation. Investing in social infrastructure, including schools, hospitals, parks, dams, water treatment plants, and public service facilities, contributes to improving quality of life and increasing the level of well-being.

At CEMEX Latam Holdings we leverage our experience in order to become a provider of solutions in infrastructure projects. We participate in different types of projects, which can include anything from sidewalks and urban pavements, to avenues, highways, airports, mass transit projects, power generation facilities,

river scoring, water treatment plants, and office buildings, schools, and hospitals.

We work with our customers to suggest value-added solutions over the course of the life cycle of their projects. We rely on our portfolio of products and services to assist them, starting at the planning stage of their projects and up to the design and implementation of new processes and technologies.

In many cases we create new technological solutions that make infrastructure projects feasible. This means that we play the role of catalyst for the success of a project and contribute to development in the region. This effort results in greater demand for our products and new market opportunities for us.

Precast structures are the building system of the future.

At CEMEX Latam Holdings we have an ample portfolio of precast structures that offer a profitable and high-quality solution for our customers' grand scale infrastructure projects. Some of the main advantages of precast structures are that they use high-resistance materials, consume less material overall, and have greater quality control, as a result of their mass production

Types of works that are perfect for grand-scale precast products:



Vehicle and pedestrian crossings



Education centers



Underground and building parking lots



Water tanks



Warehouses



Supermarkets and department stores



Shopping malls



Buildings



Stadiums



Hangars

The best option for building industrialized housing

Our Industrialized Model for Housing contributes to addressing critical house-building challenges:

We want all families to be able to aspire to the benefits inherent in owning their own homes, such as a sense of security and the opportunity to build assets. To this end, we are committed to helping our developer customers build affordable housing and sustainable communities that improve people’s quality of life.

The 11.1 Target of the Sustainable Development Goals seeks to offer access to adequate, safe, and affordable housing for all people. However, millions of families lack the resources to own a home and city planners continue to face the challenge of offering efficient and affordable ways in which to house the rapidly growing urban population.

Our Industrialized Model for Housing offers a solution that makes housing more affordable by combining value-added building materials with efficient systems and with our experience to build homes in a fast and affordable manner. The model adapts to different weather, geography, and environmental conditions.



For Builders

1. LESS Time

Houses can be built at a fast pace due to a cast-in-place system that uses formwork panels.

2. MORE Deliveries

Building homes faster means they are available in the market sooner.

3. LOWER Costs

Less storage and labor result in savings during the construction process.



For the Population

4. MORE Comfort

The use of reinforced concrete means a second floor can be built.

5. MORE Resistance

Concrete installed as a single element resists earthquakes and adverse weather conditions.

6. MORE Efficiency

Sustainable features of concrete increase thermal efficiency of the homes.

Housing solutions for each scenario:



Industrialized

Fast, efficient, and large-scale housing construction.



Reconstruction

The best response for reconstruction after natural disasters.



Efficiency

The most competitive solution for buildings demanding high energy performance.



Affordability

The lowest possible cost without giving up quality.



Vertical

Fast and efficient construction for high-rise and mid-rise residential buildings.

CEMEX Building Award: We recognize the innovative spirit in our customers

THE CEMEX BUILDING AWARD RECOGNIZES THE TALENT OF CONSTRUCTION PROFESSIONALS WHO SEIZE THE ADVANTAGES CONCRETE HAS TO OFFER TO RESPOND TO THE SOCIAL AND ENVIRONMENTAL CHALLENGES THE PLANET FACES AND TO PROMOTE THE DEVELOPMENT OF BETTER SOLUTIONS IN THE CONSTRUCTION SECTOR THAT IMPROVE PEOPLE'S QUALITY OF LIFE.

Each year, CEMEX Latam Holdings has an open invitation for architects, engineers, investors, and builders to participate in the local edition of the Award in Colombia, Costa Rica, Guatemala, Nicaragua, and Panama. The best projects, together with the people who made them possible, receive an invitation to compete in the international edition.

CEMEX sponsors the competition and a jury composed of specialists evaluates the projects, taking into consideration attributes such as overall sustainability, the architectural solution, the structural solution, and the construction process.



32 projects

14 countries

5 categories

4 special awards

**CEMEX Building Award 2019
International Edition
15th anniversary**

**4 first places in
CEMEX Latam Holdings countries**

<p>Residential Housing LivinnX, 18 Street, Bogotá, Colombia</p>	<p>Affordable Housing Residential Passages, Bogotá, Colombia</p>	<p>Social Value Fina La Caja School, San José, Costa Rica</p>	<p>Universal Accessibility Public space, Panama City, Panama</p>
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OUR COMMITMENT TO ZERO INCIDENTS

We believe that **zero injuries and fatalities are possible**, and to that end, we continually renew our determination to protect our people.



Innovation is key to achieve our commitment to zero incidents

AT CEMEX LATAM HOLDINGS OUR PRIORITY IS THE HEALTH AND SAFETY OF OUR EMPLOYEES, CONTRACTORS, COMMUNITY, AND THE PEOPLE WHO INTERACT WITH US BECAUSE OF OUR ACTIVITIES.

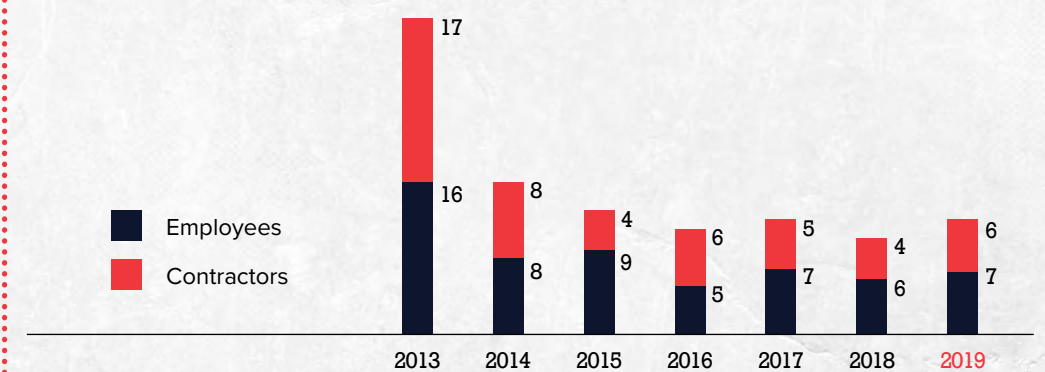
Just as technological innovations have transformed the way we do business, innovation is also a key component in our effort to achieve our goal of zero incidents.

Whether with technology, process improvements, or changes in how we manage our business, innovation contributes to solving safety issues in our operations so that our employees can return home safely at the end of each work day.

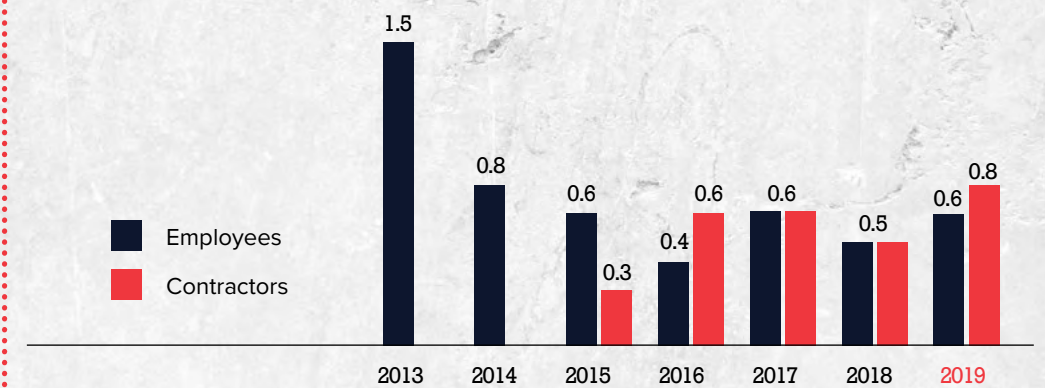
Our 2019 results

We would like to highlight that our operations in Costa Rica, Guatemala, El Salvador, and Nicaragua registered no incidents over the course of the year. For our operations as a whole, the Lost-Time Injury Frequency Rate increased with respect to the prior year, with three more employee and contractor incidents. We believe that achieving zero incidents is our duty and a moral responsibility that is possible if we all work together, and 2019 is testament to our efforts to achieve this goal.

Lost-Time Injuries



Lost-Time Injury Frequency Rate (per million hours worked)



Link to SDG 8

We contribute to the UN SDGs by focusing on the achievement of those goals that are most relevant to our business. Our efforts to provide our people with a safe, healthy work environment directly contribute to SDG 8.

Committed to safety in our communities

ROAD SAFETY REQUIRES THAT ALL USERS ARE ABLE TO INTERACT AND COEXIST WITH NO INCIDENTS.

Because we are committed to being a good neighbor, at CEMEX Latam Holdings we have adopted an innovative approach through which, in addition to implementing safe practices in our transportation operations, we draw on our know-how and leadership to promote best practices in our communities and contribute to making roads a safe place for all.

During 2019, we continued to collaborate with educational institutions, traffic authorities, neighborhood groups, and civil society organizations to put together events to foster a culture of road safety,

compliance with regulations, and accident prevention.

During the course of these sessions, CEMEX Latam Holdings employees offer talks and organize activities to create awareness of the importance of road safety basics such as wearing seatbelts, not using mobile phones while driving, upholding traffic regulations, respecting speed limits, and being mindful of blind spots. Additionally, instructors explain the safety protocols that need to be implemented to operate our vehicles.

At the schools, this road education program helps students and teachers from communities near our plants learn about safety behaviors such as the importance of obeying road signs and the proper way to cross at intersections.



Colombia

Recognition from the road safety agency known as Agencia Nacional de Seguridad Vial during the International Congress on Safe and Sustainable Mobility.



Costa Rica

Honorable mention during the 23rd AmCham Awards for our road safety program, ranked as the top company out of more than 35.



Guatemala

Recognized for our community engagement and road safety.

10,860

people in the community received information on road safety.

420

CEMEX Latam Holdings employees participated.

20,240

training hours invested.

We promote road safety measures



Follow the rules.



Obey road signs.



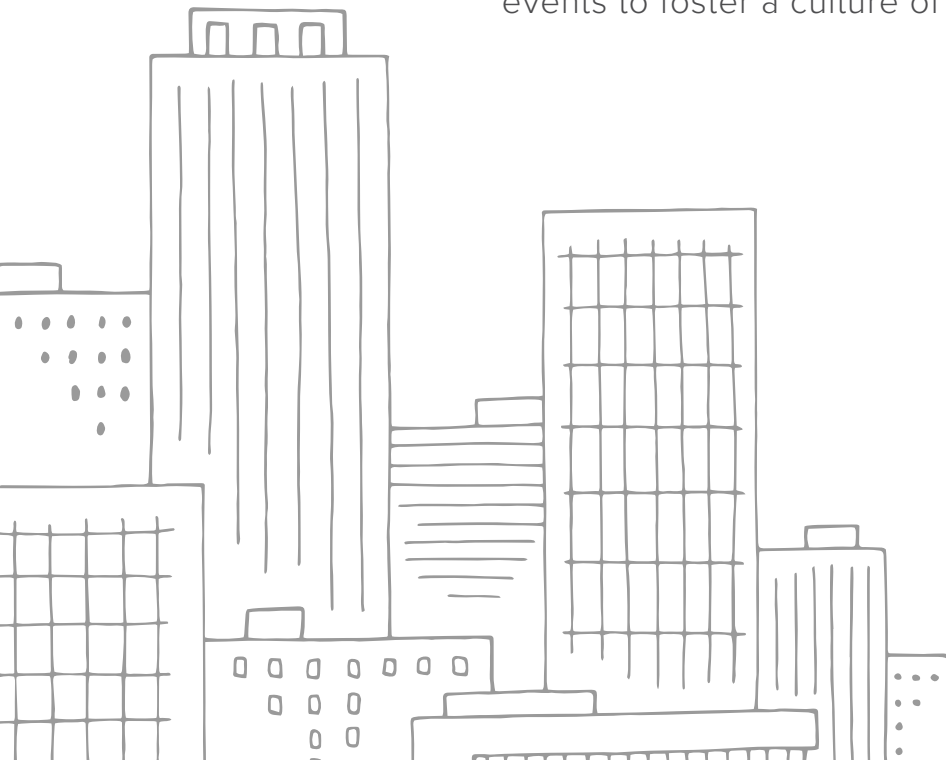
Wear your seatbelt.



Do not talk on your mobile phone while driving.



Be mindful of blind spots.



Cloud-based access control systems

WE HAVE INSTALLED A CONTROL SYSTEM THAT HELPS US STANDARDIZE AND ENFORCE THE SAFETY REQUIREMENTS WE DEMAND FROM OUR CONTRACTORS.

This constitutes an innovation in the way we promote safety practices since it takes advantage of modern information systems and the expertise of a global company with ample experience in managing contractors.

The system allows us to verify, through an independent third party, that all personnel from contractor companies have the skills and training required to safely carry out the tasks they are contracted to perform. To this end, they are required to carry a special ID card supported by a cloud-based database

that can validate their skills at any of the access points to our operations.

Since its implementation, the system has reinforced safety practices in our operations. On the one hand, contractors have adapted to our requirements; they have developed the necessary capabilities by enrolling in courses offered by certified institutions. On the other hand, following a transition period, we replaced those contractors who were not able to comply with our safety criteria with others who do employ adequate practices.



Tools that contribute to reinforce safety practices in our contractors:

 <p>Control system at access points</p>	 <p>CEMEX Code of Ethics and Conduct</p>	 <p>Code of Conduct When Doing Business with Us</p>	 <p>Occupational Health and Safety Manual of Contractors</p>	 <p>Safety in Construction Manual</p>	 <p>Compliance audit programs</p>
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Technology that reinforces road safety

VEHICLE OPERATION IS ONE OF THE ACTIVITIES MOST LINKED TO THE RISK OF ACCIDENTS IN OUR INDUSTRY. TO MITIGATE THIS RISK, WE INVEST IN TECHNOLOGY AND SUPPORT INNOVATIVE TRAINING TECHNIQUES THAT HELP IMPROVE THE PERFORMANCE OF OUR DRIVERS ON THE ROAD.

The most advanced fleet in our industry

Innovation keeps us at the forefront of our industry; we have furnished our fleet with the most advanced safety technology, including movement sensors, reverse cameras, and geo-positioning controls.

In addition to making trips safer, the information gathered by the systems installed in our trucks allows us to monitor best practices as well as behaviors that do not adhere to our standards.

Through our transportation tracking and analysis center, we generate periodic information that has become a fundamental input to reinforce our training programs, offer drivers personalized feedback about their driving techniques, reward good performance, and eliminate potentially risky situations in the long-term.

As we reach more customers, we work in parallel to make each turn at the

wheel progressively safer for our drivers. Monitoring routes in real time supplies us with updated information that helps us assign adequate rest periods and establish intermediate relief points.

Just as we work to ensure the safety of our drivers, we strive to become the benchmark for good road practices in each country where we operate. We are extending the use of this technology to our contractors and third-parties that are part of our operations, with different compliance timetables and terms.

Innovative training techniques

By repeatedly reinforcing defensive driving skills, our drivers manage to stay safe on the road as they traverse thousands of kilometers to deliver our products on time. We rely on simulators and video sessions to improve our drivers' knowledge base and to standardize the certification processes on rigorous topics for our organization, such as logistics and transportation.

During 2019, we innovated in the way in which participants in our Driving School interact with the course content. By developing digital apps and simulators, we challenged our drivers to take a more active role in the learning process.



We promote a healthy lifestyle

During 2019, we continued innovating in the way we motivate our employees to lead a healthy lifestyle. To this end, we rely on a comprehensive portfolio of initiatives to foster well-being inside and outside the workplace.



100% OF OUR EMPLOYEES PARTICIPATED IN MEDICAL EXAMS AND FOLLOW-UP APPOINTMENTS DURING 2019.

Exercise

With our Fit4Life program we motivate our employees to make physical well-being a priority in their lives, with exercise, nutritious eating, and healthy recreation.

Well-being

During Health Week we invite our employees to, in addition to being physically active, make healthy food choices and sleep well, all to reduce stress.

Medical exams

We invite our employees to have routine medical exams with the goal of making timely diagnoses and establishing personalized plans to prevent health risks.

Diminish risks

The Industrial Hygiene program seeks to recognize, evaluate, and control risk factors that could result in illnesses, including measurements of noise, particulate matter, and lighting.

Reduce stress

The Active Pauses program encourages small breaks in daily activities in order to help reduce stress, avoid potential ergonomic risks, and promote a healthy work environment in the operations.

Quality of life

The Health Essentials campaign targets 12 frequent health challenges by deploying a series of awareness initiatives aimed at reducing absenteeism due to illness and to improving quality of life.

CEMEX Health Principles



Healthy heart
January



Protect your back
February



Well-balanced diet
March



Care for your health
April



Observe and listen
May



Protect your skin
June



Manage stress
July



Vaccines
August



Safe hands
September



Care for your lungs
October



An end to addiction
November



Sleep well
December

Strong foundations in health and safety

RELYING ON STANDARDIZED CONTROLS AND PROCEDURES IN THE COUNTRIES WHERE WE OPERATE HELPS US CONSISTENTLY MONITOR PROGRESS MADE IN OUR INITIATIVES AND BUILD SAFER OPERATIONS.

Health and Safety Policy

The CEMEX Health and Safety Policy asks all our employees to share our conviction that reaching our zero incidents goal is possible by developing a positive health and safety culture, taking responsibility for correct behaviors, and reporting potential risks for themselves and others. It also asks leaders in the organization to comply with their obligation to look after the well-being of employees as their main priority.

100%
OF OUR EMPLOYEES STUDY AND SIGN THE HEALTH AND SAFETY POLICY WHEN THEY BEGIN TO WORK FOR THE COMPANY.



Management system

The CEMEX Health and Safety Management System (HSMS) is our main tool to establish goals and performance requirements for our operations.

The HSMS empowers our leaders to implement a successful health and safety strategy for the company and guides us on how to adequately allocate resources to training programs for our employees. Aside from defining the parameters to operate in accordance to local regulations, the HSMS also lays the groundwork for

assessing potential risks and planning the measures needed to mitigate them in a coordinated matter.

Communication mechanisms in the HSMS allow us to share best practices, optimizing the implementation of safety programs for our employees and contractors who participate in our operations.

By implementing the HSMS, we have developed a positive health and safety culture that drives continuous improvement in our results throughout our operations.

THE CEMEX HEALTH AND SAFETY MANAGEMENT SYSTEM IS ALIGNED WITH OHSAS 18001.

Leaders who promote a culture of safety

The chain of action for safety is led by the Industrial Safety division, with support from every leader in the organization. All parties are responsible for implementing the safety strategy, serving as an example, and being accountable for incident investigations and initiatives.

Excellence in training

The goal of the CEMEX Health and Safety Academy is for all our employees who hold supervisory positions to become experts in the company's management system for industrial safety and occupational health.

The Academy is designed so that all employees who lead operational and administrative tasks can participate, starting with supervisors, coordinators, and managers, and up to the country directors of our operations.

The goal of the Academy's three modules is to apply the safety criteria described in our Management System in a standardized manner at all our work sites. Likewise, the program develops leadership capabilities in participants, enabling them to effectively direct their work teams in the application of safety initiatives.

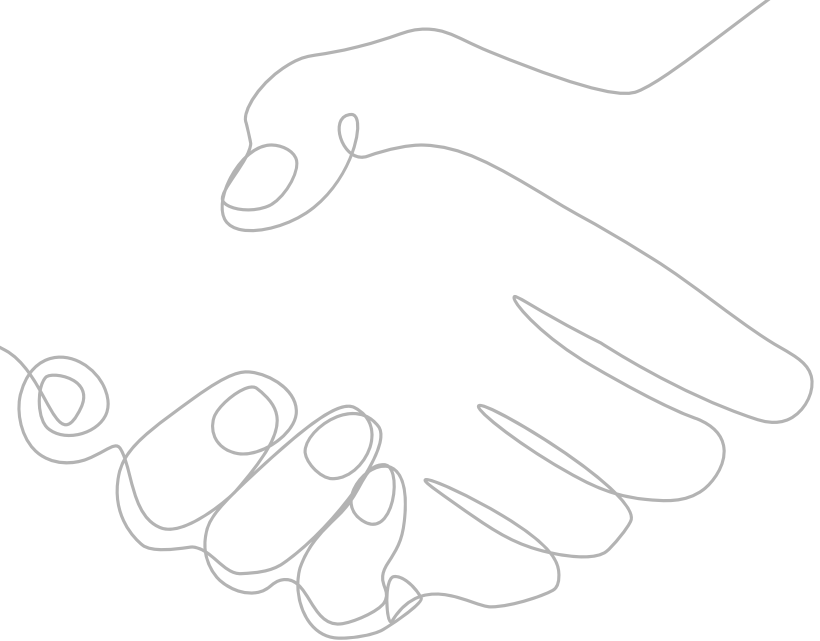
Visible and quantifiable leadership with mobile devices

The Visible Felt Program motivates our leaders to provide continuity to safety initiatives and offer feedback to our employees. The purpose of this is to provide a constant and positive approach to safety in all our operations.

In 2019, we included innovations in this program with a mobile app that allows our leaders to schedule activities which help materialize, in the course of their work day, their commitment to safety. This includes carrying out supervising activities in the field, offering feedback, fostering training, and promoting compliance with essential safety criteria, among others.

Implementing this initiative, in addition to a recognition and consequences system for our leaders, has been an important innovation that has made a significant contribution to improving our industrial safety management and indicators.

270
EMPLOYEES GRADUATED
FROM THE HEALTH AND
SAFETY ACADEMY IN 2019.



Safety is a responsibility shared by all

WE EXPECT ALL OUR EMPLOYEES TO CONTRIBUTE TO ENSURING A SAFE WORK ENVIRONMENT BY TAKING APPROPRIATE MEASURES, FOLLOWING CORRECT PRACTICES, AND ENSURING ZERO TOLERANCE FOR PRACTICES THAT COULD RESULT IN A HEALTH RISK OR INCIDENT.

→

We foster self-care

Through our Take 5 program and with a periodic review of our control checklists, we encourage employees to adopt the personal habit of creating a safe work space. Taking a five-minute pause at the beginning of the work day allows our operations employees to observe their surroundings and take the necessary precautions to control potential risks depending on the tasks they will be performing. Likewise, in order for company to learn more about potentially risky situations, we encourage our employees to exchange their observations of positive or potentially risky behaviors.

→

Everyone Safe

With our Todos Seguros (Everyone Safe) program, work teams jointly evaluate their daily tasks in order to develop new, safer, and more efficient ways of operating. Furthermore, the Industrial Safety division works in coordination with the Operational Excellence division to develop standards to help minimize potential incidents.

→

Effective implementation of initiatives

To roll out new initiatives, the Industrial Safety division relies on expert advisers in the different business units, employees who contribute to efforts in each of our plants, and the Communications division. Furthermore, in order to monitor and take action in case of any incident, we have communication mechanisms in place to inform the whole chain of command, from our middle managers to our country directors.

Updating safety standards

Performing work at heights

 We had an independent third party certify our infrastructure in order to make working at heights safer.

Alternative fuels

 We developed standards to strengthen our storing, processing, and use of alternative fuels capabilities.

Operating machinery

 We installed automatic locks, barriers, and protection guardrails in equipment with moving parts.

Our plants

 In our operations we built safe pedestrian crossings, streets, loading docks, and parking lots.

Open communication lines

SAFETY INITIATIVES CAN BE FUTILE IF THEY ARE NOT SUPPORTED BY THE RIGHT CULTURE. ACROSS OUR OPERATIONS WE WORK IN COORDINATION AND AS A TEAM TO EFFECTIVELY DEPLOY PROGRAMS THAT HELP MITIGATE RISKS AND CONTRIBUTE TO OUR GOAL OF ZERO INCIDENTS.

Feedback from our employees

Getting feedback from our employees is key to being able to address potential challenges relating to industrial safety in our operations. In the 2019 version of the Engagement Survey we conduct internally every two years we saw an increase in positive opinions regarding four key indicators:

Promptness in addressing potential risks.	Supervisor engagement.	Training on the health and safety system.	Company engagement.
-------------------------------------------	------------------------	-------------------------------------------	---------------------



Health and Safety Committees

To build a solid safety culture we need everyone's good disposition. We have committees in place, formed by representatives of our employees, unions, supervisors, management, and the country director at every location, that meet periodically to evaluate the results of health and safety programs that are being implemented in the operation.

One of the committee's main tasks is to identify the root-cause of an incident by studying it from different perspectives. The Root-Cause Analysis methodology and the 365 Plus System are two key elements in our management system. They allow the committees to identify particular challenges and propose action plans and training programs to address specific areas for improvement.



Teaming up with CEMEX

Coordinating efforts among CEMEX operations around the world allows us to strengthen the health and safety culture in our operations. Our leaders on safety issues participate in the CEMEX Functional Network and Global Health and Safety Council. We strive for our safety teams in the countries where we operate to incorporate other global success stories in our operations and, at the same time, to document and share the new initiatives they develop.



Leader meetings

The Industrial Safety and Occupational Health Meetings we hold at the regional level and in the countries where we operate constitute an opportunity to create awareness, motivate, and learn, all in order to exchange know-how and good practices. The goal of these meetings is to create awareness about the safety standards and procedures that must be followed in order to prevent accidents at the workplace.

4
INDUSTRIAL SAFETY MEETINGS HELD IN 2019

EMPLOYEES

We seek to develop **capabilities in our employees** that allow us to successfully implement our strategy and fulfill our priority of customer centricity.



We offer the best experience to our workforce

To foster innovation as one of our core values across our organization, we must first create a superior work experience that brings out the best in our employees. We are continually improving the employee experience so as to enable them to unlock their full potential for the benefit of our company, our customers, and our communities.

So that our employees can work to the best of their abilities, we:



1

Organization

Offer them the appropriate organizational structure and processes so they can collaborate and freely express their ideas, proposals, and concerns.

2

Empowerment

Offer them the right tools, connectivity, and training while also providing a pleasant and secure space where they can unlock their full potential.

3

Purpose

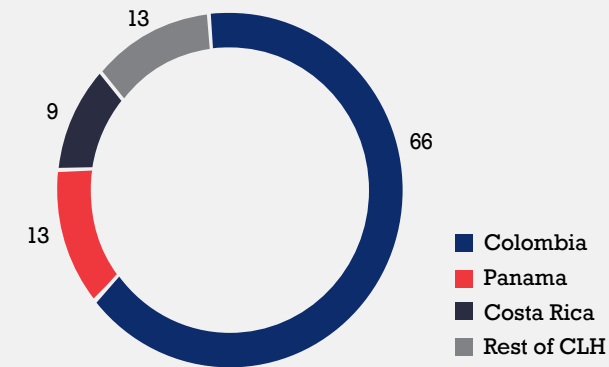
Create the necessary conditions for them to have a rewarding work experience and a positive impact, within and outside of our company, that will lead them to achieve their purpose.

Achieving these objectives depends on creating a fabric of collaboration and a sense of belonging that encompasses the entire work environment and interactions between our employees and the company. Interpersonally, our goal is to evolve the ways in which we communicate, connect, and collaborate with each other

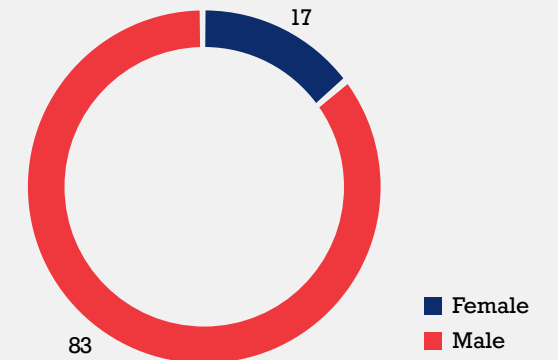
to foster productivity. Physically, we are creating work environments where our employees can interact and be productive. Organizationally, we share a common vision, values, and a clear operating model. Digitally, we are empowering our employees with new capabilities in our effort to make work more efficient.

4,260 Employees make up CEMEX Latam Holdings

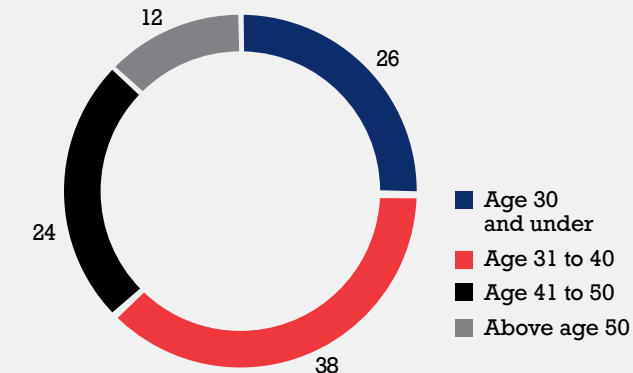
By country
Percentage



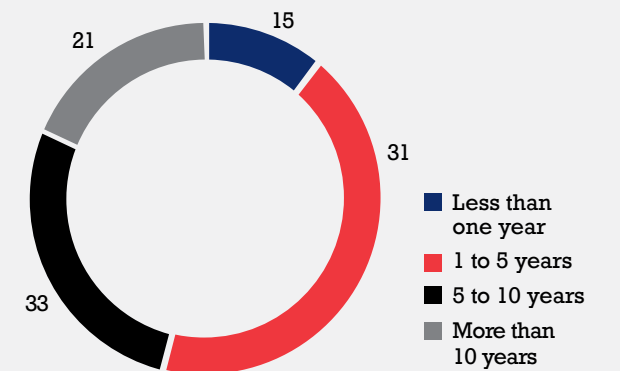
By gender
Percentage



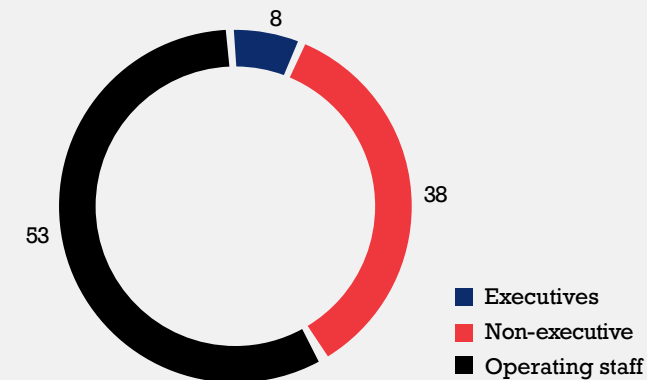
By age
Percentage



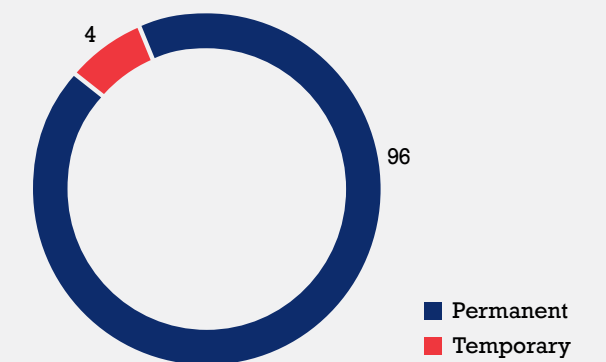
By seniority
Percentage



By function
Percentage



By contract
Percentage



Building a diverse and inclusive company

AT CEMEX LATAM HOLDINGS, WE HAVE DECIDED TO MOVE BEYOND BEING A COMPANY THAT RESPECTS DIVERSITY TO ONE THAT ACTIVELY PROMOTES IT THROUGHOUT THE ORGANIZATION, TAKING FULL ADVANTAGE OF DIFFERENT WAYS OF THINKING.

We are immensely proud of our workforce, a group of people with diverse cultures, customs, and perspectives of life who make us stronger. Inclusion is what makes us more innovative, competitive, resilient, and able to adapt to a constantly changing environment. When members of our team offer their unique points of view and contribute different experiences, abilities, and competencies, we are able to develop solutions that are truly innovative and transformational.

The CEMEX Diversity and Inclusion at the Workplace policy underscores our commitment to build a company with a more diverse and inclusive talent base and to promote an open, generous, and respectful environment in which everyone finds possibilities and can give the best of themselves.

We work to encourage an inclusive environment through talks, workshops, gender committees, policies, internal surveys, procedures, action plans, and physical changes to our infrastructure. Every initiative emerges from deep respect between individuals and aims to create a better understanding and openness in every interaction within our organization. For example, in 2019 CEMEX launched a course on unconscious biases, a tool designed to eliminate potential discriminatory behaviors and promote gender equality, non-discrimination, and diversity. Also, during Women's Month we organize talks intended to empower our female employees and recognize the professional career of the women who are part of our company.

Our company is respectful of applicable regulations and policies, including non-discriminatory recruitment processes, facilities, and services adapted to suit specific and other programs related to our business units. In our recruitment, we apply principles of equality and respect and we hire candidates who we consider meet the requirements for a given position, regardless of their age, gender, origin or other subjective characteristics.

We recognize the benefits of our differences and similarities. We believe one of our advantages is having an exceptional group of employees, each of whom, in addition to proving their technical abilities and skills, possesses unique characteristics that enrich the culture of our organization and promote kindness for others and a passion for work. We are convinced that diversity enhances our ability to listen to our stakeholders, better confront our challenges, and successfully implement our business strategy.



We are breaking the paradigms of our industry, which traditionally has been majority male.



At least one woman participates in three-candidate shortlists for filling executive positions*.



We offer breast-feeding areas at the office, work from home opportunities, and flexible schedules*.



50% of interns are women*.



We guarantee that in all our operations we have adequate facilities for women and men.

* CEMEX Colombia

We listen to the voice of our employees

OUR EMPLOYEES ARE OUR MAIN SOURCE OF INFORMATION FOR CREATING A POSITIVE WORK ENVIRONMENT. BY LISTENING TO THEIR EXPECTATIONS AND DRAWING ON THE FEEDBACK WE RECEIVE FROM THEM, WE ARE ABLE TO BE INNOVATIVE AND IMPLEMENT INITIATIVES DESIGNED TO UNLOCK THEIR MAXIMUM POTENTIAL.

At CEMEX Latam Holdings we foster a culture of open dialogue. Our engagement survey collects employee opinions on key issues to promote our leadership, ethical behavior, and customer centricity, including the commitment of our employees to the company, the environment necessary so they are able to fulfill their responsibilities, their engagement with the company's values, and their empowerment.

Results of our 2019 survey showed an increase of 5 percentage points with respect to the prior survey, which translates as an increase in our employees' engagement with the company. With the feedback we received, we intend to implement joint actions to make CEMEX Latam Holdings a better company to work for. To this end, we appointed a group of employees to focus on developing action plans that address the opinions and concerns that our employees have shared with us.



New indicator of employee experience

Starting in 2019, we are employing the eNPS methodology to gauge in a straightforward manner whether our employees would recommend us as a good place to work. At year-end, our eNPS score was 68 points, considerably higher than the standard based on the information supplied by the survey provider, positioning us among the regions with the highest scores in relation to CEMEX's global results.

Our 2030 goal is to continue to increase our eNPS score. Based on our results in this indicator thus far, we have been able to identify areas for improvement that allow us to design action plans to continue improving the experience of our employees in the workplace.

68
POINTS WAS OUR eNPS SCORE DURING 2019, CONSIDERABLY HIGHER THAN THE STANDARD.

An environment that promotes a work-life balance

We understand the importance of complying with all applicable local practices, regulations, and policies regarding overtime and work schedules. For that purpose, we have systems to control work shifts in each of our operations and monitor schedules in accordance with local laws.

We also encourage our people to maintain a healthy work-life balance. For example, we are progressively expanding our base of flexible work schedules, recognizing that our employees have different needs.

Competitive compensation and benefits packages

Our compensation and benefits packages make an essential contribution to the work experience of our employees. We understand that offering competitive salaries and benefits to our employees reaffirms their commitment to fulfill their responsibilities and helps the company reach its goals. In addition, we are constantly seeking new ways to communicate these benefits to our employees throughout all levels of the organization, so they understand the value and opportunities available to them.

With our Más para ti (More for you) value offering, we promote initiatives that allow our employees to give more of themselves and be highly committed to their work relationships. Furthermore, as part of the continuous evolution of the value offering we have designed for our employees, the goal of our Vive CEMEX (Live CEMEX) program is to improve the experience of our employees, their career advancement opportunities, and their sense of belonging to the company.



Más para ti (More for you) promotes a balance between professional and personal growth



More time

A work-life balance with additional terms beyond those stipulated by law.

Flex time, days off, coupons, a program for mothers, and seniority-based vacation plans.



More benefits

A robust benefits package to remain competitive in the market.

Commercial agreements, recognition for consistency, benefits for family members.



More environment

Initiatives that promote camaraderie and a productive work environment.

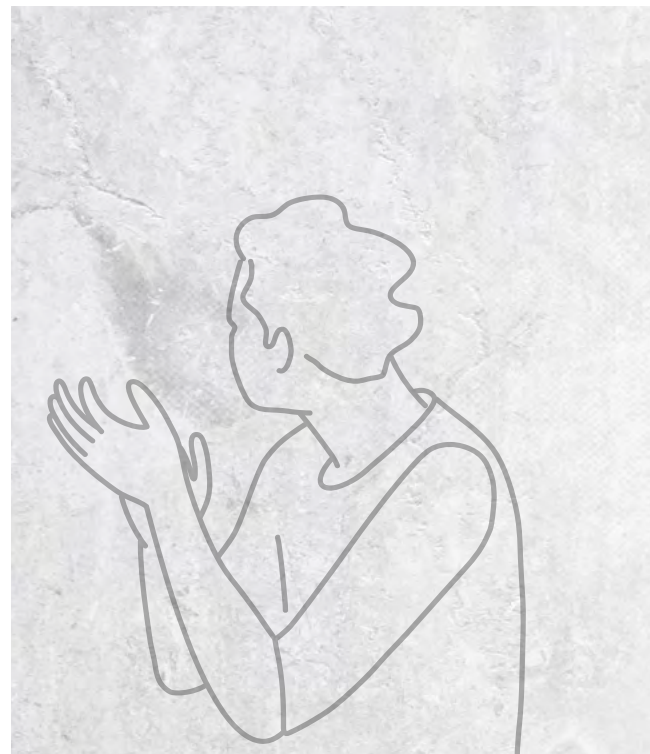
Sports activities, casual dress code, volunteering, sponsorships for children, training for family members, friendlier work environments.



More growth

Learning opportunities at different levels of the organization.

Technical study programs, pre- and post-graduate studies, courses on managerial skills, salesforce training, English lessons.



More career

Access to opportunities for growth within the company.

Internally communicating available vacancies, talent-planning processes, performance evaluations.

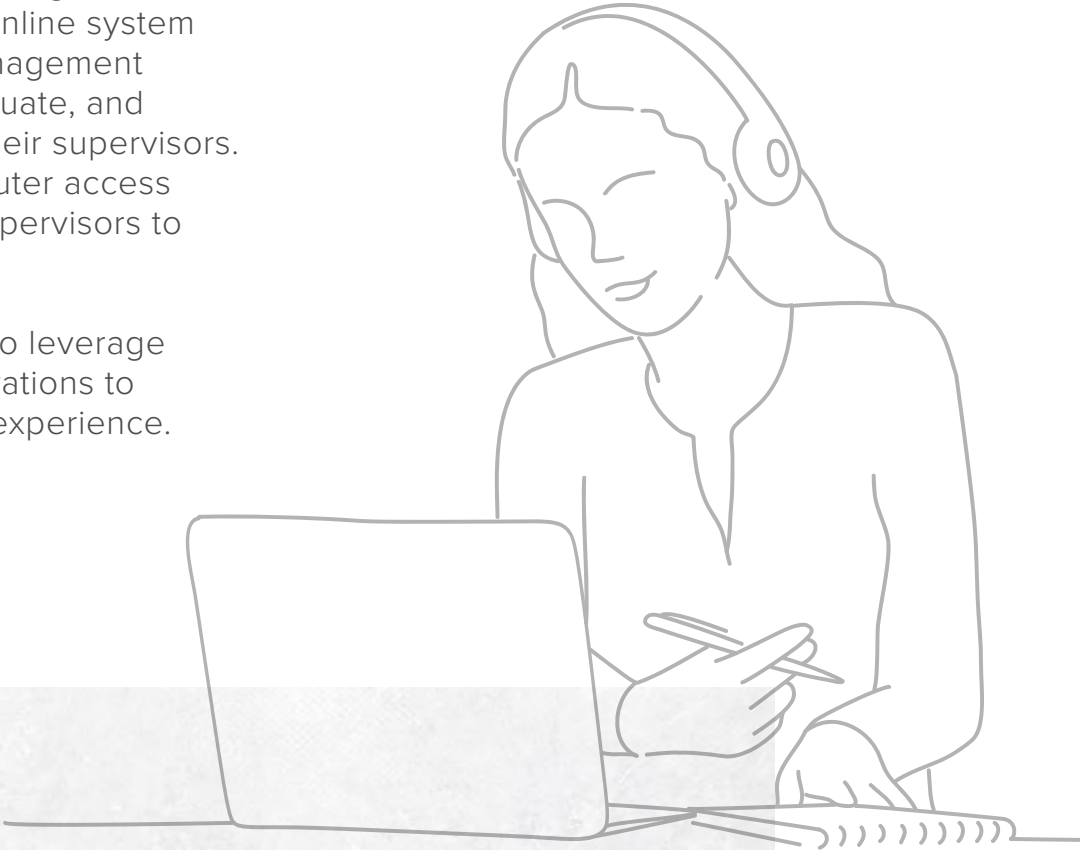
Continuous feedback keeps our priorities in focus

AT CEMEX LATAM HOLDINGS, OPEN COMMUNICATION KEEPS EVERYONE ON THE SAME PAGE AND OUR PRIORITIES ON TRACK. WE KNOW THAT EMPLOYEES WHO HAVE THEIR COMPANY'S SUPPORT ARE MORE INSPIRED TO EXCEL AT THEIR JOBS.

Participating in performance evaluations and obtaining guidance from their supervisors allows our employees to plan their goals for growth and receive recognition for their accomplishments. Through our integrated planning and evaluation processes, we help our employees make career decisions and our supervisors establish goals that are aligned with those of the company. As a result, we are able to develop high-potential employees so they can eventually take on more challenging roles and key leadership positions within the company while also strengthening our talent throughout our organization.

100% of our employees participate in feedback processes with their supervisors. A high percentage of those who have access to our online system use this performance management platform to establish, evaluate, and discuss their goals with their supervisors. Employees without computer access work directly with their supervisors to conduct evaluations.

We have identified ways to leverage these technological innovations to improve our workforce's experience.



Our career management system offers:



Continuous evaluation:

Online documentation of objectives in order to move from an annual evaluation exercise to a new continuous evaluation model.

360 Evaluation:

In addition to receiving feedback, all employees have the opportunity to evaluate their superiors, team, and other people with whom they interact.

Monitoring our values:

Measuring compliance with goals and evaluating the behavior of employees and company leaders in an effort for our values continue to be in force.

Long-term vision:

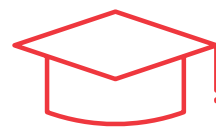
Assessing progress on compliance with each employee's Individual Development Plan on a multiannual basis, in order to offer another long-term dimension to the feedback process.

100% OF OUR EMPLOYEES RECEIVE FEEDBACK ON THEIR PERFORMANCE FROM THEIR SUPERVISORS.

Challenging opportunities for professional growth

Our success relies on the dedication of our employees, which is why we strive to provide challenging opportunities for professional growth. As we transform, one of our main objectives is to develop internal talent that has the potential to occupy key leadership positions within the company.

To this end, we seek to develop talented leaders who possess outstanding professional skills, a deep understanding of our vision, and the experience and capabilities necessary to succeed in increasingly challenging roles.



Internships

Interns are a source of talent who find in CEMEX Latam Holdings the best learning experience, including training, projects, and an individual development plan.

Professionals in Development

By spending a year rotating in different business divisions, recently graduated professionals in development gain great practical experience and a comprehensive view of the company.

Generation Y

Our INSPIRE program offers high-potential Generation Y employees the tools they need to strengthen their commitment to the company and to perform effectively.

Team leaders

The Leadership Program strengthens management skills in people who oversee other employees so they can encourage team growth.

Managers

The objective behind the Managers Program is to strengthen leadership capabilities in the executive team, enabling them to effectively manage how employees in their teams perform and grow.

A wide range of training opportunities

The training opportunities we offer serve a dual purpose. On the one hand, they provide our employees the knowledge they require to achieve their professional growth expectations. On the other, they contribute to the company being able to have the capabilities we require to be more efficient in implementing our strategy.

Our employees make use of the robust learning tools that CEMEX offers globally, and they complement their training with mechanisms that address particular needs in our operations. For example, the Shift collaborative platform allows us to share experiences, information, and best practices with colleagues in different countries in order to develop initiatives

that, beyond adding value to the company, generate new experiences and promote professional growth.

Likewise, we have local programs in place that address the training needs that employees in our operations demand. Through courses, workshops, and conferences we strive to develop abilities—including teamwork, efficient communications skills, and operational excellence—that contribute to being able to manage our operations effectively. To develop specialized know-how, we have instituted a scholarship program for pre-graduate studies, specializations, and masters' degrees that works locally in the countries where we are present.

WE WANT OUR EMPLOYEES TO BE IN CONSTANT EVOLUTION AND TO NEVER STOP LEARNING.

34
AVERAGE ANNUAL TRAINING HOURS PER EMPLOYEE DURING 2019.

CEMEX University: Building strategic capabilities

+800
EMPLOYEES TOOK
TRAINING COURSES AT
CEMEX UNIVERSITY
DURING 2019.

CEMEX University functions as a trusted educational adviser to our company. It responds to the need to provide our employees information, concepts, and work tools, in a consistent and standardized manner and in an environment of constant change. Over time, we seek to translate these practices into the strategic capabilities required to drive our results.

The CEMEX University ecosystem integrates institutional academies and effective leadership development programs. It combines traditional classroom sessions with state-of-the-art digital platforms to provide our employees with a comprehensive and friendly learning experience.

In order to respond to the specific needs of our operations, CEMEX University involves different operational and administrative divisions that work as a team with the company's functional networks and our top management. As we move forward, we will continue to strengthen the role of CEMEX University as a high-impact catalyst for implementing our strategy.

Academies in CEMEX University



Commercial Academy

helps our salesforce offer better service in commercial transactions and contribute to CEMEX Latam Holdings' commitment to be the most customer-centric company in our industry.

Health & Safety Academy

contributes to reinforcing the company's main health and safety elements in the leaders of our operations and to understand their responsibility to transmit this knowledge to the members of their team and oversee the well-being of all employees.

Supply Chain Academy

includes different actors so that, together, they can identify key roles and tasks to make our supply chain more efficient, based on teamwork, in order to offer a superior customer experience.

Culture & Values Academy

includes the onboarding program for new employees as well as courses on ethics awareness, confidentiality, preserving confidential information, and a new unconscious bias course.

Digital Academy

is comprised of three digital learning experiences: an introduction to design thinking, an exploration of emerging technologies that are driving the digital economy, and interactive practices focused on finding solutions based on collaboration.

Effective leadership programs



Ignite

is a program that offers high-potential managers and newly appointed directors new opportunities to practice essential leadership capabilities in real customer-centric projects.

Leader-to-leader

connects CEMEX's current leaders as mentors for participants in Ignite to enrich their experience and help them reach their professional growth plans.

Connect

is meant to help new managers thrive in their new responsibilities by sharing with them the information, tools, and resources they need.



SUSTAINABLE COMMUNITIES

We build innovative community programs that create opportunities for families and individuals to **improve their quality of life.**

Helping build more sustainable communities

OUR RESPONSIBLE BUSINESS STRATEGY MAKES A DIRECT CONTRIBUTION TO OUR PURPOSE OF BUILDING A BETTER FUTURE BY ADDRESSING THE MOST PRESSING CHALLENGES WE ARE CONFRONTING AS A SOCIETY.

The programs we implement open doors for families and individuals to be able to build their first home, make a life with better basic infrastructure, gain new knowledge, get a better job, start their own business, and offer their children areas for healthy recreation.

Furthermore, our responsible business strategy gives us opportunities to contribute to the operational continuity of our company, build cooperation schemes with local authorities, enhance our reputation, attract new people who are looking for a job that offers them a sense of purpose, and identify new business opportunities at the base of the economic pyramid.

In order to improve the results of our programs both for the communities and our company, we focus on designing social business models, implementing community engagement programs, and designing responsible practices for our operations and our value chain.



Contributing directly to the achievement of the UN Sustainable Development Goals.

<p>8 DECENT WORK AND ECONOMIC GROWTH</p> 	<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> 	<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> 	<p>13 CLIMATE ACTION</p> 	<p>15 LIFE ON LAND</p> 
<p>+10,000 annual visits to our community centers.</p>	<p>+80,000 people benefited from the Improving Community Infrastructure program in Colombia.</p>	<p>+139,000 people in our region with access to affordable housing solutions through Patrimonio Hoy.</p>	<p>Arise We participate in the ARISE network in Costa Rica for disaster preparedness.</p>	<p>+2,600 youth have been trained as environmental promoters.</p>

Community Engagement Plans

TO IDENTIFY THE SOCIAL INVESTMENT INITIATIVES THAT ARE MOST EFFECTIVE WE CONDUCTED AN IN-DEPTH DIAGNOSTIC AND DIALOGUE EXERCISE WITH OUR NEIGHBORING COMMUNITIES AND A MULTIDISCIPLINARY CEMEX LATAM HOLDINGS TEAM THAT INCLUDED REPRESENTATIVES FROM SEVERAL FUNCTIONAL DIVISIONS. AS A RESULT, EACH OF OUR CEMENT OPERATIONS HAS A COMMUNITY ENGAGEMENT PLAN IN PLACE THAT HAS BEEN ADAPTED TO LOCAL NEEDS.

Through the study, we were able to translate the needs of the communities and the impacts of our operations into local agendas of activities, projects, and programs. Understanding the expectations of our neighboring communities, identifying the risks and opportunities of our operations, and leveraging our strengths, allows us to create shared value to benefit both the communities and our company.

In addition to aligning our main priorities with those of our neighbors, we worked to standardize the mechanisms we use to manage these programs as well as the oversight and evaluation processes we implement across our operations.

With the lessons learned from the study as our input, we selected and reinforced those social programs that meet a series of essential shared value criteria:




Selection criteria:

- 1**
Improves quality of life and well-being for people.
- 2**
Fosters sustainability and resilience in the communities.
- 3**
Contributes to forming productive relationships with our neighbors.
- 4**
Strengthens our brand and our license to operate.
- 5**
Contributes to mitigate the impact of our operations.

100%
OF OUR PRIORITY SITES
HAVE A COMMUNITY
ENGAGEMENT PLAN
IN PLACE.

Key factors of our Community Engagement Plans



One CEMEX, many volunteers

We are part of the CEMEX UNITE global volunteering strategy under which our employees participate in activities that tackle great global challenges and contribute to improve the quality of life in our communities. CEMEX UNITE includes communications tools and digital platforms, as well as guidelines outlining the benefits volunteering brings to both society and our employees. In 2019, close to 50,000 people benefited from our volunteer initiatives in the region.

Dialogue

Neighbor Committees serve as spaces for continuous dialogue between our specialists and community representatives to explore new ways to improve our joint programs, assess progress in our commitments, identify risks, and strengthen Engagement Plans.

14

community relations coordinators maintain an open dialogue with our neighbors.

Synergies

Working hand in hand with government, education, private, and nonprofit organizations helps us implement more effective solutions and multiply the financial and human capital we invest. Thanks to widespread confidence in our community programs, new organizations are continuously added, contributing know-how, talent, and resources to our social initiatives.

+100

organizations joined our community programs in Colombia in 2019.

Communities

Finding a balance between the resources we invest in collaboration with our allies and the active participation of our neighbors is essential to reaching long-term goals and embedding sustainability in our programs, which makes us true community partners.

+80,000

people benefited from the Improving Community Infrastructure program in Colombia.

Volunteers

We encourage our employees to become agents of change, participate actively in the improvement of their communities, and gain meaningful experiences that contribute to their sense of purpose. Activities carried out during volunteer days are open for employees to participate, as well as their friends and family members, and neighbors of our operations.

+1,200

volunteers participated in some of the CEMEX UNITE events in 2019.

Transparency

Transparency strengthens our relationship with communities. Through our Experiencia CEMEX (CEMEX Experience) program in Panama and Puertas Abiertas (Open Doors) in Costa Rica, Nicaragua and Guatemala, neighbors, customers, reporters, researchers, teachers, and students visit our operations so they can get to know first-hand about our production process as well as our initiatives in favor of the environment and community development.

+1,000

people visited our operations in Panama and Costa Rica during 2019.

Results

We are committed to assessing the results of our programs and to focus our investment on the most effective initiatives that have proven to have the best results in terms of empowering individuals and their families. In addition to using self-assessment tools, we rely on studies, surveys, and conversations with our neighbors in order to understand the effectiveness of the programs in our portfolio.

Our four community investment pillars

AWARE THAT OUR OPERATIONS PLAY AN IMPORTANT ROLE IN THE COMMUNITIES IN WHICH WE LIVE AND OPERATE, WE INVEST TALENT, RESOURCES, AND CREATIVITY TO JOINTLY BUILD OPPORTUNITIES THAT PROMOTE THE GROWTH OF FAMILIES AND INDIVIDUALS SEEKING TO GET AHEAD. TO SCALE OUR RESULTS, WE FOCUS OUR EFFORTS ON FOUR PILLARS OF COMMUNITY INVESTMENT.



+1 MILLION COMMUNITY PARTNERS WITH WHOM WE HAVE WORKED; 70% ON THE WAY TO REACHING OUR GOAL OF 1.4 MILLION COMMUNITY PARTNERS BY 2030.

Education and capability development for employability



WE OFFER OUR NEIGHBORING COMMUNITIES THE OPPORTUNITY TO ACQUIRE NEW SKILLS THAT IMPROVE THEIR CHANCES OF FINDING A JOB. AS A RESULT, COMMUNITIES ARE MORE SELF-SUFFICIENT AND BETTER PREPARED TO FACE CURRENT AND FUTURE CHALLENGES.

We support several initiatives that offer educational opportunities. From scholarships, courses, and workshops to the implementation of programs that foster knowledge, experience, and the development of skills, we work with communities to promote programs that improve people’s income-earning potential and the quality of life of families. We emphasize the economic empowerment of women and the participation of young people in different programs focused on developing job skills.

CEMEX Community Centers: Pioneers in the construction of education and development spaces

The CEMEX Community Centers strengthen ties of trust with the communities where we operate. They are the main meeting spaces where we carry out engagement, recreation, education, sports, and health-related activities for the benefit of our neighbors. Additionally, the Community Centers enable us to listen to the concerns of our neighbors, manage risks and impacts, and assess the results of our programs in order to improve them or replace them with more adequate initiatives.

In Panama we are pioneers in the operation of a community center that is sponsored by a private company; it is testament to the fact that, when working together, the government and private companies can bring about great benefits for the development of communities. The Community Center at our Bayano plant has become our ally in the implementation of educational programs and a hub of development and communal living for close to 20 nearby communities.

In Colombia, at our Community Centers in Bogotá and Payandé, we contributed to the educational training and healthy entertainment of children, young people, mothers, and senior citizens who participate in different education and recreational activities. In addition to the learning workshops, participants were also



involved in recreational activities such as dancing, music, and reading.

In Costa Rica, through the Community Center at our Patarrá and Colorado de Abangares plants, we annually train hundreds of women who live in communities neighboring our operation.

+10,000
annual visits to our Community Centers.

Building a better future for young people

It is estimated that, in Latin America, the unemployment rate among young people is almost 20%; this means that one out of every five young people in the workforce cannot get a job. This is the highest level on record for the past decade. There are different reasons for this situation, including a gap between the skills young people possess and market needs.

At CEMEX Latam Holdings we are taking steps to help eradicate unemployment among young people as part of a strategy aimed at improving productivity, income, and growth for the next generations, as well as to build the well-trained and experienced workforce we require.

In Colombia, our Job Skills Development Program contributes to building practical capabilities that result in better employment opportunities. Organized in partnership with the National Learning Service, students take courses on topics that are useful for working in local industries and commerce. Some of the graduates have the opportunity to work as interns at our operations.



Economic empowerment of women

Around the world, women’s participation in the labor market continues to be unequal: they have a more limited access to employment; they earn less for performing the same job as men; they are more likely to perform jobs within the family with no remuneration; and they have less likelihood of moving into the formal sector.

During 2019 we continued to foster the economic empowerment of women through different initiatives.



In **Costa Rica**, in 2019 we renewed our agreement with the Instituto Nacional de Aprendizaje to expand the coverage of the **technical training workshops** we offer in different areas of the service sector.

More than 600 women in communities neighboring our operations participate annually, and we grant them an official certificate which has validity in the labor market.



In **Guatemala**, in 2019 more than **50 women from the town of San José** participated in the workshops we offer focused on developing technical skills that will allow them to open their **own enterprises**.

Additionally, we work in partnership with the municipality’s Women’s Office to teach courses on legal, financial, and marketing topics to help them grow their companies.



In **Panama**, we partnered with the Instituto Nacional de Formación Profesional y Capacitación para el Desarrollo Humano to enrich the courses at our Community Center. In 2019, **we offered almost 6,000 training hours and issued more than 1,000 official certificates** to people who have graduated—the majority of whom are women—from courses in computer science, English language instruction, customer service, gastronomy, construction, plumbing, electricity, interpreting blue prints, accounting, and entrepreneurship.

We have been working in partnership with the Asociación Nacional Pro Superación Personal AC (ANSPAC) for 10 years. As part of this program, we provide workshops that contribute to the acquisition of new skills and trades, as well as talks on how to set up a micro-enterprise or manage a small business, and on financial concepts, accounting, and marketing.

+260
WOMEN IN PANAMA,
GUATEMALA, AND
NICARAGUA TRAINED BY
MEANS OF THE ANSPAC
PROGRAM IN 2019.

CEMEX Sports Schools

Creating recreational areas that give children the opportunity to make good use of their free time is essential to their having a better future. The CEMEX Sports Schools address the need to promote values such as tolerance, solidarity, teamwork, discipline, punctuality, respect, and equality among children.

With more than 10 years of operation in our region, the CEMEX Sports Schools are among our oldest programs and among the most appreciated by our neighbors, and they are a key component of our commitment to promote community development. In order for them to work, we invest resources to create or improve sports facilities in the communities and we contribute coaches, uniforms, and equipment for various sports, including soccer, baseball, swimming, basketball, and dancing.



+1,500
CHILDREN LEARN VALUES AND DISCIPLINE AT THE CEMEX SPORTS SCHOOLS.



In **Colombia** we operate seven sports schools in five locations, benefiting more than 4,000 children and youngsters annually. They operate under the Fútbol con Corazón (Soccer with a Heart) methodology that teaches the discipline of sports through life skills. For example, boys and girls play on the same team, which contributes to promoting gender equality, and there are no referees, which fosters the ability to reach an agreement.

In **Costa Rica**, we have a soccer school in the community of Peñas Blancas where annually more than 80 children participate in different categories. To ensure the success of this school, CEMEX Latam Holdings contributes with the maintenance works for the sports facility in the community and with sports coaches.

In **Guatemala**, we have a soccer academy that promotes values and a teamwork culture through sports activities for more than 110 children and youngsters.

In **Nicaragua**, we have partnered since 2013 with the professional baseball team Bóer, the municipality of San Rafael del Sur, the Nicaraguan baseball association, and Williamsport, in operating the CEMEX-Bóer children's academy. In addition to promoting the health and well-being of the children, we actively involve their parents in contributing to the comprehensive development of 400 ball players.

In **Panama**, we have a soccer academy where more than 140 children from the community of Cativá, in the province of Colón, receive comprehensive education through sports.

Early Development Center in Clemencia, Colombia

We strive to collaborate with the communities that need it most by means of our Responsible Business Strategy. Clemencia is a case in point. It is one of the neediest municipalities in Colombia, 80% of the population live in at-risk conditions, with poverty affecting children the most.

The newly built Early Development Center (CDI) in Clemencia is an example of what we can accomplish with public-private partnerships that team up with communities. CEMEX Latam Holdings supplied the human and technical resources needed to build the project in partnership with the president's administrative department (DAPRE), which put up the financial resources, and Fundación Plan, which designed the building plans required to execute the project. Likewise, the community of Clemencia, our social partner in this project, made more than 20,000

concrete blocks employing the technology of our Bloqueras Solidarias.

The CDI in Clemencia includes green areas, playgrounds, classrooms, a nursery, and adapted bathrooms for people with special needs, a kitchen, and administrative offices. It will serve at least 160 children up to 5 years of age who will receive comprehensive services in an effort to contribute to the institutional efforts of the National Government aimed at ensuring early development education through pedagogical and nutrition programs.

The project has been designed in compliance with infant infrastructure guidelines and will include education programs that showcase the traditions of the municipality as well as open spaces that prioritize cross ventilation and protection from the sun to offset high temperatures in the region.

Better education for all

In **Guatemala**, our volunteers teach courses on values to young students in a school near our cement plant in an effort to strengthen their civics education. We also contribute to improving the quality of education in schools in the area of influence of our operations by means of the Construyendo mi Futuro (Building my Future) program that provides training opportunities for teachers.

In **Colombia** and **Panama**, through the Plan Padrino (Godparenting Plan), donations made by our employees are allocated to the purchase of school supplies and uniforms, benefiting close to 400 children.

In **El Salvador**, with the Educando para la Vida (Educating for Life) program, we collaborated with the Ministry of Education to sponsor literacy courses for people who cannot read, write or do basic math.



Sustainable and resilient infrastructure and mobility



WE KNOW THAT LEVERAGING OUR EXPERTISE IN THE BUILDING MATERIALS INDUSTRY IS THE MOST EFFECTIVE WAY WE HAVE TO MAXIMIZE OUR CONTRIBUTION TO SOCIAL DEVELOPMENT IN THE REGION. ACCORDINGLY, WE BUILD SOCIAL BUSINESS MODELS AND OFFER OPPORTUNITIES THAT CONTRIBUTE TO ADDRESSING INFRASTRUCTURE CHALLENGES IN OUR NEIGHBORING COMMUNITIES AND TO IMPROVING THE QUALITY OF LIFE IN THE COUNTRIES WHERE WE OPERATE.

Our strength lays in combining passion, experience, and creativity with innovative construction materials and value-added services to offer vulnerable communities the opportunity for home ownership and better basic infrastructure, even in communities where we do not have any production or commercial operations.

Additionally, through our social businesses we open markets for our products at the base of the economic pyramid and collaborate with local authorities to address challenges such as the lack of access to credit, housing, employment, basic services, resilient infrastructure, and public spaces.

Disaster relief preparedness

In 2019, CEMEX Costa Rica joined ARISE, a private sector group that works to build cities that are prepared to face a natural disaster, or even prevent it. We participate in tandem with the public sector, academia, organizations in civil society, and with the international backing of the UN to promote resilience in cities as a key factor for sustainable development.

ARISE
WE PARTICIPATE IN THE ARISE NETWORK IN COSTA RICA FOR DISASTER PREPAREDNESS.

A proper home

ECLAC estimates that across Latin America there are more than 180 million people living in poverty. This means that 30% of the region's population lacks sufficient income for basic goods and services.

Something as simple as replacing a dirt floor with a concrete floor not only has a direct effect on reducing extreme poverty rates but also impacts other quality of life variables for these families, such as improving sanitary conditions inside their homes and reducing the risk of respiratory and gastrointestinal illnesses.

With our Piso Digno (Proper Floors) program in Colombia, we seek to create opportunities for thousands of people who live in houses with dirt floors to upgrade their flooring. The model takes advantage of preferential building materials prices and the financial resources granted by partner organizations to provide concrete floors for families who are program beneficiaries, at no cost to them.

CEMEX Latam Holdings works in collaboration with local authorities and organizations to identify the beneficiary families by means of a study of their needs.

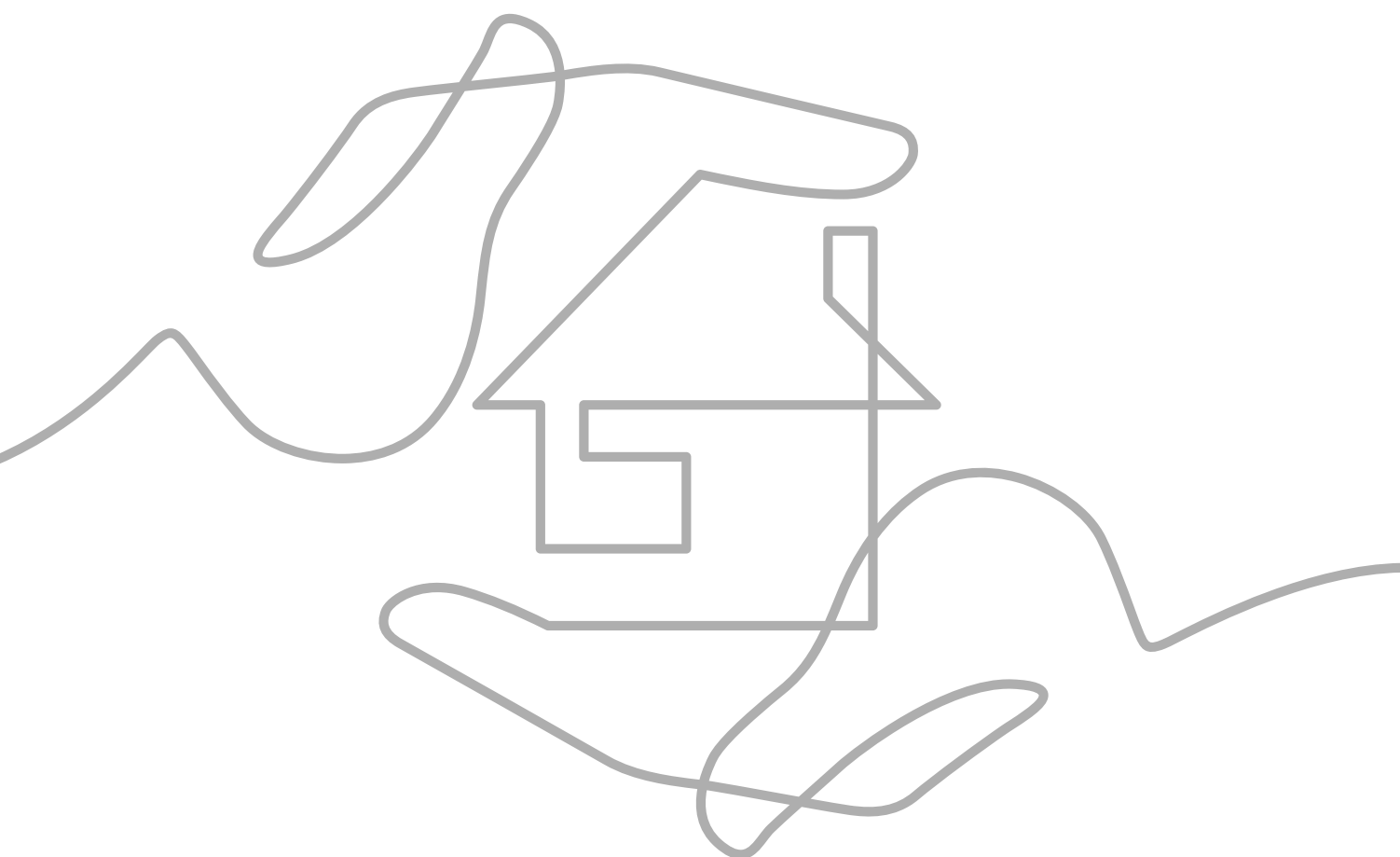
It also contributes equipment, technical assistance, project management, and the high-quality guarantee of our products. The beneficiary families receive training and the support of a supervisor who teaches them how to prepare the land and self-construction techniques.



Community infrastructure program

We leverage our understanding of the building materials industry and our expertise in forming multi-sectoral partnerships to offer communities the opportunity to improve their public spaces and build the basic infrastructure they need to adequately develop communal living.

With the Improving Community Infrastructure program we empower the communities to improve their surroundings and we create shared value through the collaborative efforts of businesses, communities, volunteers, and local authorities. To this end, we donate building materials and use our own network of community relations coordinators to better understand the priorities of our communities in terms of their basic infrastructure. We also work hand in hand with government entities in the successful development of these projects and we get actively involved with the communities, who in turn involve local unskilled workers in the projects.



In **Colombia**, during 2019 we worked in collaboration with local governments to invest in 34 community infrastructure projects benefiting more than 80,000 people. The projects included building sports facilities, refurbishing schools, recovering roads and platforms, improving sanitary infrastructures, and rehabilitating parks and town squares.



In **Costa Rica** and **Guatemala**, in response to the infrastructure needs of the communities where we operate, we supplied building materials and assistance for upgrading communal spaces, which included improving streets, building sidewalks, and remodeling education centers.



In **Panama**, we contributed to improving the facilities of eight schools in the town of Chilibre, benefiting a population of more than 450 students.



**Bloqueras Solidarias:
Self-employment and better housing**

Because of their operating model, Bloqueras Solidarias are financially self-sustainable social businesses that can be replicated. With the help of technology, training, and raw materials, at-risk families who participate in them employ themselves to produce concrete blocks they can later use to expand and improve their own homes.

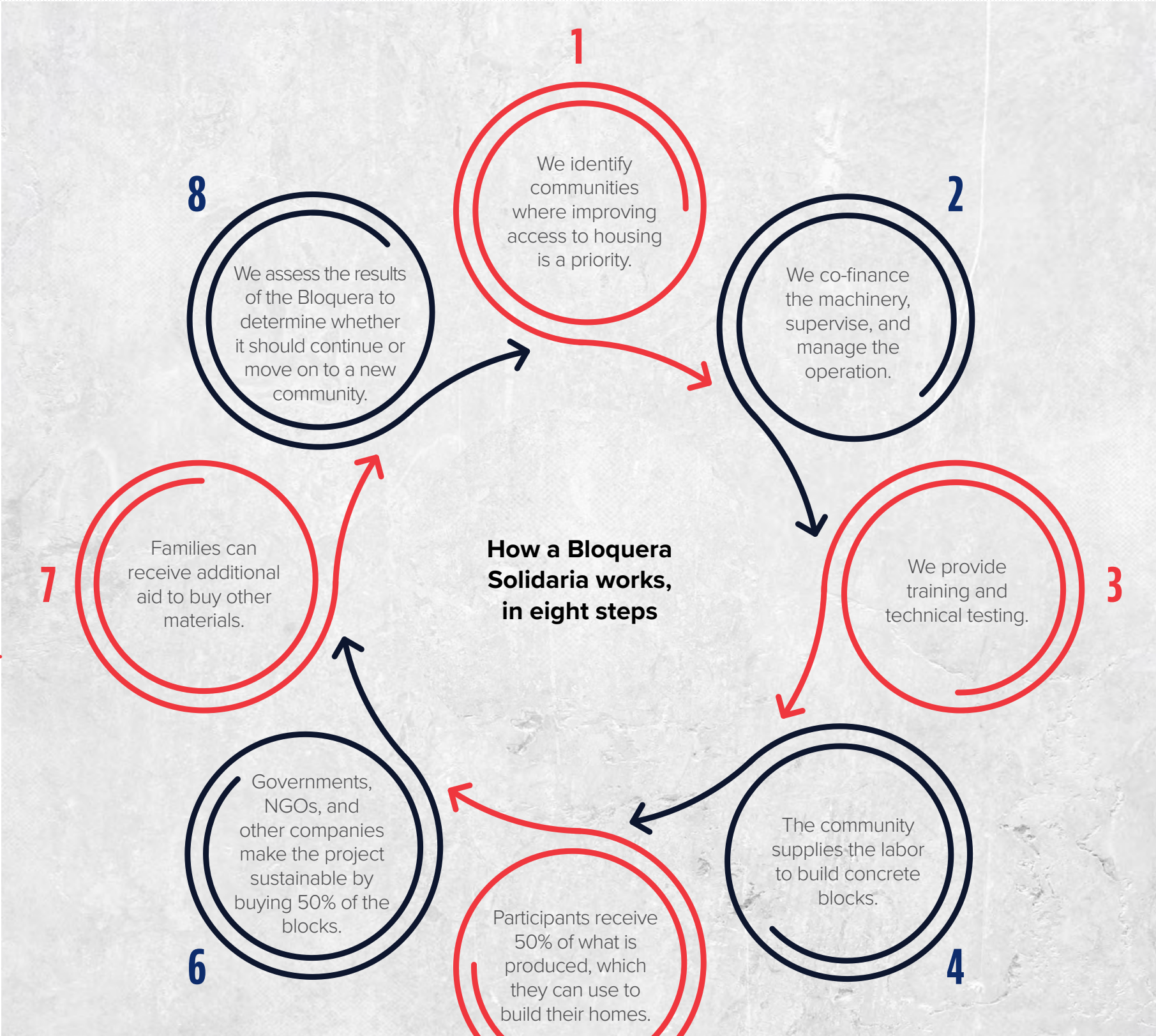
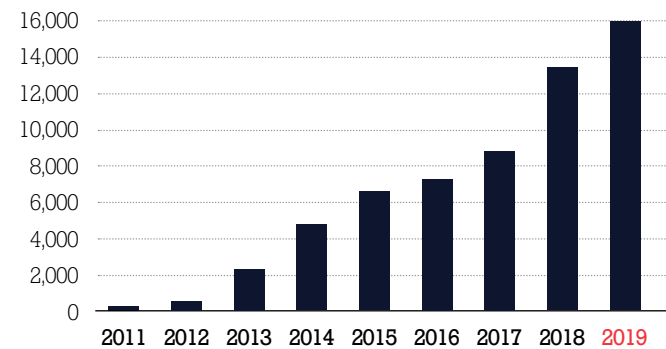
Our partnerships with NGOs, other companies, authorities, and local governments are a key component of the success of the Bloqueras. Consequently, we maintain a permanent open dialogue with several organizations to jointly identify new communities where improving access to housing is a priority.

In order to innovate and diversify the benefits of Bloqueras Solidarias, in Colombia we are developing new functionalities for the machinery we install in order to expand its capacity to produce cobblestone, which are useful for building and improving roads, floors, and other surfaces. We are exploring other uses for the machinery, including making materials for building adequate kitchens, stoves, and bathrooms for the homes.

Furthermore, in Nicaragua we are introducing innovations in terms of the program's focus by employing the Bloqueras machinery in an agreement with Construrama®. Our goal is to take concrete blocks to remote locations throughout the country that are not served by our industrial customers but where there is a great need for the product. This benefits the communities with high-quality blocks, local jobs, and higher sales for our hardware store customers. Given the success of this initiative, we are expanding its scope by means of a commercial strategy that allows us to transform other customers' block-making operations so that they will meet the high operational standards of a Bloquera Solidaria.

People benefited by Bloqueras Solidarias

Cumulative numbers



Recognition as an Inspiring Company

Fundación ANDI, in Colombia awarded us their Inspiring Company recognition for our Bloqueras Solidarias and because their commitment to addressing social challenges is an integral part of our business model.

+16,000
PEOPLE BENEFITED FROM
BLOQUERAS SOLIDARIAS IN
OUR REGION.

**Patrimonio Hoy:
We support our
self-construction customers**

The road to a better quality of life begins with offering a family the security of owning a home. However, millions of people in our region have no access to decent housing.

Founded in 1998 by CEMEX, and active in our region for more than a decade, Patrimonio Hoy is our social program that improves quality of life for people through a comprehensive and efficient solution that makes it easier and more affordable to build or improve housing.

Participants, who otherwise would not have enough resources or access to bank loans, can obtain high-quality materials, assistance regarding land ownership, valuable technical assistance, and access to microcredits at competitive rates offered by a third party. Collectively, this reduces by up to 30% the time and cost of building a home.

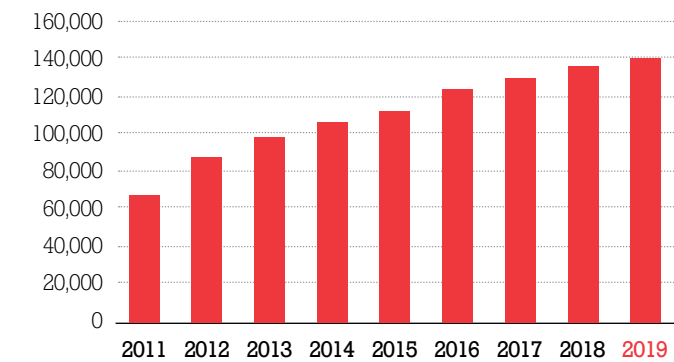
During 2019, in an effort to find innovative solutions to the economic challenges in markets where Patrimonio Hoy operates, we invited new allies to become part of the program by offering attractive financial options and better conditions for self-construction customers. We also expanded the number of products that participants can acquire in order to position Patrimonio Hoy as a comprehensive solution for all their construction needs.

With Patrimonio Hoy, CEMEX Latam Holdings contributes to addressing the deficit of proper housing among low income families in Colombia and Nicaragua. The program is proof that, with the right help, families and communities can develop the necessary knowledge and financial discipline to own a better home. At the same time, Patrimonio Hoy strengthens our brand in the market because our customers value the support we give them for building their own home, which is such an important stage in their lives.

Patrimonio Hoy has received international recognition by different institutions, including the Organization of American States (OAS), the Inter-American Development Bank (IDB), the World

Bank, the United Nations (UN), the International Chamber of Commerce, and the International Entrepreneurial Leaders Forum.

People benefited by Patrimonio Hoy
Cumulative numbers



Benefits that Patrimonio Hoy offers:

- 
Support from CEMEX
- 
High-quality materials
- 
Technical assistance
- 
Affordable microcredits
- 
Savings plans
- 
Fixed prices
- 
Warehouses for materials
- 
Home delivery

+139,000
PEOPLE BENEFITED
FROM PATRIMONIO
HOY IN OUR REGION.

Social and environmental innovation and entrepreneurship



IN ADDITION TO CREATING JOBS THROUGH OUR OPERATIONS, WE PARTICIPATE DIRECTLY IN GENERATING ADDITIONAL EMPLOYMENT OPPORTUNITIES AND NEW SOURCES OF INCOME IN THE COMMUNITIES WHERE WE OPERATE. WE HAVE ACTION PLANS IN PLACE TO PROMOTE ENTREPRENEURSHIP AT THE BASE OF THE ECONOMIC PYRAMID AS WELL AS THE DEVELOPMENT OF INDIVIDUALS WHO REQUIRE ASSISTANCE TO MAKE THEIR BUSINESS IDEAS A REALITY.

Fostering rural businesses

Faced with the challenge of supporting rural businesses so they can introduce their products in markets beyond their own communities, in Guanacaste, Costa Rica, we launched a Rural Business Accelerator that offers local entrepreneurs the tools they need to connect their products with new markets offering better commercial opportunities.

The Business Accelerator helps strengthen the local economy and creates a positive social impact by increasing the income of small producers, contributing to the generation of new jobs, and empowering at-risk groups.

Entrepreneurs who participate in the program started their businesses locally, facing challenges they resolved through trial and error. With the support of the Accelerator, ten small entrepreneurs have been able to improve their operations,

increase production, offer better quality, and register their brands, thus growing from simple community businesses into businesses that market their products at national supermarkets. They achieved this with personalized service, technical training, capital investments, marketing advice, support in obtaining permits, financing, and strategic, legal, and quality control advice.

A key factor for the success of this program are the multi-sectoral partnerships with more than 20 organizations, including authorities, academia, communications media, and the private sector, such as the Ministry of the Economy, Industry, and Commerce, the mayors in the province, Auto Mercado, local NGOs, and the Universidad de Costa Rica. Starting in 2019, we became one of the founding companies in the country's entrepreneurship network, which is sponsored by the Ministry of the Economy.

World-class training for entrepreneurs

Entrepreneurs have a hard time being successful on their own, and they require the support of a group of people to ensure their companies can thrive. We have been collaborating with the Sirolli Institute team since 2016 to sponsor the generation of new companies and the development of more empowered communities in Colombia. The Sirolli Institute methodology, aimed at strengthening entrepreneurship ecosystems, has been successfully implemented in more than 300 communities around the world, and has contributed to create or strengthen more than 65,000 entrepreneurship projects.

In order to support the goals of the entrepreneurs and help them make their dreams come true, the methodology relies on listening to their ideas and needs in order to connect them directly with the resources available within their own communities. It accomplishes this by creating a support network that includes people, organizations, and other companies. For example: One of the main challenges faced by entrepreneurs is knowing how to manage their finances and credit. To contribute to resolve this in a sustainable manner, the methodology breaks with the paternalistic paradigm of handing over resources and, instead, focuses on supporting entrepreneurs so they get to know techniques that will help them get the resources they need on their own.

To implement the Sirolli methodology, we have trained an entrepreneurship facilitator who offers personalized and free service for people looking to start or strengthen their own enterprise. To date, 75 entrepreneurships that have been constituted as micro-enterprises are

serving new markets and growing business opportunities. Furthermore, an additional 80 entrepreneurs are participating in the methodology, and they have designed their business plans and are in the process of consolidating their projects.



75
SMALL ENTREPRENEURS HAVE BEEN SUCCESSFUL THANKS TO OUR SUPPORT IN COLOMBIA.

Local suppliers for our operations

In every country where we operate, integrating small- and medium-sized companies into our supplier base helps us maximize the benefits our plants offer to our neighboring communities. In the procurement of basic inputs we require at our plants, we promote the development of community SMEs and prioritize them when acquiring products and services.

AS PART OF OUR CRITERIA FOR SELECTING SUPPLIERS, WE FAVOR HIRING LOCAL LABOR, THUS BENEFITING JOB CREATION IN OUR NEIGHBORING COMMUNITIES.

In **Colombia**, our Community Relations and Procurement divisions work hard so that small companies can become part of our supply chain and we are able to hire small companies to locally source our operations in the country.

We currently have a supply base of **52 community suppliers.**

↓



In **Panama**, we have a supply agreement with the Asociación de Comunidades del Chagres, which will carry out our operation's reforestation efforts over the course of five years.

To date, they have **reforested more than 5 hectares.**

↓



↑

In **Costa Rica**, we launched the Supplier School to identify new community businesses and help them strengthen their management. We were able to integrate more than 15 micro-enterprises in our supply chain in 2019, which together are the source of sustenance for more than **750 people in our community.**

Prior to that, we contributed resources for the startup of the rural company Ebenezer, which cultivates hydroponic vegetables. It currently supplies more than 300 families and our cafeteria in Colorado plant.



Culture of environmental protection, health & safety



TO FOSTER A PROACTIVE ATTITUDE TOWARDS THE CONSERVATION AND RESTORATION OF BIODIVERSITY, WE PARTNER WITH OUR NEIGHBORING COMMUNITIES TO DEVELOP PRODUCTIVE AND EDUCATIONAL PROJECTS THAT CONTRIBUTE TO REGENERATING THE ECOSYSTEMS, PROMOTING THE SUSTAINABLE USE OF RESOURCES, AND FOSTERING A CULTURE OF CARING FOR AND PROTECTING THE ENVIRONMENT.



In Colombia, we form environmental leaders by means of our Sembrando Futuro (Seeding the Future) program. Through a series of workshops, children and youngsters make a commitment to promote, through their own example, the importance of recycling, water conservation, and environmental stewardship. In 2019, more than 2,600 children and youngsters committed to caring for the trees planted in their communities and learned about how to care for water sources.



In Panama, we are part of the Alianza por el Millón de Hectáreas (Partnership for One-Million Hectares), an agreement between the public sector, businesses, and communities which contributes to accomplishing the country's commitments in the fight against climate change. The goal of this initiative is to reforest 50 hectares in a 10-year period in order to have a positive impact on the basins and rivers, forests, protected areas, biodiversity, and environmental corridors in Panama.

We participate in the pioneering mangrove-reforestation project in Costa Rica.

Mangroves play a key role in maintaining the ecological equilibrium and biodiversity at the river mouths, and in producing energy for the ecosystems.

In the Bebedero River in Costa Rica, we partner with the Ministry of the Environment and the wildlife refuge known as CIPANCI in the country's pioneering project to preserve and reforest the mangroves.

During most of 2019, CEMEX Latam Holdings employees contributed by volunteering resources to the regeneration of the mangroves. Prior to this, we had also made a company investment in an environmental education effort for 11 schools near the Colorado district in Abangares and donated seven trap cameras to be used by the National Conservation Areas System, the Arenal Tempisque conservation zone, and by eight meteorological stations in education centers, all as part of an effort to monitor the climate in locations near our operations.

PIONEERS IN MANGROVE PROTECTION IN COSTA RICA.

A new green lung in Managua

Deforestation in Nicaragua is mainly caused by changes in land use for agricultural and cattle grazing purposes, which increases CO₂ emissions in the country and reduces its capacity to absorb those emissions.

En Armonía con la Naturaleza (In Harmony with Nature) is a ten-year program that promotes the recovery and conservation of fields in San Rafael del Sur, 46 km from Managua. In 2013-2019, we planted more than 180,000 eucalyptus, neem, quickstick, elephant-ear, Pacific Coast mahogany, cedar, laurel, guanacaste, olive, and almond trees to reforest 70 hectares in seven communities in the municipality.

This initiative gives Managua a green lung by improving the micro-climate in the area, protecting wildlife and vegetation, and stabilizing the land to avoid erosion from wind and water.

We promote this program in collaboration with the Ministry of the Environment and Natural Resources, the National Forest Institute, the Revenue Directorate, the Customs General Directorate, and the municipality of San Rafael del Sur, which will be in charge of maintaining the area.



The En Armonía con la Naturaleza program has four goals:



To reforest and restore degraded areas.

To produce seed banks in the nursery of the San Rafael del Sur plant.

To maintain forest plantations.

+180,000
TREES HAVE BEEN PLANTED BY US IN SAN RAFAEL DEL SUR, NICARAGUA.

WE WORK AS A TEAM WITH RESPONSIBLE SUPPLIERS

Building solid relationships
across our supplier network contributes to the success of our company.



Excellence in our supply chain

AT CEMEX LATAM HOLDINGS, THE RELATIONSHIP WITH OUR SUPPLIERS IS AN INTEGRAL PART OF THE COMPANY'S ULTIMATE OBJECTIVE OF SERVING CUSTOMERS' NEEDS—THAT IS, ENSURING A SUPERIOR CUSTOMER EXPERIENCE—AND CREATING VALUE FOR OUR COMMUNITIES AND STAKEHOLDERS.

Our commitment to our values goes beyond our own activities. Our procurement model is designed to ensure our company's supplier network is managed through a uniform strategic sourcing process.

We employ a series of standardized policies, processes, and tools for planning, negotiating, purchasing, and managing our inventory functions to ensure the continuity

of our operations by sourcing quality goods and services. In order to carry out these tasks effectively, we leverage the knowledge and expertise of our local and regional teams.

We constantly strive to align our suppliers with our main values and foster their commitment to the pursuit of excellence, by means of:



Our culture based on innovation and digitalization.



Our unwavering focus on integrity.



Health and safety as our top priority.



Sustainability as an integral part of our processes.

Sourcing initiative in low-cost countries

We seek to build strong relationships across our supplier network as we acquire the goods and services our company requires to operate. At the same time, we capture economies of scale with a procurement team that has better visibility regarding regional negotiation opportunities and distinct programs such as the new sourcing initiative in low-cost countries, which seeks to achieve the most efficient cost/benefit.

In 2019, we continued to focus on cost-reduction opportunities to improve our profitability and deliver more value to our shareholders. The sourcing initiative in low-cost countries is one of our priorities because it plays a key role in our A Stronger CEMEX plan. In 2019, we exceeded the goal established under this initiative, achieving savings for US\$8.3 million.

Started in 2017, the low-cost sourcing initiative helps reduce costs in our operations while at the same time assuring the quality of our processes. To this end, we explore the possibility of purchasing goods and equipment from China, India, Mexico, Egypt, Turkey, Eastern Europe, Colombia, and Peru, among other countries. This initiative is expected to continue generating savings with benefits in our EBITDA and free cash flow, given that both are related to CAPEX.



100% of our operations employ a third-party to certify that our contractors have robust safety standards in place.



47% of our critical supplier spend assessed in sustainability practices.

Innovating in collaboration with our suppliers

Fostering innovation in collaboration with our suppliers is a mutually beneficial process which allows us to continuously improve. We will continue to emphasize digital transformation to offer a superior customer experience, driven by innovation in our supply chain.



Digital sourcing

CEMEX Marketplace is an innovative digital market that transforms traditional procurement methods. This commercial space increases the visibility of our suppliers and products, allowing our users to efficiently purchase the right product at the best price. By year-end 2019, we had implemented this initiative in Colombia, Panama, and Costa Rica, achieving savings in costs, efficiency in the procurement process, and collaboration among CEMEX Latam Holdings and suppliers in our three largest operations.

Likewise, eAuctions, in our Scanmarket tool, make it easier to quickly identify, evaluate, and select new suppliers. This digital platform has contributed to making negotiations more dynamic by means of real-time interactions that improve order and efficiency in our processes and how we identify the best partners for our business.



Suppliers Innovation Program

Through our global CEMEX Supplier Innovation program, we work together with our suppliers to share disruptive ideas that allow for the continuous improvement of our products, processes, and services. In 2019 we merged the Supplier Innovation Program with the CEMEX Smart Innovation Model so that beginning in 2020 we could further promote the participation of our suppliers in the company's annual challenges and innovation initiatives.



Recognitions for suppliers

The Supplier of the Year program acknowledges suppliers who offer innovative, safe, sustainable, and profitable solutions and services for our company and our customers. We also recognize those suppliers with outstanding performance in their health and safety initiatives and results.

Steadfast focus on integrity

Our company's success depends on supplier relationships that are built on trust and mutual benefit. Aligned with our principles, policies, and values, we are committed to ensuring our suppliers' compliance with the CEMEX Code of Ethics and Conduct and with the Code of Conduct When Doing Business with Us.

In 2019, we published a new Code of Conduct When Doing Business with Us that strengthens the principles under which we expect our suppliers to work with us.

We expect our suppliers to honor the 12 principles of our new Code of Conduct When Doing Business with Us:

1. Health and safety at the workplace.
2. Working conditions.
3. Freedom of association and non-retaliation.
4. Prohibit forced labor.
5. Prohibit child labor.
6. Non-discrimination.
7. Comply with environmental regulations.
8. Manage environmental impacts.
9. Forbid bribery and corruption. Combat money laundering.
10. Transparency and integrity.
11. Maintain standard business practices related to gifts, services, and other courtesies.
12. Seek equality and fairness in supplier relations.



[Get to know the new Code of Conduct When Doing Business with Us.](#)

We monitor the commitment our suppliers and contractors make to us

- **Before signing a contract**, we analyze the profile of potential suppliers in terms of their financial situation, compliance with their social obligations, and adherence to all regulations.
- **By signing a contract**, suppliers commit to respecting our Code of Conduct and Code of Conduct When Doing Business with Us, as well as all local laws and regulations.
- **To reinforce our expectations**, we have included human rights, labor, antitrust, and sustainability clauses in our contracts and purchase orders.
- **When we offer our services**, we audit our suppliers in order to oversee compliance with several social, legal, and environmental obligations.
- **We audit** suppliers and contractors working inside our operations on their compliance with the social rights of their workers, human rights, and environmental regulations.

Our health and safety priority

AT CEMEX LATAM HOLDINGS WE BELIEVE IT IS OUR MORAL RESPONSIBILITY TO ENSURE ZERO INJURIES AND ZERO FATALITIES ACROSS OUR OPERATIONS.

In addition to the Supplier Sustainability Program, we assess our contractors' health and safety certifications to ensure that anyone working at our facilities possesses a valid certification. The verification demands liability policies, risk premiums, security manuals, and accreditations, among other requirements.

Innovation in control systems

We have implemented a control system that contributes to standardizing the safety requirements we demand from contractors and to reinforcing compliance at all our operations. Launched in Colombia in 2017 and currently in effect in all our countries, this initiative has favorably contributed to strengthening safety at our operations as well as the practices, procedures, and safety manuals of our contractors.

The system allows us to verify, by employing an independent third-party, that all personnel of contractor companies have the necessary skills and training to safely carry out the tasks they need to perform. To this end, they are required to show a special ID card supported by a cloud-based database that allows us to verify their capabilities at any of the access points to our operations.

It is important to mention that this practice has been of great benefit to our mid- and small-sized contractors who, once they have been exposed to compliance with the highest safety standards worldwide, have become more competitive and better prepared to adhere to regulatory and industry requirements. With this type of initiative, we are able to extend our commitment to safety beyond our operations.

Safety at all our plants

As of 2019, all operations in our countries certify through a specialized company that our contractors have robust occupational health and safety standards in place before they enter our plants to carry out their activities. For more information, view the section on Health and Safety.



Leadership in promoting social responsibility across our supply chain

Aware that our responsibility for sustainability is not limited to our operations, but extends to our suppliers, we build long-term partnerships that promote mutual sustainable development. Through our sustainable procurement programs, in addition to strengthening our value chain, we are leading the development of new standards of social responsibility in our industry.

We assess our critical suppliers

We participate in the CEMEX Supplier Sustainability Program. As part of this program, an external company carries out an assessment of our supply chain based on ISO 26000 criteria that includes social, environmental, health and safety, corporate ethics, stakeholder relationships, and financial performance standards for our critical suppliers.

As part of this initiative, the CEMEX 2030 goal is to evaluate at least 80% of the global procurement spend allocated to critical suppliers.

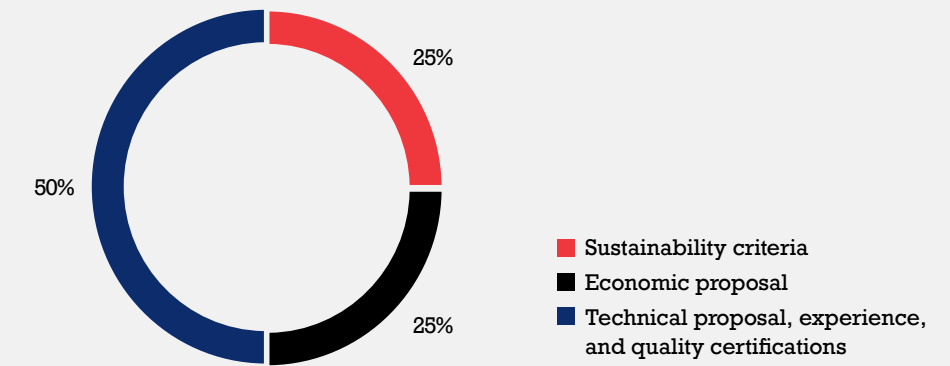
Thanks to our efforts, as of 2019 we have assessed sustainability practices of critical suppliers that together account for 47% of the procurement spend in the countries where CEMEX Latam Holdings operates.

By critical suppliers we refer to those business partners who may have a significant impact in any of our three core businesses, specifically those who could affect the continuity of our operations, involve environmental risks, or contribute to increasing our expenditures.

With the assessment results in hand, the specialized company prepares a report describing areas where improvements can be made and a specific plan of action to close the gaps. The assessment is updated periodically, and we expect suppliers to continuously improve their score. The rating is integrated into the supplier's scorecard so as to track and reward suppliers who demonstrate a progress in their sustainability practices.

ISO 26000 IS THE STANDARD WE TAKE INTO CONSIDERATION WHEN ASSESSING SUSTAINABILITY IN OUR SUPPLIERS.

Evaluation criteria for hiring suppliers



Sustainability when choosing suppliers

We apply sustainability criteria when assessing and selecting our new suppliers, including the CEMEX Supplier Sustainability Program. This is one of the most important steps we have taken to objectively develop a supply chain with sustainable practices.

In our evaluation matrix, sustainability criteria account for 25 percent of the total weight, which is the same weight we give to the economic proposal. Factors we take into consideration include environmental and industrial safety certifications, and whether they are a local supplier who hires a local workforce and contributes to the development of their own suppliers.



OUR COMMITMENT TO THE PLANET

Through a comprehensive strategy **we show our commitment to reducing our environmental footprint** and promoting a circular economy that is efficient in terms of resource use, low in carbon intensity, and that fosters the protection of biodiversity and its ecosystem services.

The highest level of environmental management

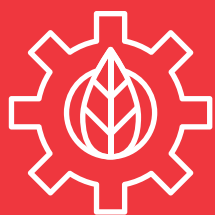
WE HAVE A ROBUST ENVIRONMENTAL MANAGEMENT SYSTEM THAT ENABLES US TO MEASURE OUR RESULTS AGAINST KEY INDICATORS AND TO IMPLEMENT STRATEGIES TO IMPROVE OUR PERFORMANCE IN ORDER TO ATTAIN EXCELLENCE IN OUR OPERATIONS.



We use the CEMEX Environmental Management System (EMS) as the main tool to assess the way our plants operate, respond to changing conditions in the market, and formulate processes that contribute to continuous environmental improvement, environmental impact assessments, stakeholder engagement, and our timely response to incidents. The system is based on the contributions of a group of environmental specialists.

The CEMEX EMS is compatible with ISO 14001 and with the EU Eco-Management and Audit Scheme (EMAS), both of which are based on compliance with legal and other requirements we have defined in accordance with the priorities of our stakeholders.

The CEMEX Environmental Management System is designed to:



Facilitate the implementation of risk-based management tools.

Establish objectives, goals, and action plans.

Contribute to complying with standards and guidelines.

Promote stakeholder engagement.

Increase collaboration and the exchange of best practices.

Foster continuous improvement.

Standardize the way in which we report information.

100%
OF OUR CEMENT OPERATIONS HAVE A CEMEX EMS IN PLACE.



ISO 14001 certified

90% of our cement sites are certified under ISO 14001, an international standard that certifies management to optimize the efficient use of resources, minimize environmental impacts, and comply with applicable environmental legislation. This keeps us on the path to obtain certification for 100% of our cement operations.

As part of the process of adapting our operations to the most recent version of the ISO 14001 standard, we reinforced our commitment to the sustainable management of our plants, continued to strengthen our environmental protection initiatives, implemented more effective communication processes, applied new supplier selection criteria, developed new environmental risk management tools, established closer relationships with the contractors who work in our operations for the protection of the environment, and improved the life cycle analysis of our processes.



First in Latin America to receive the CSC's Responsible Procurement Certification

We are proud that our Panama Norte plant is the first concrete operation in Latin America to be awarded the Responsible Procurement Certification by the Concrete Sustainability Council (CSC). Likewise, also in 2019, our ready-mix concrete plant in Cundinamarca, Colombia, became the first operation in the country's construction industry to receive the CSC certification.

During the certification process, the verifying entity assessed the plant's performance in such fundamental aspects as innovation, the relationship with neighboring communities, protection of human rights, good labor practices, air and water quality, biodiversity, the use of alternative raw materials, and responsible procurement, among others.

The certification is proof that at CEMEX Latam Holdings we offer an experience that includes sustainable practices in every aspect of our business and that we comply with the highest standards to ensure that our plants operate based on the prevention of environmental and social impacts, generating shared value for our communities and shareholders.



90%
CEMENT OPERATIONS
ARE ISO 14001 CERTIFIED.

Teamwork with our customers

Our Carbon Footprint Tool is a key component of our efforts to reduce CO₂ emissions; it helps us quantify CO₂ emissions in the production process of our products on a cradle-to-grave basis, including CO₂ embedded in raw materials, energy consumption, and transportation. The tool is available at our cement, aggregates, and ready-mix concrete facilities, and allows us to be in a position to share valuable information for estimating CO₂ in our customers' construction projects, in case they need it.

Climate Action: Reducing our carbon footprint

WE SUPPORT COLLECTIVE ACTION TO SEEK COMPLIANCE WITH THE COMMITMENTS OF THE PARIS AGREEMENT AND THE UN SUSTAINABLE DEVELOPMENT GOALS (SDGS) ON CLIMATE ACTION.

As part of our commitment, CEMEX Latam Holdings has contributed leadership and active participation in the Federación Interamericana del Cemento (FICEM) to jointly develop the FICEM Roadmap. This document, which serves as an instrument to promote dialogue between our industry and governments in the region, represents the commitment of the Latin American cement industry to reduce CO₂ emissions; it also positions the use of cement as a solution to meet the needs of mitigation and adaptation to the effects of climate change. To learn more about the FICEM Roadmap visit:

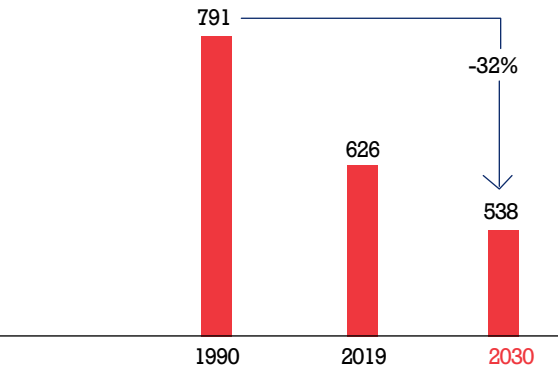


We also established a new climate action objective in line with the International Energy Agency's plan to limit potential global warming to below 2 °C. Our 2030 goal is to reduce our net specific CO₂ emissions by 32%, from our 1990 baseline. As of 2019, we have achieved a 20.9% reduction in relation to our baseline, which means we are on track to reach our goal.

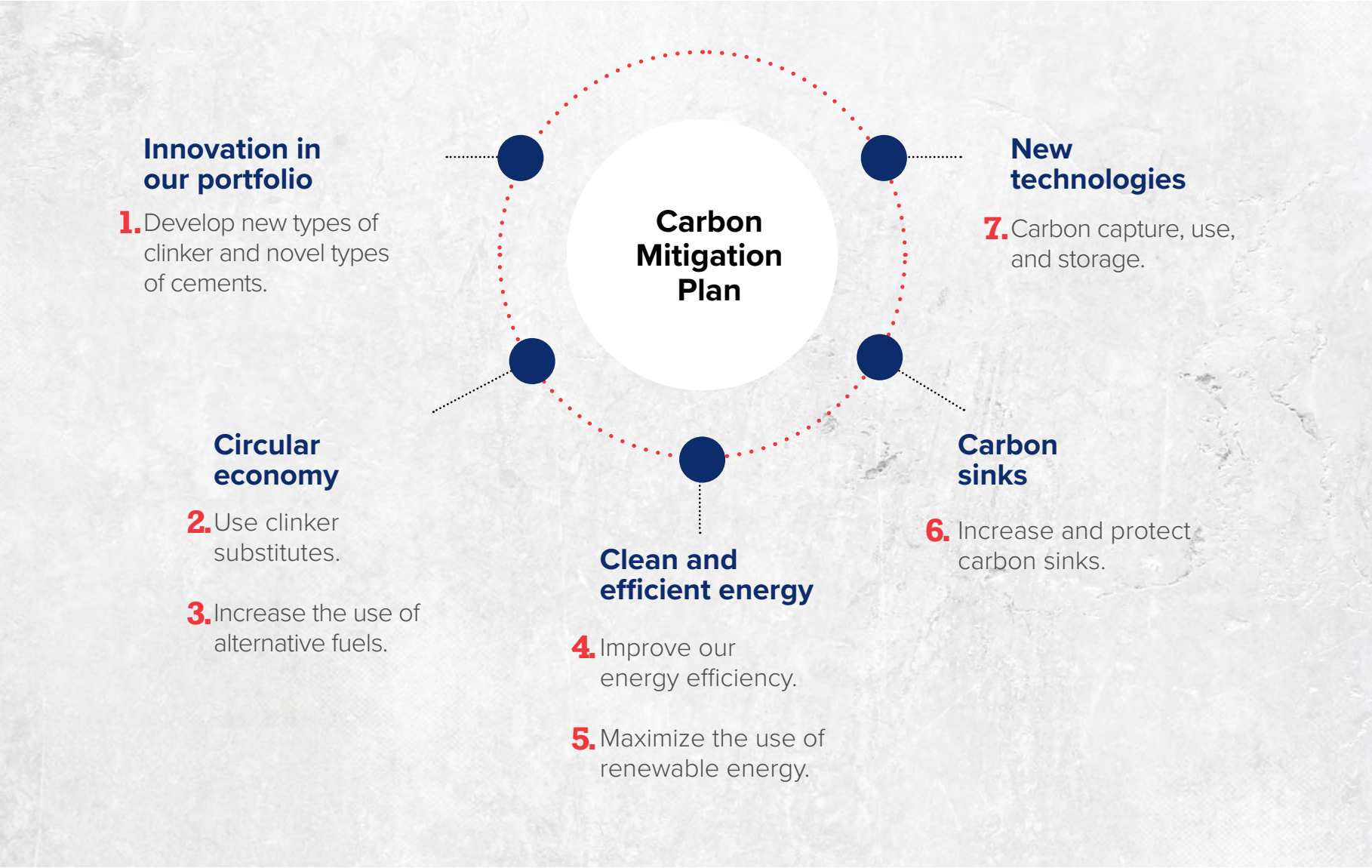
To make good on our commitment, we collaborated with CEMEX in the development of a Carbon Mitigation Plan that outlines the reduction potential for each of our cement operations, taking into consideration the challenges, regulations, availability of alternative materials, technical limitations, and dynamism of the local market, among other decisive factors. With this plan we are able to strengthen the way in which we manage our direct and indirect emissions in our business processes by implementing traditional and non-traditional CO₂-reduction methods.



New 2030 Goal
Net specific CO₂ emissions
(kg CO₂/ton of cementitious product)



OUR 2030 GOAL IS TO REDUCE BY 32% OUR NET SPECIFIC CO₂ EMISSIONS, WITH RESPECT TO OUR BASELINE.



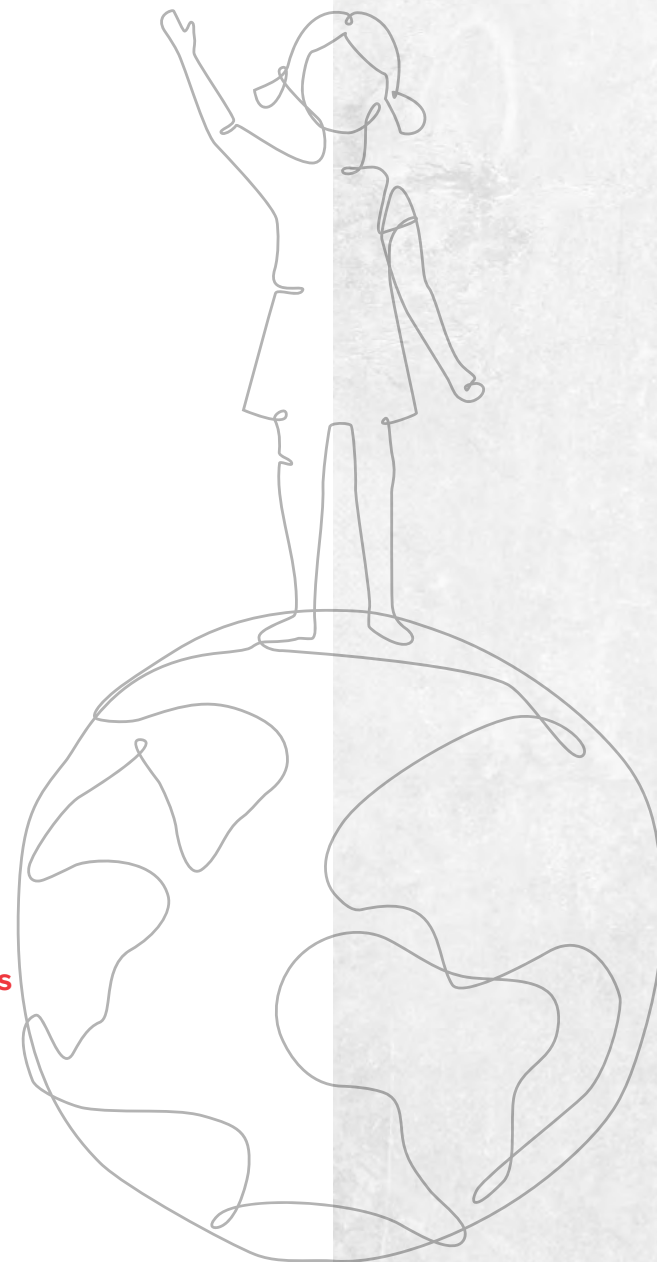
1. Develop new types of clinker and novel types of cements

The global urbanization process relies on concrete for communities to have access to clean water, sanitation, renewable energies, efficient means of transportation, resilient buildings, and proper housing. Thus, the cement and concrete sectors face the need to expand in order to support the growth of cities and the well-being of their inhabitants. This dynamic evolves in parallel with global commitments to reduce carbon emissions, mitigate climate change, and build resilience.

At CEMEX Latam Holdings we are committed to continuing to innovate our portfolio and supply the market with products and services that enable the construction of infrastructure with a high-degree of sustainable attributes as well as with buildings that are more resilient and energy efficient. To this end, we benefit from the research efforts carried out by CEMEX at a global level to develop new types of clinker with a smaller CO₂ footprint and to produce clinker with greater reactivity, as well as to expand the portfolio of cementitious products that require a lower clinker factor in the mix. For more information on our portfolio of products with sustainable attributes, go to page 44 in this report.

36%
of our cement and ready-mix concrete sales were products with outstanding sustainable attributes.

47
projects in which CEMEX Latam Holdings participates are undergoing the sustainable building certification process.



2. Use clinker substitutes

The production of clinker—the main component of cement—generates CO₂ as a result of the chemical decomposition of limestone into calcium carbonate and CO₂ that occurs in the rotary kilns. Using cementitious materials as clinker substitutes contributes to the reduction of CO₂ emissions into the atmosphere during the decarbonization process, as well as the fuel-burning required to reach a kiln temperature of more than 1,450°C and the energy needed to extract materials from the quarries. It is important to point out that the use of clinker substitutes is limited because it can impact the properties of cement.

One of the key challenges we face is the local availability of clinker substitutes, which include blast furnace slag, fly ash, limestone, and other pozzolanic materials. Globally, CEMEX is investing in the development of other cementitious materials as clinker substitutes, such as calcined clay with pozzolanic-type properties, which could solve the problem of the local availability of substitute materials.

Moreover, we are working to develop chemical admixtures to improve the reactivity of cement, allowing us to increase the use of supplementary cementitious materials. The fact that we are the only building materials company that makes its own chemical admixtures for cement,

ready-mix concrete, and aggregates makes CEMEX Latam Holdings unique in the markets where we operate. Admixtures allow our engineers to adapt the yield of our products, grant sustainability properties to materials, and develop innovative applications, while at the same time maintaining superior quality standards.

73.3%
was the clinker factor for our cement production in 2019.



[To learn about CEMEX Latam Holdings' efforts in the region to reduce its carbon footprint, visit CEMEX SAB's report to the CDP](#)

3. Increase the use of alternative fuels

By using traditional disposal methods, much of the waste and byproducts of modern society generate methane emissions during the decomposition stage in landfills. Methane is a greenhouse gas more powerful than CO₂ in terms of preventing infrared radiation from escaping to the atmosphere (global warming potential).

Given their high efficiency and temperatures of up to 1,600°C, rotary cement kilns are an effective and efficient option for reintegrating waste into a production process. Reclaiming the energy contained in the kilns without causing pollution has many benefits, including avoiding the disposal of waste in saturated landfills, preventing the release of methane gas into the atmosphere, and reducing the consumption of fossil fuels.

In addition to helping us confront important challenges such as climate change and waste management, our alternative fuels strategy also allows us to be less dependent on fossil fuels, reduce direct emissions in the cement combustion process, promote local employment with the creation of alternative fuels supply chains, and contribute to the transition to a circular economy where the waste of communities in our area of influence is transformed into energy and finished products.

One of the main challenges we face in trying to increase our use of waste as alternative fuels is the lack of policies and regulatory frameworks to help us absorb the costs of inadequately managed solid waste, which would enable other processes, such as recycling and co-processing, to become more viable. CEMEX Latam Holdings has the experience, technology, and know-how needed to process, store, and leverage the special conditions offered by the kilns used in the production of clinker to process waste and


recover energy from alternative sources in a responsible manner.

We embarked on this path more than 10 years ago when we invested US\$2.5 million to adapt the systems at our plant in Ibagué, Colombia. The technology we installed allows us to use rice husks as fuel and to gradually replace fossil fuels such as coal. Just as we did in Colombia, we have made progress in the implementation of co-processing technologies and techniques in Costa Rica, Panama, and Nicaragua.

CEMEX Global Network


We participate in the global CEMEX Alternative Fuels Taskforce, a multidisciplinary team of experts that assesses the challenges and opportunities that exist to achieve higher alternative fuel consumption in each of our cement plants.

The benefits of co-processing waste as alternative fuels include:




For the community

- Providing a better alternative to waste disposal.
- Transitioning to a circular economy, where new value chains linked to alternative fuel supply are also created.



For the planet

- Reducing total CO₂ emissions by recovering the energy stored in waste.
- Preventing methane emissions during the decomposition stage of waste.



For CEMEX Latam Holdings

- Reducing our dependency on fossil fuels during the production of clinker.
- Mitigating fossil fuel cost variations in our operations.

13% WAS THE ALTERNATIVE FUELS RATE IN OUR OPERATIONS.

CEMEX Latam Holding's contribution to the circular economy

Working hand in hand with our industry, we are taking steps aimed at reducing the use of traditional inputs both in our manufacturing process and our products in each of our three core businesses.

The path to the circular economy requires sorting waste into a hierarchy in order to be able to identify what should be reintroduced in the economy. Our company's main contribution to the circular economy is precisely that we co-process waste from other industries and use them as valuable inputs for our production of cement, concrete, and aggregates. This contribution is directly related to curbing the superfluous disposal of waste in landfills and to the conservation of natural resources.

We are confident that by applying the principles of the circular economy, our continuous effort to use co-processed waste from other sectors contributes to overcoming global challenges such as climate change, waste management, and fossil fuel depletion.

The non-recyclable by-products that we utilize as alternative raw materials from other industries—including the power, iron, and steel industries, as well as agricultural and municipal residues—amounted to more

than 300,000 tons for 2019, equivalent to the annual waste generation of close to 1.2 million people. On top of that, we are aiming to increase by 50% the amount of waste we seize as alternative fuels and raw materials by 2030. This goal underscores our company's commitment to help meet the challenges of waste-management that cities, governments, and communities face.

Valorizing, reusing, and recycling waste from our operations

In addition to establishing a preventive approach, the Comprehensive Plan for Handling Solid Waste sets the parameters to adequately control and manage waste at our operations, favoring valorizing, reusing, and recycling programs that take into consideration applicable regulations.



We transform waste into inputs:

As a source of energy for our cement kilns

- Biomass waste
- Municipal solid waste
- Sludge from discharge water
- Used tires
- Residual oils

100%
of our plants use alternative fuels.

As cementitious materials to replace clinker

- Pozzolana
- Blast furnace slag
- Sintering limestone
- Fly ash
- Calcined clay

73.3%
was our registered clinker factor in 2019¹.

1. Substitution of clinker is limited by the availability of alternative materials, the demand for different types of cement, and by technical limits.

As an input for construction processes

- Construction and Demolition Waste

100%
recyclable concrete used as an aggregate or sub-base for roads.



Progress in our commitment during 2019

Solution to contamination due to worn-out tires in Costa Rica

Tires at the end of their useful lifespan constitute a public health risk when they are not disposed of in a responsible manner; they can be breeding grounds for mosquitoes that cause a variety of diseases, such as dengue, chikungunya, and zika. In addition, if not adequately stored, tires can often ignite a fire or end up in rivers and oceans where they can contaminate ecosystems for more than 500 years.

In line with our commitment to promote a circular economy and best environmental practices in the countries where we operate, in 2019 CEMEX Costa Rica signed an alliance with the organisms known as ACOLLRE and Fundellantas to provide a sustainable solution to the treatment of worn-out tires nationwide. The partnership consists of co-processing more than 600 tons of tires per month in an efficient and safe manner, using them as alternative fuels in our cement kilns. We estimate this initiative will allow us to achieve a fossil-fuel-to-alternative-fuel substitution rate of 35% in Costa Rica, which additionally makes an important contribution to decarbonization in the country.

Responsible treatment of the spent oil from ships that transit the Panama Canal

As they navigate the Panama Canal, ships take the opportunity to change the oil in their engines, resulting in tanker trucks filled with spent oil. When the spent oil is handled inappropriately it can harm people, plants, and animals. For example, several sources agree that one liter of spent motor oil can contaminate up to one million liters of water and, when oil floats on the surface, it prevents sunlight and oxygen from penetrating the water, affecting fish and aquatic plants.

In the framework of our commitment to promote a circular economy, in 2019 we made a significant investment in our operations in Panama, which has allowed us to expand our capacity to co-process a higher volume of spent ship oil and use it as alternative fuel in our cement kilns. Through this initiative, in addition to helping reduce CO₂ emissions by avoiding the use of other fossil fuels, we provide a solution to appropriately manage spent oil and avoid its leakage into the environment.

The first zero waste municipality in Colombia

A study carried out in the town of Maceo, Colombia showed that approximately 70% of municipal waste is capable of being recycled or composted, and the remaining 30% can be used as alternative fuel.

As part of our commitment to the sustainable development of the communities where we operate, we participate in a multisectoral partnership focused on helping the municipality of Maceo to manage its waste responsibly and become the first zero waste municipality in the country. The project involves providing training, reconfiguring collection routes, and developing the necessary infrastructure to gather and process more than 40 tons of organic waste a month in a new composting plant donated by CEMEX Latam Holdings. Resulting from this effort, in addition to saving valuable space in the municipality's landfills and preventing methane vectors and emissions, the compost will be used by farmers in the area and in our own reforestation and soil-regeneration initiatives. Likewise, there is a plan in place to manage local garbage collection in order to fully employ those components that can be given a second life. In the future, any remaining unutilized materials could potentially be co-processed in the Maceo clinker kiln.

Using dust in the Rafael del Sur plant, in Nicaragua

While we are strongly committed to collaborating with the communities in the responsible management of waste, our goal is to also have a positive impact on our operation. The development of our production processes generates waste which needs to be managed appropriately. This makes it necessary for us to have recovery, reuse, and recycling programs in place that take into consideration our own standards, best international practices, and the requirements imposed by local regulations.

During 2019, we installed equipment in our cement plant in Nicaragua that allows us to use in our kilns the dust we recover from the collectors as an input in the clinker production process. With this investment, in addition to eliminating the environmental risk implicit in handling the dust, we have achieved considerable savings in caloric and raw materials consumption. On the one hand, the reduction in the clinker factor has resulted in savings of more than 1,600 tons of petcoke a year. In addition, we reduced the amount of water we use to dampen dust during the dry season. Finally, our estimates show that by reincorporating the dust in the production process, our consumption of limestone has declined by more than 39,000 tons a year, thus increasing the useful life of the quarry by 13%.

4. Improve our energy efficiency

Energy efficiency in the production process is a major contributor to reducing the demand for energy and lowering energy-related emissions, which is why it plays a central role in the decarbonization of the economy and the sustainable development of the planet.

Accordingly, we are focused on promoting a mindset of continuous improvement and constant innovation that will enable us to leverage opportunities to capture savings and reduce energy consumption across our processes, including:

Identify and incorporate new technologies.

Replace obsolete equipment with new, energy-efficient equipment.

Use natural light and install LED lighting.

Maintain adequate equipment loads and capacity.

Optimize our logistics processes and distribution routes.

Offsetting empty backhauls in Costa Rica

In 2019, finding creative ways in which to optimize fuel consumption made a difference for us in Costa Rica. We developed strategic partnerships with two companies with the collective goal of coordinating our supply chains, optimizing our routes, avoiding road traffic, and reducing fuel consumption and greenhouse gas emissions.

To achieve this, we mapped the routes our fleet transits without cargo after having made a delivery of our products so that we could use our empty trucks to transport products belonging to the other organizations. To date, we have made more than 1,000 offsetting trips under this framework, avoiding the consumption of more than 20,000 liters of diesel.

WE MAKE A CONTRIBUTION TO THE COSTA RICAN CARBON NEUTRAL PROGRAM BY OFFSETTING EMPTY BACKHAUL TRIPS.

5. Maximize the use of renewable energy

We are committed to identifying and leveraging opportunities for the supply of electric power in ways that contribute to the mitigation of carbon emissions, which also constitutes a sustainable and affordable option for the countries where we operate.

Currently, our clean and renewable energy purchase agreements include:

30 MW
of energy from a plant that uses sugarcane waste in Colombia.

11 MW
of hydroelectric power in Colombia.

25 MW
of hydroelectric power in Panama.

Although access to sources of renewable energy is certainly becoming easier, their intermittency means that renewable energy sources have not yet fully replaced fossil fuel generation.

However, greater use of clean energy sources not only complements our efforts to reduce our carbon emissions, but also makes sense from a business standpoint since they are attractively priced in the countries where we operate, and can even be less expensive than fossil fuel generation when we are able to sign long-term contracts with our suppliers.

64% OF THE ELECTRIC POWER AT OUR CEMENT OPERATIONS COMES FROM RENEWABLE SOURCES.

6. Increase and protect natural carbon sinks

We strongly support the role that natural carbon sinks can play in reducing the total concentration of CO₂ in the atmosphere.

In Panama, by adhering to the Alianza por el Millón de Hectáreas (Partnership for One-Million Hectares) in 2016, we committed to participating in the reforestation of 50 hectares in a 10-year period. The Partnership is an agreement between the public sector,

various companies, and the community, whose goal is to protect forests, sources of water, and biodiversity in Panama. In addition to having a positive environmental impact on the basins and rivers, forests, protected areas, and environmental corridors in the country, this partnership contributes to achieving Panama's commitments in the fight against climate change.

50
HECTARES TO BE REFORESTED
IN A 10-YEAR PERIOD
IN PANAMA.

Carbon-neutral fleet based on offsetting emissions in the forests

In Colombia, we are the first company with carbon-neutral certification for its fleet under the offset scheme authorized by the National Government. The Sello Verde de Verdad (True Green Label), as well as the ICONTEC certification, validate that the approximately 1,000 vehicles that comprise CEMEX Colombia's own fleet are carbon-neutral. With this, we contribute to the country's commitment established during the United Nations Convention in 2015 to reduce by 20% its greenhouse gas emissions by 2030.

As part of the CO₂CERO shared value forestry project, between 2017 and 2019 CEMEX Colombia neutralized close to 140,000 tons of CO₂, equivalent to planting close to 14,000 hectares in the

municipalities of Antioquia, Bolívar, Vichada y Meta. In addition to protecting the region's native forests in Orinoquia—a post-conflict zone and one of Colombia's six natural regions—this initiative helped create close to 900 indirect local jobs.

CEMEX Colombia was granted the Sello Verde de Verdad by Ecologic SAS, a company that develops projects to market carbon certificates, and obtained the neutralization certificate from the Instituto Colombiano de Normas Técnicas y Certificación (ICONTEC), an international standardization body based in Colombia.

An additional benefit of the pioneering work we did was documenting and honing the procedures we implemented to

neutralize emissions from our fleet. Our hope is that, in the future, our efforts will enable other companies to follow in our footsteps and implement new emissions-mitigation projects that will help protect the environment.

480,000
trees is what CEMEX
Colombia has
committed to planting
and maintaining to
offset emissions.

7. New technologies for carbon capture, use, and storage



Even when we employ the most advanced and efficient processes available, there is a part of CO₂ emissions linked to traditional cement production that cannot be avoided due to process emissions from the decarbonization of limestone. With this in mind, CEMEX participates globally in several collaboration and research and development efforts to develop innovative and disruptive technologies for the reduction, separation, capture, use, and storage of carbon known as CCUS.

**CEMEX CONTINUES TO EXPLORE NEW
ALTERNATIVE TECHNOLOGIES TO
REDUCE CARBON EMISSIONS.**

Managing environmental incidents

CEMEX LATAM HOLDINGS IS COMMITTED TO ENSURING THAT OUR BUSINESS ACTIVITIES ARE CARRIED OUT IN A SUSTAINABLE MANNER. WE COLLABORATE WITH OTHER ORGANIZATIONS WHO SHARE OUR VALUES TO FIND SPECIFIC ACTIONS TO COLLECTIVELY FACE GLOBAL ENVIRONMENTAL CHALLENGES AND IMPROVE THE CONTRIBUTION OF ECOSYSTEM SERVICES.

We continually work to minimize our environmental impacts, and we are well prepared to respond to any emergency that may pose a potential risk to our operations or local communities. Furthermore, we implement root-cause analysis methodologies, preventive and corrective measures, and open communication to provide information on our progress.

In 2018, CEMEX updated its global environmental incident reporting tool to include a record of social incidents. Applying a comprehensive approach to incident registration and management constitutes the first step in reducing the likelihood of occurrence and of its severity. During 2019, the number of reported incidents increased, which reflects our commitment to reporting and management.

To remediate these cases and avoid their recurrence, we work to:

Reinforce preventive maintenance routines at all our sites.

Keep on installing continuous emissions monitoring systems.

Install technology to improve dust control efficiency.

Maintain close working relationships with communities.

Collaborate with community groups that support environmental improvement.



Continuous prevention

We work in tandem with our neighbors, supervising officials, government agencies, and other stakeholders to develop contingency plans at all our sites.



Special training

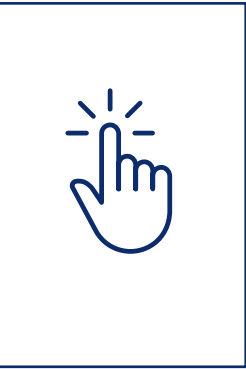
We also have emergency response teams that are specifically trained to address environmental incidents and hold annual emergency drills.



Record and report

We consistently record and report incidents across our business to identify recurring root causes and share corrective actions.

Environmental Policy



- Actively implement a policy of pollution prevention, applying best available techniques to minimize the impact of our operations.
- Comply with company policies and procedures and all applicable local laws and regulations.
- Make strategic efforts to maximize our energy efficiency and reduce our carbon intensity.
- Manage resources in the best way possible to optimize water consumption and minimize waste and emissions.
- Manage in a responsible manner the land within our operations to protect ecosystems and biodiversity.
- Maximize our contribution to the conservation of nature.

We invest in technology to minimize other emissions

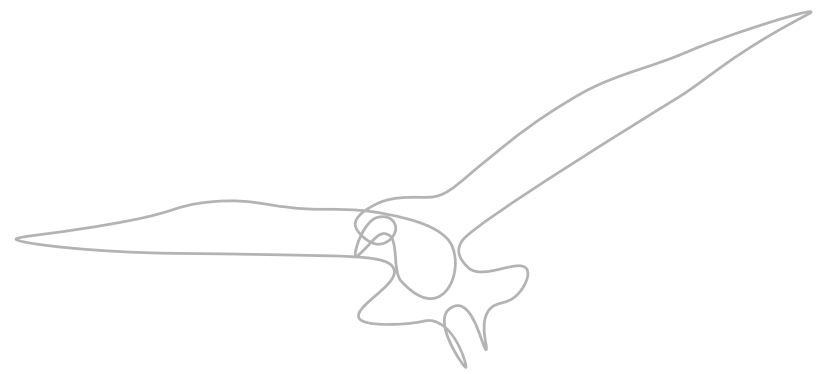
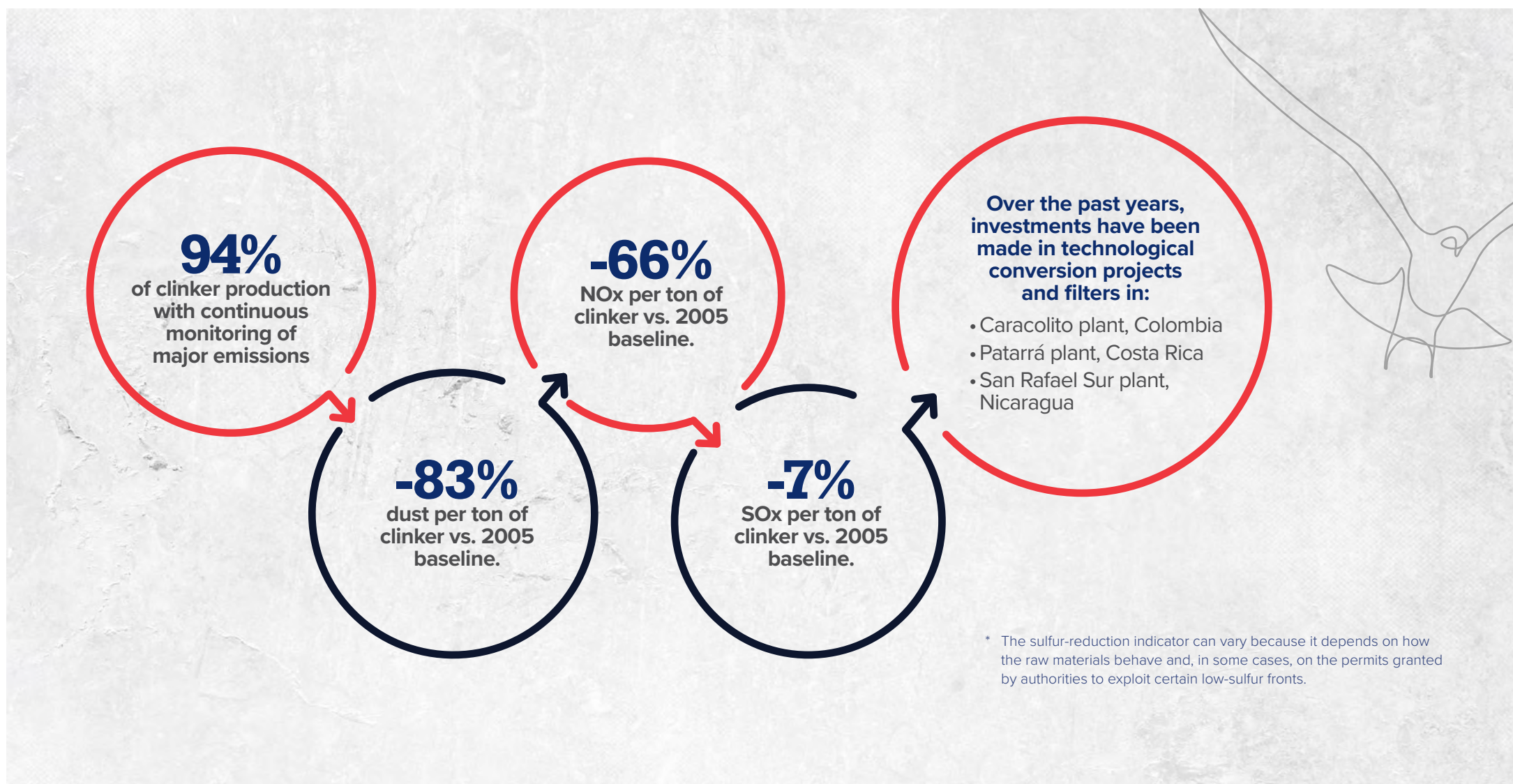
THE RELEASE OF NITROGEN OXIDES (NO_x) AND SULFUR COMPOUNDS (SO_x) OCCURS DURING CEMENT MANUFACTURING. OTHER EMISSIONS, INCLUDING DIOXINS, FURANS, VOLATILE ORGANIC COMPOUNDS, AND HEAVY METALS ARE RELEASED IN VERY SMALL OR NEGLIGIBLE QUANTITIES.

We are committed to reducing the impact of our air emissions on the environment. We maintain ongoing monitoring efforts as a first step to control our major and minor emissions and to ensure adherence to local and national regulations. We are investing in more advanced monitoring systems, specialized software that allows us to control in real time a range of parameters, and technical training for our employees in collaboration with specialized labs. In 2019, 94% of our clinker was produced in plants with continuous monitoring of major emissions.

With these investments, we seek to ensure we have the infrastructure needed to have more robust emissions metrics and to further our understanding of how best to carry out the measurements as we continue working to improve our performance. To focus these efforts, we have established minimum levels that we need to meet each year. Our goal is to stay below local legal limits, identify new areas of opportunity to set goals and reduce emissions, mitigate impact, and maintain the sustainability of the operation.

For example, over the past five years, we have invested heavily in technological conversion projects and installed state-of-the-art filters in cement kilns at the Caracolito plant in Colombia, the Patarrá plant in Costa Rica, and the San Rafael Sur plant in Nicaragua, in order to reduce our emissions of particulate matter. Additionally, in 2019 we installed new continuous emissions

monitoring systems (CEMS) in our cement plant in Nicaragua in order to ensure that we are constantly measuring our dust, NO_x, and SO_x emissions. These technologies, in addition to our ongoing efforts and investments in equipment maintenance and control, have contributed to a considerable reduction in emissions of particulate matter.



Optimize our water consumption

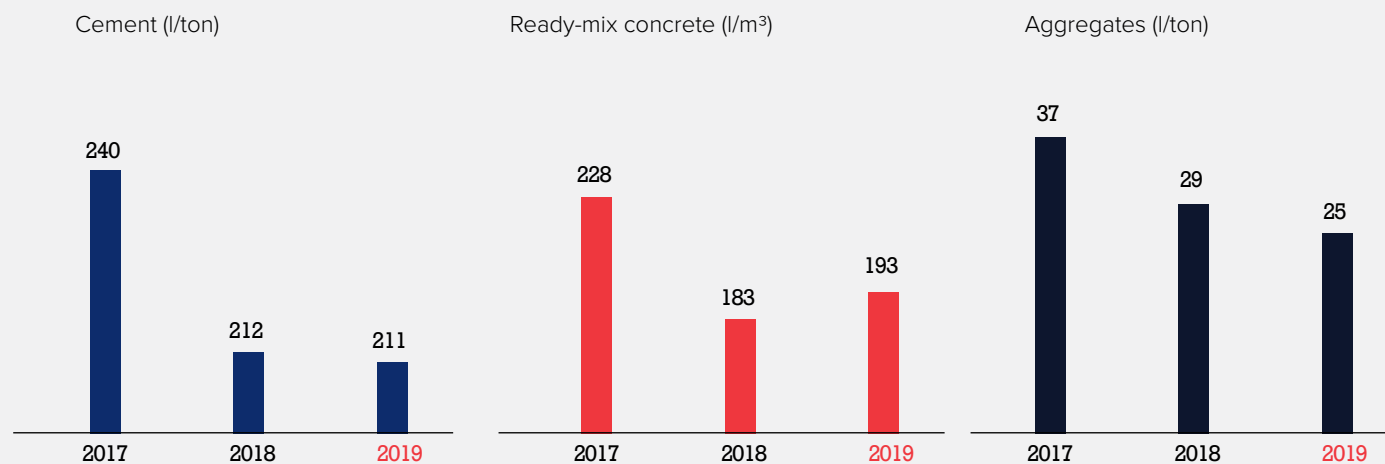
AS ONE OF THE RAW MATERIALS IN OUR PRODUCTION PROCESS, WATER IS VERY IMPORTANT TO THE OPERATIONS OF CEMEX LATAM HOLDINGS. CARING FOR THIS RESOURCE BY OPTIMIZING CONSUMPTION AND ENSURING THE QUALITY OF OUR DISCHARGE WATER IS ESSENTIAL TO OUR OPERATIONS.



Although cement production is not a water-intensive process, we implement effective monitoring and maintenance routines to ensure we use this resource efficiently. Most of our plants have systems in place for water recycling, which, together with our maintenance, consumption, and treatment strategies, enable us to reduce our water consumption.

We adopt the CEMEX Water Policy as our guide to comply with regulations in the countries where we operate and to promote continuous improvement. The goal of the Policy is to minimize pressure on water resources by taking into account three fundamental aspects: the availability of water resources, their quality, and the integrity of the ecosystem. The Policy describes the company's strategy for sustainable water management, including a framework for optimizing consumption by measuring our performance and developing engagement efforts that enable us to collaborate with others in implementing water conservation projects.

Water consumption by product



Total water consumption:
1.7 million m³

Water stress study

In 2019, CEMEX conducted a study in collaboration with the Foundation of the University of Alcala foundation to update the water stress map for its operations globally. Using an online database tool called Aqueduct—which was developed by the World Resources Institute—several risk indicators were analyzed to develop a management plan for each cement, ready-mix concrete, and aggregates operation located in a water stress zone.

71%
OF OUR OPERATIONS HAVE
WATER RECYCLING PLANTS.



Protect and improve biodiversity and ecosystem services

Protecting biodiversity is key to our commitment to carry out our activities in a sustainable manner. The commitment is based on the CEMEX Biodiversity Policy, which is aligned with the Convention on Biological Diversity and its Aichi Biodiversity Targets. The Policy serves as our guide to responsibly handle the natural resources we manage and align our biodiversity initiatives with our decision-making process, management system, and business model at all our operation sites.

Quarry-restoration plans

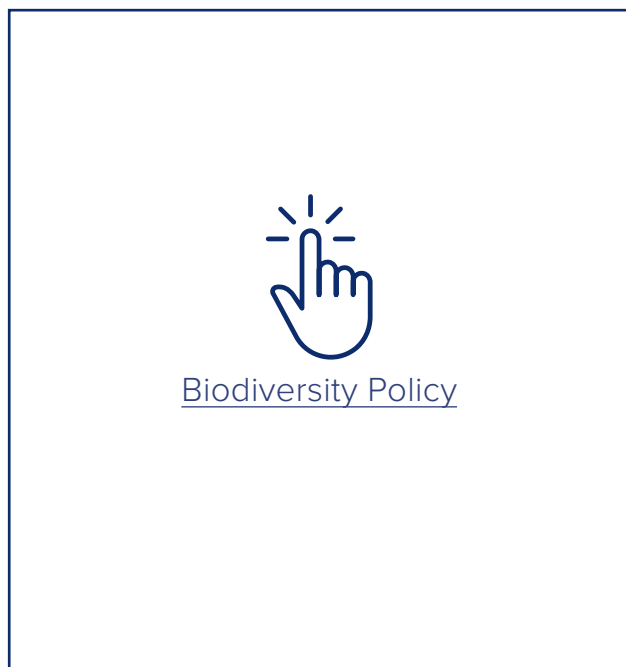
The goal behind the restoration plans at our cement and aggregates sites is to promote sustainable practices during and after resources have been used. Through these plans, we integrate environmental restoration and compensation initiatives designed to restore the land affected by the process of extracting raw materials. By strengthening the supply of ecosystem services on the land, we contribute to the development of the communities where we operate. Currently, 100% of our active sites have quarry restoration plans in place.



7
CONSERVATION PROJECTS
CERTIFIED BY THE WILDLIFE
HABITAT COUNCIL.

Certified conservation projects

The collaboration between CEMEX and the Wildlife Habitat Council (WHC) creates an opportunity for our employees and communities to participate in initiatives aimed at enhancing wildlife. CEMEX Latam Holdings currently has 7 ongoing conservation projects certified by the WHC, including four in Panama, one in Costa Rica, and two in Colombia. These projects contribute to managing corporate land and help raise awareness, through our partnerships, about how our industry and the natural world can co-exist. Moreover, the nurseries we have installed at our quarries allow us to back proposals to restore flora, strengthen the ecosystems, and create habitats for native species.



Responsible site operation

Impact prediction	Impact minimization	Restoration	Compensation
 <p>An environmental impact analysis is carried out before extraction of raw materials begins.</p>	<p>Activities are performed minimizing disturbances, particularly in high biodiversity sites.</p>	<p>During extraction activities, and once they are finished, the ecosystems services are reestablished following a Restoration Plan.</p>	<p>A Biodiversity Action Plan is used to compensate those parts that could not be restored.</p>

100%
OF OUR CEMENT AND
AGGREGATES SITES HAVE QUARRY
REHABILITATION PLANS.

Biodiversity Action Plans

We recognize our commitment to safeguard the land we manage and to carry out our activities in a sustainable way. As part of this commitment to environmental stewardship, at CEMEX Latam Holdings we strive to implement biodiversity action plans at all our active quarries located in or close to areas of high biodiversity value.

The Standard Biodiversity Action Plan (BAP)-which was developed by CEMEX based on its global partnership of more than ten years with BirdLife International-is our main tool to have a positive impact on biodiversity. The Standard BAP serves as our guide in the construction of local

BAPs, which are focused on having a net positive impact on the biodiversity of our quarries depending on the characteristics and challenges of each site.

The goal of a Biodiversity Action Plan is to, at the very least, ensure that there is no net biodiversity loss and, at the most, achieve a positive, long-lasting global impact on biodiversity, compared to the situation prior to the start of our operations. The plans offer the opportunity to improve biodiversity in our operations and their surroundings, striving to produce a long-term benefit for the people, fauna, and flora.

Rehabilitation of the North Quarry, in Panama

In Chilibre, Panama, we have continued to work on the rehabilitation of areas where we extracted limestone and clay at the North Quarry of our Calzada Larga plant. Started in 2016, this PAB is implemented in partnership with the Asociación Nacional para la Conservación de la Naturaleza (ANCON), the organism in charge of training the community to work in the nursery. The initiative, aimed at recovering the populations of thirteen species of native plants in the area, is the first of its kind in the country.

The goal of the project is to protect and conserve biological diversity in the areas concessioned to our operational sites by means of efforts focused on land remediation and rehabilitation, habitat protection and restoration, and biodiversity protection. An innovative aspect of this project is that it defined 20 different sub-plots on which to plant different native species, depending on their geological and biodiversity features. With this project we will also monitor the evolution of several management techniques, including the use of organic fertilizers.

40
families participate in rehabilitation works.

13
natives species will be used in the project.

1
hectare will be rehabilitated during the first stage.

Stages of a Biodiversity Action Plan



1
Collect essential information and evaluate the operation.

2
Collaborate and establish partnerships with local partners.

3
Identify social insights and legal requirements.

4
Initiate flora and fauna studies.

5
Identify relevant species and habitats.

6
Determine habitat-protection actions and goals.

7
Implement actions to protect species.

8
Assess progress and notify.

Ecosystem services at the canyon of the Alicante river, in Maceo, Colombia

In Colombia, we started a local BAP that seeks to promote the conservation and recovery of the ecosystems of the land in and near the District for the Integrated Management of Renewable Natural Resources of the Canyon of the Alicante River, in the municipalities of Maceo and Yolombó, where CEMEX Latam Holdings has operations.

The District has unique characteristics given the presence of karstic formations that are home to exclusive species. The geological formations, topography, water currents, and native flora and fauna all contribute to the scenic beauty of the landscape. In addition, certain areas in this region have been detected as relevant for bird conservation, meaning they are well suited for implementing conservation practices.

The local BAP is developed as part of a multisectoral partnership, with the support of local and regional government agencies, a number of NGOs and BirdLife International. We are collectively trying to protect hundreds of native flora and fauna species and to ensure the sustainability of the biological resources and ecosystem services that make a valuable contribution to the economic, cultural, or biological health of the habitat.



Main lines of action of a BAP:

Education: Community education and values program, focused on conservation objectives.



Restoration: Financing for the conservation of priority species of flora and fauna and restoration of ecological corridors.



Research: Support and financing for research aimed at updating the status of the populations of priority species and ecosystem services.



Sustainable productive projects: Generating value in terms of ecosystem services, including agroforestry cacao, silvopasture, and ecotourism.



BAP initiatives contribute to:

- Conserving the ecosystem in the bio-geographic province of Chocó-Magdalena.

- Preserving the populations and habitats of native species.

- Promoting the recovery of natural coverage.

- Promote the availability of environmental services.

- Preserving caverns, rock shelters, and cliffs.

- Fostering the enrichment of biological corridors.

- Protecting sites with ecotourism potential or scenic beauty.

- Ensuring the integrity of the ecosystems.



CORPORATE **GOVERNANCE,** **INTEGRITY, AND COMPLIANCE**

Everything we do rests on our commitment to ourselves, our investors, and all our stakeholders to **create sustained and long-term value, with integrity.**

Corporate Governance

CEMEX LATAM HOLDINGS, S.A. WAS INCORPORATED IN SPAIN AS A CAPITAL STOCK CORPORATION (SOCIEDAD ANÓNIMA) ON APRIL 17, 2012, FOR AN INDEFINITE TERM. THE CORPORATION HAS ITS REGISTERED OFFICE IN MADRID, LOCATED AT CALLE HERNÁNDEZ DE TEJADA 1, AND IS OF SPANISH NATIONALITY. CEMEX LATAM HOLDINGS' SHARES WERE LISTED ON THE COLOMBIAN STOCK EXCHANGE ON NOVEMBER 16, 2012.

As of December 31st, 2019, the CEMEX Latam Holdings capital stock is represented by 578,278,342 common shares with a nominal value of 1 euro each. Of these, 407,890,342 shares are held by CEMEX España, S.A., 149,582,742 are held by minority investors, and 20,805,258 are in the CEMEX Latam Holdings treasury (own stock).

Except when the context may require otherwise, the references made in this integrated report to “CEMEX Latam Holdings”, “we” and/or “our” refer to CEMEX Latam Holdings S.A.

Since it is a Spanish company, CEMEX Latam Holdings is governed mainly by the Ley de Sociedades de Capital, as

well as by its bylaws, the regulations of the Corporate Governance General Shareholders Meeting, the bylaws of the Board of Directors, and other regulations duly approved by the company's internal governing bodies. Dating from when it was first authorized to trade, CEMEX Latam Holdings has had a corporate governance system in place that, under the requisites of Spanish law, has implemented voluntarily the main best governance provisions applicable to issuers in Colombia.

The company's bylaws, the bylaws of the General Shareholders Meeting, and the bylaws of the Board of Directors, are available, in addition to other documents, on the company's website.

Board of Directors and Committees

The CEMEX Latam Holdings Board of Directors is responsible for overseeing the company's general operations. It includes nine directors, of whom three are independent as defined by the applicable legislation and best practices in Spanish and Colombian corporate governance. The Board of Directors, in collaboration with the company's management team, is firmly committed to maintaining the highest corporate governance standards, strictly complying with the law, and managing the company with the utmost integrity.

During 2019, the Board met 12 times, with an attendance of 90.75%. The Board of Directors also held an in-writing vote, with no meeting, on January 21st, 2019.

During 2019, the composition of the Board of Directors registered the following changes:

- During the meeting of June 28, 2019, which was held to assign positions to those directors who were reelected by the General Shareholders Meeting of said date, the Board of Directors acknowledged the resignation of Mr. Jaime Gerardo Elizondo Chapa from his position as Vice Chairman of the Board of Directors, motivated by his relocation to a foreign country.
- During the meeting of November 13, 2019, the Board of Directors—after taking into consideration the prior favorable report made by the Nominating and Compensation Committee—agreed to appoint, by co-optation, Mr. Jesús González Herrera as a proprietary director in order to fill the vacancy on

the Board brought about by the resignation of proprietary director, Ms. Carmen Burgos Casas, who left her position at Grupo Cemex S.A.B. de C.V. Mrs. Burgos had been appointed as a company Board Member by the General Shareholders Meeting of June 20, 2016, and reelected by the same body during its meeting of June 28, 2019, for a statutory term.

- Following this move, and because the position of Chairman of the Board of Directors was left vacant by Mr. Juan Pablo San Agustín Rubio and due to Mr. Jaime Muguero Domínguez's resignation of his proprietary duties, during the November 13, 2019 meeting of the Board of Directors—after taking into consideration the prior favorable report made by the Nominating and Compensation Committee—agreed to appoint Mr. Jesús González Herrera as a Managing Director (Proprietary Director) and Mr. Jaime Muguero Domínguez as Chairman of the Board of Directors.
- Resulting from these changes, during the November 13, 2019 meeting, the Board of Directors agreed to appoint Mr. Jaime Gerardo Elizondo Chapa as member and secretary of the Nominating and Compensation Committee, filling the vacancy left by the resignation, referenced above, of Ms. Carmen Burgos Casas. The composition of the remaining Committees experienced no changes during 2019.

As of December 31st, 2019, the Board of Directors includes the following Committees:

Audit Committee

Members

- Coloma Armero Montes, **President**
- José Luis Orti García, **Secretary**
- Mónica Aparicio Smith, **Member**
- Rafael Santos Calderón, **Member**

Internal informational and consultative body that, among other responsibilities:

- Oversees the process to produce and present our financial information, and ensure its integrity, as well as that of our Financial Statements, which are prepared in accordance with the International Financial Reporting Standards (IFRS), and our Annual Accounts, which are prepared under the Spanish General Accounting Plan.
- Supervises the effectiveness of the company's (i) internal control, (ii) internal audit, (iii) risk management systems, including fiscal risks, and (iv) discusses with the accounts auditor any significant weaknesses in the internal control system.
- Assesses all aspects of the company's non-financial risks, including operational, technological, legal, social, environmental, political, and reputation risks.

In 2019, it met 11 times with an attendance of **95.46%**

Nominating and Compensation Committee

Members

- Rafael Santos Calderón, **President**
- Jaime Gerardo Elizondo Chapa, **Secretary**
- Coloma Armero Montes, **Member**

Internal informational and consultative body that, among other responsibilities:

- Reviews compensation agreements for members of the Board and the senior management team.
- Establishes and reviews general policies pertaining to employee compensation and benefits.
- Identifies and recommends candidates (or reports on them) to become members of the Board and committees.
- Establishes and supervises an annual evaluation and continuous review program on the qualifications and training required to hold a position as a director on the Board or as a member of a specific committee.

In 2019, it met 9 times with an attendance of **96.27%**

Corporate Governance Committee

Members

- Mónica Aparicio Smith, **President**
- Juan Pelegrí y Girón, **Secretary**
- Coloma Armero Montes, **Member**

Internal informational and consultative body that, among other responsibilities:

- Reports on, supervises, and periodically reviews internal regulations and the company's diligent compliance with them, with particular emphasis on the corporate governance policies and compliance. It also proposes modifications and updates that contribute to their development and continuous improvement.
- Supervises compliance with internal codes of conduct and corporate governance rules.
- Understands and supervises the sustainability and corporate reputation strategy and practices, including the corporate social responsibility policy, ensuring that it creates value for all stakeholders.
- Produces the Country Code Questionnaire (Colombia).

In 2019, it met 9 times with an attendance of **100%**

As of December 31st, 2019, the composition of the Board of Directors is as follows:

Proprietary Directors

Jaime Muguero Domínguez, **Chairman**

Jesús González Herrera, **Managing Director**

Juan Pelegrí y Girón, **Secretary**

Juan Pablo San Agustín Rubio

Jaime Gerardo Elizondo Chapa

José Luis Orti García

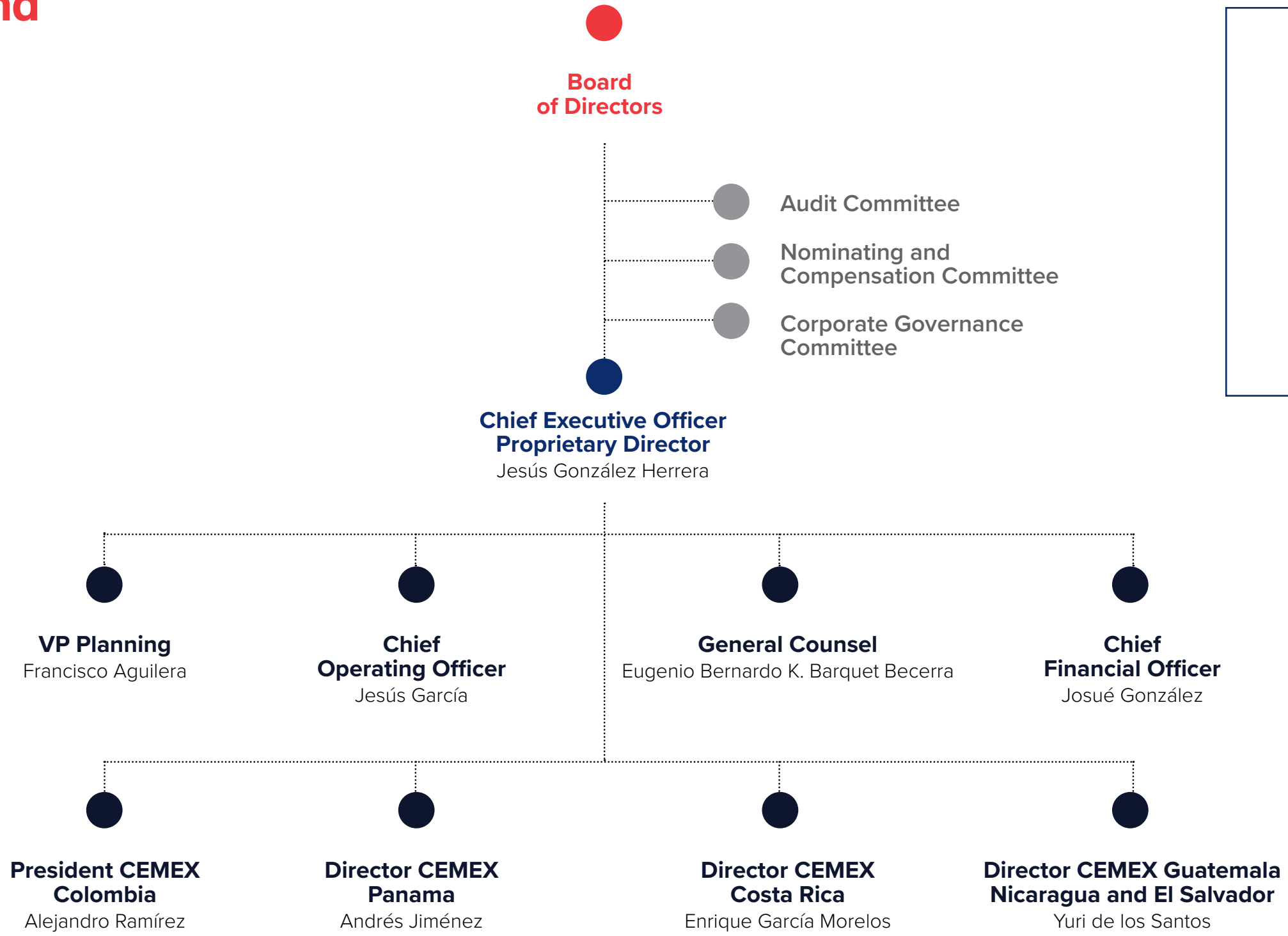
Independent Directors

Rafael Santos Calderón

Coloma Armero Montes

Mónica Aparicio Smith

CEMEX Latam Holdings Board of Directors and Management Team



[Get to know our Management Team](#)

Board of Directors

AS OF DECEMBER 31st, 2019



JAIME MUGUIRO

Male (51)

Proprietary Director
 Chairman of the Board of Directors
 First appointment and reelections:
 October 4, 2012, June 20, 2016, and
 June 28, 2019.

He joined CEMEX in 1996. He has held several management positions in the areas of Strategic Planning, Business Development, Ready-mix Concrete, Aggregates, and Human Resources. He led CEMEX's operations in Egypt and in the Mediterranean. He is currently a member of the CEMEX Executive Committee and serves as President for CEMEX USA. He holds a degree in Business Administration from the Universidad de San Pablo CEU and a Law degree from the Universidad Complutense de Madrid. He also holds an MBA from the Massachusetts Institute of Technology.



JESÚS GONZÁLEZ HERRERA

Male (55)

Executive Director - Managing Director
 First appointment (by co-optation):
 November 13, 2019
 Pending ratification by the next General Shareholders Meeting, in accordance with Spanish law.

He joined CEMEX in 1998. He serves as Chief Executive Officer for CEMEX Latam Holdings. He is currently a member of the CEMEX Executive Committee and serves as President for CEMEX South, Central America, and the Caribbean. He has held several management positions, including Corporate Director for Strategic Planning, Vice President for Strategic Planning for CEMEX USA, President for CEMEX Central America, President for CEMEX UK and, more recently, Executive Vice President for Sustainability and Operations Development. He holds a degree in Naval Engineering from the Universidad Politécnica de Madrid and an MBA from IESE-Universidad de Navarra, in Barcelona.



JUAN PABLO SAN AGUSTÍN RUBIO

Male (50)

Proprietary Director
 First appointment and reelections:
 October 4, 2012, June 20, 2016,
 and June 28, 2019.

He joined CEMEX in 1994. He has held several management positions in the Planning, Strategy, Continuous Improvement, e-Business, and Marketing divisions. He is currently a member of the CEMEX Executive Committee and serves as CEMEX Executive Vice-President for Strategic Planning and New Business Development. He holds a degree in Administration from the Universidad Metropolitana, in Spain, and an MBA from the Instituto de Empresa.





JAIME GERARDO ELIZONDO CHAPA

Male (56)

Proprietary Director
 First appointment and reelections:
 October 4, 2012, June 20, 2016,
 and June 28, 2019.

He joined CEMEX in 1985. He has led several operations, including Panama, Colombia, Venezuela, Mexico and, most recently, CEMEX's operations in South America (including Central America), in the Caribbean, and in Europe. He is currently a member of the CEMEX Executive Committee and serves CEMEX Executive Vice-President for Global Supply Chain Development. He has served on the Board of Grupo Cementos Chihuahua, S.A.B. de C.V., Vice-President of the Cámara Nacional del Cemento, and Vice-President of the Cámara de la Industria de la Transformación de Nuevo León, in Mexico. He holds degrees in Chemical Engineering and Computer Science, as well as an MBA, all from the Instituto Tecnológico y de Estudios Superiores de Monterrey.



JOSÉ LUIS ORTI GARCÍA

Male (53)

Proprietary Director
 First appointment and reelections:
 June 20, 2016 and June 28, 2019.

He joined CEMEX in 1993. He currently serves as Director for Business Development, which includes the Corporate Strategic Planning division and the Business Development Projects division (acquisitions, divestitures, asset swaps, mergers, etc.) for Europe, Africa, and the Middle East.



COLOMA ARMERO MONTES

Female (65)

Independent Director
 First appointment and reelections:
 October 9, 2012, June 20, 2016, and June 28, 2019.

She has been practicing law since 1979, the year when she began working for Bufete Armero, a law firm in which she made partner in 1990 and was named co-managing partner in 1993. In 1999, following the acquisition of Bufete Armero by Uría Menéndez, she became a partner in the Corporate Division and served on the firm's Board of Directors until year-end 2008. She served on the Board of Trustees of the Professor Uría Foundation from 2005, when it was established, until year-end 2008. In 2001, she was in charge of opening Uría Menéndez's offices in Lisbon, which she co-chaired until 2005. In the course of her more than 30 years practicing law, she has focused on Corporate Law, particularly in the field of mergers and acquisitions—more specifically, cross-border M&As. Since June 2009 she has served on the Boards of Mutua Madrileña Automovilista and Compañía de Seguros a Prima Fija, as well as on the latter's Investment Committee. For nine years, and until June 2018, she was a member of Mutua Madrileña's Audit and Compliance Committee, and until July 2015 she served on the Board of Directors of Mutuactivos S.A.U., S.G.I.I.C. and Mutuactivos Pensiones S.A.U. S.G.F.P. Since December 2009, she has served on the Board of Trustees of the Mutua Madrileña Foundation, and currently serves as 2nd Vice-President for this Foundation





MÓNICA APARICIO SMITH

Female (66)

Independent Director
 First appointment: June 15, 2018
 (prior to that she was appointed by
 co-optation on April 2, 2018)

She holds a degree in Economics from the Universidad de los Andes, in Colombia. She is a professional director and banker with more than 25 years' experience in the private and public financial sector in Latin America. She has participated in training courses in renowned institutions, including Harvard University and George Washington University. Over the course of her career she has held several positions, including CEO and President of Banco Santander in Colombia and Puerto Rico, Independent Senior Consultant for multilateral organisms such as the Inter-American Development Bank, the World Bank, and the International Monetary Fund. She currently serves on the Board of Banco Itaú in Colombia, Banco Interamericano de Finanzas (BANBIF) in Peru, Banco GyT Continental de Guatemala, and the advisory council of Intertug Holdings. She occupied relevant posts in public and private companies, including International and Monetary Deputy Manager for the Banco de la República de Colombia, Executive Director for the Fondo de Garantías de Instituciones Financieras (FOGAFIN), and representative for Colombia before the World Bank. She was responsible for the transformation of several entities, incorporating best international practices in certain central banks. She is also a Certified Ontological Coach and a Positive Psychology Coach.



RAFAEL SANTOS CALDERÓN

Male (65)

Independent Director
 First appointment and reelections:
 October 9, 2012, June 20, 2016,
 and June 28, 2019.

He holds a degree in Journalism from the University of Kansas. In 1976 he worked as a writer and editor for The Miami Herald, and he subsequently joined the staff of the El Tiempo de Colombia newspaper, where he served as editor in 1976-1991 and deputy editor-in-chief in 1991-1997. In 1997-1999, he was Vice-President for Community Relations and in 1999-2009 he served as Chief Executive Officer for the paper. After a stake in El Tiempo was sold to the publishing house Grupo Planeta, he was named Publishing Director for Casa Editorial El Tiempo (CEET), where he led their social responsibility magazine, Huella Social. He served on the Board of Directors and the Executive Committee of CEET and of the El Tiempo Editorial Board. He was also Chairman of the Board of Directors of Corporación Excelencia en la Justicia; Vice-Chairman of the Board of Colombia Emprendedora; a fellow and member of the Visitor's Board of the John S. Knight Foundation fellowship at Stanford University; and a member since 1987 of the Higher Board of Universidad Central de Colombia. He holds an Honorary Doctorate in Journalism from the Universidad Central de Colombia, where he has been serving as Dean since 2013.



JUAN PELEGRÍ Y GIRÓN

Male (65)

Proprietary Director
 Secretary of the Board of Directors
 First appointment and reelections:
 October 4, 2012, June 20, 2016,
 and June 28, 2019.

He joined CEMEX on a full-time basis in 1993, although he had been serving as an external adviser to the now defunct Portland Iberia, S.A. He has held several executive positions in CEMEX's legal department, first as General Counsel for Compañía Valenciana de Cementos Portland, S.A., and as deputy secretary of its Board of Directors, both in Spain. Since 2000, he has held several international positions, namely as adviser in the privatization process for the state cement company in Egypt (Assiut Cement Company) and other investment processes in Romania and Indonesia. In 2005, he participated in negotiations for the acquisition of the British group CRH that was listed on the London Stock Exchange, and he led the PMI team for this company in Europe. In 2008, he actively participated in negotiations to refinance Grupo CEMEX's debt, which culminated in the 2009 Facility Agreement. In 2008-2009 he served as legal adviser in the selling process of Rinker Australia and of the group's investments in the Canary Islands (Spain), and in the divestiture of CEMEX in Italy. He currently serves as general counsel for CEMEX in Spain and Europe. He holds degrees in Business Administration and Law from the Universidad de Deusto; in Business Science from the Instituto Católico de Artes e Industrias (ICADE e-3); and as a Master in Tax and Law (LL.M), from Harvard University. He also graduated from Harvard University's postgraduate International Tax Program, with a Fulbright scholarship. He is an academic of the Real Academia de Jurisprudencia y Legislación in Spain. He has been a member of the Madrid Bar Association since 1981 and a State Attorney (currently on extended leave) since 1982.



Management Team

AS OF DECEMBER 31ST, 2019

The CEMEX Latam Holdings Management Team supervises the daily operation of the company and develops, refines, and directs the implementation of the commercial strategy. With an average of more than 20 years of experience at CEMEX, we have a senior management team with proven expertise in the industry that has worked together and successfully guided the company through different economic cycles and in the acquisition and integration of related businesses and assets.



JESÚS GONZÁLEZ HERRERA

Chief Executive Officer for CEMEX Latam Holdings

He joined CEMEX in 1998. He is currently a member of the CEMEX Executive Committee and serves as President for CEMEX South, Central America, and the Caribbean. He has held several management positions, including Corporate Director for Strategic Planning, Vice President for Strategic Planning for CEMEX USA, President for CEMEX Central America, President for CEMEX UK and, more recently, Executive Vice President for Sustainability and Operations Development. He holds a degree in Naval Engineering from the Universidad Politécnica de Madrid and an MBA from IESE-Universidad de Navarra, in Barcelona.



ALEJANDRO RAMÍREZ

President CEMEX Colombia

He joined CEMEX in 2001. Prior to his current position, he served as president for CEMEX in several countries, including Thailand, Puerto Rico, Costa Rica, and Dominican Republic, and most recently he served as Director for the CEMEX Caribbean Cluster that includes Haiti, Jamaica, Bahamas, Puerto Rico, and the Dominican Republic. He began his professional career in Strategic Planning, contributing to the construction of the global company that CEMEX is today. He holds a degree in Industrial Engineering from the Instituto Tecnológico y de Estudios Superiores de Monterrey and an MBA from Wharton University.



ANDRÉS JIMÉNEZ

Director CEMEX Panama

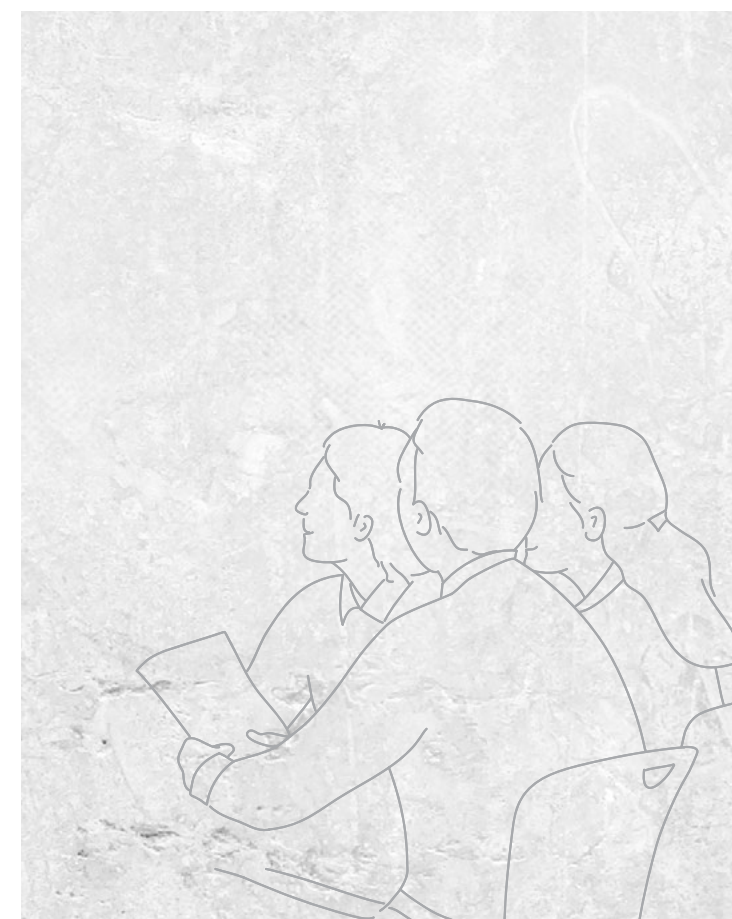
He joined CEMEX in 1994. After holding several senior management positions in the Commercial and Marketing divisions in CEMEX Colombia and CEMEX Mexico, he led the CEMEX operations in Nicaragua and El Salvador, where he was a member of the Executive Council and Alternate Director for the Cámara Nicaragüense de la Construcción, Vice-President for the Cámara de Comercio e Industria México-Nicaragua, and Vice-President for the Instituto Nicaragüense del Cemento y el Concreto. He holds a degree in Civil Engineering from the Pontificia Universidad Javeriana. He participated in a Top Management program at the INALDE School of the Universidad de La Sabana, in Colombia.



ENRIQUE GARCÍA MORELOS

Director CEMEX Costa Rica

He joined CEMEX in 1992. He held the position of executive assistant to the CEO and Chairman of the Board of Directors of CEMEX, S.A.B de C.V. where he collaborated in the Communications, Planning, and Cement Operations divisions in Mexico. He has also led CEMEX's operations in Guatemala, Latvia, and Puerto Rico. He holds a Degree in Mechanical and Electrical Engineering from Instituto Tecnológico y de Estudios Superiores de Monterrey and an MBA from Harvard University.



YURI DE LOS SANTOS

Director CEMEX Guatemala, Nicaragua and El Salvador

He joined CEMEX in 1995 and has held several executive positions in the Concrete Operations and Commercial divisions in Mexico. He holds a degree in Civil Engineering and an MBA from the Instituto Tecnológico y de Estudios Superiores de Monterrey.



**EUGENIO BERNARDO
K. BARQUET BECERRA**

General Counsel

He joined CEMEX in 2001. He served as General Counsel for CEMEX’s Global Corporate Office where he was in charge of issues dealing with administration, real estate, energy, supply, and litigation. He holds a Law degree from the Universidad Anáhuac in Mexico City and a Master’s degree in International Commercial and Environmental Law from the American University in Washington, DC.



FRANCISCO AGUILERA

VP Planning

He joined CEMEX in 1996. He has held the position of Vice-President for Trading at CEMEX global and for the Europe, Middle East, Africa, and Asia region. He has also held other management positions in the US and Mexico in the Logistics, Sales, Administration, Aggregates Operations, and Precast Structures divisions. He holds a degree in Industrial Mechanical Engineering from the Instituto Tecnológico y de Estudios Superiores de Monterrey and an MBA from Northwestern University.



JESÚS GARCÍA

Chief Operating Officer

He joined CEMEX in 2001. He has held the position of Chief Operating and IT Officer at CEMEX Egypt. Previously he held the position of Regional Operating Officer of the CEMEX Caribbean Cluster, that includes Haiti, Jamaica, Bahamas, Puerto Rico, and Dominican Republic; he has also served as Operations Director at the Ensenada plant, and Production Director at the Tepeaca plant, both in Mexico. He holds a degree in Electronic Engineering from UDLA in Mexico and postgraduate certificate in Electronic Communications from RMIT in Australia.



JOSUÉ GONZÁLEZ

Chief Financial Officer

He joined CEMEX in 1988. He serves as Chief Financial Officer for CEMEX Latam Holdings and Director for Finances and Treasury for CEMEX Colombia. Prior to holding these posts, he held senior management positions in Finances and Treasury for CEMEX’s operations in Venezuela, Colombia, and the South, Central America, and the Caribbean region. He holds a degree in Administration from the Universidad Metropolitana de Caracas and postgraduate studies in Finances from the Universidad Santa María de Caracas, Venezuela.

General Shareholders Meeting

As established by applicable legislation and its own bylaws, the General Shareholders Meeting has, among others, the following competencies:

- Approval of annual accounts, application of results, and approval of social management.
- Appointment, reelection, and separation of directors, and ratification of directors assigned by co-optation.
- Appointment, reelection, and separation of accounts auditors.
- Capital stock increases and reductions.
- Transformation, merger, spin off, or global cession of assets or liabilities, and transfers of registered offices to a foreign country, in accordance with the law.
- Approval of the director remuneration policy.
- Transfer to other dependent entities of the company’s essential activities, even if it maintains full dominion over them.
- Acquisition, alienation, or granting of essential assets to another company.

During 2019, a CEMEX Latam Holdings Ordinary General Shareholders Meeting was held on June 28th, with 481,417,560 shares present (none represented), for a quorum of 83.25% of the capital stock.

The agreements adopted during the course of the meeting, as well as the remaining documentation related to said CEMEX Latam Holdings General Shareholders Meeting, are posted on the company’s website, in both Spanish and English.



[CEMEX Latam Holdings
General Shareholders Meeting](#)

Integrity and compliance

OUR COMMITMENT TO OURSELVES, OUR INVESTORS, AND ALL OUR STAKEHOLDERS IS TO MANAGE CEMEX LATAM HOLDINGS WITH INTEGRITY. EVERYTHING WE DO IS FOUNDED ON THIS COMMITMENT.

Acting with integrity is key to our long-term sustainable growth. Accordingly, it is one of the five fundamental values that define who we are, how we behave and what we believe.

High levels of trust make it easier for our operations to function properly, help us attract and retain the best talent, contribute to having good relationships with customers, suppliers and local communities, and to open the path to enter new markets.

Compliance with the laws and regulations is an essential element of our company's culture of integrity, which requires responsible conduct from all of our employees, and business partners in accordance with applicable laws and internal codes and policies.

Every CEMEX Latam Holdings employee makes a fundamental contribution to live up to the company's ethical behavior practices. To this end, we have developed training programs and campaigns to reinforce knowledge of our internal policies.



Our values communicate who we are, how we behave, and what we believe



Act with integrity

Ensure industrial health and safety

Customer centricity

Pursue excellence

Work as One CEMEX



The highest international standards

AS A PUBLIC COMPANY, IT IS IMPERATIVE THAT WE TRY TO MAKE SURE OUR COMMUNICATIONS COMPLY WITH THE HIGHEST INTERNATIONAL STANDARDS IN ORDER TO KEEP OUR INVESTORS WELL INFORMED ABOUT THE COMPANY'S ACTIVITIES.

The Board of Directors annually prepares the Country Code Questionnaire in Colombia, which includes the good corporate governance recommendations the company follows.

The 2019 version of this document, which was presented to the Superintendencia Financiera in Colombia within the established deadline, reflects the company's compliance with most of the main Colombian recommendations. It also explains in detail the reasons we do not comply with some of the recommendations since they are not applicable to CEMEX Latam Holdings.



CEMEX Latam Holdings has approved, among others and not limited to, the following agreements, measures, and recommendations:



Company Bylaws



A Framework Agreement with CEMEX S.A.B.de C.V., and one with CEMEX España, S.A.

The majority of the members of the three Committees are independent directors, with an independent director presiding over each of the Committees.



Bylaws of the General Shareholders Meeting

Publication of the following relevant documents: (i) Country Code Questionnaire, in Colombia, (ii) Annual Report on the Remuneration of Board Members and Senior Management, (iii) Annual Report on the Activities of the Audit Committee, (iv) Independence report of the external auditors, and (v) Report on the control and risk management systems related to issuing financial information.

Appointment of an Internal Audit Director reporting directly to the Audit Committee.



Bylaws of the Board of Directors

Appointment of a Compliance Officer who periodically reports to the Audit Committee and/or to the Corporate Governance Committee.

Bylaws of the Audit Committee

Adoption of internal policies on several matters related to best corporate governance practices.



Code of Ethics and Business Conduct

One third of the members of the Board of Directors are independent directors.

Creation of an Investor Relations division and a Shareholder Service division.

Sustainability management

ACROSS THE ORGANIZATION, IN ORDER TO ACHIEVE TANGIBLE POSITIVE IMPACTS IN TERMS OF SUSTAINABILITY, THE COMMITMENT OF OUR MANAGEMENT AND COMBINED EFFORTS OF ALL OUR EMPLOYEES ARE REQUIRED.

The CEMEX Latam Holdings Board of Directors includes a Corporate Governance Committee that, in addition to the functions described at the beginning of the chapter regarding ethics, integrity, compliance, and transparency, is also in charge of reviewing the corporate social responsibility policy and adhering to the established practices on these issues.

Furthermore, CEMEX Latam Holdings actively participates in the CEMEX Global Sustainability Functional Network, which includes our own employees and those in our sister operations all over the world. This team of specialists works to apply

the main sustainability initiatives at each business unit and across the production chain. Consequently, we benefit from our relationship with CEMEX by capturing synergies and exchanging best practices, technologies, and know-how as well as from the robust management systems and policies the company has developed.

As a company, from the earliest planning stages of our projects, our goal is to implement best practices in order to maximize the contribution our operations make to society. To manage our key issues, we have experienced work teams comprised of individuals who, in addition to possessing ample knowledge of each of the material aspects, have the necessary tools to incorporate sustainability issues in the decision-making process. These teams are in constant communication throughout our operations in order to share experiences and best practices.



CEMEX S.A.B. de C.V. Sustainability Committee

Globally, CEMEX is known for having a Sustainability Committee that reports directly to the Board of Directors. The Committee is composed of four members and is supported by the Corporate Sustainability team, which reports to the Chief Sustainability, Commercial Development, and Operations Officer

The Sustainability Committee of the CEMEX Board of Directors focuses on:

- Supporting the Board of Directors in their responsibilities pertaining to sustainable growth.
- Assessing the effectiveness of our sustainability initiatives and their progress.
- Assisting the CEO and the executive committee in sustainability issues.
- Promoting the Sustainability Model, its priorities, and KPIs.
- Verifying that sustainable development is embedded in the short- and long-term strategies.

Values, codes, and management systems

Our Values

Code of Ethics and Conduct

Code of Conduct When Doing Business with Us

Environmental Management System

Health and Safety Management System

Policies

Human Rights

Environment

Biodiversity

Water

Health and Safety

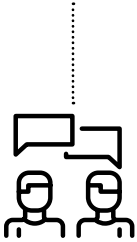
Code of Ethics and Conduct

CEMEX LATAM HOLDINGS ADHERES TO THE CEMEX CODE OF ETHICS AND CONDUCT.

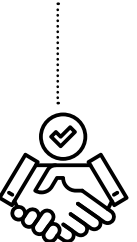
The Code helps CEMEX Latam Holdings' employees understand and share the same values and behavioral standards in all our operations and in our interactions with our stakeholders. CEMEX periodically assesses and updates the provisions of the Code of Ethics as needed; in 2018 it made modifications in order to strengthen its provisions. These were approved by the CEMEX Latam Holdings Board of Directors.

It is the responsibility of every employee to know, respect, and protect compliance with the Code of Ethics and Conduct. Executives and employees in the company sign this Code to acknowledge that they understand and accept the conditions and agree to comply with them. New employees are asked to sign the Code as part of their orientation and hiring process, thus stating from the very beginning their commitment to the internal policies.

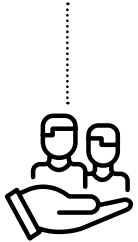
The most recent update of the Code of Ethics:



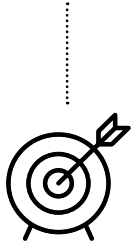
Responds with friendly wording to the most common employee questions.



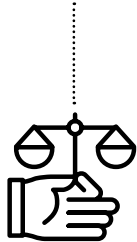
Emphasizes the role each employee plays in promoting trust and making the adequate decisions.



Is easier to read for a multigenerational workforce.



Indicates more clearly the limits in behaviors.



Motivates employees to adhere to ethical principles in all their daily activities.

Behaviors regulated by the CEMEX Code of Ethics and Conduct

Our people

- Health and safety
- Human rights
- Respect and harassment
- Diversity
- Inclusion

Stakeholders

- Customers
- Suppliers
- Community
- Government
- Environment

Compliance

- Anti-trust
- Anti-corruption
- Money laundering
- Global trading
- Regulations

Decision making

- Conflicts of interest
- Gifts and courtesies
- Company assets
- Political activities

Information

- Data privacy
- Information protection
- Insider trading
- Intellectual property
- Records
- Communication and social media



[Get to know the Code of Ethics and Conduct](#)

Policies adopted by CEMEX Latam Holdings that are in force at CEMEX globally



IN ADDITION TO VOLUNTARILY COMPLYING WITH THE MAIN BEST PRACTICES PROVISIONS APPLICABLE TO ISSUERS IN BOTH SPAIN AND COLOMBIA, CEMEX LATAM HOLDINGS ADHERES TO DIFFERENT CEMEX'S INTERNAL CONTROL GUIDELINES AND POLICIES THAT INCLUDE ASPECTS SUCH AS LEGAL COMPLIANCE, INFORMATION SECURITY, ACCOUNTING, ENVIRONMENTAL STEWARDSHIP, HEALTH AND SAFETY, HUMAN RESOURCES, AND FINANCES, AMONG OTHERS.

Human Rights Policy

Is a global behavior standard which applies to all our operations. We support and respect the protection of the internationally proclaimed human rights principles, as described in the International Bill of Human Rights and the Declaration of the International Labour Organisation relative to fundamental labor principles and rights.

Anti-corruption Policy

The main goal is to try to ensure that our business is always handled in a highly ethical and honest manner. CEMEX has adopted a zero-tolerance standard with respect to behaviors in violation of anti-corruption legislation or bribery of any kind. It also strives to prevent employees from behaving inappropriately, both in an active or passive manner, in violation of anti-corruption legislation or any similar laws to fight bribery and corruption in force in the countries where CEMEX operates.

Donations Policy

This Policy establishes the guidelines applicable in every business unit with respect to a) budgetary approval of cash or in-kind donations, b) donations accounting, and c) management, authorization, execution, and certification of donations.

Third Party Records Policy

The company is committed to complying with the law and the spirit of all the laws and regulations applicable in every jurisdiction where it operates, and it strives to encourage external providers to adhere to these ethics standards as well. If it is discovered that an involved third party has participated in illegal or unethical practices, this could result in the termination of the relationship.

Compliance Policy for Defending Free Competition

Its objective is to defend the competition regulations in force in the countries where CEMEX Latam Holdings operates, and to avoid participating, be it consciously or involuntarily, in practices that represent collusion agreements, abusing a potentially dominating position, or any other type of antitrust acts that could artificially alter free growth in these markets.

Policy for the Notification of Relevant Events

The notification of relevant events is both an obligation and a responsibility for CEMEX Latam Holdings to authorities, investors, and other stakeholders. The notification of relevant events not only avoids sanctions and fines but adds value to the company by strengthening trust and transparency. This policy establishes the guidelines, criteria, and responsibilities for the identification and notification of relevant events in CEMEX Latam Holdings.

Policy on the Use of Privileged Information

Its objective is to respect and comply with the applicable regulations in the financial and stock markets. In particular, this policy prohibits and seeks to prevent CEMEX Latam Holdings' directors, officers and employees and people related with the company from benefiting from the information obtained while performing their jobs.

Intellectual Property Policy

Its purpose is to try to ensure the protection of Intellectual Property, promote innovation and creation at all the company's business units, as well as centralize creations and their management by channeling initiatives, this with the goal of adding value, granting freedom to operate, and creating synergies within CEMEX.

Policies applicable to CEMEX Latam Holdings

IN PARTICULAR, ADDITIONAL POLICIES APPLICABLE EXCLUSIVELY FOR GRUPO CEMEX LATAM HOLDINGS HAVE BEEN APPROVED IN ACCORDANCE TO THE COMPANY BYLAWS, THE BYLAWS OF THE BOARD OF DIRECTORS, AND THE AGREEMENTS ADOPTED BY THE GENERAL SHAREHOLDERS MEETING.



1. Remuneration Policy for Board Members

Approved by the General Shareholders Meeting, proposed by the Board of Directors based on the prior favorable report from the Nominating and Compensation Committee. The principles and foundations of remuneration include the following: that it be an incentive to reward the dedication, qualifications, and responsibilities and that, in the case of independent directors, it does not constitute an obstacle to their independence; that is effective in attracting and retaining the best professionals, keeping their compensations adjusted to best practices and market conditions; that it motivates permanence and aligns management with demands and a special long-term focus, with a reasonable connection to the evolution of the stock market value; and that it corresponds to the company's current situation, prospects, and sustainable growth objectives.



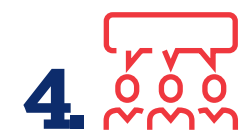
2. Corporate Fiscal Policy

Approved by the Board of Directors, based on the prior favorable report from the Audit Committee. Its goal is to establish a set of principles and norms that serve as a guideline for CEMEX Latam Holdings's fiscal objectives, establishing a commitment with best fiscal practices, collecting and stipulating the means the company has to develop the functions that allow it to comply with the fiscal obligations of the whole group, minimizing its risks and providing its management bodies with adequate and sufficient information about CEMEX Latam Holdings' management and fiscal position.



3. Policy for Selecting Candidates to Become Board Members

Approved by the Board of Directors based on a proposal from the Nominating and Compensation Committee. The policy strives to ensure that proposals for naming or re-electing candidates are based on a specific and verifiable prior analysis of the Board's needs, favoring a diversity of knowledge, experience, and gender for the Board of Directors.



4. Policy for Communicating with Shareholders, Investors, and the Market in General

Approved by the Board of Directors, following a favorable report from the Corporate Governance Committee. Its objective is to offer a similar treatment for shareholders who are in the same position and to be permanently respectful of the rules against market abuses.

International certification for our internal audit practices

FOLLOWING A THOROUGH ASSESSMENT PROCESS, IN JANUARY 2019 THE INTERNAL AUDIT DIVISION IN THE COMPANY SUCCESSFULLY OBTAINED THE QUALITY CERTIFICATION GRANTED BY THE INSTITUTE OF INTERNAL AUDITORS OF THE UNITED STATES. ESTABLISHED IN 1941, THE INSTITUTE IS THE WORLD'S LEADING ASSOCIATION AND MAIN POINT OF REFERENCE REGARDING PROFESSIONAL DEVELOPMENT AND THE PRACTICE OF INTERNAL AUDITING.

The certification is a guarantee that the internal audit function at CEMEX Latam Holdings systematically adheres to the most rigorous international methodologies and processes in carrying out internal evaluations in a transparent and independent manner. With this certification, CEMEX Latam Holdings can now indicate in its audit reports that reviews are done based on the highest global standards and norms.

This enables us to strengthen the internal control environment and a relationship of trust with our investors and main stakeholders.

The certification of the Institute of Internal Auditors requires that the company have a robust and interdisciplinary team of professionals with extensive knowledge of the company and its regulations, thereby enabling them to provide specialized internal audit coverage for the company's strategic priorities. By obtaining the certification we prove our commitment to constantly upgrade the company's internal auditing function. It also positions us on the forefront on matters of internal audit, contributing to the achievement of our goal of creating sustained, long-term value.





The US Institute of Internal Auditors certified key aspects of our internal auditing function:

<p>Maximum rigor in oversight functions.</p>	<p>Applying norms and independence to the function.</p>	<p>Defining and implementing manuals, policies, statutes, and code of ethics.</p>	<p>Organizational structure that ensures independence for the function and its competencies.</p>
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New reporting tools



ETHOSline

Concerns with respect to the legal or ethical determination of a given situation or compliance with regulation must be reported to the corresponding authority within the organization. For this, the CEMEX Latam Holdings' employees and external parties have an effective, safe, and confidential tool at their disposal that facilitates the integration of ethics and compliance with regulations in their daily work.

The reporting tool ETHOSline allows our employees to send comments, make suggestions or observations, ask for advice, or report and send evidence, if need be, about improper conduct within the organization. This mechanism, which can also be used by external parties, is available 24 hours a day, seven days a week, through the website or by phone.

The service is managed by a world-class external supplier who, among other things, collects and adequately documents information on the case by means of a digital platform. These cases are received by the Global ETHOS Manager at CEMEX who in turn, based on the type of case and location, digitally assigns them to the corresponding Ethics Manager so that they can be addressed with the Ethics Committees. Repercussions against any employee who in good faith denounces a problem or potential violation are expressly and strictly prohibited.

Ethics Committees

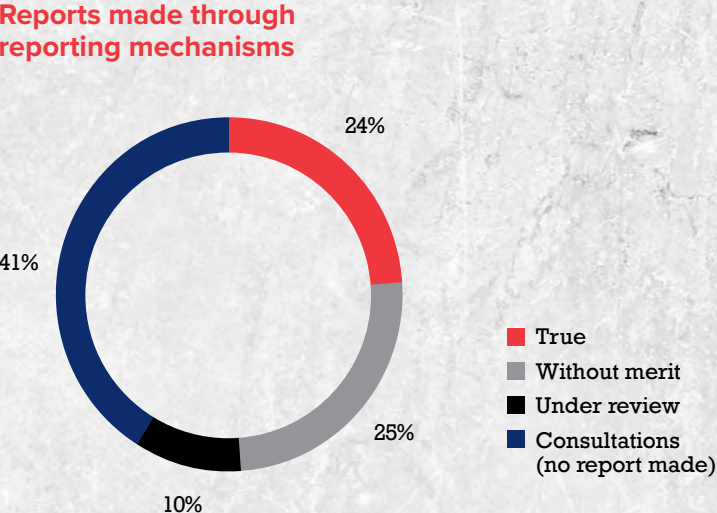


In addition to ETHOSline, in order to make a report, any CEMEX Latam Holdings employee can send a message directly to the Local, Regional or Corporate Ethics Committee, the Chairman of the Audit Committee, or to the Internal Audit and Internal Control divisions. The Internal Audit Director periodically informs the members of the Audit Committee about matters related to these mechanisms.

The Ethics Committees are independent bodies of the Board of Directors that are mandated to manage issues relating to proper behavior within the company and to ensure compliance with the organization's values. The responsibilities of the Ethics Committees include solving ethical dilemmas and addressing questions posed by employees on issues relating to possible conflicts of interest or in the framework of the Code of Ethics. Complaints are fully investigated, and, when violations to the Code are proven, appropriate disciplinary measures are taken. These can range from a written warning to dismissal in the case of employees or cancellation of contracts in the case of suppliers, and could include other legal actions as well, depending on the type and severity of the violation. The activities of the Ethics Committees are confidential, and their decisions are mandatory. Ethics cases are managed through the EthicsPoint digital platform, which enables a more efficient follow-up on the cases.

In 2019 CEMEX launched two platforms focused on strengthening collaboration among ethics professionals within the company, including the CEMEX Ethics Network, the Global Ethics Committee, the Global ETHOS Committee, and participants in the ethics committees in each of the countries where the company operates, including the CEMEX Latam Holdings operations. Participants are able to share best practices, publish articles, and communicate guidelines. Furthermore, relevant executives receive additional information on important issues and case studies that allow them to get familiarized with ethics and compliance topics.

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REPORTS WERE RECEIVED IN 2019 THROUGH THE REPORTING MECHANISMS FOR WHICH WE CARRIED OUT PREVENTIVE CONSULTATIONS CONCERNING POTENTIAL VIOLATIONS TO THE CODE OF ETHICS.

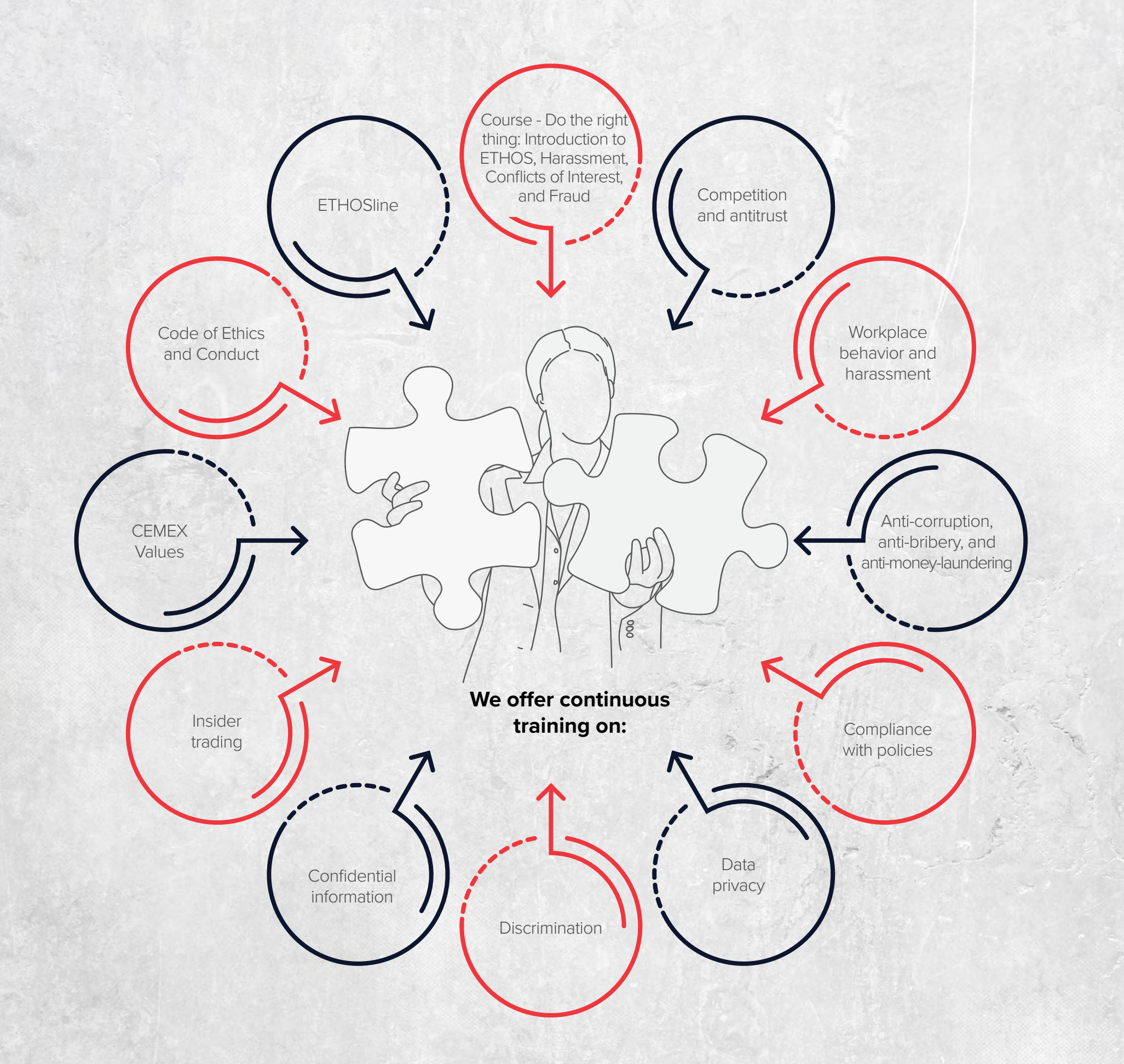


Reinforcing our commitment with training and communications

IN ORDER TO BECOME A BETTER COMPANY, WE WORK CONTINUOUSLY TO STRENGTHEN OUR DISCLOSURE OF BEHAVIORS THAT ENABLE US TO CONDUCT OURSELVES IN ACCORDANCE TO WHAT IS EXPECTED OF EVERY MEMBER OF THE CEMEX LATAM HOLDINGS TEAM.

We offer in-person and online training programs to strengthen our employees' understanding of issues related to the Code of Ethics, internal policies, and company values, and to reinforce our institutional reporting mechanisms.

Furthermore, we use different means to communicate to employees, suppliers, and customers our company's internal policies and reinforce ethical behavior, including newsletters, internal boards, our intranet, audits, and other activities.



Respect for human rights

AT CEMEX LATAM HOLDINGS WE HAVE AN ACTIVE AND ONGOING DETERMINATION TO FULFILL OUR RESPONSIBILITY TO RESPECT AND UPHOLD INTERNATIONALLY RECOGNIZED HUMAN RIGHTS STANDARDS, INCLUDING THOSE DESCRIBED IN THE INTERNATIONAL BILL OF HUMAN RIGHTS AND THE ILO DECLARATION RELATIVE TO FUNDAMENTAL LABOR RIGHTS.



The CEMEX Code of Ethics guides our behavior in terms of human rights. Additionally, CEMEX Latam Holdings has incorporated the global CEMEX Human Rights Policy into its management, which reaffirms the commitment with promoting and respecting human rights at our operations, the communities in which we operate, and our supply chain.

The responsible internal authorities, and in particular the Ethics Committees, ensure compliance with both principles through the objective and timely definition of actions that adequately respond to reports of possible conflicts of interest, abuses, or other behaviors that go against our core values. In addition, the due diligence process in terms of human rights is part of the processes that are continually being executed by our company, which include, among others, the Enterprise Risk Management (ERM) corporate function, the ETHOSline reporting tools, the Ethics Committees, and the supplier and contractor assessments which take into consideration how they promote compliance with labor rights at their operations and supply chain.

In 2018, CEMEX worked on holistically revamping its Human Rights Policy based on a compliance assessment carried out

in more than 30 countries where it has operations, which included more than 100 questions in six basic human rights dimensions. The new Policy reiterates the company's support and respect for the protection of internationally proclaimed human rights.

In addition, it recognizes employees, communities, contractors, and suppliers as main areas of impact and reaffirms its commitment to promoting and respecting human rights across the company's operations, communities, and supply chain.



Commitment to the United Nations Global Compact

CEMEX Colombia and CEMEX Panama, our two largest operations, are signatories of the United Nations Global Compact, a strategic initiative to get companies to commit to aligning their operations with 10 universally accepted principles in the areas of human rights, labor, the environment, and anti-corruption. We annually submit our Communication on Progress (CoP) to the Global Compact, demonstrating our strong commitment to adhering to these principles.

We work on maintaining a positive and respectful work environment

Safe work environment

Our main value and commitment is to the health and safety of our employees, contractors, and communities. We believe that zero incidents is our duty and moral responsibility, and that it is possible with the direct management and involvement of our leaders.

Our operations comply with all local regulations and we offer health and safety programs that are at the forefront of the industry. With this we strive to minimize and prevent risks related to the workplace, and to raise awareness among everyone who interacts with us as part of our activities about safety practices and a healthy lifestyle inside and outside the workplace.

Promoting diversity and equal opportunities

We prohibit all forms of discrimination and have decided to move beyond being a company that respects diversity to being one that actively promotes it across the organization. At all times, we treat employees with dignity and respect, including direct and indirect employees.

Hiring and promotion decisions are made by taking into consideration the talent of the people who apply to fill a given vacancy, with no distinction for age, race, ethnic background, religion, gender, disabilities, social status, sexual orientation. We offer our employees the opportunity to ask to be considered for job postings within the company and we encourage them to seek opportunities for growth. Our staff in charge of hiring receive training on the company's non-discrimination policies. For example, CEMEX launched a new global policy against harassment, discrimination, and retaliation.

Work-life balance

Our operations are regulated by policies that guide the work of our employees. We comply with local laws in every country where we operate that regulate the maximum overtime allowed, and we have attendance control systems and processes in place to monitor overtime.

Through different means, we receive feedback from our employees on proposals and implement initiatives to maintain a work-life balance. We also promote additional terms beyond those stipulated by law, designed to allow our employees to have a well-balanced personal and professional life.

Employee engagement

We encourage communication with employees and offer different tools to listen to them, promote the exchange of opinions, and involve them in the decision-making process, including collective bargaining, meetings with senior management, department meetings, surveys, ETHOSline, open dialogue, and consultation meetings.

Compensation packages are based on the level of responsibility for each post and other objective elements and are designed to take into consideration the labor market and competition for attracting and retaining talent. For this, we use as a reference, among other elements, professional and independent surveys prepared by third parties or the available information relating to wages at comparable companies. At CEMEX Latam Holdings, we recognize, support, and respect the right of every worker in our operations to belong to a union, as long as their activities are legal and do not interfere with the employee's obligations or responsibilities.

External auditors



The Audit Committee's competencies include taking proposals for the selection, appointment, reelection, and replacement of accounting auditors to the Board of Directors, in accordance with applicable norms. It is also in charge of establishing contract conditions and of regularly collecting from the auditors information on their audit plan and execution, and on preserving their independence in the exercise of their functions. Likewise, among other competencies, the Audit Committee is in charge of ensuring that compensation for work done by the external auditors in no way compromises the quality of the work or the auditor's independence.

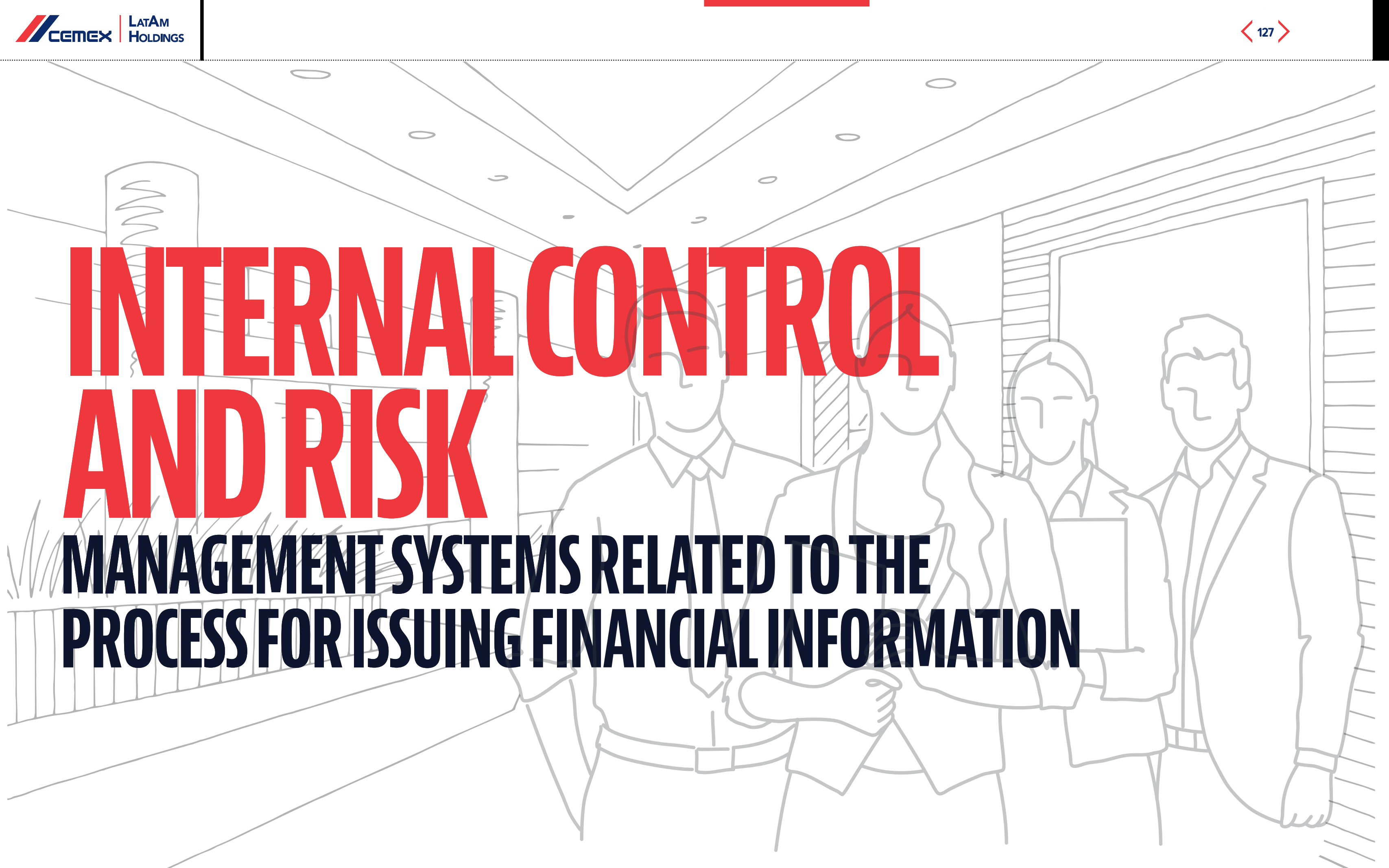
The company will not designate as accounts auditors any person or firm that have received payments from the company and/or its related companies, either directly or indirectly, by the existence of a control relationship as described in article 42 of the Spanish Código de Comercio (Commerce Code), representing twenty five percent (25%) or more of their total revenue for the prior year.

Furthermore, the Audit Committee collects information and, when applicable, approves the different audit services offered by the accounts auditor to the companies in Grupo CEMEX Latam.

To this end, the Audit Committee has verified that the fees charged to Grupo CEMEX Latam Holdings both for audit services and for services other than auditing, during the year ending on December 31st, 2019, by KPMG Auditores, S.L., are in the amount of 1,287,915 euros, without these fees accounting for 15% of total fees obtained by KPMG Auditores, S.L. in Spain for none of the last three years.

INTERNAL CONTROL AND RISK

MANAGEMENT SYSTEMS RELATED TO THE PROCESS FOR ISSUING FINANCIAL INFORMATION



Control environment for the company

Responsible bodies

Indicated below are the main characteristics of the responsible bodies and functions within CEMEX Latam Holdings, S.A., and the companies in its group, for the existence and maintenance of an adequate and effective Internal Control System over Financial Information, as well as their implementation and supervision:



Board of Directors:

is ultimately responsible for ensuring that the financial information that is periodically made public by the company is a true representation of its assets, financial situation, and results, in adherence to all applicable law.

Audit Committee:

is responsible for overseeing: the process to prepare the financial information, as well as for its presentation and integrity; the efficacy of the company's internal controls, the Internal Audit division (as well as compliance with its program, which contemplates business risks and makes a comprehensive assessment of all divisions in the company), and the risk management systems (including fiscal risk management systems); discussions with the auditor concerning any significant weaknesses in the internal control system detected when developing its procedures; and supervision of the anonymous reporting mechanism.

Corporate Governance Committee:

is responsible for promoting the corporate governance strategy; supervising compliance with internal codes of conduct and corporate governance rules; promoting, guiding, and supervising performance in terms of corporate reputation; and periodically reviewing internal regulations.

Top Management:

the CEO and Proprietary Director, in collaboration with an internal team that includes the directors of every business unit, monitor the main risks, and validate the measures required to address them.

Enterprise Risk Management (ERM):

is responsible for executing the company's risk policy and establishes procedures that help identify, analyze, assess, and define how such risks need to be addressed.

Risk Management Committee:

is responsible for managing the risk agenda, defining the risk appetite for each business unit, and managing all mitigation measures and action plans implemented by CEMEX Latam Holdings.

Internal Control:

is responsible for making an adequate assessment of internal operational risks, including financial risks, striving to have sufficient internal controls in place to mitigate them.

Internal Audit:

is responsible for assessing the effectiveness of the controls of the processes that are part of the annual work plan approved by the Audit Committee.

Fiscal:

is responsible for executing the fiscal Risk Management System.

Business Service Organization (BSO):

is responsible for preparing the financial statements and executing the internal controls and policies of the company, which ensure that financial information is presented and disclosed in a reasonable manner.

Technological Accounting:

consists of a group of expert accountants who are responsible for overseeing, revealing, and correctly applying the accounting principles.

Compliance Officer:

is in charge of strengthening, executing, and overseeing corporate governance policies; he executes, among others, the functions established in the bylaws of the Board of Directors.

Elements in the process of preparing financial information

The goal of entity-level controls established by the company is for the guidelines to be applied in a standardized and generalized manner in all business units. The Internal Control division is responsible for trying to ensure that these controls exist and are duly documented.



Code of Ethics and Conduct and anonymous reporting channel

It is mandatory that all employees and executives comply with the CEMEX Code of Ethics; all must sign it so as to certify that they understand and accept it. The Code of Ethics includes the key principles of our business processes, which is why it is constantly revised to integrate new current issues, improve the way in which the document is structured, and ensure content is clearer for the reader. It also includes specific sections on human rights, money laundering, handling of confidential and/or privileged information, and financial controls and records, among others.

The Audit Committee, the Corporate Governance Committee, and the Board of Directors of CEMEX Latam Holdings ultimately help strive to ensure compliance with the code. All CEMEX Latam Holdings business units have Ethics Committees which are responsible for communicating, monitoring, and enforcing the code.

CEMEX Latam Holdings provides a reporting line, known as ETHOSline, through which it invites employees to report any case of deviation from the Code of Ethics, including issues related to financial reporting processes. It offers the option of anonymity

and is available by phone, on the website (<https://www.tnwgrc.com/CEMEX/>), and via e-mail. The reporting line is managed by an external provider who channels the complaints or comments received to the Ethics Committees or the Audit Committee, depending on the corresponding responsibilities.

Reports received in relation to the financial and accounting reporting processes are sent directly to the Chairman of the Audit Committee; and complaints pertaining to other issues are reported to the Ethics Committees of the corresponding business units and to the Internal Audit division. CEMEX Latam Holdings' Audit Committee is periodically informed of the status of all investigations.

Training on the correct application of accounting principles and regulations

All CEMEX Latam Holdings business units, through the Human Resources division, have formal hiring practices to ensure that new employees are qualified to carry out job-specific responsibilities. They take into consideration the work profile, education, and skills.

Standards related to accounting, policies, controls, and procedures for different divisions in the company are documented and published at the CEMEX Latam Holdings Policy Center.

Employees are regularly trained and evaluated on the basis of established parameters according to the functions they perform and the objectives of their job.

Risk assessment of financial information

Main characteristics of the process used to identify risks

The Enterprise Risk Management (ERM) System at CEMEX Latam Holdings consists of an oversight process based on ISO 3100 and COSO 2013 (Committee of Sponsoring Organizations of the Treadway Commission) employed to identify, assess, and mitigate risks in all the group's companies. All of the company's business units (Colombia, Panama, Costa Rica, Nicaragua, El Salvador, and Guatemala) have an ERM process in place that has been implemented and is currently operating.

The ERM works in a comprehensive and well-structured manner to proactively identify the main risks and manage them in

collaboration with the people responsible for their mitigation. The ERM division follows a process that fosters discussion first between operational managers of the business units and the company's management and, subsequently, with CEMEX Latam Holdings' CEO and Proprietary Director. Risk oversight is the responsibility of the Risk Committees, the Audit Committee and, ultimately, of the Board of Directors

The internal and external risks identified as capable of having an impact on the company are classified on the basis of their particular nature, in the following categories:

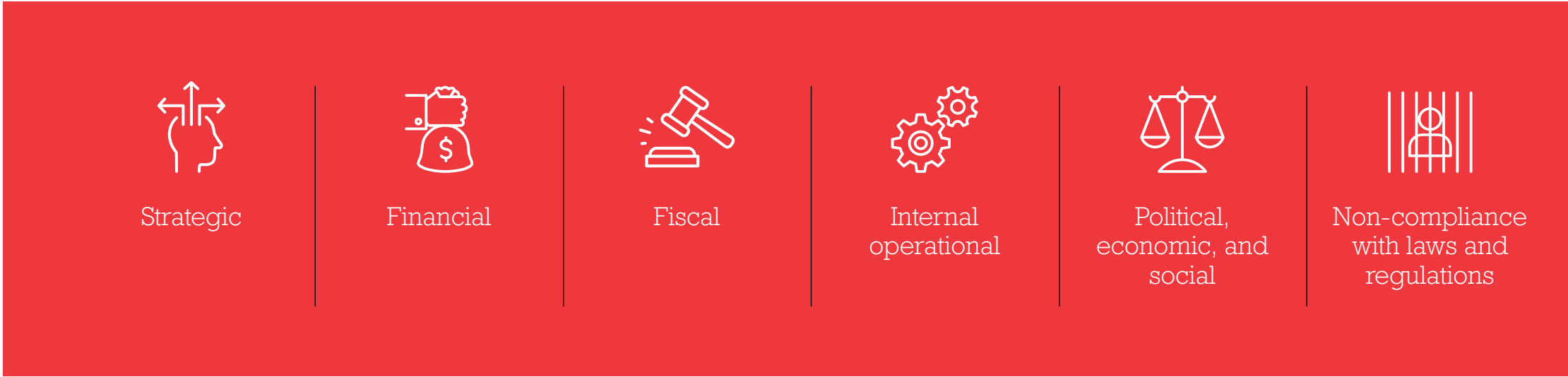


Since not all risks are equal and given the complexity of the market, the tolerance level varies according to the risk appetite of the company. Accordingly, risks are assessed at the operational, tactical, and strategic levels, taking into account the environment and goals of each operating unit.

Depending on the probability of their materialization, impact, and trend, four alternatives for responding to a risk are considered: mitigate, accept, transfer, or avoid.

CEMEX Latam Holdings' internal control system is used for those risks with the "mitigate" response and that are related to internal operational risks. The goal is to establish and formalize measures required within different processes to address and reduce the associated risk.

THE CEMEX LATAM HOLDINGS RISK MANAGEMENT SYSTEM IS BASED ON ISO 31000 AND COSO 2013.



Main risks



Competitive dynamics and market changes

Although CEMEX Latam Holdings operates with a diversified portfolio, during 2019 global uncertainty in trade and slow economic recovery had an impact on the demand for building materials in several countries, particularly in the Costa Rica and Panama operations. Accordingly, several mitigation measures have been implemented to strengthen the value offering and continuous improvement in customer experience.



Scrutiny by tax authorities

Tax authorities in several countries continue to scrutinize the company. In Colombia, our income tax returns for 2009, 2011, and 2012 are currently being reviewed by the Colombian tax authority known as Dirección de Impuestos y Aduanas Nacionales (DIAN). Management is currently addressing the respective processes before the tax authority.



Economic, political, and social risks

Operating in several countries exposes the company directly and indirectly to diverse economic, political, and social risks. During 2019, there were elections, trend changes, and social instability in some countries, which affected demand and had a negative impact in Nicaragua. Additionally, other business units had favorable conditions given the growth in infrastructure projects and residential construction activity, creating positive effects as in Colombia. Although the company has no control over these circumstances, it promotes building solutions and services with a social impact. The company participates in the development of infrastructure projects that promote mobility and contribute to a country's economic performance.



Operational continuity

Failure to ensure the productive efficiency of our teams, lower costs of inputs, long-term reserves, licenses, and permits can all negatively impact operating costs and financial performance. To counter these risks, the company mitigates the impacts by means of different trading strategies, using alternative fuels, ensuring reserves, and opting for low-cost suppliers of raw materials and spare parts. Additionally, the company fosters research and development of innovative solutions that reduce risks and our carbon footprint.



New policies and changes in environmental regulations

The inability to achieve and uphold environmental standards exposes the company to regulatory sanctions, conflicts with the communities where we operate, and reduced access to resources. Mitigation efforts include imposing strict regulatory compliance controls, investing in emissions-reduction technologies, and constant monitoring of emissions.



Cyberattacks

A cyberattack can result in our inability to access our critical technological infrastructure, the loss or manipulation of data, and damage to our reputation. Recurrent investments in state-of-the-art technology and continuous improvements in the development of policies and procedures, as well as compliance with standard internal control protocols are all among the measures the company has implemented to reduce this impact.



Control and corporate governance

The company is exposed to a wide range of regulatory frameworks that include topics related to the ethical conduct of executives and employees. As such, CEMEX Latam Holdings has a comprehensive compliance checklist aligned with the requirements of each country and with applicable international legislation for publicly traded companies. This includes the investigation begun by the U.S. Securities and Exchange Commission (SEC) in December 2016. For the investigation, CEMEX, S.A.B. de C.V., which is CEMEX Latam Holdings' parent company, was asked to provide information that could help determine whether any violations of the Foreign Corrupt Practices Act had been committed in relation to the Maceo Project, in Colombia. The requirement does not imply that the SEC has concluded that CEMEX, S.A.B. de C.V., or any of its subsidiaries, infringed the law; in addition, the U.S. Department of Justice (DOJ) opened an investigation related to this case in March 2018. The company is monitoring these investigations and promotes continuous training of all employees regarding compliance with the Code of Ethics.



Liquidity and credit rating

Lack of liquidity due to different commercial factors, sanctions, and increases in the costs of inputs could affect the company's ability to meet its operational and financial obligations. CEMEX Latam Holdings' top management mitigates such possible effects by implementing internal controls and communications plans, monitoring adequate cash levels at every operating unit, and by continuously searching for bank and securities credit options.



Exogenous non-manageable effects

The transfer of funds to the reporting currency and movements in interest rates affect our financial results and the market valuation of our financial instruments. To mitigate these exposures we manage fixed and floating rates and constantly assess the potential use of financial derivatives, hedges, and other instruments.



Other risks: The Coronavirus pandemic

In addition to the aforementioned risks, CEMEX Latam Holdings considers that the novel Coronavirus (COVID-19) is already a factor adversely affecting the industry in which our company operates as a consequence of the interruption of operations in certain countries and the impact on global economic activity. In response to this, and recognizing how important transparency, accuracy, and precision are in maintaining adequate internal controls, particularly in relation to financial reporting, CEMEX Latam Holdings has taken steps that include, among others, the implementation of new controls for emergency procedures, continuous monitoring of controls to access institutional platforms, and controls to mitigate the potential increase in cybersecurity risks. As of the date of this report, no disruptive changes have been identified in the company's internal control structure and activities. Accordingly, the financial reporting and auditing processes continue to be solid and timely. Regardless, we have established communications channels between our operations and the Internal Control division to identify cases that could require exceptions to be made or alternate controls to avoid adverse effects on business continuity. Additionally, since the health and safety of our employees, contractors, and suppliers is our number one priority, and in adherence to the dispositions issued by government authorities in the countries where we operate, the company has implemented an alternate audit plan to assess the effectiveness of our controls remotely.

Control activities

Procedures to review and authorize financial information and the description of the Internal Control System on the Financial Information

CEMEX Latam Holdings' internal control system, based on COSO 2013, is generally defined as a process, carried out by the Board of Directors, the company's top management, and other employees, designed to offer reasonable security in achieving objectives in the following categories:



- Effectiveness and efficiency in operations.
- Reliability of financial information.
- Compliance with all applicable laws and regulations.

The Internal Control division carries out an adequate evaluation of internal operational risks, seeking to ensure there are sufficient internal controls in place, depending on how critical they are.

The company develops narratives that describe in detail each step in the process and are available at the CEMEX Latam Holdings Policy Center. Important sets of controls are classified as IT System controls. These are classified as either *general* or *application* controls and are supervised in every system that supports operational processes, including those used to generate financial reports.

CEMEX Latam Holdings performs an annual exercise in an effort to ensure internal controls over the financial reporting processes because, although the company is not subject to the Sarbanes-Oxley Act (SOX), in 2018 the Board of Directors established that the methodology be implemented and reviewed for compliance. Consequently, the Internal Control division preventively monitors activities related to the financial reporting processes within the specific annual scope, with the goal of trying to ensure they are adequately designed and implemented. Likewise, every year, the scope of the internal audits includes assessing these control activities and the company issues the corresponding opinion about their effectiveness.

Internal control policies and procedures related to information systems

Information is managed on the same platform under the accounting system (SAP) by the Business Service Organization (BSO) of each country, which enables us to ensure better control over standardized processes. Likewise, the process includes oversight controls for accessing the system, ensuring the correct segregation of functions and authorization levels.

The process used to consolidate financial information that is carried out by the BSO and certified by Technological Accounting is done on a single system known as Hyperion Financial Management, or HFM, supported by safety levels, function segregation, and automatic control mechanisms to supervise the integrity and reliability of data collection. On the other hand, having a single accounting plan for all of the CEMEX Latam Holdings companies facilitates consolidation and the reporting system (information) generated for use by all the entities that require the information.

Internal Control policies and procedures to supervise and manage third parties and independent experts

For processes which we outsource to third parties, we sign contracts that regulate, among other aspects, the following:

- The obligations and responsibilities assumed by each of the parties.
- Communications and notifications that the parties need to exchange.
- Terms and conditions related to invoicing, payments, etc.
- Applicable confidentiality regime.
- Penalties that could result from non-compliance by the parties.

In those cases for which preparing financial information requires that it be outsourced to an independent expert (actuarial calculations, valuation of fixed assets, etc.), the company strives to make sure that the technical competencies of the professionals and their support as suppliers meet the required needs, with preference given to companies that are properly certified. CEMEX Latam Holdings has outsourced to IBM the provision of services related to transactional activities in Information Technologies (IT), administration, and services that are part of the financial reporting process for all its operating units. IBM's service centers are obliged to maintain adequate controls and comply with the company's Code of Ethics, policies, and internal controls in executing the tasks assigned to them. These are included in all internal control and internal audit monitoring activities.

Improvements to the Internal Control System in 2019

Resulting from our focus on best practices in Internal Control, we executed preventive monitoring activities in the company's business units in order to test our control designs for different operational and support processes, including those pertaining to financial statements. Additionally, during 2019 we continued our training campaigns about policies and controls in order to improve self-controls by the employees responsible for them in the processes.



Employees who participated in training campaigns about policies and controls

Process	Colombia	Panama	Costa Rica	Nicaragua	Guatemala	El Salvador	TOTAL
Cement	15	3	4	12	1	-	35
Ready-mix concrete	2	3	5	8	1	-	19
Logistics	11	8	6	8	1	-	34
Procurement	-	9	3	5	-	-	17
Aggregates	2	-	-	-	-	-	2
BSO	34	15	17	19	1	6	92
Human Resources	-	3	2	2	-	-	7
TOTAL	64	41	37	54	4	6	206

The company's top management maintained the execution and follow-up of certain internal controls pertaining to the processes to prepare the financial reports, in an effort to address weaknesses reported in previous years, including, but not limited to, the following:

1.

In 2019, audit results for the Accounting and Accounts Payable processes were satisfactory, with an average of 87% in their compliance level.

2.

Based on the results of our audits, as of December 2019, we have been able to implement 89% and 90% of the solution plans in the Operational and BSO processes, respectively. Pending solution plans are in the process of being executed, based on an established timeline that is being monitored monthly.

3.

CEMEX Latam Holdings continued its Code of Ethics training plan, with a total of 1,345 participants from all the countries in the region in 2019. Sessions were held on both the reporting ETHOSline and the Code of Ethics. Additionally, 1,650 employees in the CEMEX Latam Holdings countries provided their digital signature to confirm their understanding of the Code of Ethics.

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EMPLOYEES TRAINED
IN OPERATIONAL AND
SUPPORT PROCESSES
DURING 2019.

Results of the 2019 audits: Compliance level by process and business unit

Process	Colombia	Panama	Costa Rica	Nicaragua	Guatemala	El Salvador
Accounting	92	N/S	98	80	N/S	95
Accounts Payable	96	N/S	93	74	N/S	83

N/S: no score. The audit had a limited scope.

System monitoring

Monitoring of the Internal Control System on the Financial Information carried out by the Audit Committee

During 2019, the Board of Directors, Audit Committee, and top management performed the functions and competencies established in the company's Internal Bylaws pertaining to financial information:

- The Committee reviewed individual financial statements (separately) as well as the consolidated statements prepared under IFRS which, once approved by the Board of Directors, were presented by the company to the Financial Superintendence of Colombia (Superintendencia Financiera de Colombia, SFC), in adherence to what is stipulated in instruction 10a of the External Circular n° 004 of March 9, 2012, which has been opportunely informed by the external auditor of relevant aspects of the financial statements.

- Specifically in terms of the continuous efforts made to address the weakness in internal controls concerning unusual and significant transactions, the Committee reviewed and approved solutions which have been completely implemented, assessed, and reinforced during 2019.

- Likewise, the Committee has supervised the process to implement and review controls within the scope of compliance with SOX.

- The company's top management and Board of Directors are both committed to maintaining internal controls on financial reporting practices that are strong and sustainable. Except for internal controls implemented to address the weakness of prior years described above, no changes in internal controls were identified during 2019 which have had a significant effect, or that reasonably could have a significant effect, over the internal controls concerning financial reports.

- Furthermore, during 2019 the Audit Committee:
 - Approved the work plan and budget for the Internal Audit division for the year, including processes related to financial information.
 - Reviewed the development of and compliance with the Internal Audit work plan.
 - Was informed of and has followed up on the results of the internal audits conducted over the course of the year.
 - Has followed up on the processes to identify, manage, and control risks.



Procedure for the discussion between the accounts auditor, the Internal Audit function, and other experts to communicate significant internal control weaknesses that have been identified, and the plan for action.

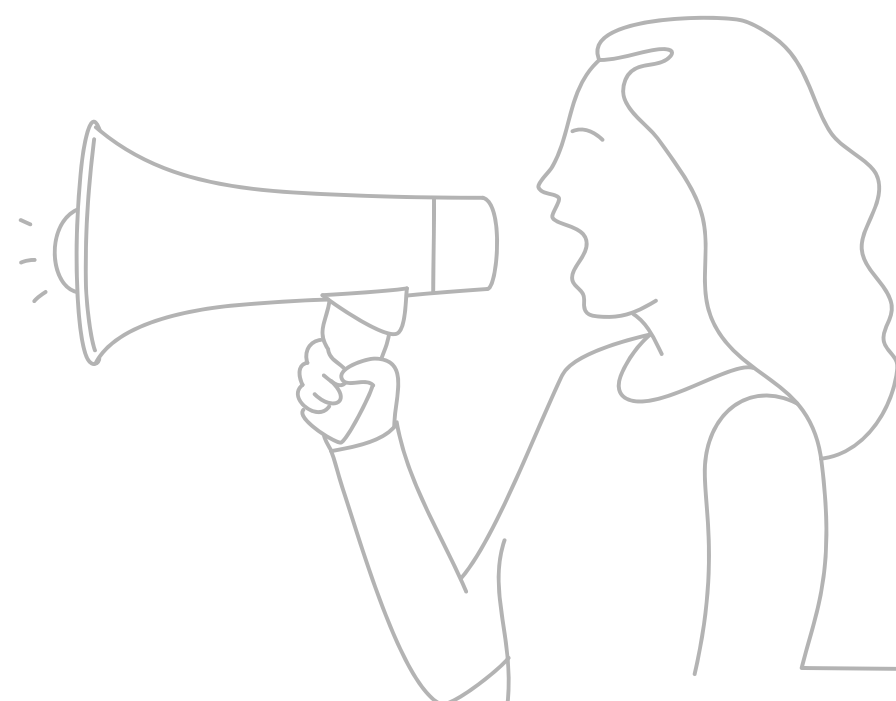
The company constantly carries out internal audits at all its business units. The Internal Audit division develops an annual plan employing a risk-based audit methodology. Internal audit procedures are carried out by a team of experts, who report directly to CEMEX Latam Holdings' Audit Committee. Their procedures include the assessment of controls of the main processes related to the company's mission, some of which have to do with preparing and reporting financial information, and other controls related to the operation.

Results of the audit are shared with those employees responsible for the processes and with our top management and the Internal Control team. Commitments are established to address reported weaknesses. Additionally, we have a deficiencies database which identifies responsibilities, remediation plans, and estimated solution dates. The Audit Committee is informed of the internal audit program and audit results, for their approval and for information purposes, respectively.

Reporting and communication

Communication plays an essential role in the adequate execution of the internal control system. This implies ensuring that the Audit Committee, our management, and business unit heads are all informed in a timely manner of weaknesses and/or failures in internal controls.

Deficiencies in internal controls are evaluated to determine their importance and whether any immediate action needs to be taken. To comply with legal regulations, deficiencies detected in the processes to prepare the financial report are classified based on their potential economic impact as follows:



In addressing the results of an internal audit, the Internal Control division collaborates with the responsible parties in order to reach an agreement on the actions deemed most adequate to mitigate the identified risks and avoid future occurrences.

External auditor's report

CEMEX Latam Holdings is a subsidiary of CEMEX, S.A.B. de C.V. ("The shares of CEMEX, S.A.B. de C.V. are listed on the Mexican Stock Exchange as Ordinary Participation Certificates ("CPOs") under the symbol "CEMEXCPO". Each CPO represents two series "A" shares and one series "B" share of common stock of CEMEX, S.A.B. de C.V. In addition, CEMEX, S.A.B. de C.V.'s shares are listed on the New York Stock Exchange as American Depositary Shares ("ADSs") under the symbol "CX." Each ADS represents ten CPOs."), and, accordingly, adheres to stock market regulations in Mexico and the U.S., including the 2002 Sarbanes-Oxley Act. The business units that constitute CEMEX Latam Holdings have internal control processes and mechanisms to reveal and certify the veracity of financial information.

For CEMEX Latam Holdings, the information on the internal control and risk management systems related to issuing its public financial information has not been submitted to revision by an external auditor. The external auditor audits the financial information from the consolidation of the financial information of the countries that compose CEMEX Latam Holdings in order to issue its opinion as to whether the CEMEX Latam Holdings' consolidated financial statements accurately reflect the current financial situation. The auditor's opinion has been attached to the CEMEX Latam Holdings consolidated financial statements and was satisfactory.

- **Control deficiencies:**

occur when a control is not working as designed or is not executed correctly, but it does reasonably mitigate the risk.

- **Significant deficiencies:**

are those that either individually or in conjunction with others, are important enough that the Audit Committee needs to be informed.

- **Material weakness:**

reflects a strong possibility that there is a material error in the financial statements, triggering the need for CEMEX Latam Holdings to issue a public report to the stock exchanges.

PERFORMANCE IN DETAIL



Independent Auditor's Report in accordance with International Standards on Auditing

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

KPMG Auditores, S.L.
Paseo de la Castellana, 259 C
28046 Madrid

To the Shareholders of Cemex Latam Holdings, S.A.

Opinion

We have audited the consolidated financial statements of Cemex Latam Holdings, S.A. (the "Company") and subsidiaries (together the "Group"), which comprise the consolidated statement of financial position at December 31, 2019, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in stockholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Group at December 31, 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the requirements of the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverable amount of goodwill
(See note 14B to the consolidated financial statements)

Key audit matter

The Group's statement of financial position at December 31, 2019 reflects goodwill amounting to US Dollars 1,503,970 thousand, which must be tested for impairment at least annually, in accordance with the applicable financial reporting framework.

We consider this to be a key audit matter due to the significance of the amount and because the valuation of goodwill requires the Directors and management to make complex judgments and to apply a high level of subjectivity in relation to matters such as long-term sales growth, costs and operating margins projected in the different countries in which the Group operates, and the rates used to discount future cash flows, as well as for comparisons with fair value benchmark parameters, such as EBITDA multiples used in comparable recent transactions estimated on the basis of publicly available information.

How the matter was addressed in our audit

Our audit procedures included the following, among others:

- Assessing the design and implementation of controls related to the valuation process.
- Assessing the reasonableness of the methodology used to calculate the recoverable amounts and the main assumptions considered, with the involvement of our valuation specialists.
- Contrasting the consistency of the estimated growth in future cash flows forecast in the calculation of the corresponding recoverable amounts with the business plans of the cash-generating units (CGUs) approved by the pertinent governing bodies, and with the information obtained from external sources. We also contrasted the forecast cash flows from operating activities estimated in prior years with the actual cash flows obtained.
- Assessing the sensitivity of certain assumptions to changes that are considered reasonable.
- Evaluating whether the disclosures in the consolidated financial statements meet the requirements of the financial reporting framework applicable to the Group.

Legal and tax contingencies
(See notes 19D and 23 to the consolidated financial statements)

Key audit matter

How the matter was addressed in our audit

The Group is involved in certain significant tax and legal proceedings. Due to the different tax laws in the jurisdictions in which the Group operates and the complexity associated with their interpretation, this area requires the Group to use significant judgments and is therefore a key audit matter. Furthermore, in view of the diversity and complexity of the Group's operations, exposure to legal claims is a risk that needs to be addressed by the Directors.

It could be several years before the tax and legal cases underway are resolved and the process could entail negotiations or further litigation. Therefore, making judgments as to the possible outcome is a complex matter for the Group. The Directors apply their judgment to estimate the probability of the future outcome in each case and recognize a provision to cover the tax and legal contingencies that they deem probable. We focused on this area due to its inherent complexity and judgment in estimating the amount and the probability for the purpose of recognizing the tax and legal provisions.

We reviewed the evaluation performed by the Directors and management of the Group of the risks associated with the different tax and legal proceedings in which the Group is involved, primarily with respect to cases in Colombia, Costa Rica, Nicaragua and Panama, as well as the provision to be recognized and disclosures to be included in the financial statements subject to our audit, where applicable.

We analyzed the status of each significant process together with management and the entity's internal legal counsel, and critically assessed their responses. We also obtained written replies from the Group's external legal counsel where necessary, expressing their opinions on significant exposures and their assessment of the proceedings, disputes and/or litigation in question.

With regard to tax matters, we met with the managers of the tax department to review their evaluation of significant cases, their standpoints and strategies, as well as the technical grounds for their positions, based on applicable tax laws, and we involved our tax specialists to assist us in concluding on the reasonableness of these aspects.

We reviewed whether the disclosures in the Group's financial statements on legal and tax contingencies meet the requirements of the applicable financial reporting framework.

Other Matter

As indicated in explanatory note 2A to the accompanying consolidated financial statements, these consolidated financial statements have not been prepared pursuant to a legal requirement in Spain, but for the purposes of compliance with reporting requirements vis-à-vis the stock market regulator in Colombia, inasmuch as the Company's shares are listed on the Colombian Stock Exchange. They have been audited applying International Standards on Auditing. Under no circumstances may this report be considered an audit report in the terms provided in legislation regulating the audit of accounts in Spain.

Directors' and Audit Committee's Responsibility for the Consolidated Financial Statements

The Company's Directors are responsible for the preparation of the consolidated financial statements in such a way that they give a true and fair view in accordance with IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Directors.
- Conclude on the appropriateness of the Company's Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion. We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with the applicable ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Audit Committee, we determine those that were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Auditores, S.L.

On the Spanish Official Register of Auditors
("ROAC") with No. S0702
(Signed on original in Spanish)

Miguel Ángel Faura Borruey

On the Spanish Official Register of Auditors
("ROAC") with No. 20,429
February 24, 2020

FINANCIAL STATEMENTS

CEMEX LATAM HOLDINGS, S.A. AND SUBSIDIARIES CONSOLIDATED INCOME STATEMENTS

(Thousands of U.S. Dollars)

	Notes	Years ended December 31,	
		2019	2018*
Revenues	20,3A	988,653	1,108,329
Cost of sales	2Q	(606,139)	(648,348)
Gross profit		382,514	459,981
Administrative and selling expenses	2Q	(156,455)	(184,671)
Distribution expenses	2Q	(110,376)	(105,471)
		(266,831)	(290,142)
Operating earnings before other (expenses) income, net		115,683	169,839
Other (expenses) income, net	3C,5	(13,081)	3,757
Operating earnings		102,602	173,596
Financial expense	3C, 6A	(51,956)	(60,652)
Financial income and other items, net	3C,6B	(1,647)	(1,722)
Foreign exchange results		(15,084)	(2,509)
Earnings before income tax		33,915	108,713
Income tax	19A	(29,443)	(36,532)
Net income from continuing operations		4,472	72,181
Net loss from discontinued operations	3B	–	(9,556)
CONSOLIDATED NET INCOME		4,472	62,625
Non-controlling interest net income		(5)	(194)
CONTROLLING INTEREST NET INCOME		4,467	62,431
Basic earnings per share	21	0.01	0.11
Basic earnings per share of continuing operations	21	0.01	0.13
Diluted earnings per share	21	0.01	0.11
Diluted earnings per share of continuing operations	21	0.01	0.13

The accompanying notes are part of these consolidated financial statements.

* The Company's comparative financial statements were re-presented, see note 2A for a description of main changes.

**CEMEX LATAM HOLDINGS, S.A. AND
SUBSIDIARIES CONSOLIDATED STATEMENTS
OF COMPREHENSIVE INCOME**

(Thousands of U.S. Dollars)

	Notes	Years ended December 31,	
		2019	2018 *
CONSOLIDATED NET INCOME		\$ 4,472	62,625
Items that will not be reclassified subsequently to the income statement:			
Remeasurements of the defined benefits obligation	18	(2,692)	(815)
Items that will be reclassified subsequently to the income statement when specific conditions are met:			
Currency translation effects of foreign subsidiaries	2D	25,324	(90,643)
Total items of comprehensive income (loss) for the period		22,632	(91,458)
CONSOLIDATED COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		27,104	(28,833)
Non-controlling interest comprehensive income		(5)	(194)
CONTROLLING INTEREST COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		\$ 27,099	(29,027)
Out of which:			
COMPREHENSIVE LOSS OF DISCONTINUED OPERATIONS		—	(9,556)
COMPREHENSIVE INCOME (LOSS) OF CONTINUING OPERATIONS		27,099	(19,471)

The accompanying notes are part of these consolidated financial statements.

* The Company's comparative financial statements were re-presented, see note 2A for a description of main changes.

**CEMEX LATAM HOLDINGS, S.A.
AND SUBSIDIARIES CONSOLIDATED
STATEMENTS OF FINANCIAL POSITION**
(Thousands of U.S. Dollars)

	Notes	As of December 31	
		2019	2018 *
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	\$ 22,606	37,126
Trade accounts receivable	8	70,650	87,465
Accounts receivable from related parties	9	34,350	21,138
Other accounts receivable	10A	13,828	14,007
Prepaid taxes		41,938	29,696
Inventories	11	77,973	81,172
Other current assets	12	22,604	38,567
Total current assets		283,949	309,171
NON-CURRENT ASSETS			
Other investments and non-current accounts receivable	10B	4,107	4,306
Property, machinery and equipment and assets for the right-of-use, net	13	1,131,440	1,177,623
Goodwill and other intangible assets, net	14	1,552,903	1,555,413
Deferred income tax assets	19B	21,804	18,597
Total non-current assets		2,710,254	2,755,939
TOTAL ASSETS		\$ 2,994,203	3,065,110
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Long-term debt and other financial liabilities	15A	\$ 10,227	10,055
Trade payables		146,538	149,523
Accounts payable to related parties	9	20,021	42,870
Taxes payable		19,804	29,555
Other accounts payable and accrued expenses	16A	64,282	65,474
Total current liabilities		260,872	297,477
NON-CURRENT LIABILITIES			
Long-term debt and other financial liabilities	15A	19,174	19,400
Long-term accounts payable to related parties	9	729,090	835,102
Employee benefits	18	37,855	36,661
Deferred income tax liabilities	19B	339,048	346,612
Other liabilities	16B	64,358	17,575
Total non-current liabilities		1,189,525	1,255,350
TOTAL LIABILITIES		1,450,397	1,552,827
STOCKHOLDERS' EQUITY			
Controlling interest			
Common stock and additional paid-in capital	20A	1,472,391	1,469,732
Other equity reserves	20B	(903,715)	(928,151)
Retained earnings	20C	969,879	965,412
Total controlling interest		1,538,555	1,506,993
Non-controlling interest	20E	5,251	5,290
TOTAL STOCKHOLDERS' EQUITY		1,543,806	1,512,283
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		\$ 2,994,203	3,065,110

The accompanying notes are part of these consolidated financial statements.

* The Company's comparative financial statements were re-presented, see note 2A for a description of main changes.

**CEMEX LATAM HOLDINGS, S.A.
AND SUBSIDIARIES CONSOLIDATED
STATEMENTS OF CASH FLOWS**
(Thousands of U.S. Dollars)

	Notes	Years ended December 31,	
		2019	2018 *
OPERATING ACTIVITIES			
Consolidated net income		4,472	72,181
Discontinued operations, net of tax		–	(9,556)
Net income from continuing operations		4,472	62,625
Non-cash items:			
Depreciation and amortization of assets	4	83,181	78,661
Provisions and other non-cash expenses	8, 11	1,060	1,825
Financial expense, other financial income and foreign exchange results, net		68,687	64,883
Income taxes	19	29,443	36,532
Results on the sale of fixed assets		(2,361)	5,006
Impairment losses	5	4,686	2,756
Changes in working capital, excluding income taxes		5,274	(20,163)
Net cash flow provided by operating activities from continuing operations before interest and income taxes		194,442	232,125
Financial expense paid in cash		(42,609)	(37,464)
Income taxes paid in cash		(51,854)	(58,003)
Net cash flow provided by operating activities of continuing operations		99,979	136,658
Net cash flow used in operating activities of discontinued operations		–	(1,235)
Net cash flows provided by operating activities		99,979	135,423
INVESTING ACTIVITIES			
Property, machinery and equipment and assets for the right-of-use, net	13	(25,715)	(37,774)
Financial income	6	508	704
Intangible assets and other deferred charges		(3,206)	(1,060)
Long term assets and others, net	10B	199	(1,651)
Disposal of subsidiaries		–	31,414
Net cash flows used in investing activities of continuing operations		(28,214)	(8,367)
Net cash flows provided by investing activities of discontinued operations		–	878
Net cash flows used in investing activities		(28,214)	(7,489)
FINANCING ACTIVITIES			
Debt repayments to related parties		(413,886)	(543,132)
Loans from related parties		335,375	463,571
Debt repayments, net		(1,488)	(11,571)
Non-current liabilities, net		(6,004)	(42,699)
Net cash flows used in financing activities of continuing operations		(86,003)	(133,831)
Net cash flows used in financing activities of discontinued operations		–	(242)
Net cash flows used in financing activities		(86,003)	(134,073)
Decrease in cash and cash equivalents		(14,238)	(5,540)
Decrease in cash and cash equivalents of discontinued operations		–	(599)
Foreign currency translation effect on cash		(282)	(1,889)
Cash and cash equivalents at beginning of period		37,126	45,154
CASH AND CASH EQUIVALENTS AT END OF PERIOD	7	\$ 22,606	37,126
Changes in working capital, excluding income taxes:			
Trade accounts receivable		15,779	26,264
Other accounts receivable and other assets		12,830	(6,498)
Inventories		3,175	1,424
Trade accounts payable		(2,985)	(16,449)
Short-term related parties, net		(18,919)	17,730
Other accounts payable and accrued expenses		(4,606)	(42,634)
Changes in working capital, excluding income taxes		5,274	(20,163)

The accompanying notes are part of these consolidated financial statements.

* The Company's comparative financial statements were re-presented, see note 2A for a description of main changes.

**CEMEX LATAM HOLDINGS, S.A. AND
 SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CHANGES IN
 STOCKHOLDERS' EQUITY**
AS OF DECEMBER 31, 2019 AND 2018
 (Thousands of U.S. Dollars)

	Notes	Common stock	Additional paid-in capital	Other equity reserves	Retained earnings	Total controlling interest	Non-controlling interest	Total stockholders' equity
Balance as of December 31, 2017		718,124	749,863	(838,603)	908,751	1,538,135	4,910	1,543,045
Effect from adoption of IFRS 9		–	–	–	(608)	(608)	(3)	(611)
Effect from adoption of IFRS 16		–	–	–	(5,162)	(5,162)	(6)	(5,168)
Balances as of January 1, 2018 *		718,124	749,863	(838,603)	902,981	1,532,365	4,901	1,537,266
Net income for the period		–	–	–	62,431	62,431	194	62,625
Other items of comprehensive income for the period		–	–	(91,458)	–	(91,458)	–	(91,458)
Total other comprehensive income for the period		–	–	(91,458)	62,431	(29,027)	194	(28,833)
Changes in non-controlling interest	20E	–	–	–	–	–	195	195
Share-based compensation	20D	–	1,745	1,910	–	3,655	–	3,655
Balance as of December 31, 2018 *	\$	718,124	751,608	(928,151)	965,412	1,506,993	5,290	1,512,283
Net income for the period		–	–	–	4,467	4,467	5	4,472
Other items of comprehensive income for the period		–	–	22,632	–	22,632	–	22,632
Total other comprehensive income for the period		–	–	22,632	4,467	27,099	5	27,104
Changes in non-controlling interest	20E	–	–	–	–	–	(44)	(44)
Share-based compensation	20D	–	2,659	1,804	–	4,463	–	4,463
Balance as of December 31, 2019	\$	718,124	754,267	(903,715)	969,879	1,538,555	5,251	1,543,806

The accompanying notes are part of these consolidated financial statements

* The Company's comparative financial statements were re-presented, see note 2A for a description of main changes.

**CEMEX LATAM HOLDINGS, S.A.
AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019 AND 2018**
(Thousands of U.S. Dollars)

1) DESCRIPTION OF BUSINESS

CEMEX Latam Holdings, S.A., was constituted under the laws of Spain on April 17, 2012 as capital stock corporation (S.A.) for an undefined period of time. The entity is a subsidiary of CEMEX España, S.A. (“CEMEX España”), also organized under the laws of Spain, as well as an indirect subsidiary of CEMEX, S.A.B. de C.V., a public stock corporation with variable capital (S.A.B. de C.V.) organized under the laws of Mexico. The statutory purpose and main activities of CEMEX Latam Holdings, S.A. consist of the subscription, acquisition, tenure, enjoyment, management or sale of securities and share holdings, as well as the management and administration of securities representing the stockholders’ equity (own funds) of non-resident entities in Spanish territory through the corresponding organization of material and human resources. Based on its statutory purpose, CEMEX Latam Holdings, S.A. is the indirect holding company (parent) of entities whose main activities located in Colombia, Panama, Costa Rica, Nicaragua, Guatemala and El Salvador, are all oriented to the construction industry through the production, marketing, distribution and sale of cement, ready-mix concrete, aggregates and other construction materials. The common shares of CEMEX Latam Holdings, S.A. are listed in the Colombian Stock Exchange (*Bolsa de Valores de Colombia, S.A.* or “BVC”) under the symbol CLH.

The term the “Parent Company” used in these accompanying notes to the financial statements refers to CEMEX Latam Holdings, S.A. without its subsidiaries. The terms the “Company” or “CEMEX Latam” refer to CEMEX Latam Holdings, S.A. together with its consolidated subsidiaries. When the term “CEMEX” is used, refers to CEMEX, S.A.B. de C.V. and/or some of its subsidiaries, which are not direct or indirect subsidiaries of the Parent Company. The issuance of these consolidated financial statements was authorized by Management and the Board of Directors of the Parent Company on February 11, 2020, considering the favorable report of the Audit Commission.

2) SIGNIFICANT ACCOUNTING POLICIES

2A) BASIS OF PRESENTATION AND DISCLOSURE

The consolidated financial statements and the accompanying notes as of December 31, 2019 and 2018 were prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

The IFRS consolidated financial statements are presented to the stock exchange regulator in Colombia, due to the registration of the Parent Company’s shares with the aforementioned authority for their trading on the BVC.

Presentation currency and definition of terms

The presentation currency of the consolidated financial statements is the Dollar of the United States of America (the “United States”), which is also the functional currency of the Parent Company considering that, is the main currency in which the Parent Company realizes its operations and settles its obligations. The amounts in the financial statements and the accompanying notes are presented in thousands of Dollars of the United States, except when specific references are made to other currency, according with the following paragraph, or different measuring unit like millions, earnings per share, prices per share and/or exchange rates. For convenience of the reader, all amounts disclosed in these notes to the financial statements, mainly in connection with tax or legal proceedings (notes 19D and 23), which are originated in jurisdictions which currencies are different to the Dollar, are presented in Dollar equivalents as of December 31, 2018. Consequently, despite any change in the original currency, such Dollar amounts will fluctuate over time due to changes in exchange rates. These Dollar translations should not be construed as representations that the Dollar amounts were, could have been, or could be converted at the indicated exchange rates. Foreign currency translations as of December 31, 2019 and 2018, as well as for the years ended December 31, 2019 and 2018 were determined using the closing and average exchange rates, as correspond, presented in the table of exchange rates included in note 2D.

Presentation currency and definition of terms – continued

When reference is made to “\$” or Dollars is to Dollars of the United States, when reference is made to “€” or Euros is to the currency in circulation in a significant number of European Union (“EU”) countries. When reference is made to “¢” or Colones is to Colones of the Republic of Costa Rica (“Costa Rica”). When reference is made to “COP\$” or Pesos is to Pesos of the Republic of Colombia (“Colombia”). When reference is made to “C\$” or Cordobas is to Cordobas of the Republic of Nicaragua (“Nicaragua”). When reference is made to “Q\$” or Quetzals is to Quetzals of the Republic of Guatemala (“Guatemala”).

Discontinued Operations

Considering the disposal of its entire reportable operating segment in Brazil on September 27, 2018 (note 3B), CEMEX Latam presents such reportable segment as discontinued operations in the income statement, the statement of comprehensive income and the statement of cash flows for the period from January 1 to September 27, 2018. Discontinued operations are presented net of income tax.

Income statements

CEMEX Latam includes in the income statements the line item titled “Operating earnings before other (expenses) income, net” considering that it is a relevant operating measure for the Company’s management. The line item “Other (expenses) income, net” consists primarily of revenues and expenses not directly related to CEMEX Latam’s main activities, or that are of an unusual or non-recurring nature, including results on disposal of assets, reimbursement of damages from insurance companies, as well as certain severance payments under restructuring, among others (note 5). Under IFRS, the inclusion of certain subtotals such as “Operating earnings before other (expenses) income, net” and the display of the statement of operations vary significantly by industry and company according to specific needs.

Considering that it is an indicator of its ability to internally fund capital expenditures and to measure its ability to service or incur debt, for purposes of note 3C, CEMEX Latam presents “Operating EBITDA” (operating earnings before other (expenses) income, net, plus depreciation and amortization). This is not an indicator of CEMEX Latam’s financial performance, an alternative to cash flows, measure of liquidity or comparable to other similarly titled measures of other companies. This indicator is used by CEMEX Latam’s management for decision-making purposes.

Statements of cash flows

The consolidated statements of cash flows present cash inflows and outflows, excluding unrealized foreign exchange effects, as well as the following transaction that did not represent sources or uses of cash:

Financial Activities

- For the years ended December 31, 2019 and 2018, related to the capitalization of interest accrued on the debt with CEMEX companies, the increase in long-term accounts payable to related parties of \$27,500 and 35,804, respectively,
- For the years ended December 31, 2019 and 2018, in connection with the executives’ share-based compensation (note 20D), the net increase in other equity reserves of \$1,804 and \$1,910, respectively, and the increase in additional paid-in capital of \$2,659 in 2019 and \$1,745 in 2018, and
- In 2019, the increase in other financial obligations of \$2,377 and in 2018, the decrease in other financial obligations of \$600 in relation with the lease contracts negotiated or canceled during the year, respectively (note 15A).

Investing activities

- In 2019, the increase in assets for the right-of-use of \$2,631 and in 2018 the decrease in assets for the right-of-use of \$727, in relation with the lease contracts negotiated or canceled during the year, respectively (note 13B).

Newly issued IFRS with impact on the reported periods

IFRS 16, Leases (“IFRS 16”) (notes 2F, 13B y 15A)

Beginning January 1, 2019, IFRS 16 superseded all existing guidance related to lease accounting including IAS 17, *Leases* and introduced a single lessee accounting model that requires a lessee to recognize, for all leases, assets for the “right-of-use” the underlying asset against a corresponding financial liability, representing the net present value of the estimated fixed payments under the lease contract, allowing exemptions in case of leases with a term of less than 12 months or when the underlying asset is of low value. Under this model, the lessee recognizes in the income statement depreciation of the asset for the right-of-use and interest on the lease liability. After concluding the inventory and measurement of its leases, CEMEX Latam adopted IFRS 16 using the full retrospective approach by means of which it determined an opening cumulative effect in its statement of financial position as of January 1, 2018, that is, at the beginning of the oldest comparative period, representing an increase in assets for the right-of-use of \$15,678, an increase in deferred income tax assets of \$2,786, an increase in other financial obligations of \$22,921, an increase in deferred income tax liabilities of \$705 and a reduction in stockholders’ equity of \$5,168. The reduction in stockholders’ equity refers to a temporary difference between the depreciation expense of the assets for the right-of-use under the straight–line method against the amortization of the liability under the effective interest rate method since the beginning of the contracts, which will be reversed during the remaining life of the contracts.

IFRS 9, *Financial Instruments: classification and measurement* (“IFRS 9”)

CEMEX Latam adopted IFRS 9 beginning January 1, 2018, which sets forth the guidance relating to the classification and measurement of financial assets and financial liabilities, the accounting for expected credit losses of financial assets and commitments to extend credits, as well as the requirements for hedge accounting; and replaced IAS 39, *Financial instruments: recognition and measurement* (“IAS 39”). CEMEX Latam applied IFRS 9 prospectively. The Company’s accounting policies were changed to comply with IFRS 9.

Among other aspects of presentation that had no impact on the valuation or the book value of the Company’s financial assets and liabilities and therefore on the retained earnings of CEMEX Latam, regarding the new impairment model under IFRS 9 based on expected credit losses, impairment losses for the entire lifetime of financial assets, including trade accounts receivable, are recognized on initial recognition of the asset, and in each subsequent reporting period, even in the absence of a credit event or if a loss has not yet been incurred, considering for their measurement the history of credit losses and current conditions, as well as reasonable and supportable forecasts affecting collectability. CEMEX Latam developed an expected credit loss model applicable to its trade accounts receivable that considers the historical performance and economic environment, as well as the credit risk and expected developments for each group of customers and applied the simplified approach upon adoption of IFRS 9.

The effects related to the adoption of IFRS 9 on January 1, 2018 in connection with the expected credit loss model represented an increase in the allowance of expected credit losses as of January 1, 2018 of \$853 recognized against retained earnings, net of a deferred income tax asset of \$236. The balances of such allowance of expected credit losses and deferred tax assets increased from the reported amounts as of December 31, 2017 of \$6,558 and \$10,864, respectively, to \$7,411 and \$11,100 as of January 1, 2018, respectively, after the adoption effects.

IFRS 9, Financial Instruments: classification and measurement (“IFRS 9”) – continued

The effects of IFRS 9 and IFRS 16 in CEMEX Latam’s opening balance sheet as of January 1, 2018 were as follows:

Condensed Consolidated Statement of Financial Position	As of January 1, 2018 Original	IFRS adoption adjustments	As of January 1, 2018 Re-presented
ASSETS			
Trade accounts receivable (note 8)	\$ 115,475	(853)	114,622
Other items of current assets	211,812	–	211,812
Total current assets	327,287	(853)	326,434
Property, machinery and equipment, net and assets for the right-of-use, net (note 13B)	1,250,521	15,678	1,266,199
Deferred income tax assets	10,864	3,022	13,886
Other items of non-current assets	1,705,317	–	1,705,317
Total non-current assets	2,966,702	18,700	2,985,402
TOTAL ASSETS	\$ 3,293,989	17,847	3,311,836
LIABILITIES AND STOCKHOLDERS’ EQUITY			
Short-term debt and other financial obligations	\$ 17,523	4,144	21,667
Other items of current liabilities	665,314	–	665,314
Total current liabilities	682,837	4,144	686,981
Long-term accounts payable to related parties	584,684	–	584,684
Long-term debt and other financial obligations	–	18,777	18,777
Deferred income tax liabilities	427,382	705	428,087
Other items of non-current liabilities	56,041	–	56,041
Total non-current liabilities	1,068,107	19,482	1,087,589
TOTAL LIABILITIES	1,750,944	23,626	1,774,570
Retained earnings	908,751	(5,770)	902,981
Other items of controlling interest	629,384	–	629,384
Total controlling interest	1,538,135	(5,770)	1,532,365
Non-controlling interest	4,910	(9)	4,901
TOTAL STOCKHOLDERS’ EQUITY	1,543,045	(5,779)	1,537,266
TOTAL LIABILITIES AND STOCKHOLDERS’ EQUITY	\$ 3,293,989	17,847	3,311,836

IFRS 9, Financial Instruments: classification and measurement (“IFRS 9”) – continued

Moreover, resulting from the adoption of IFRS 16, CEMEX Latam re-presented its previously reported statement of financial position as of December 31, 2018, as follows:

Condensed Consolidated Statement of Financial Position	December 31, 2018 Original	IFRS 16 adjustments	December 31, 2018 Re-presented
ASSETS			
Total current assets	\$ 309,171	–	309,171
Property, machinery and equipment, net and assets for the right-of-use, net (note 13B)	1,162,672	14,951	1,177,623
Deferred income tax assets	16,219	2,378	18,597
Other items of non-current assets	1,559,719	–	1,559,719
Total non-current assets	2,738,610	17,329	2,755,939
TOTAL ASSETS	\$ 3,047,781	17,329	3,065,110
LIABILITIES AND STOCKHOLDERS' EQUITY			
Short-term debt and other financial obligations	\$ 7,135	2,920	10,055
Other items of current liabilities	287,422	–	287,422
Total current liabilities	294,557	2,920	297,477
Long-term accounts payable to related parties	835,102	–	835,102
Long-term debt and other financial obligations	–	19,400	19,400
Deferred income tax liabilities	346,285	327	346,612
Other items of non-current liabilities	54,236	–	54,236
Total non-current liabilities	1,235,623	19,727	1,255,350
TOTAL LIABILITIES	1,530,180	22,647	1,552,827
Retained earnings	908,143	(5,162)	902,981
Other items of controlling interest	604,162	(150)	604,012
Total controlling interest	1,512,305	(5,312)	1,506,993
Non-controlling interest	5,296	(6)	5,290
TOTAL STOCKHOLDERS' EQUITY	1,517,601	(5,318)	1,512,283
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 3,047,781	17,329	3,065,110

IFRS 9, Financial Instruments: classification and measurement (“IFRS 9”) – continued

Likewise, CEMEX Latam modified its previously reported income statement for the year ended December 31, 2018 to give effect to the retrospective adoption of IFRS 16, as follows:

Condensed consolidated income statements	2018 Original	IFRS 16 adjustments	2018 Re-presented
Revenues	\$ 1,108,329	–	1,108,329
Cost of sales	(649,670)	1,322	(648,348)
Operating expenses	(290,848)	706	(290,142)
Other (expenses) income, net	3,757	–	3,757
Financial expense	(59,000)	(1,652)	(60,652)
Financial income and other items, net	(1,722)	–	(1,722)
Foreign exchange results	(1,747)	(762)	(2,509)
Earnings before income tax	109,099	(386)	108,713
Income tax	(36,593)	61	(36,532)
Net income from continuing operations	\$ 72,506	(325)	72,181

IFRS 9, Financial Instruments: classification and measurement (“IFRS 9”) – continued

Condensed consolidated statements of cash flows	2018 Original	IFRS 16 adjustments	2018 Re-presented
OPERATING ACTIVITIES			
Net income from continuing operations	\$ 62,950	(325)	62,625
Non-cash items:			
Depreciation and amortization of assets	74,696	3,965	78,661
Other non-cash items	108,649	2,353	111,002
Changes in working capital, excluding income taxes	(20,163)	–	(20,163)
Operating cash flows from continuing operations before financial expense and income taxes	226,132	5,993	232,125
Interest on debt paid	(37,464)	–	(37,464)
Income taxes paid	(58,003)	–	(58,003)
Operating cash flows from continuing operations	130,665	5,993	136,658
Operating cash flows from discontinued operations	(1,235)	–	(1,235)
Net cash flows provided by operating activities	129,430	5,993	135,423
INVESTING ACTIVITIES			
Property, machinery and equipment and assets for the right-of-use, net	(34,364)	(3,410)	(37,774)
Other items of investing activities	28,997	410	29,407
Net cash flows used in investing activities from continuing operations	(5,367)	(3,000)	(8,367)
Net cash flows provided by investing activities from discontinued operations	878	–	878
Net cash flows used in investing activities	(4,489)	(3,000)	(7,489)
FINANCING ACTIVITIES			
Other financial obligations, net	–	(2,993)	(2,993)
Debt with related parties, net	(79,561)	–	(79,561)
Other items of financing activities	(51,277)	–	(51,277)
Net cash flows used in financing activities of continuing operations	(130,838)	(2,993)	(133,831)
Net cash flows used in financing activities of discontinued operations	(242)	–	(242)
Net cash flows used in financing activities	(131,080)	(2,993)	(134,073)
Decrease in cash and cash equivalents of continuing operations	(5,540)	–	(5,540)
Decrease in cash and cash equivalents of discontinued operations	(599)	–	(599)
Foreign currency translation effect on cash	(1,889)	–	(1,889)
Cash and cash equivalents at beginning of period	45,154	–	45,154
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 37,126	–	37,126

Other newly issued IFRS adopted in the reported periods

In addition, there were other new standards, interpretations and standard amendments adopted as of January 1, 2019 and 2018, as correspond, which did not result in any material impact on CEMEX Latam results or financial position, and which are summarized as follows:

Standard	Main topic
IFRIC 23, <i>Uncertainty over income tax treatments</i>	When an entity concludes that it is not probable that a particular tax treatment is accepted, the decision should be based on which method provides better predictions of the resolution of the uncertainty.
Amendments to IAS 28, <i>Long-term interests in associates and joint ventures</i>	The amendments clarify that IFRS 9, including its impairment rules, applies to these investments
IFRS 15, <i>Revenue from contracts with customers</i>	An entity recognizes income to reflect the sale of goods or services promised to customers, for an amount that reflects the consideration that the entity expects to earn in return (note 20).
Amendments to IAS 23, <i>Borrowing costs</i>	Clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.
Amendments to IFRS 9 – <i>Prepayment Features with Negative Compensation</i>	Clarify that financial assets with prepayment features with negative compensation do not automatically fail to meet the 'solely payments of principal and interest' condition.
IFRS 11, <i>Joint Arrangements – Previously held Interests in a joint operation</i>	Clarify that a party that participates in, but does not have joint control of, a joint operation does not remeasure its previously held interest in the joint operation when it obtains joint control.
Amendments to IFRS 3, <i>Business combinations</i>	Clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest in the joint operation at fair value.
Amendments to IAS 19, <i>Employee benefits</i>	Clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position).

2B) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include those of CEMEX Latam Holdings, S.A. and those of all entities in which the Parent Company exercises control, by means of which, the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Among other factors, control is evidenced when the Parent Company: a) has the power to appoint and remove the board of directors or relevant corporate governance body; b) holds directly or through subsidiaries, more than 50% of an entity's common stock; c) has the power, directly or indirectly, to govern the administrative, financial and operating policies of an entity, or d) is the primary receptor of the risks and rewards of an structured entity. Balances and operations between the Parent Company and its subsidiaries (related parties) were eliminated in consolidation. Each subsidiary is a legally responsible separate entity and maintains custody of its own financial resources.

Changes in the ownership interest of the Parent Company in a subsidiary that do not result in a loss of control are accounted for as transactions between stockholders in their capacity as owners. Therefore, adjustments to non-controlling interests, which are based on a proportional amount of the net assets of the subsidiary, do not result in adjustments to goodwill and/or the recognition of gains or losses in the income statement for the period.

2C) USE OF ESTIMATES AND MANAGEMENT JUDGMENT

The preparation of the consolidated financial statement in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the reporting date, as well as the reported amounts of revenues and expenses for the period. These assumptions are continuously reviewed using available information. Actual results could differ from these estimates.

The main items subject to estimates and assumptions include, among others, the impairment tests of long-lived assets, the allowances for expected credit losses of financial assets, the recognition of deferred income tax assets, the measurement of financial instruments at fair value and the measurement of assets and liabilities related to employee benefits, as well as the contingencies resulting from ongoing legal and/or tax proceedings. Significant judgment by management is required to appropriately measure these items.

2D) FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION OF FOREIGN ENTITIES' FINANCIAL STATEMENTS

The transactions denominated in foreign currencies are initially recorded in the functional currency of each entity at the exchange rates prevailing on the dates of their execution. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the date of the financial statements and the resulting foreign exchange fluctuations are recognized in earnings, except for exchange fluctuations arising from: 1) foreign currency indebtedness associated to the acquisition of foreign entities; and 2) fluctuations associated with related parties' balances denominated in foreign currency, which settlement is neither planned nor likely to occur in the foreseeable future and as a result, such balances are of a permanent investment nature. These fluctuations are recorded against "Other equity reserves" as part of the foreign currency translation adjustment until the disposal of the foreign net investment, at which time the accumulated amount would be recycled through the income statement as part of the gain or loss on disposal (note 20B).

Foreign currency transactions and translation of foreign entities' financial statements – continued

The financial statements of foreign subsidiaries, as determined using their respective functional currency, are translated to U.S. Dollars at the closing exchange rate for statement of financial position accounts, at the historical exchange rate for the stockholders' equity and additional paid-in capital accounts, and at the closing exchange rates of each month within the period for income statement's accounts. The functional currency is that in which each consolidated entity primarily generates and expends cash. The corresponding translation adjustment is included within "Other equity reserves" and is presented in the statement of other comprehensive income (loss) for the period as part of the foreign currency translation adjustment (note 20B) until the disposal of the net investment in the foreign subsidiary.

The Company's main closing exchange rates per U.S. Dollar as of December 31, 2019 and 2018 for statement of financial position and the approximated average exchange rates in 2019 and 2018 for income statements purposes, are as follows:

Currency	2019		2018	
	Closing	Average	Closing	Average
Colombian Pesos	3,277.14	3,299.77	3,249.75	2,972.04
Costa Rican Colones	576.49	588.40	611.75	581.56
Nicaraguan Cordobas	33.83	33.18	32.33	31.62
Guatemalan Quetzals	7.69	7.70	7.74	7.54

2E) CASH AND CASH EQUIVALENTS (note 7)

Includes available amounts of cash and cash equivalents, mainly represented by short-term investments, which are easily convertible into cash, and which are not subject to significant risks of changes in their values, including overnight investments, which yield fixed returns and have maturities of less than three months from the investment date. These fixed-income investments are recorded at cost plus accrued interest. Other investments which are easily convertible into cash are recorded at their market value. Gains or losses resulting from changes in market values and accrued interest are included in the income statement as part of "Financial income and other items, net".

CEMEX Latam has centralized cash management arrangements whereby excess cash generated by the different companies is swept into a centralized cash pool with a related party, and the Company's cash requirements are met through withdrawals or borrowings from that pool. Deposits in related parties are considered highly liquid investments readily convertible to cash and presented as "Fixed-income securities and other cash equivalents".

2F) FINANCIAL INSTRUMENTS

As mentioned in note 2A, IFRS 9 was adopted prospectively by CEMEX Latam for the period starting January 1, 2018. The accounting policies under IFRS 9 are described as follows:

Classification and measurement of financial instruments

The financial assets that meet both of the following conditions and are not designated as at fair value through profit or loss: a) are held within a business model whose objective is to hold assets to collect contractual cash flows, and b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified as "Held to collect" and measured at amortized cost. Amortized cost represents the net present value ("NPV") of the consideration receivable or payable as of the transaction date. This classification of financial assets comprises the following captions:

Classification and measurement of financial instruments - continued

- Cash and cash equivalents (note 7).
- Trade accounts receivable, other current accounts receivable and other current assets (notes 9 and 10). Considering the short-term nature of these assets, CEMEX Latam initially recognizes these assets at the original invoiced or transaction amount less any expected credit losses, as explained below.
- Investments and non-current accounts receivable (note 10B). Subsequent changes in amortized cost are recognized in the income statement as part of “Financial income and other items, net.”

Investments which business model consists in receiving contractual cash flows and subsequently selling such financial assets are defined as “held to collect and sale” instruments. During the reported years, CEMEX Latam did not maintain financial assets “held to collect and trade.”

The financial assets that are not classified as “Held to collect” or that do not have strategic characteristics fall into the residual category of held at fair value through the income statement as part of “Financial income and other items, net” (note 6).

Debt instruments and other financial obligations are classified as “Loans” and measured at amortized cost (notes 15). Interest accrued on financial instruments is recognized as financial expense in the income statement against “Other accounts payable and accrued expenses”. During the reported periods, CEMEX Latam did not have financial liabilities voluntarily recognized at fair value or associated with fair value hedge strategies with derivative financial instruments.

Impairment of financial assets

Impairment losses of financial assets, including trade accounts receivable, are recognized using the expected credit loss model (“ECL”) for the entire lifetime of such financial assets on initial recognition and during the tenure of such trade accounts receivable. For purposes of the ECL model, CEMEX Latam segments its accounts receivable in a matrix by country, type of client or homogeneous credit risk and days past due, and determines for each segment an average rate of ECL, considering actual credit losses experienced over the last 24 months and analyses of future delinquency. This ECL rate is applied to the balance of the accounts receivable. The average ECL rate increases in each segment of days past due until the rate is 100% for the segment of 365 days or more past due.

Costs incurred in the issuance of debt or borrowings

Direct costs incurred in debt issuances or borrowings, as well as debt refinancing or non-substantial modifications to debt agreements that did not represent an extinguishment of debt by considering that the holders and the relevant economic terms of the new instrument are not substantially different to the replaced instrument, adjust the carrying amount of the related debt and are amortized as interest expense as part of the effective interest rate of each instrument over its maturity. These costs include commissions and professional fees. Costs incurred in the extinguishment of debt, as well as debt refinancing or modifications to debt agreements, when the new instrument is substantially different from the old instrument according to a qualitative and quantitative analysis, are recognized in the income statement as incurred.

Leases (notes 2A, 13B and 15A)

As mentioned in note 2A, CEMEX Latam adopted IFRS 16 beginning January 1, 2019 using the full retrospective approach. At the inception of a lease contract, CEMEX Latam assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. CEMEX Latam uses the definition of a lease in IFRS 16 to assess whether a contract conveys the right to control the use of an identified asset.

Based on IFRS 16, leases are recognized as financial liabilities against assets for the right-of-use, measured at their commencement date by the net present value (“NPV”) of the future contractual fixed payments, using the interest rate implicit in the lease or, if that rate cannot be readily determined, CEMEX Latam’s incremental borrowing rate. CEMEX Latam determines its incremental borrowing rate by obtaining interest rates from its external financing sources and makes certain adjustments to reflect the term of the lease, the type of the asset leased and the economic environment in which the asset is leased.

CEMEX Latam does not separate the non-lease component from the lease component included in the same contract. Lease payments included in the measurement of the lease liability comprise contractual fixed payments, less incentives, fixed payments of non-lease components and the value of a purchase option, to the extent that option is highly probable to be exercised or is considered a bargain purchase option. Interest incurred under the financial obligations related to lease contracts is recognized as part of the “Interest expense” line item in the income statement.

At commencement date or on modification of a contract that contains a lease component, CEMEX Latam allocates the consideration in the contract to each lease component based on their relative stand-alone prices. CEMEX Latam applies the recognition exception for lease terms of 12 months or less and contracts of low-value assets and recognizes the lease payment of these leases as rental expense in the income statement over the lease term. CEMEX Latam defined the lease contracts related to office and computer equipment as low-value assets.

The lease liability is amortized using the effective interest method as payments are incurred and is remeasured when: a) there is a change in future lease payments arising from a change in an index or rate, b) if there is a change in the amount expected to be payable under a residual guarantee, c) if the Company changes its assessment of whether it will exercise a purchase, extension or termination option, or d) if there is a revised in-substance fixed lease payment. When the lease liability is remeasured, an adjustment is made to the carrying amount of the asset for the right-of-use or is recognized within “Financial income and other items, net” if such asset has been reduced to zero.

Fair value measurements

Under IFRS, fair value represents an “Exit Value” which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, considering the counterparty’s credit risk in the valuation. The concept of Exit Value is premised on the existence of a market and market participants for the specific asset or liability. When there are no market and/or market participants willing to make a market, IFRS establishes a fair value hierarchy that gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements), data different to quoted prices in active markets that are directly or indirectly observable for the asset or liability (level 2 measurement), and the lowest priority to measurements involving significant unobservable inputs (level 3 measurements).

2G) INVENTORIES (note 11)

Inventories are valued using the lower of cost and net realizable value. The cost of inventories includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. The Company analyzes its inventory balances to determine if, as a result of internal events, such as physical damage, or external events, such as technological changes or market conditions, certain portions of such balances have become obsolete or impaired. When an impairment situation arises, the inventory balance is adjusted to its net realizable value. The positive and negative adjustments related with the valuation of inventory are recognized against the results of the period. Advances to suppliers of inventory are presented as part of other short-term accounts receivable.

2H) PROPERTY, MACHINERY AND EQUIPMENT AND ASSETS FOR THE RIGHT-OF-USE (note 13)

Property, machinery and equipment are recognized at their acquisition or construction cost, as applicable, less accumulated depreciation and accumulated impairment losses. Depreciation of fixed assets is recognized as part of cost and operating expenses (note 4), and is calculated using the straight-line method over the estimated useful lives of the assets, except for mineral reserves, which are depleted using the units-of-production method.

As of December 31, 2019, the average useful lives by category of fixed assets which are reviewed on each reporting date and adjusted if necessary are as follows:

	Years
Administrative buildings	29
Industrial buildings	35
Machinery and equipment	16
Ready-mix trucks and motor vehicles	10
Office equipment and other assets	5

Assets for the right-of-use related to leases are initially measured at cost, which comprises the initial amount of the lease liability adjusted by any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle, remove or restore the underlying asset, less any lease incentives received. The asset for the right-of-use is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to CEMEX Latam by the end of the lease term or if the cost of the asset for the right-of-use reflects that CEMEX Latam will exercise a purchase option. In that case the asset for the right-of-use would be depreciated over the useful life of the underlying asset. In addition, assets for the right-of-use may be reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. As of December 31, 2019, the average term of the current contracts is four years.

CEMEX Latam capitalizes, as part of the related cost of fixed assets, interest expense from existing debt during the construction or installation period of significant fixed assets, considering CEMEX Latam corporate average interest rate and the average balance of investments in process for the period.

All waste removal costs or stripping costs incurred in the operative phase of a surface mine in order to access the mineral reserves are recognized as part of the carrying amount of the related quarries. The capitalized amounts are further amortized over the expected useful life of exposed ore body based on the units of production method.

2H) PROPERTY, MACHINERY AND EQUIPMENT AND ASSETS FOR THE RIGHT-OF-USE (note 13) - continued

Costs incurred in respect of operating fixed assets that result in future economic benefits, such as an extension in their useful lives, an increase in their production capacity or in safety, as well as those costs incurred to mitigate or prevent environmental damage, are capitalized as part of the carrying amount of the related assets. The capitalized costs are depreciated over the remaining useful lives of such fixed assets. Periodic maintenance of fixed assets is expensed as incurred. Advances to suppliers of fixed assets are presented as part of other long-term accounts receivable.

2I) BUSSINES COMBINATIONS, GOODWILL AND OTHER INTANGIBLE ASSETS (note 14)

Business combinations are recognized using the purchase method, by allocating the consideration transferred to assume control of the entity to all assets acquired and liabilities assumed, based on their estimated fair values as of the acquisition date. Intangible assets acquired are identified and recognized at fair value. Any unallocated portion of the purchase price represents goodwill, which is not amortized and is subject to periodic impairment tests (note 2J), can be adjusted for any correction to the preliminary assessment given to the assets acquired and/or liabilities assumed within the twelve-month period after purchase. Costs associated with the acquisition are expensed in the income statement as incurred.

The Company capitalizes intangible assets acquired, as well as costs incurred in the development of intangible assets, when future economic benefits associated are identified and there is evidence of control over such benefits. Intangible assets are presented at their acquisition or development cost. Indefinite life intangible assets are not amortized since the period in which the benefits associated with such intangibles will terminate cannot be accurately established. Definite life intangible assets are amortized on straight-line basis as part of operating costs and expenses (note 4).

Costs incurred in exploration activities such as payments for rights to explore, topographical and geological studies, as well as trenching, among other items incurred to assess the technical and commercial feasibility of extracting a mineral resource, which are not significant to CEMEX Latam, are capitalized when future economic benefits associated with such activities are identified. When extraction begins, these costs are amortized during the useful life of the quarry based on the estimated tons of material to be extracted. When future economic benefits are not achieved, any capitalized costs are subject to impairment.

The Company's rights, licenses and other intangible assets are generally amortized on a straight line basis over their useful lives that range on average from approximately 5 to 40 years. At expiration, certain permits can be extended for new periods of up to 40 years.

2J) IMPAIRMENT OF LONG LIVED ASSETS (notes 13 and 14B)

Impairment of property, machinery and equipment, assets for the right-of-use and intangible assets of definite life

Property, machinery and equipment, assets for the right-of-use and intangible assets of definite life, are tested for impairment upon the occurrence of factors such as a significant adverse event, changes in the Company's operating environment, changes in projected use or in technology, as well as expectations of lower operating results that could affect for each cash generating unit which are integrated, in order to determine whether their carrying amounts may not be recovered, in which case an impairment loss is recorded in income statement for the period when such determination is made within "Other (expenses) income, net." The impairment loss of an asset results from the excess of the asset's carrying amount over its recoverable amount, corresponding to the higher between the fair value of the asset, less costs to sell such asset, the latter represented by the net present value of estimated cash flows related to the use and eventual disposal of the asset.

Significant judgment by management is required to appropriately assess the fair values and values in use of these assets. The main assumptions utilized to develop these estimates are a discount rate that reflects the risk of the cash flows associated with the assets evaluated and the estimations of generation of future income. Those assumptions are evaluated for reasonableness by comparing such discount rates to market information available and by comparing to third-party expectations of industry growth, such as governmental agencies or industry chambers of commerce.

Goodwill

Goodwill is tested for impairment when required due to significant adverse changes or at least once a year, during the last quarter of such year, determining the recoverable amount of the group of cash-generating units (“CGUs”) to which goodwill balances were allocated, which consists of the higher of such group of CGUs fair value less cost to sell and its value in use, the later represented by the NPV of estimated future cash flows to be generated by the CGUs to which goodwill was allocated, which are generally determined over periods of 5 years.

If the value in use of a group of CGUs to which goodwill has been allocated is lower than its corresponding carrying amount, the Company determines the fair value of such group of CGUs using methodologies generally accepted in the market to determine the value of entities, such as multiples of Operating EBITDA and by reference to other market transactions, among others. An impairment loss is recognized within “Other (expenses) income, net”, if the recoverable amount is lower than the net book value of the group of CGUs to which goodwill has been allocated. Impairment charges recognized on goodwill are not reversed in subsequent periods.

The reportable segments disclosed by the Company (note 3C), represent the Company’s groups of CGUs to which goodwill has been allocated for purposes of testing goodwill for impairment. In arriving at this conclusion, the Company considered: a) that after the acquisition, goodwill was allocated at the level of the geographic operating segment; b) that the operating components that comprise the reported segment have similar economic characteristics; c) that the reported segments are used in CEMEX Latam to organize and evaluate its activities in its internal information system; d) the homogeneous nature of the items produced and traded in each operative component, which are all used by the construction industry; e) the vertical integration in the value chain of the products comprising each component; f) the type of clients, which are substantially similar in all components; g) the operative integration among components; and h) that the compensation is based on the consolidated results of the geographic operating segment. In addition, the country level represents the lowest level within CEMEX Latam at which goodwill is monitored for internal management purposes.

Impairment tests are significantly sensitive to, among other factors, the estimation of future prices of the products, the development of operating expenses, local and international economic trends in the construction industry, the long-term growth expectations in the different markets, as well as the discount rates and the growth rates in perpetuity applied. For purposes of estimating future prices, CEMEX Latam uses, to the extent available, historical data plus the expected increase or decrease according to information issued by trusted external sources, such as national construction or cement producer chambers and/or in governmental economic expectations. Operating expenses are normally measured as a constant proportion of revenues, following past experience. However, such operating expenses are also reviewed considering external information sources in respect to inputs that behave according to international prices, such as gas and oil. The amounts of estimated undiscounted cash flows are significantly sensitive to the growth rate in perpetuity applied. The higher the growth rate in perpetuity applied, the higher the amount of undiscounted future cash flows by group of CGUs obtained. Moreover, the amounts of discounted estimated future cash flows are significantly sensitive to the discount rate applied. The higher the discount rate applied, the lower the amount obtained of discounted estimated future cash flows by group of CGUs. CEMEX Latam uses specific pre-tax discount rates for each group of CGUs to which goodwill is allocated, which are applied to discount pre-tax cash flows.

2K) PROVISIONS

The Company recognizes provisions for diverse items, including environmental remediation such as quarries reforestation when it has a legal or constructive present obligation resulting from past events, whose resolution would imply cash outflows or the delivery of other resources. These provisions reflect the estimate disbursement's future cost and are generally recognized at its net present value, except when there is not clarity when disbursed or when the economic effect for time passing is not significant. Reimbursements from insurance companies are recognized as an asset only when the recovery is practically certain, and if necessary, such asset is not offset by the recognized cost provision. The entity does not have a constructive obligation to pay levies imposed by governments that will be triggered by operating in a future period; consequently, provisions for such levies imposed by governments are recognized until the critical event or the activity that triggers the payment of the levy has occurred, as defined in the legislation.

Restructuring

CEMEX Latam recognizes provisions for restructuring costs only when there structuring plans have been properly finalized and authorized by management, and have been communicated to the third parties involved and/or affected by the restructuring prior to the statement of financial position date. These provisions may include costs not associated with CEMEX Latam on going activities.

Asset retirement obligations (note 16)

Unavoidable obligations, legal or constructive, to restore operating sites upon retirement of long-lived assets at the end of their useful lives are measured at the net present value of estimated future cash flows to be incurred in the restoration process, and are initially recognized against the related assets' book value. The increase to the assets' book value is depreciated during its remaining useful life. The increase in the liability related to the passage of time is charged to "Financial income and other items, net" in the income statement. Adjustments to the liability for changes in estimations are recognized against fixed assets, and depreciation is modified prospectively. These liabilities relate mainly to the future costs of demolition, cleaning and reforestation, to leave under certain conditions the quarries, the maritime terminals, as well as other productive sites.

Commitments and contingencies (notes 22 and 23)

Obligations or losses related to contingencies are recognized as liabilities in the consolidated statement of financial position when present obligations exist resulting from past events that are expected to result in an outflow of resources and the amount can be measured reliably; otherwise, a qualitative disclosure is included in the notes to the consolidated financial statement. The effects of long-term commitments established with third parties, such as supply contracts with suppliers or customers, are recognized in the financial statements considering the substance of the agreements based on an incurred or accrued basis. Relevant commitments are disclosed in the notes to the financial statement. The company does not recognize contingent revenues, income or assets, unless their realization is virtually certain.

2L) PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (note 18)

Defined contributions pension plans

The costs of defined contribution pension plans are recognized in the operating results as they are incurred. Liabilities arising from such plans are settled through cash transfers to the employees' retirement accounts, without generating prospective obligations.

Defined benefit pension plans and other post-employment benefits

The costs associated with post-employment benefits are recognized during the period of payment of the benefits, based on actuarial estimates of the present value of the obligations with the assistance of external actuaries. Actuarial assumptions consider the use of nominal rates. Actuarial gains or losses for the period, resulting from differences between projected and real actuarial assumptions at the end of the period are recognized within "Other equity reserves" in stockholders' equity. The financial expense is recognized within "Financial income and other items, net." As of December 31, 2019 and 2018 there are no defined benefit pension plans for active employees.

The effects from modifications to the pension plans that affect the cost of past services are recognized within operating costs and expenses during the period in which such modifications become effective with respect to the employees or without delay if changes are effective immediately. The effects from curtailments and/or settlements of obligations occurring during the period, associated with events that significantly reduce the cost of future services and/or reduce significantly the population subject to pension benefits, respectively, are recognized within operating costs and expenses.

Termination benefits

Termination benefits, not associated with a restructuring event, which mainly represent severance payments by law, are recognized in the operating results for the period in which they are incurred.

2M) INCOME TAXES (note 19)

The effects reflected in the income statement for income taxes include the amounts incurred during the period and the amounts of deferred income taxes, determined according to the income tax law applicable to each entity. consolidated deferred income taxes represent the addition of the amounts determined in each entity by applying the enacted statutory income tax rate to the total temporary differences resulting from comparing the book and taxable values of assets and liabilities, considering tax loss carryforwards as well as other recoverable taxes and tax credits, to the extent that it is probable that future taxable profits will be available against which they can be utilized. The measurement of deferred income taxes reflects the tax consequences that follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred income taxes for the period represent the difference between balances of deferred income taxes at the beginning and the end of the period. Deferred income tax assets and liabilities relating to different tax jurisdictions are not offset. All items charged or credited directly in stockholders' equity or as part of other comprehensive income for the period under IFRS are recognized net of their current and deferred income tax effects. The effect of a change in enacted statutory tax rates is recognized in the period in which the change is officially enacted.

Income taxes – continued

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is considered that it would not be possible that the related tax benefit will be realized. In conducting such assessment, the Company analyzes the aggregate amount of self-determined tax loss carryforwards that the Company believes the tax authorities would not reject based on available evidence, and the likelihood of the recoverability of such tax loss carryforwards prior to their expiration through the generation of future taxable income. When it is considered highly probable that the tax authorities would reject a deferred tax asset, the Company decreases such asset. When it is considered not possible to use a deferred tax asset before its expiration, the Company would not recognize such asset. Both situations would result in additional income tax expense for the period in which such determination is made. In order to determine whether it is probable that deferred tax assets will ultimately be realized, the Company considers all available positive and negative evidence, including factors such as market conditions, industry analysis, expansion plans, projected taxable income, carryforward periods, current tax structure, potential changes or adjustments in tax structure, tax planning strategies, future reversals of existing temporary differences. Likewise, CEMEX Latam analyzes its actual results versus the Company's estimates, and adjusts, as necessary, its tax asset valuations. If actual results vary from its estimates, the deferred tax asset and/or valuations may be affected, and necessary adjustments will be made based on relevant information in the income statement for such period.

Based on IFRIC 23, *Uncertainty over income tax treatments* ("IFRIC 23"), the income tax effects from an uncertain tax position are recognized when it is probable that the position will be sustained based on its technical merits and assuming that the tax authorities will examine each position and have full knowledge of all relevant information. For each position is considered individually its probability, regardless of its relation to any other broader tax settlement. The probability threshold represents a positive assertion by management that the Company is entitled to the economic benefits of a tax position. If a tax position is considered not probable of being sustained, no benefits of the position are recognized. Interest and penalties related to unrecognized tax benefits are recorded as part of the income tax in the consolidated income statements.

The amounts of current and deferred income tax included in the income statements for the period are highly variable, and are subject among other factors, to the amount of taxable income determined in each jurisdiction in which CEMEX Latam operates. The amounts of taxable income depend on variables such as volumes and selling prices, costs and expenses, fluctuations in exchange rates and interest on debt, among others, as well as the amount of tax assets estimated at the end of the period based on the expected generation of future taxable income in each jurisdiction.

2N) STOCKHOLDERS EQUITY

Common stock and additional paid-in capital (note 20A)

Represent the value of stockholders' contributions and include the value of the Parent Company's shares issued under the executive stock-based compensation programs.

Other equity reserves (note 20B)

This caption groups the cumulative effects of items and transactions that are temporarily or permanently recognized in stockholders' equity, and includes the effects for the period that do not result from contributions by owners and distributions to owners, presented in the statements of comprehensive income. The most significant items within "Other equity reserves" during the reported periods are as follows:

- Currency translation effects from the consolidated financial statement of foreign entities;
- Actuarial gains and losses; and
- Current and deferred income taxes during the period arising from items whose effects are directly recognized in stockholders' equity.

Retained earnings (note 20C)

Retained earnings represent the cumulative net results of prior accounting periods, net, when applicable, of any amount of dividends declared to shareholders.

Non-controlling interest (note 20E)

This caption includes the share of non-controlling stockholders in the results and equity of consolidated entities.

20) REVENUE RECOGNITION

Revenue is recognized at a point in time or over time in the amount of the price, before tax on sales, expected to be received by CEMEX Latam's subsidiaries for goods and services supplied as a result of their ordinary activities, as contractual performance obligations are fulfilled, and control of goods and services passes to the customer. Revenues are decreased by any trade discounts or volume rebates granted to customers. Transactions between related parties are eliminated in consolidation.

Variable consideration is recognized when it is highly probable that a significant reversal in the amount of cumulative revenue recognized for the contract will not occur and is measured using the expected value or the most likely amount method, whichever is expected to better predict the amount based on the terms and conditions of the contract.

Revenue and costs from trading activities, in which CEMEX Latam acquires finished goods from a third party and subsequently sells the goods to another third-party, are recognized on a gross basis, considering that CEMEX Latam assumes ownership risks on the goods purchased, not acting as agent or broker.

When revenue is earned over time as contractual performance obligations are satisfied, which is the case of construction contracts, CEMEX Latam applies the stage of completion method to measure revenue, which represents: a) the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs; b) the surveys of work performed; or c) the physical proportion of the contract work completed, whichever better reflects the percentage of completion under the specific circumstances. Considering that the following has been agreed: (i) each party's enforceable rights regarding the asset under construction; (ii) the consideration to be exchanged; (iii) the manner and terms of settlement; (iv) actual costs incurred and contract costs required to complete the asset are effectively controlled; and (v) it is probable that the economic benefits associated with the contract will flow to the entity.

Progress payments and advances received from customers do not reflect the work performed and are recognized as short-term or long-term advanced payments, as appropriate.

2P) EXECUTIVE STOCK-BASED COMPENSATION (note 20D)

The stock-based compensation programs to executives are treated as equity instruments, considering that services received from such employees are settled delivering shares of the Parent Company. The costs of equity instruments represent their fair value at the date of grant and are recognized in the income statement during the period in which the exercise rights of the employees become vested as services are rendered.

2Q) COST OF SALES, ADMINISTRATIVE AND SELLING EXPENSES AND DISTRIBUTION EXPENSES

Cost of sales represents the production cost of inventories at the moment of sale includes depreciation, amortization and depletion of assets involved in production and expenses related to storage in producing plants. Cost of sales excludes expenses related to personnel, equipment and services involved in sale activities and storage of product at points of sales, as well as costs related to warehousing of products at the selling points, which are included as part of administrative and selling expenses. Cost of sales includes freight expenses of raw material in plants and delivery expenses of the Company's ready-mix concrete business, but excludes freight expenses of finished products between plants and points of sale and freight expenses between points of sales and the customers' facilities, which are included as part of the distribution expenses line item.

2R) CONCENTRATION OF CREDIT

The Company sells its products primarily to distributors in the construction industry, with no specific geographic concentration within the countries in which the Company operates. As of and for the years ended December 31, 2019 and 2018, no single customer individually accounted for a significant amount of the reported amounts of sales or in the balances of trade receivables. In addition, there is no significant concentration of a specific supplier relating to the purchase of raw materials.

2S) NEWLY ISSUED IFRS NOT YET ADOPTED

IFRS issued as of the date of issuance of these financial statements which have not yet been adopted are described as follow:

Standard	Main topic	Effective date
Amendments to IFRS 10, <i>Consolidated financial statements</i> and IAS 28	Clarify the recognition of gains or losses in the Parent's financial statements for the sale or contribution of assets between an investor and its associate or joint venture	Has yet to be set
Amendments to IFRS 3, <i>Business Combination</i>	The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. The amendments will likely result in more acquisitions being accounted for as asset acquisitions.	January 1, 2020
Amendments to IAS 1, <i>Presentation of Financial Statements</i> and IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	The amendments use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 – <i>Interest Rate Benchmark Reform</i>	The amendments respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting and provide temporary reliefs to continue hedge accounting during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate.	January 1, 2020
IFRS 17, <i>Insurance contracts</i>	The Standard outlines a General Model, which is modified for insurance contracts with direct participation features, described as the Variable Fee Approach. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach.	January 1, 2021

The Company does not expect any material effect on its consolidated financial statements as a result of the adoption of these IFRS.

3) REVENUE, DISCONTINUED OPERATIONS AND SELECTED FINANCIAL INFORMATION BY REPORTABLE SEGMENT AND LINE OF BUSINESS

3A) REVENUE

CEMEX Latam's revenues are mainly originated from the sale and distribution of cement, ready-mix concrete, aggregates and other construction materials and services. CEMEX Latam grants credit for terms ranging from 15 to 45 days depending of the type of project and risk of each customer. For the years ended December 31, 2019 and 2018, revenues, after eliminations between related parties, are detailed as follows:

	2019	2018
From the sale of cement	\$ 671,676	712,813
From the sale of ready-mix concrete	241,028	286,612
From the sale of aggregates	24,390	30,948
From the sale of other products and eliminations ¹	51,559	77,956
	\$ 988,653	1,108,329

1. Refers mainly to revenues generated by other business lines such as diverse products for the construction industry and infrastructure and housing projects.

Information of revenues by reportable segment and line of business for the years 2019 and 2018 is presented in note 3C.

Under IFRS 15, some commercial practices of CEMEX Latam, in the form of certain promotions and/or discounts and rebates offered as part of the sale transaction, result in that a portion of the transaction price should be allocated to such commercial incentives as separate performance obligations, recognized as contract liabilities with customers, and deferred to the income statement during the period in which the incentive is exercised by the customer or until it expires.

For the years ended December 31, 2019 and 2018 changes in the balance of contract liabilities with customers are as follows:

	2019	2018
Opening balance of contract liabilities with customers	\$ 14,393	17,754
Increase during the period for new transactions	9,356	8,085
Decrease during the period for exercise or expiration of incentives	(12,355)	(10,268)
Currency translation effects	(121)	(1,178)
Closing balance of contract liabilities with customers	\$ 11,273	14,393

For the years 2019 and 2018, CEMEX Latam did not identify any costs required to be capitalized as contract fulfillment assets and released over the contract life according to IFRS 15.

3B) DISCONTINUED OPERATIONS

On September 27, 2018, the Parent Company jointly with its subsidiary Corporación Cementera Latinoamericana, S.L.U. (“CCL”), disposed of the operations of the Company in Brazil, which consisted of a fluvial cement distribution terminal located in Manaus, Amazonas province, as well as the operating license, through the sale of all the shares of the Brazilian entity Cimento Vencemos Do Amazonas Ltda, as part of the binding agreements signed with Votorantim Cimentos N / NE S.A. on May 24, 2018 for an amount of approximately \$31 million, proceeds that after considering withholding taxes, were used to reduce debt with related parties.

The following table presents condensed information of the statement of operations of CLH discontinued operations in Brazil for the period from January 1 through September 27, 2018, as follows:

Sales	\$	26,631
Cost of sales and operating expenses		(27,934)
Other (expenses) income, net ¹		(54)
Financial (income) expenses, net and others		(256)
Loss before income tax.		(1,613)
Income tax		265
Loss of discontinued operations		(1,348)
Result on sale, withholding tax and reclassification of currency translation effects ²		(8,208)
Net loss of discontinued operations	\$	(9,556)

1. Includes a loss on sale of \$630, a withholding tax for transfer of \$2,867 and the reclassification of a currency translation loss accrued in equity of \$4,711.

3C) SELECTED FINANCIAL INFORMATION BY REPORTABLE SEGMENT AND LINE OF BUSINESS

The reportable segments are defined as the components of the Company that engage in business activities from which they may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity’s top management to assess their performance and make decisions about the allocation of resources to the segments, and for which discrete financial information is available. The accounting policies applied to determine the financial information by reportable segment are consistent with those described in note 2.

Considering similar regional and economic characteristics and/or materiality, certain countries have been aggregated and presented in a single line segment titled “Rest of CLH,” which includes the combined operations of the Company in Guatemala, Nicaragua and El Salvador. Moreover, the segment “Others” refers to the Parent Company, including its corporate offices in Spain and its research and development offices in Switzerland, as well as adjustments and eliminations resulting from consolidation.

3C) selected financial information by reportable segment and line of business - continued

Selected consolidated information of income statement by reportable segments for the years ended December 31, 2019 and 2018 are as follow:

2019	Revenues (including related parties)	Less: Related parties	Revenues	Operating EBITDA	Less: Depreciation and amortization	Operating Earnings before other (expenses) income, net	Other (expenses) income, net	Financial expenses	Financial income and other items, net
Colombia	\$ 503,839	(4)	503,835	90,716	(29,425)	61,291	(6,115)	(21,145)	(2,009)
Panama	181,229	(234)	180,995	48,619	(17,342)	31,277	(3,117)	(7,555)	326
Costa Rica	101,834	(14,125)	87,709	30,313	(4,643)	25,670	(2,675)	(177)	2,518
Rest of CLH	216,726	(612)	216,114	60,369	(8,279)	52,090	(888)	(2,344)	4,140
Others	–	–	–	(31,153)	(23,492)	(54,645)	(286)	(20,735)	(6,622)
Total	1,003,628	(14,975)	988,653	198,864	(83,181)	115,683	(13,081)	(51,956)	(1,647)

2018	Revenues (including related parties)	Less: Related parties	Revenues	Operating EBITDA	Less: Depreciation and amortization	Operating earnings before other (expenses) income, net	Other (expenses) income, net	Financial expenses	Financial income and other items, net
Colombia	\$ 524,330	–	524,330	96,767	(28,920)	67,847	12,816	(25,278)	(1,977)
Panama	222,036	(208)	221,828	65,746	(17,028)	48,718	2,519	(7,928)	653
Costa Rica	139,087	(14,307)	124,780	45,490	(4,816)	40,674	(36)	(142)	1,968
Rest of CLH	238,750	(1,359)	237,391	76,800	(8,223)	68,577	16	(2,775)	2,995
Others	–	–	–	(36,303)	(19,674)	(55,977)	(11,558)	(24,529)	(5,361)
Continuing operations	1,124,203	(15,874)	1,108,329	248,500	(78,661)	169,839	3,757	(60,652)	(1,722)
Discontinued operations	26,631	–	26,631	591	(1,894)	(1,303)	(54)	(23)	82
Total	\$ 1,150,834	(15,874)	1,134,960	249,091	(80,555)	168,536	3,703	(60,675)	(1,640)

Revenues by line of business and reportable segments for the years ended December 31, 2019 and 2018 are as follows:

2019	Cement	Concrete	Aggregates	Other products	Others	Revenues
Colombia	\$ 299,450	172,758	5,949	25,682	(4)	503,835
Panama	114,975	43,054	2,857	20,343	(234)	180,995
Costa Rica	69,724	12,775	13,304	6,031	(14,125)	87,709
Rest of CLH	187,527	12,441	2,280	14,478	(612)	216,114
Total	671,676	241,028	24,390	66,534	(14,975)	988,653

Selected financial information by reportable segment and line of business - continued

2018	Cement	Concrete	Aggregates	Other products	Others	Revenues
Colombia	\$ 285,328	184,411	8,041	46,550	–	524,330
Panama	133,619	63,045	3,859	21,513	(208)	221,828
Costa Rica	95,851	16,474	14,930	11,832	(14,307)	124,780
Rest of CLH	198,015	22,682	4,118	13,935	(1,359)	237,391
Continuing operations	712,813	286,612	30,948	93,830	(15,874)	1,108,329
Discontinued operations	26,615	–	–	16	–	26,631
Total	\$ 739,428	286,612	30,948	93,846	(15,874)	1,134,960

As of December 31, 2019 and 2018, selected consolidated information of the statements of financial position by reportable segments, which includes in each segment the its allocated balance of goodwill (note 14), as well as consolidation eliminations, as applicable, is as follows:

2019	Total Assets	Total Liabilities	Net assets by segment	Capital expenditures
Colombia	\$ 1,241,523	588,138	653,385	25,936
Panama	777,141	221,429	555,712	9,538
Costa Rica	426,156	29,471	396,685	4,122
Rest of CLH	528,820	73,732	455,088	6,263
Others	20,563	537,627	(517,064)	–
Total	\$ 2,994,203	1,450,397	1,543,806	45,859

2018	Total Assets ¹	Total Liabilities ¹	Net assets by segment ¹	Capital expenditures
Colombia	\$ 1,283,218	640,289	642,929	24,034
Panama	799,889	227,826	572,063	12,031
Costa Rica	400,165	30,223	369,942	3,098
Rest of CLH	559,946	78,641	481,305	9,437
Others	21,892	575,848	(553,956)	–
Total	\$ 3,065,110	1,552,827	1,512,283	48,600

¹ The balances of assets and liabilities by reportable segments of 2018 previously reported were reclassified between segments to conform with their presentation in 2019, mainly in relation to the allocation of their respective goodwill balances and consolidation adjustments applicable in each segment.

4) DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense for the years ended December 31, 2019 and 2018 is detailed as follows:

	2019	2018
Depreciation and amortization expense of assets used in the production process	\$ 59,340	55,568
Depreciation and amortization expense of assets used in administrative and selling activities	23,841	23,093
	\$ 83,181	78,661

5) OTHER (EXPENSES) INCOME, NET

Other (expenses) income, net for the years 2019 and 2018 is detailed as follows:

	2019	2018
Early termination of supply contract (note 22A)	\$ (5,162)	–
Impairment losses (note 13)	(4,686)	(2,756)
Severance payments for reorganization and other personnel costs	(2,015)	(1,337)
Assumed taxes, fines and other penalties	(764)	(3,415)
Results from valuation and sale of assets, sale of scrap and other non-operating products and expenses, net ¹	(454)	11,265
	\$ (13,081)	3,757

1. For the year 2018, includes the write off of the provision that had been recognized in relation to a legal proceeding for alleged damages to rice farmland adjacent to the Caracolito plant in Colombia for approximately \$12.5 million, considering that such proceeding was resolved favorably for the Company.

6) FINANCIAL EXPENSES, FINANCIAL INCOME AND OTHER ITEMS, NET

6A) FINANCIAL EXPENSE

Consolidated financial expense in 2019 and 2018 OF \$ 51,956 and \$ 60,652, respectively, includes \$1,589 in 2019 and \$1,652 in 2018, of financial expense arising from financial liabilities related to lease agreements (notes 13B and 15A).

Financial expense, financial income and other items, net – continued

6B) FINANCIAL INCOME AND OTHER ITEMS, NET

Financial income and other items, net in 2019 and 2018 are detailed as follows:

	2019	2018
Interest cost on employee benefits	\$ (2,155)	(2,426)
Financial income	508	704
	\$ (1,647)	(1,722)

7) CASH AND CASH EQUIVALENTS

Consolidated cash and cash equivalents as of December 31, 2019 and 2018 are as follows:

	2019	2018
Cash and bank accounts	\$ 16,943	26,068
Fixed-income securities and other cash equivalents	5,663	11,058
	\$ 22,606	37,126

8) TRADE ACCOUNTS RECEIVABLE

For the reported periods the Company does not maintain programs for the sale of trade receivables. As of December 31, 2019 and 2018, consolidated trade accounts receivable are detailed as follows:

	2018	2017
Trade accounts receivable	\$ 79,990	95,769
Allowance for expected credit losses	(9,340)	(8,304)
	\$ 70,650	87,465

Trade accounts receivable - continued

As of December 31, 2019 and 2018, balances of trade accounts receivable and the allowance for ECL by country were as follows:

	As of December 31, 2019			As of December 31, 2018		
	Accounts receivable	ECL allowance	ECL average rate	Accounts receivable	ECL allowance	ECL average rate
Colombia	\$ 32,257	1,948	6.04%	34,851	652	1.90%
Panama	22,489	2,132	9.48%	28,611	2,623	9.20%
Costa Rica ¹	10,788	3,928	36.41%	12,992	4,719	36.30%
Rest of CLH	14,456	1,332	9.21%	19,315	310	1.60%
	\$ 79,990	9,340		95,769	8,304	

¹ As of December 31, 2019 and 2018, the balances of trade accounts receivable and the estimate ECL allowance include approximately \$3.8 million and \$3.7 million, respectively, of trade accounts receivable in process of legal recovery that were fully provisioned.

Changes in the allowance for expected credit losses in 2019 and 2018 were as follows:

	2019	2018
Allowance for expected credit losses at beginning of the period	\$ 8,304	6,558
Adoption effects of IFRS 9 charged to retained earnings (note 2A)	–	853
Additions during the year charged to administrative and selling expenses	4,986	4,049
Deductions	(3,910)	(2,778)
Foreign currency translation effects	(40)	(378)
Allowance for expected credit losses at end of the period	\$ 9,340	8,304

9) BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Current accounts receivable		2019	2018
Balboa Investments B.V. ¹	\$	17,842	–
Torino RE Limited		14,165	14,165
CEMEX España, S.A.		915	3,735
CEMEX, S.A.B. de C.V.		457	509
Materiales Express Colombia S.A.S.		206	–
CEMEX Operaciones México, S.A. de C.V. ²		200	2,149
CEMEX Research Group AG		176	199
Trinidad Cement Limited		156	214
CEMEX Dominicana, S.A.		127	–
Others		106	167
Total assets with related parties	\$	34,350	21,138
Current accounts payable		2019	2018
CEMEX Holdings Inc. and subsidiaries ³	\$	9,037	22,441
CEMEX Operaciones México, S.A. de C.V. ^{2,4}		5,215	3,425
CEMEX, S.A.B. de C.V. ⁴		3,237	727
CEMEX Internacional, S.A. de C.V.		855	830
CEMEX Research Group AG		535	14,340
Beijing Import & Export Co., Ltd		276	234
Torino RE Limited		241	–
Macoris Investment Ltd y Subs		148	–
CEMEX España, S.A. ⁵		137	618
Pro Ambiente, S.A. de C.V.		106	99
CEMEX Denmark ApS		62	–
Others		172	156
	\$	20,021	42,870

Balances and transactions with related parties - continued

Non-current accounts payable		2019	2018
Lomez International B.V. ⁶	\$	586,914	641,092
CEMEX España, S.A. ⁵		142,176	194,010
		729,090	835,102
Total liabilities with related parties	\$	749,111	877,972

- 1 On November 15, 2019, as described in note 16B, Cemento Bayano, S.A. ("Cemento Bayano") and Balboa Investments B.V. ("Balboa") entered into an indemnity agreement generating this account receivable from Balboa of \$17,842 as well as deferred revenue with related parties of \$49,686.
- 2 On August 1, 2019, CEMEX Central, S.A. merged with CEMEX Operaciones México, S.A. of C.V., the latter entity prevailing.
- 3 Balances generated by imports of clinker and grey cement.
- 4 Balances related to royalties resulting from technical assistance agreements, use of licenses and brands, software and administrative processes.
- 5 The balance corresponds to a loan negotiated by CEMEX Colombia with CEMEX España originally in October 2010, subsequently renegotiated on several occasions which was set to expire on December 28, 2020. On December 20, 2019, CEMEX Colombia renegotiated this loan with CEMEX España until December 2024 bearing variable market rate plus 277 basis points that as of December 31, 2019 represented 4.69%.
- 6 On March 1, 2018, New Sunward Holding B.V. ("NSH") assigned to Lomez International, B.V., both Dutch entities subsidiaries of CEMEX, the loans that had been granted by NSH to the Parent Company, CCL and Cemento Bayano. The conditions of these credits and loans were not affected by the referred assignment. On December 20, 2019, Cemento Bayano renegotiated its revolving line of credit with Lomez with a new maturity in December 2022 at a variable market rate plus 360 basis points which as of December 31, 2019 represented 7.55%. Balances as of December 31, 2019 and 2018, include: a) loan agreement and accrued interest negotiated by CCL of \$285,517 in 2019 and \$344,110 in 2018; b) loan agreement and accrued interest negotiated by the Parent Company of \$100,402 in 2019 and \$94,131 in 2018, as well as a revolving credit of \$116,867 in 2019 and \$72,656 in 2018; and c) loan agreement and accrued interest negotiated by Cemento Bayano of \$84,128 in 2019 and \$130,195 in 2018.

The maturities of non-current accounts payable to related parties as of December 31, 2019 are as follows:

Debtor		2022	2023	2024	Total
Cemento Bayano (6M Libor +360 bps) ¹	\$	84,128	–	–	84,128
CEMEX Latam Holdings, S.A. (5.65% annual)		–	217,269	–	217,269
Corporación Cementera Latinoamericana, S.L.U. (5.65% annual)		–	285,517	–	285,516
CEMEX Colombia S.A (6M Libor +277 bps) ¹		–	–	142,176	142,176
	\$	84,128	502,786	142,176	729,090

- 1 The *London Inter-Bank Offered Rate*, or LIBOR, is the variable rate used in international markets for debt denominated in Dollars. As of December 31, 2019, 6-month LIBOR rates was 1.9121%. The contraction "bps" means basis points. One hundred bps equals 1%.

Balances and transactions with related parties - continued

The Company's main transactions entered into with related parties for the years ended December 31, 2019 and 2018 are shown below:

Indemnity revenue and others	2019	2018
Balboa Investments B.V. ¹	1,082	–
Others	54	–
	1,136	–
Purchases of raw materials	2019	2018
CEMEX Holdings Inc and subsidiaries	\$ 31,238	48,941
CEMEX Internacional, S.A. de C.V.	6,785	6,151
Beijing Import & Export Co., Ltd	89	53
Others	2	11
	\$ 38,114	55,156
Administrative and selling expenses	2019	2018
CEMEX Operaciones México, S.A. de C.V. ²	\$ –	30
Neoris de México, S.A. de C.V.	4	4
	\$ 4	34
Royalties and technical assistance (note 22B)	2019	2018
CEMEX Research Group, AG.	\$ 32,752	35,788
CEMEX Operaciones México, S.A. de C.V. ²	12,459	15,114
CEMEX, S.A.B. de C.V.	4,222	4,514
	\$ 49,433	55,416
Financial expense	2019	2018
Lomez International B.V.	\$ 35,952	34,386
CEMEX España, S.A.	9,477	9,419
Balboa Investments B.V. ¹	530	–
New Sunward Holding B.V.	–	7,646
	\$ 45,959	51,451

¹ The indemnity revenue of Cemento Bayano with Balboa is accrued from the date of the indemnity agreement and for a period of 10 years as the conditions set forth in the clinker supply agreement with Cemento Interocéánico, S.A. are fulfilled (note 22B).

² On August 1, 2019, CEMEX Central, S.A. merged with CEMEX Operaciones México, S.A. of C.V., the latter entity prevailing.

Balances and transactions with related parties - continued

Pursuant to the services and the rights of use, operation and enjoyment of CEMEX brands, names and intellectual property assets, under the agreement of non-exclusive use, enjoyment and exploitation of license asset, management services agreement and business support and licensing agreement, the Parent Company has agreed to pay CEMEX (which includes CEMEX, S.A.B. de C.V., CEMEX Research Group, A.G. as well as CEMEX Operaciones México, S.A. de C.V.), consistent with the market practices and principles of unrelated parties, a fee equivalent to 5% of consolidated revenues. The aforementioned fee cannot be increased without the consent of the independent directors of CEMEX Latam Holdings expressed during a meeting of the board of directors.

During the years ended December 31, 2019 and 2018, the independent directors and the chairman of the Parent Company's Board of Directors, in fulfillment of their functions, accrued compensation including remuneration and annual allowances, for a total of approximately \$430 and \$407, respectively. The Parent Company's independent directors have not received advances or loans and the Company has not provided guarantees or assumed any pension obligations on behalf of such independent directors and except for the civil liability insurance contracted by CEMEX, S.A.B. de C.V., the Company has not provided insurance for such independent directors. In addition, the Parent Company's proprietary directors, in their capacity as members of its Board of Directors do not receive compensation for their services. The Parent Company has no members of the Company's senior management among its employees.

In addition, for the years ended December 31, 2019 and 2018, the aggregate compensation amounts accrued by members of the top management, which was recognized in the Company's subsidiaries, were approximately \$5,080 and \$6,025, respectively, out of which, \$4,480 in 2019 and \$5,139 in 2018, corresponded to base remuneration plus performance bonuses including pensions and other postretirement benefits. In addition, approximately \$600 in 2019 and \$886 in 2018 out of the aggregate compensation corresponded to allocations of shares under the executive stock-based compensation programs.

In its cement operations in Panama, which represented approximately 12% of the consolidated sales for the period ended on December 31, 2019, the Company carried out transactions with Cemento Interoceánico, S.A. ("Cemento Interoceánico"), customer, competitor and local producer of cement, which were incurred under market conditions and for amounts not deemed significant. Until November 15, 2019, Balboa held a non-controlling interest of 25% in the common stock of Cemento Interoceánico, S.A. which was sold to a third party on the aforementioned date (note 16B).

10) OTHER ACCOUNTS RECEIVABLE

10A) OTHER CURRENT ACCOUNTS RECEIVABLE

Consolidated other accounts receivable as of December 31, 2019 and 2018 consisted of:

		2019	2018
Non-trade accounts receivable 1	\$	12,790	12,867
Loans to employees and others		1,038	1,140
	\$	13,828	14,007

1 Includes in both periods CEMEX Colombia's residual interest in a trust oriented to promote housing projects, which only asset is land in the municipality of Zipaquirá, Colombia and its only liability is a bank credit of \$4,703 in 2019 and \$6,589 in 2018, obtained for the purchase of such land and which is guaranteed by CEMEX Colombia. In connection with this structure, on July 25, 2019, CEMEX Colombia and the other partner in the project agreed with a Colombian construction firm ("the Acquirer") the transfer of the aforementioned land to a new trust incorporated by the Acquirer, by means of the repayment of the credit guaranteed by CEMEX Colombia. During 2019, according to the agreements, the Acquirer amortized a portion of the credit for an aggregate amount in Pesos equivalent to approximately \$1.8 million. The Acquirer's next payments are due on February 28, 2020 for approximately \$2.5 million and on November 30, 2020 for approximately \$2.3 million. The Acquirer signed promissory notes to CEMEX Colombia securing its obligations until such debt has been fully repaid.

10B) OTHER INVESTMENTS AND NON-CURRENT ACCOUNTS RECEIVABLE

Consolidated balances of other assets and non-current accounts receivable as of December 31, 2019 and 2018 are detailed as follows:

		2019	2018
Loans and notes receivable 1	\$	3,666	3,780
Other non-current assets		441	526
	\$	4,107	4,306

1 Includes a fund of Cemento Bayano to secure seniority premium payments for \$2,885 in 2019 and \$3,041 in 2018.

11) INVENTORIES

Consolidated balances of inventories as of December 31, 2019 and 2018 are summarized as follows:

	2019	2018
Materials	\$ 22,738	23,786
Finished goods	11,918	10,552
Work-in-process	15,308	17,742
Raw materials	23,143	19,563
Inventory in transit	4,608	9,295
Other inventories	258	234
	\$ 77,973	81,172

12) OTHER CURRENT ASSETS

As of December 31, 2019 and 2018 consolidated other current assets consisted of:

	2019	2018
Advance payments ¹	\$ 19,922	21,898
Assets held for sale ²	2,438	4,354
Restricted cash ³	244	12,315
	\$ 22,604	38,567

¹ As of December 31, 2019 and 2018, advance payments include \$19,912 and \$19,083, respectively, associated with insurance premiums.

² Assets held for sale are stated at their estimated realizable value and include mainly properties received in payment of trade accounts receivable.

³ Refers to cash balances of CEMEX Colombia that as of December 31, 2019 were restricted by the municipality of San Luis and as of December 31, 2018, were subject to a seizure order within a legal proceeding initiated by a supplier in connection with a commercial dispute over an amount in Pesos being claimed equivalent to approximately \$2 million. On July 8, 2019, in relation to such cash seizure, CEMEX Colombia released all restricted funds during the length of the commercial dispute process, by means of granting a bank guarantee.

13) PROPERTY, MACHINERY AND EQUIPMENT AND ASSETS FOR THE RIGHT-OF-USE, NET

As of December 31, 2019 and 2018, the consolidated balances of this caption consisted of:

	2019	2018
Property, machinery and equipment, net	\$ 1,113,858	1,162,672
Assets for the right-of-use, net ¹	17,582	14,951
	\$ 1,131,440	1,177,623

¹ The Company adopted IFRS 16 using the full retrospective approach as of January 1, 2018 (note 2A). The previously reported amounts for 2018 were re-presented.

13A) PROPERTY, MACHINERY AND EQUIPMENT

As of December 31, 2019 and 2018 the consolidated balances of property, machinery and equipment, net as well as the changes of the period in 2019 and 2018, are as follows:

	2019				Total
	Land and mineral reserves	Buildings	Machinery and equipment	Construction in progress	
Cost at beginning of the period	\$ 226,387	200,316	744,868	268,563	1,440,134
Capital expenditures and stripping costs	–	248	1,129	37,188	38,565
Disposals	(12,043)	(5,086)	(67,833)	–	(84,962)
Reclassifications	6,432	6,189	30,582	(43,203)	–
Impairment	(308)	(197)	(4,181)	–	(4,686)
Depreciation and depletion for the period	(9,679)	(6,636)	(43,536)	–	(59,851)
Foreign currency translation effects	(1,167)	270	(897)	(2,038)	(3,832)
Cost at end of the period	219,301	201,740	703,668	260,510	1,385,219
Accumulated depreciation and depletion	(41,498)	(48,416)	(181,447)	–	(271,361)
Net book value at end of the period	\$ 177,803	153,324	522,221	260,510	1,113,858

Property, machinery and equipment - continued

	2018				
	Land and mineral reserves	Buildings	Machinery and equipment	Construction in progress	Total
Cost at beginning of the period	\$ 235,870	212,375	768,621	289,747	1,506,613
Capital expenditures and stripping costs	213	1,565	2,816	40,233	44,827
Disposals	(5,695)	(4,361)	(4,906)	(514)	(15,476)
Reclassifications	6,314	4,844	28,574	(39,732)	–
Impairment	–	(235)	(2,521)	–	(2,756)
Depreciation and depletion for the period	(7,062)	(6,454)	(42,046)	–	(55,562)
Foreign currency translation effects	(10,315)	(13,872)	(47,716)	(21,171)	(93,074)
Cost at end of the period	226,387	200,316	744,868	268,563	1,440,134
Accumulated depreciation and depletion	(42,015)	(43,723)	(191,724)	–	(277,462)
Net book value at end of the period	\$ 184,372	156,593	553,144	268,563	1,162,672

In 2017, CEMEX Colombia concluded almost entirely the construction of a cement plant in the Colombian municipality of Maceo in the Antioquia department with an annual capacity of approximately 1.3 million tons. The plant has not initiated commercial operations. As of the reporting date, the development of the access road to the plant remains suspended and the beginning of commercial operations is subject to the successful conclusion of several ongoing processes for the use of the plant's assets and other legal proceedings (note 23B). As of December 31, 2019 and 2018, the aggregate book value of the plant, net of impairment adjustments of certain advance payments recognized in 2016 of \$23 million is for amounts in Pesos equivalent to approximately \$278 million and \$280 million, respectively. The portion of cement milling assets of the plant was reclassified in 2017 from investments in progress to the specific items of buildings and machinery and equipment. Changes in the plant's book value expressed in Dollars in 2019 in relation to 2018 was mainly due to the variation in exchange rates. Out of the aforementioned book value of \$278 million, a portion equivalent to approximately \$79 million is recognized in the books of the entity Zona Franca Especial Cementera del Magdalena Medio S.A.S. ("Zomam"), subsidiary of CEMEX Colombia and holder of the free zone declaration. Of these \$79 million, approximately \$49 million correspond to equipments contributed to Zomam by CEMEX Colombia as equity contribution and the complement of \$30 million corresponded to investments made directly by Zomam, mainly through a loan granted by CCL amounting to approximately \$41 million including capitalized interest. The rest of Maceo's carrying amount is held directly in the books of CEMEX Colombia. These amounts translated at the exchange rate as of December 31, 2019. As mentioned in note 23B, the shares of Zomam and Maceo's land are subject to an expiration of property process carried by the Colombian authorities. For the years of 2019 and 2018, with the advisory of external appraisers, the Company analyzed for impairment its investment in the Maceo plant by determining the fair value of the assets, less estimated costs to sell, which exceeded the corresponding net book value (note 2J).

Property, machinery and equipment - continued

		2019	2018
Colombia	\$	2,872	2,323
Nicaragua		748	–
Costa Rica		584	–
Panama		482	433
	\$	4,686	2,756

Impairment losses of property, machinery and equipment recognized in 2019 and 2018 refer to impairment tests carried out considering certain events or impairment indicators, mainly: a) the rationalization or the temporary or permanent closure of facilities to adjust the offer to current demand conditions; b) change in the business model of certain assets resulting from the transfer of installed capacity to more efficient plants; as well as c) in certain equipment for remaining idle for a long time. These impairment losses, recognized in the line of other (expenses) income, net in the income statement, result from the excess of the net book value of the related assets against their respective value in use or estimated realizable value, whichever is higher.

13B) ASSETS FOR THE RIGHT-OF-USE

As of December 31, 2019 and 2018, the consolidated balances of the assets for the right-of-use associated with the recognition of IFRS 16 refer to the following underlying concepts in the contracts:

		2019		
		Land and buildings	Machinery and equipment	Total
Cost at beginning of the period	\$	17,665	15,603	33,268
Capital expenditures (new leases)		4,504	2,814	7,318
Disposals		(225)	(8)	(233)
Depreciation and depletion for the period		(1,973)	(2,172)	(4,145)
Foreign currency translation effects		(46)	(606)	(652)
Cost at end of the period		21,898	17,803	39,701
Accumulated depreciation		(10,716)	(11,403)	(22,119)
Net book value at end of the period	\$	11,182	6,400	17,582

Assets for the right-of-use - continued

	2018		
	Land and buildings	Machinery and equipment	Total
Cost from initial adoption of IFRS 16	\$ 14,813	16,276	31,089
Capital expenditures (new leases)	3,649	124	3,773
Disposals	(364)	–	(364)
Depreciation and depletion for the period	(2,398)	(1,567)	(3,965)
Foreign currency translation effects	(433)	(797)	(1,230)
Cost at end of the period	17,665	15,603	33,268
Accumulated depreciation	(9,543)	(8,774)	(18,317)
Net book value at end of the period	\$ 8,122	6,829	14,951

For the years 2019 and 2018, rental expenses related to short-term leases, low-value assets and variable lease payments were \$2,317 and \$1,745, respectively, recognized in the cost of sales and operating expenses, as applicable.

14) GOODWILL AND INTANGIBLE ASSETS

14A) BALANCES AND CHANGES DURING THE PERIOD

As of December 31, 2019, and 2018, consolidated goodwill, intangible assets and deferred assets is summarized as follows:

	2019			2018		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Intangible assets of indefinite useful life						
Goodwill	\$ 1,503,970	–	1,503,970	1,488,216	–	1,488,216
Intangible assets of definite useful life						
Customer relations	191,851	(144,484)	47,367	191,343	(125,301)	66,042
Industrial property and trademarks	600	(600)	–	706	(703)	3
Mining projects	1,797	(323)	1,474	1,386	(326)	1,060
Other intangibles and deferred assets	92	–	92	92	–	92
	\$ 1,698,310	(145,407)	1,552,903	1,681,743	(126,330)	1,555,413

Goodwill and intangible assets – continued

Changes in intangible assets during the year ended December 31, 2019 and 2018 are as follows:

	2019			
	Goodwill	Customer relations	Others	Total
Net book value at beginning of the period	\$ 1,488,216	66,042	1,155	1,555,413
Amortization during the period	–	(19,290)	105	(19,185)
Foreign currency translation effects	15,754	615	306	16,675
Net book value at end of the period	\$ 1,503,970	47,367	1,566	1,552,903

	2018				
	Goodwill	Customer relations	Permits and licenses	Others	Total
Net book value at beginning of the period	\$ 1,551,684	91,226	51,348	740	1,694,998
Additions (disposals), net	–	–	(37,953)	1,060	(36,893)
Amortization during the period	–	(17,736)	(1,210)	(188)	(19,134)
Foreign currency translation effects	(63,468)	(7,448)	(12,185)	(457)	(83,558)
Net book value at end of the period	\$ 1,488,216	66,042	–	1,155	1,555,413

14B) ANALYSIS OF GOODWILL IMPAIRMENT

For purposes of goodwill impairment tests, all cash-generating units within a country are aggregated, as goodwill was allocated at the reportable operating segment. CEMEX Latam performs its annual goodwill impairment test during the last quarter of each year. For the years 2019 and 2018, based on its models of projected discounted cash flows, CEMEX Latam did not determine impairment losses in any of the groups of CGUs to which goodwill balances have been allocated in the different countries where the Company operates.

Impairment analyses consider long-term economic assumptions. Discounted cash flow projections are very sensitive, among other factors, to the estimation of future product prices, increases or decreases in volumes, the evolution of operating expenses, domestic and international economic trends in the construction industry, long-term growth expectations in the different markets, and the discount rates and perpetual growth rates used. The Company considers that its discounted cash flows and the discount rates used reasonably reflect the economic conditions at the time of calculation.

Analysis of goodwill impairment - continued

As of December 31, 2019 and 2018 goodwill balances allocated by reportable operating segment are as follows:

		2019	2018
Costa Rica	\$	425,363	400,846
Panama		344,703	344,703
Colombia		297,740	299,036
Guatemala		235,957	234,794
Nicaragua		185,119	193,749
El Salvador		15,088	15,088
	\$	1,503,970	1,488,216

As of December 31, 2019 and 2018, pre-tax discount rates and long-term growth rates used to determine the discounted cash flows in the group of CGUs with the main goodwill balances, are as follows:

Groups of CGUs	Discount rates		Growth rates	
	2019	2018	2019	2018
Costa Rica	10.7%	10.6%	3.5%	3.4%
Colombia	8.9%	9.5%	3.7%	3.6%
Panama	8.4%	9.1%	5.5%	5.5%
Nicaragua	11.3%	12.6%	1.5%	4.2%
Guatemala	9.4%	10.2%	3.5%	3.5%
El Salvador	10.8%	11.5%	2.2%	2.2%

As of December 31, 2019, the discount rates used by CEMEX Latam in its cash flows projections in the countries with the most significant goodwill balances decreased slightly in most cases in a range of 0.6% up to 1.3% as compared to the rates determined in 2018. This reduction in 2019 was mainly attributable to the funding cost observed in the industry that changed from 7.3% in 2018 to 5.4% in 2019. The risk free rate associated with CEMEX Latam remained flat in 2.9%. while the country specific risk rates decreased slightly in 2019 in most cases. These reductions were slightly offset by the debt weighting in the calculation of the discount rate that changed from 33.5% in 2018 to 31.7% in 2019.

As of December 31, 2018, the discount rates used decreased slightly in most cases in a range of 0.4% up to 1%, as compared to the rates determined in 2017. This reduction was mainly attributable to general decreases in the country specific risk yields in the majority of the countries where CEMEX Latam operates and the weighing of debt in the calculation, effects that were partially offset by increases during 2018 in the funding cost observed in the industry that changed from 6.1% in 2017 to 7.3% in 2018 and the risk free rate associated with CEMEX Latam which increased from 2.8% in 2017 to 2.9% in 2018. With respect to long-term growth rates, following general practice under IFRS, CEMEX uses country specific long-term growth rates obtained from data issued by the International Monetary Fund.

Analysis of goodwill impairment – continued

CEMEX Latam corroborates the reasonableness of its conclusions using sensitivity analyses to changes in assumptions, affecting the value in use of all groups of CGUs with an independent reasonably possible increase of 1% in the discount rate, an independent possible decrease of 1% in the long-term growth rate, as well as using multiples of Operating EBITDA, in which case, CEMEX Latam determined a weighted multiple of Operating EBITDA observed in recent mergers and acquisitions in the industry. The average multiple was then applied to a stabilized amount of Operating EBITDA and the result was compared to the corresponding carrying amount for each country. CEMEX considered an industry average Operating EBITDA multiple of 11.5 times in 2019 and 11.1 times in 2018.

In certain sensitivity analyzes in Panama, Costa Rica and Nicaragua, the Company detected some impairment indicators. As a result, CEMEX Latam got assured that the assumptions used in its discounted cash flow projections in these countries were adequate. After this assurance the Company ratified its conclusions. CEMEX Latam continually monitors the evolution of the countries that have presented relative goodwill impairment risk in any of the reported periods and, in the event that the relevant economic assumptions and the related value in use would be negatively affected, it may result in a goodwill impairment loss in the future.

In relation to the assumptions used by the Company described above, the impairment losses that would have resulted from the sensitivity analyzes derived from independent changes in each of the relevant variables, as well as the result of the analysis by multiples, in those operating segments that presented relative risk of impairment in 2019, are as follows:

Effects of sensitivity analyzes to changes in the relevant assumptions as of December 31, 2019						
Operating segment (U.S. Dollar millions)	Impairment losses recognized	Discount rate +1 Pt	Growth rate -1 Pt	Operating EBITDA -10%	Multiples of Operating EBITDA 11.5 times	
Panama	\$ –	–	–	–	19.8	
Costa Rica	–	–	–	–	6.9	
Nicaragua	–	10.4	4.9	12.5	–	

The factors that could materialize the hypothetical scenarios of the sensitivity analyzes above are, in relation to discount rates, and independent increase of 300 bps in the funding cost observed in the industry of 5.4% in 2019 or an increase in the risk free rate of each country of 150 bps over the rates of 3.8% in Panama, 7.1% in Costa Rica and 8.0% in Nicaragua. In the case of long-term growth rates, a reduction of 100 bps in the IMF's projections at year-end 2019 of 5.5% in Panama, 3.5% in Costa Rica and 1.5% in Nicaragua due to the deterioration of economic expectations for these countries. In the case of a 10% decrease in Operating EBITDA, it could be materialized due to a reduction in volume or prices, or an increase in operating costs, or a combination of these factors, due to deterioration of the local economy as well as due to competition or imports dynamics.

15) FINANCIAL INSTRUMENTS

15A) SHORT-TERM AND LONG-TERM DEBT AND OTHER FINANCIAL OBLIGATIONS

As of December 31, 2019 and 2018, consolidated debt by type of financial instruments is summarized as follows:

	2019	2018
Financial liabilities related to lease contracts (notes 2A and 13B) ¹	\$ 24,698	22,320
Trust guarantee for the development of housing projects ²	4,703	6,589
Foreign currency-denominated promissory notes bearing variable rate	–	546
Total debt and other financial liabilities	\$ 29,401	29,455
Out of which		
Short-term debt	10,227	10,055
Long-term debt	19,174	19,400

1 As of December 31, 2019 and 2018, the aggregate financial liability from lease contracts of \$24,698 and \$22,320, respectively, includes \$281 in 2019 and \$334 in 2018 related to lease contracts with CEMEX companies. As of December 31, 2019, the resulting average discount rate was 5.24%.

2 The loan guaranteed by CEMEX Colombia that is described in note 10A, was renewed during 2019 with new maturity in November 2020 in order to align the amortization of this liability with the Acquirer's payments, whom assumes the payment of principal and interest. The loan accrues interest at DTF rate plus 4.60%

The Company has various assets under lease agreements (note 13B). IFRS 16 was adopted beginning January 1, 2019 re-presenting the amounts of previous years (note 2A). Changes in the lease financial liabilities during 2019 and 2018 were as follows:

	2019	2018
Lease financial liability at beginning of year	\$ 22,320	22,921
Additions from new leases	10,398	4,667
Reductions from payments	(7,035)	(4,399)
Cancellations and liability remeasurements	(15)	–
Foreign currency translation and accretion effects	(970)	(869)
Lease financial liability at end of year	\$ 24,698	22,320

Short-term and long-term debt and other financial obligations – continued

As of December 31, 2019, the maturities of lease financial liabilities are as follows:

	Total
2021	\$ 3,824
2022	4,194
2023	2,924
2024	4,942
2025 and thereafter	3,290
	\$ 19,174

Payments under leases in 2019 and 2018 were \$5,910 and \$4,256, respectively. Future payments under lease contracts are presented in note 22A.

15B) FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial assets and liabilities

CEMEX Latam carrying amounts of cash, trade accounts receivable, other accounts receivable, trade accounts payable, other accounts payable and accrued expenses, as well as short-term debt, approximate their corresponding estimated fair values due to the short-term maturity of these financial assets and liabilities. Temporary investments (cash equivalents) and certain long-term investments are recognized at fair value, considering to the extent available, quoted market prices for the same or similar instruments. The estimated fair value of CEMEX Latam long-term debt is level 2, and is either based on estimated market prices for such or similar instruments, considering interest rates currently available for CEMEX Latam to negotiate debt with the same maturities, or determined by discounting future cash flows using market-based interest rates currently available to CEMEX Latam. The carrying amounts of assets and liabilities and their fair value estimated on December 31, 2019 and 2018 are as follows:

Thousands of U.S. Dollars	2019		2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Other assets and non-current accounts receivable (note 10B)	\$ 4,107	4,107	4,306	4,306
Financial liabilities				
Long-term payables to related parties (note 9)	\$ 729,090	784,585	835,102	795,588
Long-term debt (note 15A)	19,174	25,790	19,400	30,298
Other non-current liabilities (note 16)	64,358	18,187	17,575	17,575
	\$ 812,622	828,562	872,077	843,461

16) OTHER ACCOUNTS PAYABLE AND ACCRUED EXPENSES AND OTHER LIABILITIES

16A) CURRENT OTHER ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As of December 31, 2019, and 2018 consolidated current other accounts payable and accrued expenses were detailed as follows:

	2019	2018
Others provisions and liabilities ¹	\$ 31,055	30,109
Accrued expenses	18,052	20,556
Contract liabilities with customers (note 3A) ²	11,273	14,393
Deferred revenue ³	3,517	–
Others	385	416
	\$ 64,282	65,474

1 Includes, among others, provisions for: a) insurance and services of \$17,978 in 2019 and \$17,907 in 2018; b) employee' compensation of \$5,195 in 2019 and \$4,075 in 2018, as well as legal expenses and other commitments of \$3,815 in 2019 and \$3,557 in 2018.

2 Includes advance payments from customers of \$11,008 in 2019 and \$14,126 in 2018.

3 Refers to the current portion of the indemnity agreement between Cemento Bayano and Balboa described in notes 9 and 16B.

The items included in the table above arise in the ordinary course of business, are of recurring nature and are expected to be settled and replaced for similar amounts within the next 12 months.

For the years ended December 31, 2019 and 2018, the changes in the line item other provisions and liabilities presented in the table above were as follows:

	2019	2018
Balance at beginning of period	\$ 30,109	44,274
Additions of the period for new obligations or increases in estimates	60,948	69,390
Reductions of the period due to payments or decrease in estimates	(59,710)	(81,262)
Foreign currency translation adjustment	(292)	(2,293)
Balance at end of period	\$ 31,055	30,109

16B) NON-CURRENT OTHER LIABILITIES

As of December 31, 2019 and 2018, consolidated non-current other liabilities were detailed as follows:

	2019	2018
Deferred revenue ¹	\$ 54,107	5,734
Provisions for asset retirement obligations ²	4,371	4,463
Other provisions and liabilities	3,838	3,922
Other tax payables	2,042	3,456
	\$ 64,358	17,575

- 1 On November 15, 2019, through its subsidiary Balboa, CEMEX sold its 25% equity interest in Cemento Interoceánico to a subsidiary of Cementos Progreso, S.A. (the "Purchaser") for approximately \$44 million, plus an additional consideration ("earn-out") for up to \$20 million to be collected in 2020. As condition precedent for the acquisition of such 25% equity interest of Balboa in Cemento Interoceánico, the Purchaser required Balboa's intermediation with Cemento Bayano, with the purpose of negotiating a new clinker supply agreement between Cemento Bayano and Cemento Interoceánico including certain commercial conditions as well as a guaranteed installed capacity reserve of its plant in Panama for a period of 10 years beginning on November 15, 2019 (note 22B). Cemento Bayano accepted these conditions in exchange of a compensation from Balboa for an amount of up to \$52 million during the aforementioned period of 10 years in order to compensate Cemento Bayano's decrease in operating earnings resulting from the new clinker supply agreement (the "Indemnity Contract"). As of December 31, 2019, the Company's statement of financial position includes deferred revenue of \$3,517 and \$46,169 within current other accounts payable and non-current other liabilities, respectively, related to the best estimate of the amounts that will be generated under the Indemnity Contract, as well as an account receivable from Balboa of \$17,842 (note 9). Out of this aggregate compensation, on November 15, 2019, Balboa made an advance payment to the Company of \$32,398. This deferred revenue will be recognized in CEMEX Latam's income statement over the 10 years term of the new clinker supply agreement with Cemento Interoceánico as conditions agreed upon are fulfilled by Cemento Bayano, considering an implicit financing cost of 8.4% equivalent to the stand-alone borrowing rate that Cemento Bayano would obtain as of the date of the agreements from a bank for a similar amount and term.
- 2 Asset retirement obligations include future estimated costs for demolition, dismantling and cleaning of production sites at the end of their operation, which are initially recognized against the related assets and are depreciated over their estimated useful life.

17) RISK MANAGEMENT

Enterprise risks may arise from any of the following situations: i) the potential change in the value of assets owned or reasonably anticipated to be owned, ii) the potential change in value of liabilities incurred or reasonably anticipated to be incurred, iii) the potential change in value of services provided, purchase or reasonably anticipated to be provided or purchased in the ordinary course of business, iv) the potential change in the value of assets, services, inputs, product or commodities owned, produced, manufactured, processed, merchandised, leased or sell or reasonably anticipated to be owned, produced, manufactured, processed, merchandising, leasing or selling in the ordinary course of business, or v) any potential change in the value arising from interest rate or foreign exchange rate exposures arising from current or anticipated assets or liabilities.

To manage some of these risks, such as credit risk, interest rate risk, foreign exchange risk, equity risk and liquidity risk, considering the guidelines set forth by CEMEX, SAB de C.V., the Company's management has determined the strategies against the aforementioned risks. Each particular risk segment is discussed as follows.

Risk management framework

The Company's management has overall responsibility for the development, implementation and monitoring of the conceptual framework and policies for an effective risk management. The Company's risk management policies are intended to: a) identify and analyze the risks faced by the Company; b) implement appropriate risk limits and controls; and c) monitor the risks and the compliance with the limits. Policies and risk management systems are regularly reviewed to reflect changes in market conditions and in the Company's activities. By means of its policies and procedures for risk management, the Company aims to develop a disciplined and constructive control environment where all employees understand their roles and obligations. As of December 31, 2019 and 2018, the Company has not entered into derivative financial instruments.

Credit risk

Credit risk is the risk of financial loss faced by the Company if a customer or counterpart to a financial instrument does not meet its contractual obligations and originates mainly from trade accounts receivable. As of December 31, 2019 and 2018, the maximum exposure to credit risk is represented by the balance of financial assets. Management has developed policies for the authorization of credit to customers. The exposure to credit risk is monitored constantly according to the behavior of payment of the debtors. Credit is assigned on a customer-by-customer basis and is subject to assessments which consider the customers' payment capacity, as well as past behavior regarding due dates, balances past due and delinquent accounts. In cases deemed necessary, the Company's management requires guarantees from its customers and financial counterparties with regard to financial assets.

The Company's management has established a policy of low risk which analyzes the creditworthiness of each new client individually before offering the general conditions of payment terms and delivery, the review includes external ratings, when references are available, and in some cases bank references. Threshold of purchase limits are established for each client, which represent the maximum purchase amounts that require different levels of approval. Customers that do not meet the levels of solvency requirements imposed by CEMEX Latam can only carry out transactions by paying cash in advance. As of December 31, 2019 and 2018, considering the Company's best estimate of potential losses based on an analysis of age and considering recovery efforts, the allowance for doubtful accounts was \$9,340 and \$8,304, respectively.

Credit risk - continued

The aging of trade accounts receivable as of December 31, 2019 and 2018 are as follows:

		2019	2018
Neither past due, nor impaired portfolio	\$	52,463	61,554
Less than 90 days past due portfolio		12,902	18,509
More than 90 days past due portfolio		14,625	15,706
	\$	79,990	95,769

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates, which only affects results if the fixed-rate long-term debt is measured at fair value. Long-term debt is carried at amortized cost and therefore is not subject to interest rate risk. Exposure to the risk of changes in market interest rates relates primarily to its long-term debt obligations with floating interest rates. As of December 31, 2019 and 2018, CEMEX Latam was subject to the volatility of floating interest rates, which, if such rates were to increase, may adversely affect its financing cost and the results for the period. CEMEX Latam manages its interest rate risk by balancing its exposure to fixed and variable rates while attempting to reduce its interest costs.

Nonetheless, it is not economically efficient to concentrate in fixed rates in a high point when the interest rates market expects a downward trend, this is, there is an opportunity cost for remaining long periods paying a determined fixed interest rate when the market rates have decreased and the entity may obtain improved interest rate conditions in a new loan or debt issuance. CEMEX Latam manages its interest rate risk by balancing its exposure to fixed and variable rates while attempting to reduce its interest costs. In addition, when the interest rate of a debt instrument has turned relatively high as compared to current market rates, CEMEX Latam intends to renegotiate the conditions or repurchase the debt, to the extent the net present value of the expected future benefits from the interest rate reduction would exceed the incentives that would have to be paid in such renegotiation or repurchase of debt.

Foreign currency risk

The Company has foreign currency exposures due to the relevant balances in each country in other currencies than their functional currency. The Company has not implemented any derivative financing instrument hedging strategy to address this foreign currency risk.

As of December 31, 2019 and 2018, excluding from the sensitivity analysis the impact of translating the net assets of foreign operations into the Company's reporting currency, considering a hypothetical 10% strengthening of the U.S. Dollar against the Colombian Peso, with all other variables held constant, The Company's net income for the years ended on December 31, 2019 and 2018 would have decreased by approximately \$447 and \$6,262, respectively, as a result of higher foreign exchange losses on the Company's Dollar-denominated net monetary liabilities held in consolidated entities with other functional currencies. Conversely, a hypothetical 10% weakening of the U.S. Dollar against the Colombian Peso would have the opposite effect.

Equity risk

As of December 31, 2019 and 2018, the Company has no financial instruments or transactions related with the Parent Company shares, or of any subsidiary of CEMEX Latam or third parties, except by executive compensation programs (note 20D), whereby, there are not effects in the expected cash flows of the Company from changes in the price of such shares.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient funds available to meet its obligations. Although the Company has fulfilled its operational liquidity, debt service and capital expenditures needs through its own operations. As of December 31, 2019, current liabilities exceeded current assets in \$23,077. In order to reduce its liquidity risk, on December 20, 2019, the Company renegotiated with new maturity in December 2022 the loan granted by LOMEZ International B.V to Cemento Bayano of \$84,148. In addition, also on December 20, 2019, CEMEX Colombia renewed its credit line with CEMEX España with new maturity in December 2024. The Company’s management considers that CEMEX Latam will generate sufficient net cash flows from operations in the future to allow it to cope with any liquidity risk in the short term. In case it is deemed necessary, CEMEX Latam considers that it would succeed in renegotiating on a long-term basis the maturity of some short-term payables to CEMEX. The Company’s consolidated net cash flows from operations after interest expense and income taxes amounted to \$99,979 in 2019 and \$135,423 in 2018. The maturities of the Company’s contractual obligations are included in note 22A.

18) PENSIONS AND OTHER POSTRETIREMENT EMPLOYEE BENEFITS

Defined contribution pension plans

The consolidated cost of defined contribution plans for the years ended December 31, 2019 and 2018 were approximately \$12 and \$12, respectively. The Company contributes periodically the amounts offered by the plan to the employee’s individual accounts, not retaining any remaining liability as of the statement of financial position date.

Defined benefit pension plans

The Company sponsors a defined benefit pension plan in Colombia, which is closed to new participants and whose beneficiaries are all retirees. For the years ended December 31, 2019 and 2018, the net periodic cost was recognized as follows:

	2019	2018
Recorded in financial income and other items, net		
Financial cost	\$ 2,167	2,421
Recorded in other comprehensive income, net		
Actuarial losses	2,692	815
Net periodic cost	\$ 4,859	3,236

Defined benefit pension plans - continued

The reconciliation of the actuarial benefits obligation as of December 31, 2019 and 2018 are presented as follows:

	2019	2018
Change in benefits obligation		
Projected benefits obligation at beginning of period	\$ 36,661	40,415
Financial cost	2,167	2,421
Benefits paid	(3,358)	(3,727)
Actuarial losses	2,692	815
Foreign currency translation	(307)	(3,263)
Projected benefits obligation at end of period	\$ 37,855	36,661

As of December 31, 2019, estimated payments for postretirement benefits over the next ten years are as follows:

	Estimated payments
2020	\$ 3,381
2021	3,376
2022	3,347
2023	3,313
2024	3,265
2025–2029	15,128
	\$ 31,810

As of December 31, 2019 and 2018, the most significant assumptions used in the determination of the net periodic cost were as follows:

	2019	2018
Discount rate	5.50%	6.25%
Pension growth rate	3.00%	3.00%

Sensitivity analysis of pensions and other postretirement benefits

For the year ended December 31, 2019, CEMEX Latam performed sensitivity analyses on the most significant assumptions that affect the PBO, considering reasonable independent changes of plus or minus 50 basis points in each of these assumptions. The increase (decrease) that would have resulted in the projected benefits obligation as of December 31, 2019 is shown below:

Variables:	+50pbs	-50pbs
Discount rate	(1,512)	1,661
Pension growth rate	1,750	(1,635)

19) INCOME TAXES

19A) INCOME TAXES FOR THE PERIOD

For the years ended December 31, 2019 and 2018, income tax expense recognized in the consolidated income statements was as follows:

	2019	2018
Current income taxes	\$ 37,002	54,923
Deferred income taxes	(7,559)	(18,391)
	\$ 29,443	36,532
Out of which:		
Colombia ^{1,2}	\$ 13,629	(625)
Costa Rica ³	3,127	15,948
Panama	(2,159)	1,200
Rest of CLH and others ⁴	14,846	20,009
	\$ 29,443	36,532

1 Effective January 1, 2017, as part of a package of tax modifications, the aggregate estimated consolidated tax rates of 40% in 2017 and 37% in 2018 including income tax and its surtax were established.

2 As part of a tax modifications package effective January 1, 2019, the income tax rate was modified to 32% in 2020, 31% in 2021 and 30% in 2022 and onwards. The rate for 2019 was maintained at 33%.

3 For the year ended December 31, 2018, includes an adjustment of income taxes plus interest related to a 2008 tax proceeding for a total amount in Colones equivalent to approximately \$6 million (see note 19D).

4 Includes the Company's operations in Nicaragua, Guatemala, and El Salvador as well as the effects on income taxes of the Parent Company, other sub-holding companies and other consolidation adjustments.

Income taxes for the period - continued

As of December 31, 2019, the Company has unamortized tax loss carryforwards and other tax credits of \$198,234, which have not been subject to accounting recognition. As of the same date, such tax loss carryforwards and other tax credits can be offset against taxable income in any future fiscal year as follows:

	Unamortized tax loss carryforwards
2029	\$ 2,260
2030	7,061
2031	8,619
With no expiration date	180,294
	\$ 198,234

19B) DEFERRED INCOME TAXES

As of December 31, 2019 and 2018, the main temporary differences that generated the consolidated deferred income tax assets and liabilities are presented below:

	2019	2018
Deferred tax assets:		
Tax loss carryforwards and other tax credits	\$ 90	267
Accounts payable and accrued expenses	21,299	17,873
Others	415	457
Total deferred tax assets	21,804	18,597
Deferred tax liabilities:		
Property, machinery and equipment	133,849	139,366
Goodwill	203,788	205,475
Others	1,411	1,771
Total deferred tax liabilities	339,048	346,612
Net deferred tax liabilities	\$ 317,244	328,015

Deferred income taxes - continued

The breakdown of changes in consolidated deferred income taxes during 2019 and 2018 were as follows:

	2019	2018
Deferred income tax benefit credited to the income statement	\$ (7,559)	(18,391)
Reduction of the deferred tax liability from business' disposals (note 3B)	–	(21,309)
Deferred income tax benefit credited to stockholders' equity ¹	(3,211)	(48,804)
Change in deferred income tax during the period	\$ (10,770)	(88,504)

¹ In 2018, includes a deferred income tax benefit of \$2,081 resulting from the adoption of IFRS 9 and IFRS 16 as of January 1, 2018

The Parent Company has not recognized any deferred tax liability for the undistributed earnings generated by its subsidiaries accounted under the equity method, considering that such undistributed earnings are not expected to be distributed and generate income tax in the foreseeable future. Moreover, the Parent Company does not recognize a deferred income tax liability related to its investments in subsidiaries considering that the Company controls the reversal of the temporary differences arising from these investments.

19C) EFFECTIVE TAX RATE

Differences between the financial basis and the corresponding tax basis of assets and liabilities and the different income tax rates and laws applicable to the Company, among other factors, give rise to permanent differences between the average statutory tax rate of the entities included in this consolidated financial statement, and the effective tax rate presented in the consolidated income statement.

For the years ended December 31, 2019 and 2018 these differences were as follows:

	2019	2018
	%	%
Statutory tax rate in Spain	25.0	25.0
Other non-taxable income	(0.1)	(7.5)
Expenses and other non-deductible items	11.2	13.0
Other taxable non-accounting benefits	(5.3)	(0.5)
Differences in income tax rates ¹	7.9	(2.3)
Others ²	48.2	5.9
Effective consolidated tax rate	86.9	33.6

¹ Includes the effects of the different income tax rates applicable in the countries that are part of these consolidated financial statements

² Refers to definitive withholdings and non-recoverable tax losses. In 2019, increases in proportion due to the reduction in earnings before income taxes.

19D) UNCERTAIN TAX POSITIONS AND SIGNIFICANT TAX PROCEEDINGS

CEMEX Latam is involved in several ongoing tax proceedings which have not required the recognition of accruals since the Company does not consider probable an adverse resolution after considering the evidence at its disposal. Nonetheless, the Company cannot assure it will obtain a favorable resolution. As of December 31, 2019, a summary of relevant facts of the most significant proceedings in progress, or which were resolved during the reported periods, were as follows:

Colombia

- On April 6, 2018, CEMEX Colombia received a special proceeding from the Colombian Tax Authority (the “Tax Authority”), where certain deductions included in the 2012 income tax return were rejected. The Tax Authority assessed an increase in the income tax payable by CEMEX Colombia and imposed an inaccuracy penalty for amounts in Pesos equivalent to approximately \$38 million of income tax and \$38 million of penalty. On December 28, 2018, CEMEX Colombia received an official review settlement ratifying the rejected deductible items and amounts. CEMEX Colombia filed an appeal for reconsideration on February 21, 2019 and the Tax Authority has one year from this date to resolve the appeal. If the proceeding would be adversely resolved in the final stage, CEMEX Colombia must pay the amounts determined in the official settlement plus interest accrued on the amount of the income tax adjustment until the payment date. As of December 31, 2019, in this stage of the proceeding, CEMEX Latam considers that it is not probable an adverse resolution in this proceeding after conclusion of all available defense procedures, however, it is difficult to assess with certainty the likelihood of an adverse resolution in the proceeding; but if adversely resolved, CEMEX Latam considers that this proceeding could have a material adverse impact on its operating results, liquidity or financial position. See note 24 for Subsequent Events regarding this proceeding.
- In September 2012, the Tax Authority requested CEMEX Colombia to amend its income tax return for the year 2011 in connection with several deductible expenses including the amortization of goodwill. CEMEX Colombia rejected the arguments of the ordinary request and filed a motion requesting the case to be closed. The tax return was under audit by the Tax Authority from August 2013 until September, 2018, when CEMEX Colombia was notified of a special requirement in which the Tax Authority rejects certain deductions included in such income tax return of the year 2011 and determined an increase in the income tax payable and imposed a penalty for amounts in Pesos equivalent to approximately \$26 million of income tax and \$26 million of penalty. CEMEX Colombia filed a response to the special requirement on November 30, 2018 and the tax authority notified the official review liquidation on May 15, 2019, maintaining the claims of the special requirement and CEMEX Colombia filed the appeal for reconsideration within the legal term on July 11, 2019. If the proceeding would be adversely resolved in its final stage, CEMEX Colombia would have to pay the amounts determined in the official settlement plus interest accrued on the amount of the income tax adjustment until the date of payment. As of December 31, 2019, in this stage of the proceeding, CEMEX Latam considers that it is not probable an adverse resolution in this proceeding after conclusion of all available defense procedures, however, it is difficult to assess with certainty the likelihood of an adverse result in the proceeding; but if adversely resolved, CEMEX Latam considers that this proceeding could have a material adverse impact on its operating results, liquidity or financial position.
- In April, 2011, the Tax Authority notified CEMEX Colombia of a special proceeding rejecting certain deductions included in the 2009 tax return considering they were not linked to direct revenues recorded in the same tax year, and assessed an increase in the income tax payable by CEMEX Colombia and imposed a penalty for amounts in Pesos equivalent to approximately \$27 million of income tax and approximately \$27 million of penalty, considering changes in the law that reduced the original sanction. After several appeals of CEMEX Colombia to the Colombian Tax Authority’s special proceeding over the years in the applicable courts in which CEMEX Colombia obtained negative resolutions in each case, in July 2014, CEMEX Colombia filed an appeal against this resolution before the Colombian State Council (*Consejo de Estado*). If the proceeding would be adversely resolved in the final stage, CEMEX Colombia must pay the amounts determined in the official settlement plus interest accrued on the amount of the income tax adjustment until the payment date. As of December 31, 2019, in this stage of the proceeding, CEMEX Latam considers that it is not probable an adverse resolution in this proceeding after conclusion of all available defense procedures, however, it is difficult to assess with certainty the likelihood of an adverse resolution in the proceeding; but if adversely resolved, CEMEX Latam considers that this proceeding could have a material adverse impact on its operating results, liquidity or financial position.

Uncertain tax positions and significant tax proceedings – Colombia - continued

- The municipality of San Luis (the “Municipality”) has issued requirements to CEMEX Colombia related with the payment of the industry and commerce tax (*impuesto de industria y comercio*) in such municipality for the tax years from 1999 to 2013 and 2016. The Municipality argues that the tax is generated as a result of CEMEX Colombia’s industrial activities in such jurisdiction. CEMEX Colombia considers that its activity in this municipality is strictly mining and therefore pays royalties for mineral extraction in this jurisdiction, based on the applicable law, which bans municipalities from collecting the industry and commerce tax, when the amount payable of royalties is equal or exceeds to the amount of such tax. CEMEX Colombia has duly submitted legal resources appealing these requirements. The processes from 1999 to 2012 have finalized without disbursements for CEMEX Colombia. In relation to the tax year 2013, there is a requirement from the Municipality, appealed by CEMEX Colombia, for amounts in Pesos equivalent to approximately \$5 million of purported tax and \$8 million of penalties, and in connection with this requirement. With respect to the 2016 tax year, on October 24, 2019, the Municipality notified CEMEX Colombia the official settlement for amounts in Pesos equivalent to approximately \$5 million of tax and \$9 million of penalties. CEMEX Colombia actively defends its position in these proceedings. If these proceedings would be adversely resolved in the final stage, CEMEX Colombia must pay the amounts determined in the official settlement plus interest accrued on the tax adjustments until the payment date. As of December 31, 2019, in this stage of the proceedings, CEMEX Latam considers that it is not probable an adverse resolution in this proceeding after conclusion of all available defense procedures. See note 24 for Subsequent Events regarding this proceeding.

Costa Rica

- In August 2013, the Costa Rican Tax Department (*Dirección General de Tributación* or the “Tax Department”) submitted to CEMEX Costa Rica, S.A. (“CEMEX Costa Rica”) a provisional regularization proposal related to income tax in connection with the 2008 tax year. After several resolutions and appeals thereof, motions of unconstitutionality, cancellation and replenishment of the processes over the years, in July 2017, the Tax Department confirmed by means of notification the sanctions imposed and required amounts in Colons equivalent to approximately \$6 million of income tax plus accrued interest and approximately \$0.8 million of penalty. In April, 2018, the Administrative Tax Court issued an adverse resolution to the appeal filed by CEMEX Costa Rica in all its aspects. In September, 2018, the Tax Department notified a request for payment for amounts in Colons equivalent to approximately \$3 million of purported tax, allowing CEMEX Costa Rica to decide regarding the settlement of accrued interest. In November 2018, CEMEX Costa Rica proceeded with the payments of the income tax adjustment plus accrued interest for an amount in Colons equivalent to approximately \$6 million. In respect to the penalty, CEMEX Costa Rica has not received a payment request. In December, 2018, CEMEX Costa Rica filed a claim against the Costa Rican State before the Administrative Contentious Court (the “Court”). On March 15, 2019, the Court notified CEMEX Costa Rica that the Attorney General Office (the “Attorney General”) did not agree with its defense arguments. The hearing was held on November 12, 2019 and subsequently the proceeding was remitted to receive sentence. As of December 31, 2019, at this stage of the proceeding, CEMEX Latam considers that it is not probable an adverse resolution in this proceeding after conclusion of all available defense procedures. Nonetheless, it is difficult to assess with certainty the likelihood of an adverse result in the proceeding; but if adversely resolved, CEMEX Latam considers this proceeding could not have a material adverse impact on its operating results, liquidity or financial position.

Uncertain tax positions and significant tax proceedings - continued

Nicaragua

- On July 26, 2019, the Nicaraguan Tax Authority notified CEMEX Nicaragua S.A. of an Act of Charges in connection with the review of the income tax of the taxable year 2015, in which mainly the deductibility of royalty payments and administrative services is rejected, and determined an increase in the income tax payable and a penalty for amounts in Cordobas equivalent to approximately \$3.5 million of income tax plus \$0.9 million of penalty. On August 16, 2019, CEMEX Nicaragua S.A. submitted its response to the Act of Charges including its rebuttal evidence. On September 18, 2019, the Nicaraguan Tax Authority issued a determinative resolution confirming the proposed adjustments. On September 30, 2019, CEMEX Nicaragua S.A. filed the corresponding appeal. On November 5, 2019, CEMEX Nicaragua received a resolution to the appeal from the Nicaraguan Tax Authority maintaining the same adjustments. On November 18, 2019, CEMEX Nicaragua filed an Appeal for Review before the General Director of Revenue. The Nicaraguan Tax Authority has 55 business days to resolve. After this deadline the proceeding continues in the administrative instances and subsequently in the contentious instances. If the proceeding would be ultimately adversely resolved, CEMEX Nicaragua S.A. must pay the amounts determined in the Act of Charges plus interest accrued on the amount of the income tax adjustment until the payment date plus an adjustment for changes in the exchange rate against the Dollar. As of December 31, 2019, in this stage of the proceeding, CEMEX Latam considers that it is not probable an adverse resolution in this proceeding at the end of all instances. Nonetheless, it is difficult to assess with certainty the likelihood of an adverse result in the proceeding; but if adversely resolved, CEMEX Latam considers this proceeding could not have a material adverse impact on its operating results, liquidity or financial position. See note 24 for Subsequent event regarding this procedure.

20) STOCKHOLDERS' EQUITY

20A) COMMON STOCK AND ADDITIONAL PAID-IN CAPITAL

As of December 31, 2019 and 2018, the line item common stock and additional paid-in capital was detailed as follows:

	2019			2018		
	Authorized	Treasury shares	Total	Authorized	Treasury shares	Total
Common stock	\$ 718,124	–	718,124	718,124	–	718,124
Additional paid-in capital	894,701	(140,434)	754,267	894,701	(143,093)	751,608
	\$ 1,612,825	(140,434)	1,472,391	1,612,825	(143,093)	1,469,732

During the years ended December 31, 2019 and 2018 the Parent Company carried out physical deliveries of shares to the executives subject to the benefits of the stock-based long-term compensation programs (note 20D), which increased additional paid-in capital for amounts of \$2,659 and \$1,745, respectively, as result of the decrease in treasury shares, which were delivered to these executives.

Common stock and additional paid-in capital - continued

As of December 31, 2019 and 2018, the Parent Company's subscribed and paid shares by owner were as follows:

Shares	2019	2018
Owned by CEMEX España:		
Initial contribution by CEMEX España on April 17, 2012	60,000	60,000
CEMEX España capital increase on July 31, 2012	407,830,342	407,830,342
	407,890,342	407,890,342
Owned by third-party investors		
	149,582,742	149,188,887
Total subscribed and paid shares	557,473,084	557,079,229

As of December 31, 2019 and 2018, the Parent Company's common stock was represented by 578,278,342 ordinary shares with a nominal value of 1 euro per share. The number of subscribed and paid shares of CEMEX Latam Holdings presented in the table above excludes 20,805,258 in 2019 and 21,199,113 shares in 2018 held in the Company's treasury (treasury shares).

As of December 31, 2019 and 2018, CEMEX España owned approximately 73.17% and 73.22%, respectively, of the Parent Company's common shares, excluding shares held in treasury.

20B) OTHER EQUITY RESERVES

As of December 31, 2019 and 2018, the items within other equity reserves are summarized as follows:

	2019	2018
Reorganization of entities under common control and other effects ¹	\$ (300,422)	(300,422)
Currency translation effects of foreign subsidiaries ²	(617,525)	(639,303)
Stock-based compensation ³	14,232	11,574
	\$ (903,715)	(928,151)

1 Effects resulting mainly from the difference between the amount of compensation determined in the reorganization of entities effective as of July 1, 2012, by means of which the Parent Company acquired its consolidated subsidiaries, and the value of the net assets acquired of such subsidiaries, net of other purchase adjustments.

2 Represents the balance of cumulative currency translation effects of foreign subsidiaries generated during each period. The effects generated during the periods ended December 31, 2019 and 2018 are included in the statements of comprehensive income.

3 The line item refers to the effects associated with the executive stock-based compensation programs (note 20D), and which costs are recognized in the operating results of each subsidiary during the vesting period of the awards against other equity reserves. Upon physical delivery of the Parent Company's shares the amounts accrued in other equity reserves are reclassified to additional paid-in capital.

20C) RETAINED EARNINGS

In accordance with the provisions of the Corporations Law in Spain, the Parent Company must allocate 10% of its profit for the year, determined on a stand-alone basis, to a legal reserve until it reaches at least an amount equivalent to 20% of the common stock. At December 31, 2019, and 2018, the legal reserve of the Parent Company amounted to \$22,339 and \$22,174, respectively.

20D) EXECUTIVE SHARE-BASED COMPENSATION

The Company sponsors a long-term incentives plan for certain executives, consisting of an annual compensation plan based on the delivery of shares of the Parent Company. The cost associated with the share-based instruments delivered to the Company's eligible executives is recognized in the operating results during the periods in which the executives subject to the benefits of the plan render services and vest the program's exercise rights. The underlying shares in the aforementioned long-term incentives plan, which are held in the Parent Company's treasury, are delivered fully vested over a four-year period under each annual program.

In addition, certain executives that join the Company coming from other CEMEX's operations participated until their transfer in CEMEX's share-based long-term incentives program. In any such case, eligible executives of the share-based long term compensation plan that join the Company from CEMEX stop receiving CEMEX, S.A.B. de C.V. shares and start receiving shares of the Parent Company in the following date of grant after joining the Company.

For the years ended December 31, 2019 and 2018, compensation expense related to the long-term incentive plans described above, which was recognized in the results of operations, amounted to \$1,804 and \$1,910, respectively.

Under the annual share-based long-term incentives plan, the Parent Company granted rights on its own shares to the executives subject to the plan's benefits for 816,491 shares in 2019 and 622,145 shares in 2018, in connection with 100% of the potential benefits to be vested within each annual program. During 2019 and 2018, the Parent Company carried out the physical delivery of 393,855 shares and 258,511 shares, respectively, corresponding to the vested portion of prior period grants. Based on the aforementioned, as of December 31, 2019, there are approximately 1,584,822 shares of the Parent Company, corresponding to the portion of shares still unvested under these annual programs, which are expected to be physically delivered over the following years as the executives render services. The weighted average prices of the Parent Company's shares granted during the periods were for amounts in Colombian Pesos equivalent to approximately 1.31 Dollars per share in 2019 and 2.14 Dollars per share in 2018.

As of December 31, 2019 and 2018, the Company has no commitments to make cash payments to executives based on changes in the market prices of CEMEX, S.A.B de C.V.'s or the Parent Company's shares.

20E) NON-CONTROLLING INTERESTS

Non-controlling interest represents the share of non-controlling stockholders in the results and equity of consolidated entities. As of December 31, 2019, and 2018, non-controlling interest in stockholder's equity amounted to approximately \$5,251 and \$5,290, respectively.

21) EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net income attributable to ordinary shareholders of the Parent Company (the numerator) by the weighted average number of shares outstanding (the denominator) during the period. Shares that would be issued depending only on the passage of time should be included in the determination of the basic weighted average number of shares outstanding. Diluted earnings per share should reflect in both, the numerator and denominator, the assumption that convertible instruments are converted, that options or warrants are exercised, or that ordinary shares are issued upon the satisfaction of specified conditions, to the extent that such assumption would lead to a reduction in basic earnings per share or an increase in basic loss per share, otherwise, the effects of potential shares are not considered because they generate anti-dilution.

The amounts considered for calculations of earnings per share ("EPS") for the years ended December 31, 2019 and 2018 were as follows:

Denominator (thousands of shares)	2019	2018
Weighted average number of shares outstanding – Basic EPS	557,212	556,905
Effect of dilutive instruments – share-based compensation	1,585	1,162
Weighted average number of shares outstanding – Diluted EPS	558,797	558,067
Numerator		
Consolidated net income from continuing operations	\$ 4,472	72,181
Less: non-controlling interest net income	(5)	(194)
Controlling interest net income from continuing operations	4,467	71,987
Net loss from discontinued operations	–	(9,556)
Controlling interest net income	4,467	62,431
Controlling interest basic earnings per share	\$ 0.01	0.11
Controlling interest basic earnings per share from continuing operations	0.01	0.13
Basic loss per share from discontinued operations	–	(0.02)
Controlling interest diluted earnings per share	\$ 0.01	0.11
Controlling interest diluted earnings per share from continuing operations	0.01	0.13
Diluted loss per share from discontinued operations	–	(0.02)

22) COMMITMENTS

22A) CONTRACTUAL OBLIGATIONS

As of December 31, 2019 and 2018, the Company had the following contractual obligations:

(Thousands of U.S. Dollars) Obligations	2019				Total
	Less than 1 year	1–3 years	3–5 years	More than 5 years	
Non-current accounts payable to related parties ¹	\$ 20,021	84,128	644,962	–	749,111
Interest payments on debt ²	40,079	79,403	17,672	–	137,154
Operating leases ³	6,888	10,717	7,842	3,860	29,307
Pension plans and other benefits ⁴	3,381	6,724	6,579	15,126	31,810
Purchases of raw materials, fuel and energy ⁵	39,700	64,397	18,612	43,000	165,709
Investments in property, plant and equipment	5,891	–	–	–	5,891
Total contractual obligations	\$ 115,960	245,369	695,667	61,986	1,118,982

¹ This line item refers entirely to the Company's liabilities with related parties described in note 9.

² Includes future interest payments under debt owed to third-party creditors and to related parties as well as lease contracts using the current interest rates on the contracts as of December 31, 2019.

³ The amounts of payments under leases are presented on the basis of nominal cash flows. This line item includes the lease contract with maturity in January 2026 with the Government of the Republic of Nicaragua covering the operative and administrative assets, trademark rights, quarry extraction rights and other assets of Compañía Nacional Productora de Cemento, S.A. In addition, includes leases negotiated by the Parent Company with CEMEX España and CEMEX Research Group A.G. for its corporate offices in Spain and the research and development offices in Switzerland.

⁴ Represents the estimated annual payments under defined benefit plans over the next 10 years.

⁵ Includes commitments of the Company for the purchase of raw materials, fuels and energy.

As of December 31, 2019, the summary of certain concepts related to the contracts for the purchase of raw materials, inputs and others presented in the previous table, which are negotiated in the local currency of each subsidiary, is as follows:

Counterpart	Contractor	Concept	Start date	Term	(U.S. Dollars millions)	
						Annual approximate amount
General de Maquinaria y Excavación Colombia S.A.S.	CEMEX Colombia	Quarry exploitation	July 2018	4 years	\$	2
Turgas S.A. E.S.P.	CEMEX Colombia	Natural gas	Octubre 2017	4 years		10
Exxonmobil Colombia S.A.	CEMEX Colombia	Fuels	Junio 2017	4 years		9
Excavaciones y Proyectos de Colombia S.A.S.	CEMEX Colombia	Raw materials	May 2017	5 years		6
IBM	Various subsidiaries	Administrative services	July 2012	10 years		4
AES Panamá, S.R.L.	Cemento Bayano, S.A.	Energy	January 2020	10 years		9
Wärtsilä Colombia S.A.	CEMEX Colombia	Energy	December 2019	4 years		8

Contractual obligations - continued

In connection with a long-term contract service with a provider for the processing of aggregates for the construction industry entered into by Cemento Bayano and a supplier, under which, the consumption was suspended by Cemento Bayano since October 2017, considering that the raw material did not comply with the quality characteristics agreed upon which are necessary for the operation, on July 22, 2019, Cemento Bayano and such supplier signed a termination and settlement agreement. As compensation for this termination and settlement, Cemento Bayano recognized a loss for an amount of approximately \$5 million against the income statement for the year ended December 31, 2019 (note 5), of which, approximately \$4.3 million related to the supplier's payment and the complement to other termination expenses.

Hedge of fuel prices

As of December 31, 2019 and 2018, CEMEX Colombia maintains call option contracts negotiated with CEMEX to hedge the price of diesel fuel for an aggregate nominal amount of \$4,378 and 7,503, respectively, with an estimated fair value representing assets of \$132 as of December 31, 2019 and \$182 as of December 31, 2018. By means of these contracts, for own consumption, CEMEX Colombia fixed the price of this fuel over certain volume that represents a portion of the estimated consumption of this fuel in the applicable operations. The contracts have been designated as cash flow hedges of such diesel consumption; therefore, changes in fair value are recognized through other comprehensive income and are recycled to operating costs when the related fuel volumes are consumed. During the year ended December 31, 2019, changes in the fair value of these contracts recognized in comprehensive income represented losses of \$51.

In addition, on November 15, 2019, as part of the agreements entered into simultaneously under the transaction in which Balboa sold its 25% of Cemento Interoceánico (note 16B), CEMEX Guatemala, S.A. ("CEMEX Guatemala") entered, as buyer, into a clinker supply agreement with Cementos Progreso, S.A. in order to acquire an estimated volume of 400 thousand metric tons of clinker for a period of ten years. The value of the contract will vary depending on the annual consumption of clinker by CEMEX Guatemala.

22B) OTHER COMMITMENTS

In addition, as of December 31, 2019, the parent company had the following relevant contracts with CEMEX entities for several concepts, the amounts of which, except for the leasing of offices, are based on fixed percentages over the life of the contracts on consolidated revenues based on market conditions, which are summarized below:

(U.S. Dollar millions)						
Counterpart	Contractor	Concept	Start date	Term		Annual approximate amount
CEMEX, S.A.B de C.V.	Parent Company	Trademarks use	July 2017	5 years	\$	4.2
CEMEX Research Group, A.G.	Parent Company	Use, operation and enjoyment of assets	January 2019	5 years		32.7
CEMEX Operaciones México, S.A. de C.V.	Parent Company	Administrative services	July 2017	5 years		12.5

The relationship between the Parent Company and CEMEX S.A.B. de C.V, CEMEX España and their subsidiaries, is regulated by a Framework Agreement effective since November 2012, which includes limits and restrictions for the Parent Company, entity that needs the previous authorization of CEMEX S.A.B. de C.V. and CEMEX España, in connection with: a) any consolidation, merger or partnership with a third party; b) any sale, lease, exchange or other disposition, acquisition to any person other than CEMEX; c) the issuance of shares and equity securities; d) the declaration, decree or payment of dividends or other distribution by the Parent Company in connection with its shares; e) grant or guarantee any type of debt, and/or the creation of liens outside the ordinary business course; and f) take any action that could result on default for CEMEX S.A.B. de C.V. breach any contract or agreement. Moreover, beginning March 28, 2017, the Framework Agreement includes a principle of common interest and reciprocity between the three companies in connection with the management and responses related to legal proceedings, administrative matters and investigations by authorities or governmental regulators. In addition, the Framework Agreement will cease to have effect if the Parent Company ceases to be a subsidiary of CEMEX, S.A.B. de C.V. or if CEMEX, S.A.B. de C.V. no longer has to account for its investment in the Parent Company on a consolidated basis or under the equity method for accounting purposes (or any other method that applies similar principles).

On November 15, 2019, as part of the conditions precedent required by the Purchaser for the sale of the 25% equity interest in Cemento Interoceánico held by Balboa (notes 9 and 16B), Cemento Bayano and Cemento Interoceánico early terminated the clinker supply contract that expired in 2025 and entered into a new 10-year Clinker Supply Contract (the “New Supply Contract”) that guarantees to this competitor a reserve of installed capacity of approximately 2.4 million metric tons of clinker over the duration of the contract as well as certain commercial conditions. The compensation received by the Company from Balboa under the Indemnity Contract is linked to the fulfillment of the commitments agreed during the term of this New Supply Contract.

In addition, Cemento Bayano, as operator of the only kiln in the country, maintains contracts for the supply of clinker to its competitors in Panama. Considering the nature of the related supply, these agreements are renewed at maturity for similar terms and new volumes are adjusted to market conditions.

23) LEGAL PROCEEDINGS, CONTINGENCIES AND OTHER SIGNIFICANT PROCESSES

23A) LIABILITIES RESULTING FROM LEGAL PROCEEDINGS

CEMEX Latam is involved in several significant legal proceedings, other than those associated with taxes (note 19D), the resolutions of which are deemed probable and imply the incurrence of losses and/or cash outflows or the delivery of other resources owned by CEMEX Latam. As a result, certain provisions or losses have been recorded in the financial statements, representing the best estimate of amounts payable or impaired assets. Therefore, CEMEX Latam considers that it will not make significant expenditure or incur significant losses in excess of the amounts recorded. As of December 31, 2019, the details of the most significant legal proceedings giving effect to provisions or losses are as follows:

- In December, 2017, in the context of a market investigation started in 2013 against five cement companies and some executives of said companies, including two former executives of CEMEX Colombia for alleged practices against free competition, and after various arrangements over the years, the Colombian Superintendence of Industry and Commerce (the “SIC”) imposed a final penalty on CEMEX Colombia for an amount in Pesos equivalent to approximately \$25 million, amount that was accrued by CEMEX Colombia against “Other (expenses) income, net” as of December 31, 2017. The amount of the penalty was liquidated on January 5, 2018. On June 7, 2018, CEMEX Colombia filed with the Administrative Contentious Court a claim for nullity and reinstatement of rights, seeking the cancellation of the charges imposed by the SIC and the restitution of the penalty paid, with any adjustment indicated by Colombian law. This claim can take up to six years to be resolved. As of December 31, 2019, CEMEX Latam is not able to assess the likelihood for the recovery of the fine imposed by the SIC.

Liabilities resulting from legal proceedings - continued

In addition, as of December 31, 2019, the Company is involved in various legal proceedings of minor impact that have arisen in the ordinary course of business. These proceedings involve: 1) product warranty claims; 2) claims for environmental damages; 3) indemnification claims relating to acquisitions.

23B) CONTINGENCIES RESULTING FROM LEGAL PROCEEDINGS

As of December 31, 2019, CEMEX Latam is involved in various legal proceedings, in addition to those related to tax matters (note 19D), which have not required the recognition of accruals based on the evidence at its disposal. The Company considers low the likelihood of an adverse resolution; nonetheless, it cannot assure that a favorable resolution in these proceedings will be obtained. The disclosure of facts of the most significant proceedings with a quantification of the potential loss is as follows:

Contingencies from market related proceedings

- In June 2018, the Consumer Protection and Defense of Competition Authority in Panama initiated an administrative investigation to Cemento Bayano and other local producers for the presumed commission of practices against free competition in the market of gray concrete and ready-mix concrete. As a result of the investigation, the authority considered the possible existence of absolute monopolistic practice, such as: (i) price fixing and/or restriction of production in the gray cement market sold to ready-mix concrete producers in Panama, (ii) unilateral or joint predatory acts and/or exchange of subsidies in the concrete market. In October 2018, the Authority requested additional information to Cemento Bayano to continue such investigation and confirm if there were violations to the law. In December 2018, two executives of Cemento Bayano provided an affidavit. In February 2019, Cemento Bayano finalized the delivery to the Panamanian Authority of the required information and documentation. Cemento Bayano considers it did not committed improper acts and is fully cooperating with the Panamanian Authority. As of December 31, 2019, CEMEX Latam cannot determine if the investigation would result in a fine, penalization or remediation, or if such fine, penalization or remediation, should any exist, could have a material adverse effect on its operating results, liquidity or financial position.
- On March 16, 2018, a putative securities class action complaint was filed against CEMEX, S.A.B de C.V. and one of its members of the board of directors whom is also CEMEX's officer (the CEO) and other CEMEX's officer (the CFO) in the U.S. District Court for the Southern District of New York, on behalf of investors who purchased or otherwise acquired CEMEX, S.A.B de C.V securities between August 14, 2014 to March 13, 2018. The complaint alleged violations are based in that press releases and filings to the United States Securities and Exchange Commission ("SEC") that included materially false and misleading statements in connection with alleged misconduct relating to the Maceo Project (note 23C) and the potential regulatory or criminal actions that might arise as a result of such deficiencies. On July 12, 2019, the Judge granted CEMEX's motion to dismiss the action but permitted plaintiffs an opportunity to re-plead. On August 1, 2019, plaintiffs filed an amended complaint, based on the same alleged violations, but changing the relevant class period in which shares of CEMEX, S.A.B. de C.V were bought that now starts on April 23, 2015 (before it was August 14, 2014) and in addition including the Parent Company as defendant in addition to CEMEX, S.A.B de C.V. All of the defendants moved to dismiss the action on September 5, 2019 and the plaintiffs filed an apposition brief on October 11, 2019 which was replied by the defendants on November 1, 2019. As of December 31, 2019, CEMEX, S.A.B de C.V. and the Parent Company are not able to assess the likelihood of an adverse result considering the current status and preliminary nature of this lawsuit, or if a final adverse result in this lawsuit would have a material adverse effect on the Company's results of operations, liquidity or financial position.

Environmental Contingencies

In addition, in the ordinary course of business, the Company is subject to extensive laws and regulations on environmental issues in each of the jurisdictions in which it operates. These laws and regulations impose increasingly stringent environmental protection standards regarding air pollutant emissions, wastewater discharges, the use and handling of hazardous materials or waste disposal practices and the remediation of pollution or environmental damage. Among other things, these laws and regulations expose the Company to a risk of substantial environmental costs and responsibilities, including responsibilities associated with divested assets and past activities and, in some cases, to the acts and omissions of prior owners or operators of a property or plant. Also, in some jurisdictions, certain environmental laws and regulations impose obligations without regard to the fault or the legality of the original activity at the moment of the actions which gave rise to the responsibility.

Contingencies due to commercial demands

- In September 2018, CEMEX Colombia received an arbitration claim filed by a constructor who seeks for the payment of damages caused by a purported breach of the contract for the supply of ready-mix concrete for the construction of the civil works called “Túnel de Crespo” located in the city of Cartagena, for an amount in Pesos equivalent to approximately \$11 million. CEMEX Colombia considers that it has the legal and technical arguments that prove full compliance with the supply contract and will apply the corresponding actions at each stage of the process. In October 2018, simultaneously after responding the arbitration claim, CEMEX Colombia filed a counterclaim against the aforementioned constructor seeking the recognition of amounts owed to CEMEX Colombia for an amount in Pesos equivalent to approximately \$7 million related to repairs to such civil works paid by CEMEX Colombia during the years 2014 and 2015 by causes allegedly imputable to the constructor. The probationary period within the process began the last week of September 2019. As of December 31, 2019, at this stage of the proceeding, CEMEX Latam considers that with the judgment elements available it is necessary to move along the phases of this proceeding in order to measure the probability of an adverse resolution. Nonetheless, if the claim would be adversely resolved in the final stage, an adverse resolution in this case could have a material adverse impact on CEMEX Latam’s results of operations, liquidity or financial position.
- As a result of the premature damages presented in the Transmilenio slabs - North Highway, six popular actions were filed against CEMEX Colombia. The Administrative Litigation Court decided to declare the nullity of five lawsuits and, currently, the lawsuit is filed by a citizen. On June 17, 2019, a judgment of first instance was issued, and CEMEX Colombia and other concrete suppliers were held liable for the violation of consumer rights, due to alleged technical deficiencies in the landfill fluid that was provided. In the aforementioned ruling, a publication was ordered in which the responsibility for deficiencies in the product was acknowledged and it was committed not to incur again in similar situations. The judgment of first instance had no economic implications for the Company. CEMEX Colombia jointly with thirteen of the defendants filed an appeal before the Administrative Tribunal of Cundinamarca. As of December 31, 2019, CEMEX Latam considers remote the probability of an adverse result in this proceeding after conclusion of all available defense procedures. Nonetheless, an adverse resolution in this case could have a material adverse impact on CEMEX Latam’s results of operations, liquidity or financial condition.

In addition, as of December 31, 2019, the Company is involved in various legal proceedings of minor impact that have arisen in the ordinary course of business. These proceedings involve: 1) product warranty claims; 2) claims for environmental damages; 3) diverse civil, administrative, commercial or legal claims.

23C) OTHER SIGNIFICANT PROCESSES

In connection with the cement plant located in the municipality of Maceo in Colombia, as described in note 13A, as of December 31, 2019, the plant has not initiated commercial operations considering several significant processes for the profitability of the investment. The evolution and status of the main issues related to such plant are described as follows:

Memorandums of understanding

- In August 2012, in relation to the cement plant in the municipality of Maceo in Colombia (note 13), CEMEX Colombia signed a memorandum of understanding (the “MOU”) with the representative of the entity CI Calizas y Minerales S.A. (“CI Calizas”), for the acquisition and transfer of assets mainly comprising land, the mining concession and the shares of Zomam (holder of the free trade zone concession). In addition, in December 2013, CEMEX Colombia engaged the same representative of CI Calizas to also represent in the name and on behalf of CEMEX Colombia in the acquisition of certain land adjacent to the plant, signing a new memorandum of understanding (the “Land MOU”). Under the MOU and the Land MOU, CEMEX Colombia made cash advances to this representative for amounts in Pesos equivalent to approximately \$13.4 million of a total of approximately \$22.5 million, and paid interest accrued over the unpaid committed amount for approximately \$1.2 million. These amounts considering the Colombian Peso to U.S. Dollar exchange rate as of December 31, 2016 of 3,000.75 Pesos per U.S. Dollar. In September 2016, after confirming irregularities in the acquisition processes by means of investigations and internal audits initiated in response to complaints received, which were reported to Colombia’s Attorney General (the “Attorney General”), providing the findings obtained, and considering that such payments were made in breach of CEMEX and CEMEX Latam policies, the Company decided to terminate the employment relationship with then those responsible for the Planning and Legal areas and accepted the resignation of the then Chief Executive Officer. Moreover, as a result of the findings and considering the available legal opinions as well as the low likelihood of recovering those advances, in December 2016, CEMEX Colombia write off such advances from its investments in progress (note 13A) and cancelled the remaining advance payable.

Expiration of property process and other related matters

- After the signing of the MOU, in December 2012, a former shareholder of CI Calizas, who presumptively transferred its shares of CI Calizas two years before the signing of the MOU, was linked to a process of expiration of property initiated by the Attorney General. Amongst other measures, the Attorney General ordered the seizure and consequent suspension of the right to dispose the assets subject to the MOU, including the shares of Zomam acquired by CEMEX Colombia before the beginning of such process. As a third party acting in good faith and free of guilt, CEMEX Colombia joined the expiration of property process fully cooperating with the Attorney General. As of December 31, 2019, it is estimated that a final resolution in the ongoing expiration of property process, under which is about to begin the evidentiary phase, may take between 10 and 15 years from its beginning. As of December 31, 2019, pursuant to the expiration of property process of the assets subject to the MOU and the failures to legally formalize the purchases under the Land MOU, CEMEX Colombia does not have the legal representation of Zomam, is not the rightful owner of the land and is not the assigned entity of the mining concession.
- In addition, there is an ongoing criminal investigation that resulted in a legal resolution by means of which an indictment was issued to two of the Company’s former officers and to CI Calizas’ representative. CEMEX Latam is not able to anticipate the actions that criminal judges may impose against these people.

Lease contract, mandate agreement and operation contract

- In July 2013, CEMEX Colombia signed with the provisional depository designated by the former Drugs National Department (then depository of the assets subject to the expiration of property process), which functions after its liquidation were assumed by the Administrator of Special Assets (*Sociedad de Activos Especiales S.A.S.* or the “SAE”), a lease contract for a period of five years by means of which CEMEX Colombia was duly authorized to build and operate the plant (the “Lease Contract”). Moreover, in 2014, the provisional depository granted a mandate (the “Mandate”) to CEMEX Colombia for an indefinite period for the same purpose of continuing the construction and operation of the plant. On July 15, 2018, the aforementioned Lease Contract expired.
- On April 12, 2019, CEMEX Colombia, CCL and another of its subsidiaries reached a conciliatory agreement with the SAE and CI Calizas before the Attorney General’s Office and signed a contract of Mining Operation, Manufacturing and Delivery Services and Leasing of Properties for Cement Production (the “Operation Contract”), which will allow CEMEX Colombia to continue using the assets subject to the aforementioned expiration of property process for an initial term of 21 years that can be renewed for 10 additional years, provided that the extension of the mining concession is obtained. The Operation Contract was signed by CI Calizas and Zomam with the authorization of the SAE as delegate of these last two companies, considering the following terms:
 - As consideration for entering into the agreement, CEMEX Colombia and/or a subsidiary will pay to CI Calizas and Zomam the following amounts in Pesos equivalent: a) an annual payment of approximately \$15 to CI Calizas for the use of land that will be adjusted annually for changes in the Consumer Price Index; b) a single payment for the rental of the aforementioned land from July 2013 to the signing date, based on the agreed upon rental amounts, reducing the lease payments made by CEMEX Colombia prior to the signing of the Operation Contract; c) an additional single payment in Pesos equivalent to approximately \$305 already paid for considerations not received during the negotiations of the Operation Contract; and d) a payment for the limestone extracted to date for an amount in Pesos equivalent to approximately \$1 million payable in two installments, the first already paid and the second a year after the signing of the Operation Contract.
 - Once the Maceo Plant begins commercial operations, CEMEX Colombia and/or a subsidiary will pay on a quarterly basis: a) 0.9% of the net sales resulting from the cement produced in the plant as compensation to CI Calizas for the right of CEMEX Colombia to extract and use the mineral reserves; and b) 0.8% of the net sales resulting from the cement produced in the plant as payment to Zomam for cement manufacturing and delivery services, as long as Zomam maintains the Free Zone benefit, or, 0.3% of the aforementioned net sales exclusively for the use of equipments, in case that Zomam losses the benefits as Free Trade Zone.
 - The Operation Contract will continue in force regardless of the result in the expiration of property process, except that the applicable criminal judge would recognize ownership rights of the assets under expiration of property to CEMEX Colombia and its subsidiary, in which case the Operation Contract would no longer be needed and would be early terminated.
- Under the presumption that CEMEX Colombia conducted itself in good faith, CEMEX Latam considers that it will be able to keep ownership of the plant, and that the rest of its investments are protected by Colombian law, under which, if a person builds on the property of a third party, with full knowledge of such third party, this third party may: a) take ownership of the plant, provided a corresponding indemnity to CEMEX Colombia, or otherwise, b) oblige CEMEX Colombia to purchase the land. Nonetheless, had this not be the case, CEMEX Colombia would take all necessary actions to safeguard its rights. In the event that the expiration of property over the assets subject to the MOU is ordered in favor of the State, if the assets were adjudicated to a third party in a public tender offer, considering the signing of the Operation Contract, such third party would have to subrogate to the Operation Contract. As of December 31, 2019, CEMEX Latam is not able to estimate whether the expiration of property over the assets subject to the MDE will be ordered in favor of the State, or, if applicable, if the assets would be adjudicated to a third party in a public tender offer.

Status in connection with the commissioning of the plant

- On September 3, 2019, CEMEX Colombia was notified of the resolution issued by Corantioquia's Directive Council, the regional environmental authority, regarding to the approval for the subtraction from the Integrated Management District ("IMD") of the Canyon of the Alicante River of 169.2 hectares corresponding to the surface of the Maceo Plant. As of December 31, 2019, after the signing of the Operation Contract and the subtraction of the plant's surface from the IMD, the commissioning of the Maceo plant and the conclusion of the access road remain suspended until favorable resolutions would be obtained in other significant ongoing procedures with the respective authorities to guarantee the start-up of the project, such as: a) modify the permitted land use where the project is located to harmonize it with industrial and mining use; b) modify the environmental license to expand production at least up to 990 thousand tons per year; and c) obtaining several permits for the conclusion of the access road. CEMEX Colombia continues to address these issues as soon as possible. Meanwhile, CEMEX Colombia will limit its activities to those on which it has the relevant authorizations. As of December 31, 2019, CEMEX Latam continues working intensively on t

24) SUBSEQUENT EVENTS

On January 8, 2020, in connection with the tax proceeding related to the year 2012 in Colombia (note 19D), CEMEX Colombia was notified of the resolution that concludes the reconsideration request in which, the Tax Authority confirmed the official settlement in all respects. CEMEX Colombia has a period of fourth months to appeal this resolution before the administrative courts. Notwithstanding this resolution, in this stage of the proceeding, CEMEX Latam considers that an adverse resolution in this proceeding after conclusion of all available defense procedures is not probable, however, it is difficult to assess with certainty the likelihood of an adverse result in the proceeding; but if adversely resolved, CEMEX Latam considers that this proceeding could have a material adverse impact on its operating results, liquidity or financial position.

On January 14, 2020, in connection with CEMEX Colombia's process for the industry and commerce tax return in the municipality of San Luis for the year 2016 (note 19D), CEMEX Colombia was notified of the resolution that resolves the reconsideration appeal, in which the Municipality confirms the claims of the official liquidation. CEMEX Colombia appealed the resolution before the Administrative Court of Tolima on January 16, 2020 within the legal term. At this stage of the proceeding, CEMEX Latam considers that is not probable an adverse resolution in this proceeding at the end of all available defense instances. Nonetheless, it is difficult to assess with certainty the probability of an adverse result; but if the claim would be adversely resolved in the final stage, an adverse resolution in this case could not have a material adverse impact on CEMEX Latam's results of operations, liquidity or financial position.

On January 30, 2020, in relation to the income tax proceeding of fiscal year 2015 in Nicaragua (note 19D), the Nicaraguan Tax Authority notified its resolution in which it confirms its claims and ignores the arguments and evidence provided by CEMEX Nicaragua, which has 15 business days to appeal said resolution to the head of the Tax Administration. CEMEX Latam considers that is not probable an adverse resolution in this proceeding at the end of all available defense instances. Nonetheless, it is difficult to assess with certainty the probability of an adverse result; but if adversely resolved, this proceeding could not have a material adverse impact on CEMEX Latam's results of operations, liquidity or financial position.

On February 10, 2020, in connection with the collective class action complaint described above, the U.S. District Court for the Southern District of New York issued a resolution in response to the request presented by CEMEX, S.A.B. de C.V. and the Parent Company to discard the amended claim. In such resolution, in the case of the Parent Company, the Court agreed with one of the arguments presented, in the respect that the action against CEMEX Latam Holdings, S.A. had already prescribed when the plaintiffs decided to include it in the aforementioned amended claim. The resolution is not final, the plaintiffs can still appeal within 30 days.

25) MAIN SUBSIDIARIES

The Parent Company's main direct and indirect subsidiaries as of December 31, 2019 and 2018 are as follows:

Subsidiary	Country	Activity	% of interest	
			2019	2018
Corporación Cementera Latinoamericana, S.L.U. ¹	Spain	Parent	100	100
CEMEX Colombia S.A.	Colombia	Operating	99.7	99.7
Zona Franca Especial Cementera del Magdalena Medio S.A.S. ²	Colombia	Operating	100	100
CEMEX (Costa Rica), S.A.	Costa Rica	Operating	99.2	99.2
CEMEX Nicaragua, S.A.	Nicaragua	Operating	100	100
Cemento Bayano, S.A.	Panama	Operating	99.5	99.5
CEMEX Guatemala, S.A.	Guatemala	Operating	100	100
Cementos de Centroamérica, S.A. ³	Guatemala	Operating	100	100
CEMEX Lan Trading Corporation	Barbados	Trading	100	100
CEMEX El Salvador, S.A.	El Salvador	Operating	100	100
Inversiones SECOYA, S.A.	Nicaragua	Operating	100	100
Apollo RE, Ltd.	Barbados	Reinsurance	100	100
CEMEX Finance Latam B.V.	Holland	Finance	100	100

¹ CEMEX Latam Holdings, S.A. indirectly controls through CCL, the Parent Company's operations in Colombia, Costa Rica, Panama, Nicaragua, Guatemala and El Salvador.

² The shares of this entity are included in the expiration of property process (note 23B).

NON-FINANCIAL INFORMATION

CUSTOMERS AND SUPPLIERS	2015	2016	2017	2018	2019
Net Promoter Score (NPS)	-	-	-	52	54
Countries that conduct regular customer satisfaction surveys (%)	-	-	-	-	100
Sustainability assessment executed by an independent party for our critical suppliers (% spend evaluated)	-	-	-	-	40
SUSTAINABLE CONSTRUCTION	2015	2016	2017	2018	2019
Annual sales from cement and ready-mix concrete products with outstanding sustainable attributes (%)	-	-	-	-	35,7
Green building projects under certification where CEMEX is involved (No.)	-	54	17	84	47
Green building projects under certification where CEMEX is involved (thousand m ²)	966	1.142	980	1.279	958
Installed concrete pavement, volume delivered (thousand m ³)	-	-	60,4	76,0	48,5

HEALTH AND SAFETY ^[1]	2015	2016	2017	2018	2019
Sites with a Health and Safety Management System implemented (%)	100	100	100	100	100
Fatalities					
Employees	0	1	1	0	0
Contractors	0	1	0	0	1
Lost Time Injuries (No.)	13	11	12	10	13
Employees	9	5	7	6	7
Contractors	4	6	5	4	6
Lost Time Injury Frequency Rate (per million hours worked)					
Employees	0,64	0,39	0,56	0,52	0,61
Contractors ^[2]	0,26	0,59	0,59	0,51	0,81
Employee Lost Time Injury Severity Rate (lost days per million hours worked) ^[2]	-	-	61	58	13
Employee Total Recordable Injury Frequency Rate (per million hours worked)	-	-	4,14	2,76	2,54
Lost Days from Employee Lost Time Injuries (No.) ^[2]	-	-	770	669	148
Employee Sickness Absence Rate (%)	-	-	1,5	1,4	1,5
Employee Occupational Illness Frequency Rate (incidents per million hours worked) ^[2]	-	-	0,8	0,43	0,09

[1] KPIs calculated according to the Global Cement and Concrete Association (GCCA) Sustainability Guidelines for the monitoring and reporting of safety in cement manufacturing

[2] Cement only

OUR PEOPLE^[3]	2015	2016	2017	2018	2019
Workforce	4.788	4.655	4.297	4.067	4.260
Workforce, by country (%)					
Colombia	64	64	62	62	66
Panama	15	15	16	17	13
Costa Rica	9	8	9	9	9
Rest of CLH	12	12	13	12	13
Workforce, by gender (%)					
Female	11	12	13	14	17
Male	89	88	87	86	83
Workforce, by age (%)					
Under 30	27	26	25	24	26
31-40	41	42	41	40	38
41-50	23	23	23	24	24
51 and over	9	10	10	12	12
Workforce, years in the company (%)					
Less than 1 year	15	13	12	11	15
1-5 years	55	50	47	43	31
5-10 years	19	24	25	27	33
More than 10 years	11	13	15	19	21
Workforce, by position (%)					
Executive	5	5	6	5	8
Non-executive	32	32	34	36	38
Operational	63	63	61	59	53
Workforce by type of employment contract (%)					
Permanent	-	-	-	-	96
Temporary	-	-	-	-	4
Workforce by employment type (%)					
Full-time	-	-	-	-	100
Part-time	-	-	-	-	0
CEMEX entry level vs. local minimum wage ratio by region	-	-	-	-	1
Women to men remuneration ratio by position	-	-	-	-	0,93
Executive	-	-	-	-	0,94
Non-executive	-	-	-	-	0,92
Operational	-	-	-	-	0,99
Employees covered by a collective bargaining agreement by region (%)	-	-	-	-	20
Notice to employees regarding operational changes (average days)	-	-	-	-	6
Countries with practices to promote local hiring (%)	-	-	-	-	83
Employee Turnover (No.)	924	830	951	713	730
Employee hiring (No.)	765	696	570	483	923
Average employee hours of training by position (No.)					
Executive	10	-	-	19	35
Non-executive	37	-	-	31	40
Operational	56	-	-	21	30
Employee Net Promoter Score (eNPS)	-	-	-	-	68

[3] Includes Neoris and employees performing corporate functions in different locations

COMMUNITY ENGAGEMENT (cumulative figures)	2015	2016	2017	2018	2019
Individuals positively impacted from our social initiatives (No.) ^[4]			690.006	802.543	1.010.248
Individuals positively impacted from Patrimonio Hoy (No.) ^[4]	112.619	121.883	130.634	132.064	139.068
Livable space enabled by Patrimonio Hoy (m2) ^[4]	166.636	187.648	213.069	219.450	225.300
Individuals positively impacted from Bloqueras Solidarias (No.) ^[4]	6.705	7.270	8.963	13.438	16.180
Individuals positively impacted from ConstruApoyo (No.) ^[4]	1.158	8.206	19.960	20.900	25.311
Individuals benefited from volunteering programs				16.753	48.745
Employees participating in volunteering programs (No.)				940	1.234
Priority sites from all businesses that have implemented Community Engagement Plans (%)	-	-	-	100	100

[4] Cumulative figures as of year 1998

ENVIRONMENTAL MANAGEMENT	2015	2016	2017	2018	2019
Sites with CEMEX Environmental Management System (EMS) implemented (%)	38	36	39	44	95
Cement	100	100	100	100	100
Ready-mix	-	20	22	26	93
Aggregates	-	44	50	100	100
Sites with ISO 14001 Certification (%)	13	14	16	18	16
Cement	65	73	73	90	89
Ready-mix	-	-	2	2	2
Aggregates	-	-	-	0	0
Sites with ISO 9001 Certification (%)	-	33	19	68	67
Cement	-	91	91	100	100
Ready-mix	-	-	2	67	68
Aggregates	-	-	-	0	0
Environmental incidents (No.)	74	25	28	40	188
Category 1 (Major)	0	0	0	1	0
Category 2 (Moderate)	7	11	8	5	10
Category 3 (Minor)	51	7	16	28	168
Complaints	16	7	4	6	10
Total Environmental fines (No.)	-	1	3	2	0
Total Environmental fines (thousands of US dollars)	-	0	48	430	0
Social Incidents (No.) ^[5]	-	-	-	3	30

[5] Starting from 2018 social incidents are also monitored and registered as part of the CEMEX Environmental Incidents Global Report

CARBON STRATEGY	2015	2016	2017	2018	2019
Power consumption from renewable energy in cement (%): Cement ^[6]	-	47	64	65	64
Absolute gross CO ₂ emissions (million ton) ^[7]	4,0	4,1	4,1	3,8	3,7
Absolute net CO ₂ emissions (million ton) ^[7]	3,9	3,9	4,0	3,6	3,5
Specific gross CO ₂ emissions (kg CO ₂ /ton of cementitious product) ^[7]	609	618	644	647	645
Specific net CO ₂ emissions (kg CO ₂ /ton of cementitious product) ^[7]	579	586	616	623	626
Scope 1 CO ₂ emissions (million ton)	-	4,1	4,1	3,8	3,7
Scope 2 CO ₂ emissions (million ton)	-	0,1	0,1	0,1	0,1
Specific heat consumption (MJ/ton clinker)	3.755	3.801	3.828	3.797	3.834
Clinker Factor (cementitious) (%)	-	70,5	72,6	73,3	73,3
Alternative raw material rate (%) ^[8]	-	1,2	1,5	1,9	2,7
Power Consumption (GWh)	-	471	462	431	417
Total Energy Consumption (GWh)	-	5.448	5.522	5.025	4.868
Specific power consumption (kWh/ton cem)	98,2	98,5	101,0	103,7	103,9
Fuel Consumption (TJ)	-	17.917	18.214	16.539	16.026
Fuel Mix (%)	80,8	80,5	82,5	84,0	86,8
Petroleum coke	44,6	44,1	22,7	18,5	30,4
Coal	36,0	36,2	59,5	65,2	55,8
Fuel oil + Diesel	0,1	0,3	0,2	0,3	0,4
Natural gas	-	-	-	-	0,25
Alternative Fuels (%)	19,2	19,5	17,5	16,0	13,2
Fossil-based waste	14,2	15,2	12,9	11,3	8,8
Biomass waste	5,0	4,3	4,6	4,7	4,4

[6] Includes direct supply contracts plus renewable share from the power grid.

[7] Calculation according to the GCCA Sustainability Guidelines for the monitoring and reporting of CO₂ emissions from cement manufacturing

[8] As of 2019, calculation according to GCCA Sustainability Guidelines for co-processing fuels and raw materials in cement manufacturing. Historical figures recalculated to make them comparable

WASTE MANAGEMENT	2015	2016	2017	2018	2019
Total consumption of waste-derived sources from other industries (thousand ton)	-	-	-	-	334
Hazardous waste sent for disposal (thousand ton) ^[9]	-	-	0,1	0,1	0,3
Non-hazardous waste sent for disposal (thousand ton)	-	-	19,1	28,9	51,8
Total waste sent for disposal (thousand ton)	-	-	19,1	28,9	51,8

[9] Since 2019, classified in accordance with the GCCA Sustainability Guidelines for the monitoring and reporting of water in cement manufacturing.

BIODIVERSITY MANAGEMENT	2015	2016	2017	2018	2019
Active sites with quarry rehabilitation plans (%)	85	97	94	100	100
Cement	81	100	96	100	100
Aggregates	100	88	86	100	100
Active quarries located within or adjacent to high biodiversity value areas (No.)	4	3	4	3	2
With biodiversity action plans actively implemented (No.)	2	3	2	2	1
Quarry rehabilitation plans, Biodiversity Action Plans (BAPs), and third party certification (% from target quarries)	-	-	-	68	66

AIR QUALITY MANAGEMENT	2015	2016	2017	2018	2019
Clinker produced with continuous monitoring of major emissions (%): Dust, NOx y SOx	92	92	97	92	94
Clinker produced with monitoring of major and minor emissions (%): Dust, NOx, SOx, Hg, Cd, Tl, VOC, PCDD/F	48	48	48	68	40
Absolute dust emissions (ton/year)	543	493	335	229	324
Specific dust emissions (g/ton clinker)	116	108	71	53	78
Absolute NOx emissions (ton/year)	5.598	5.403	5.305	4.123	4.719
Specific NOx emissions (g/ton clinker)	1.197	1.182	1.157	991	1.134
Absolute SOx emissions (ton/year)	5.598	4.653	4.122	4.617	4.658
Specific SOx emissions (g/ton clinker)	1.197	1.018	871	1.065	1.120

WATER MANAGEMENT^[10]	2015	2016	2017	2018	2019
Sites with water recycling systems (%)	76	72	71	82	71
Specific water consumption					
Cement (l/ton)	395	247	240	212	211
Ready-mix (l/m ³)	173	167	228	183	193
Aggregates (l/ton)	80	72	37	29	25
Total water consumption (million m ³): Water withdrawals - Water discharge	3,2	2,2	2,1	1,7	1,7
Cement	2,5	1,6	1,5	1,2	1,2
Ready-mix	0,5	0,5	0,6	0,5	0,5
Aggregates	0,1	0,1	0,04	0,01	0,01
Total water withdrawals (million m ³): By source	3,5	2,5	2,4	1,7	1,7
Surface water	2,1	1,2	0,8	0,7	0,6
Ground water	0,8	0,8	1,0	0,6	0,5
Municipal water	0,3	0,2	0,3	0,3	0,3
Harvested rainwater	0,2	0,1	0,2	0,1	0,2
Sea water	0,0	0,0	0,0	0,0	0,0
Quarry water used	-	-	-	-	0,0
External wastewater	-	-	-	-	0,2
Other	0,1	0,1	0,1	0,1	0,0
Total water discharge (million m ³): By destination	-	-	0,2	0,1	0,1
Surface water	-	-	0,2	0,0	0,0
Subsurface/well water	-	-	0,0	0,0	0,0
Off-site water treatment	-	-	0,0	0,0	0,0
Ocean	-	-	0,0	0,0	0,0
Beneficial/other	-	-	0,0	0,0	0,0

[10] As of 2019, classification according to GCCA Sustainability Guidelines for the monitoring and reporting of water in cement manufacturing

ETHICS AND COMPLIAN	2015	2016	2017	2018	2019
Countries with local mechanisms to promote employee awareness of procedures to identify and report incidences of internal fraud, kickbacks, among others (%)	-	-	100	100	100
Target countries that participated on the Global Compliance Program (%)	-	-	100	100	100
Investigated incidents reported and found to be true related to fraud, kickbacks among others corruption incidents to government officials (No.)	-	-	0	0	0

ABOUT THIS REPORT

Our Integrated Report provides a comprehensive **analysis of the company's strategic vision**, performance, corporate governance, and value creation.



Reporting scope



General considerations

CEMEX Latam Holdings S.A. was organized and incorporated in Spain in April 2012 as a capital stock corporation (sociedad anónima). Since it is a Spanish company, it is governed mainly by the Royal Legislative Decree (Ley de Sociedades de Capital), as well as by the provisions of its bylaws, the regulations of the General Shareholders Meeting and the Board of Directors, and other internal regulations duly approved by the Company's governing bodies. Except as the context otherwise may require, references in this integrated report to "CEMEX Latam Holdings", "us" or "our" refer to CEMEX Latam Holdings S.A.



Reporting cycle

Since 2017, CEMEX Latam Holdings publishes an Integrated Report designed to provide to our stakeholders a holistic analysis of the company's strategic vision, performance, corporate governance, and value creation, while fostering a more in-depth understanding of the financial and non-financial key performance indicators that the company uses to manage its business over the short-, medium-, and long- terms. Previously, from 2013 to 2016, CEMEX Latam Holdings published annual Sustainable Development Reports and Annual Financial Reports covering a wide range of economic, environmental, social, and corporate governance issues.



Boundary and reporting period

In preparation of this report, we consolidated information from all of our countries and operations. It covers our cement, ready-mix concrete, and aggregates business lines, presenting our financial and non-financial performance, progress, achievements, and challenges for the 2019 calendar year, which is also the company's fiscal year. Our materiality analysis guided our reporting process, and the issues included in this report particularly match those that CEMEX Latam Holdings management and our stakeholders found of highest importance for our operations, as reflected in our recently updated Materiality Matrix covering both financial and sustainability issues.

Unless otherwise indicated, the information provided in this report is for CEMEX Latam Holdings as a whole. We have included information for the operations in which we have financial and operative control. If a plant is sold, its information is no longer included in our data or considered in our targets.



Sources of information

We continually aim to improve the transparency and completeness of each report that we produce, while streamlining our processes and the way in which we provide information. The information in our 2019 Integrated Report came from several sources, including internal management systems and performance databases, as well as annual surveys applied across all of our countries and interviews to company management.

If we have restated certain data sets from previous years because of improvements to our data-collection systems or changes to our business, each case is clearly marked.





Data-measurement techniques

Unless something else is explicitly indicated, all monetary amounts are reported in US dollars. All references to “tons” are to metric tons.

We employ the following protocols and techniques for measuring the sustainability key performance indicators (KPI) that we report:



• **CO₂ emissions:**

CEMEX Latam Holdings reports absolute and specific CO₂ emissions following the Global Cement and Concrete Association (GCCA) Sustainability Framework Guidelines and the GCCA Sustainability Guidelines for the monitoring and reporting of CO₂ emissions from cement manufacturing (November 2018), based on the CEN Standard EN 19694-3 (Stationary source emissions – Determination of Greenhouse Gas (GHG) emissions in energy-intensive industries – Part 3: Cement Industry). The measurement is based on the mass balance methodology, fully described in the CEN standard on CO₂ emission from the cement industry EN-19694-3, and applied through the spreadsheet of the Cement CO₂ Protocol (previously known as WBCSD-CSI Cement CO₂ and Energy Protocol v. 3.1). It considers direct emissions occurring from sources that are owned or controlled by the company, excluding those from the combustion of biomass that are reported separately (Scope 1) and indirect emissions from the generation of purchased electricity consumed in the company’s owned or controlled equipment (Scope 2).

• **Dust, NO_x and SO_x emissions:**

Absolute and specific figures are calculated based on kiln measurements taken from Continuous Emissions Monitoring Systems (CEMs) (in those sites where kilns are equipped with such technology) or spot analysis. These methods fully comply with GCCA Guidelines for Emissions Monitoring and Reporting. All information is reported to CEMEX databases, processed, calculated, and validated to provide a final value for CEMEX Latam Holdings. The values are calculated in Standard for 0°C, 1 atmosphere and 10% Oxygen (O₂) content at measuring point.

• **Energy:**

Fuel consumption indicators are reported to internal CEMEX databases in which “conventional,” “alternative,” and “biomass fuels” are classified according to the Cement CO₂ Protocol spreadsheet. Heat values are obtained from on-site analysis (where applicable), provided by supplier or standards from recognized sources.

• **Clinker factor, alternative fuels, and alternative raw materials:**

All material consumption is reported to internal CEMEX databases in which “alternative materials” are defined following the standards from the GCCA Sustainability Guidelines for co-processing fuels and raw materials in cement manufacturing (November 2018). The “clinker/cement factor” is calculated using the Basic Parameters set out in the GCCA Sustainability Framework Guidelines and according to GCCA Sustainability Guidelines for the monitoring and reporting of CO₂ emissions from cement manufacturing, procedures indicated in Cement CO₂ Protocol spreadsheet with information obtained from the databases.

• **Health and safety:**

Intelix, which feeds an internal database, collects all related health and safety information from each site and automatically provides the appropriate information to calculate the indicators. The database is configured using the GCCA definitions. H&S indicators are calculated according to the Sustainability Guidelines for the monitoring and reporting of safety in cement manufacturing, October 2019 version.



Alignment with Global Reporting Initiative Standards (GRI)

This report has been prepared in accordance with the GRI Standards: Comprehensive option.

As of the 2017, we follow the GRI Standards in preparing our Integrated Report. Our GRI Content Index, included in this Report, is cross referenced to the UN Global Compact (UNGC) principles, as well as to the UN Sustainable Development Goals (SDGs). Previously, from 2013 to 2016, in preparing its Sustainable Development Reports, CEMEX Latam Holdings applied the GRI-G4 Guidelines, using the “in accordance” core option.



United Nations Global Compact—Communication on Progress

CEMEX Colombia and CEMEX Panama, our two largest operations, are signatories of the United Nations Global Compact, a strategic initiative to get companies to commit to aligning their operations with 10 universally accepted principles in the areas of human rights, labor, the environment, and anti-corruption. Both operations annually submit their Communication on Progress (COP) to the Global Compact, demonstrating a strong commitment to adhering to these principles. This Integrated Report supports the COP on our operations in Colombia and Panama, for a more profound understanding of the progress made throughout the year.



Sustainable Development Goals (SDGs)

The 17 Sustainable Development Goals (SDGs) were adopted at the General Assembly of the United Nations held in September 2015. The SDGs aim to end poverty, protect the planet, and ensure prosperity for all as part of the new sustainable development agenda. To showcase our commitment to contribute to the implementation of the SDGs, on page 18 of this report the reader will find a list of how our main initiatives made a contribution to the SDGs in 2019.



Terms we use

Financial

bps (Basis Point) is a unit of percentage measure equal to 0.01%, used to measure the changes to interest rates, equity indexes, and fixed-income securities.

pp equals percentage points.

Net working capital CEMEX Latam Holdings defines it as accounts receivable plus inventories minus operating accounts payable. Working capital is not a GAAP measure.

Total debt CEMEX Latam Holdings defines it as short-term and long-term debt plus operating leases. Total debt is not a GAAP measure.

Free cash flow CEMEX Latam Holdings defines it as operating EBITDA minus net interest expense, maintenance capital expenditures, change in working capital, taxes paid, and other cash items (net other expenses less proceeds from the disposal of obsolete and/or substantially depleted operating fixed assets that are no longer in operation). Free cash flow is not a GAAP measure.

Operating EBITDA CEMEX Latam Holdings defines it as operating earnings before other expenses, net, plus depreciation and amortization. Operating EBITDA does not include revenues and expenses that are not directly related to CEMEX Latam Holdings' main activity, or which are of an unusual or non-recurring nature under International Financial Reporting Standards (IFRS). Operating EBITDA is not a GAAP measure.

Maintenance capital expenditures CEMEX Latam Holdings defines it as investments incurred with the purpose of ensuring the company's operational continuity. These include capital expenditures on projects required to replace obsolete assets or maintain current operational levels and mandatory capital expenditures, which are projects required to comply with governmental regulations or company policies. Maintenance capital expenditures is not a GAAP measure.

Strategic capital expenditures CEMEX Latam Holdings defines it as investments incurred with the purpose of increasing the company's profitability. These include capital expenditures on projects designed to increase profitability by expanding capacity, and margin improvement capital expenditures, which are projects designed to increase profitability by reducing costs. Strategic capital expenditures is not a GAAP measure.

LIBOR (London Interbank Offered Rate) is a reference rate based on the interest rates at which banks borrow unsecured funds from other banks in London.

Industry

Aggregates are sand and gravel, which are mined from quarries. They give ready-mix concrete its necessary volume and add to its overall strength. Under normal circumstances, one cubic meter of fresh concrete contains two tons of gravel and sand.

Clinker is an intermediate cement product made by sintering limestone, clay, and iron oxide in a kiln at around 1,450 degrees Celsius. One ton of clinker is used to make approximately 1.1 tons of gray Portland cement.

Fly ash is a combustion residue from coal-fired power plants that can be used as a non-clinker cementitious material.

Cement is a hydraulic binding agent with a composition by weight of at least 95% clinker and 0–5% of a minor component (usually calcium sulfate). It can set and harden underwater and, when mixed with aggregates and water, produces concrete or mortar.

Metric ton is the equivalent of 1.102 short tons. In this report we refer to metric tons as tons.

Petroleum coke (petcoke) is a by-product of the oil refining cooking process.

Ready-mix concrete is a mixture of cement, aggregates, and water.

Slag is the by-product of smelting ore to purify metals.

Content Index, GRI Standards

GRI Standard	Disclosure	Page number(s) and/or URL(s)	SDG	UNGC
General Disclosures				
	102-1 Name of the organization	CEMEX Latam Holdings S.A.		
	102-2 Activities, brands, products, and services	p. 4, About CEMEX Latam Holdings p. 8, Our portfolio p. 44-45, Portfolio of products, services and solutions We do not sell products that are banned in certain markets or that were the subject of stakeholder questions or public debate.		
	102-3 Location of headquarters	Calle Hernández de Tejada 1, CP 28027 Madrid, Spain		
	102-4 Location of operations	p. 4, About CEMEX Latam Holdings p. 213, Main subsidiaries		
	102-5 Ownership and legal form	CEMEX Latam Holdings S.A. was organized and incorporated in Spain on April 2012, as a capital stock corporation. Corporate Structure: http://www.cemexlatam.com/InvestorCenter/CorporateStructure.aspx		
	102-6 Markets served	p. 4, About CEMEX Latam Holdings p. 8, Our portfolio p. 44-55, Portfolio of products, services and solutions		
	102-7 Scale of the organization	p. 61, We offer the best experience to our workforce/ p. 60-67, Employees p. 27-32, Consolidated results p. 143, Financial Statements http://www.cemexlatam.com/InvestorCenter/ReportsArchive.aspx		
Organizational profile	102-8 Information on employees and other workers	p. 60-67, Employees p. 215, Non-financial information: Our people, Workforce We do not have a substantial number of workers who are legally recognized as self-employed. Seasonal variations are insignificant.	8, 10	6
	102-9 Supply chain	p. 82, Local suppliers for our operations p. 85-90, We work as a team with responsible suppliers CEMEX Latam Holdings manages its supply chain in a comprehensive way, from supplying raw materials at our quarries, to utilizing CEMEX Energy in order to increase our ability to become self-sufficient in energy production, to using our products in several building solutions. The process passes through the production of cement, concrete, and mortar, as well as through logistics and transportation processes across the chain. Since it is vertically integrated, managing material aspects throughout the value chain is primarily an internal determination. How Cement Is Made: https://www.cemex.com/en/products-services/products/cement#_types-of-cement		3
	102-10 Changes to the organization and supply chain	p. 149, 154, 168-169, Discontinued operations		
	102-11 Precautionary Principle or approach	p. 127-136, Internal Control and Risk We apply the precautionary principle in our environmental management for example with the implementation of Biodiversity Action Plans (p. 105), the optimization of water consumption in our operations (p. 103), the investment in technology to minimize emissions (p. 102), promoting the circular economy (p. 97), neutralizing the CO ₂ emissions from our vehicle fleet and working (p. 99) to reduce the intensity of our carbon footprint (p. 94-100).		
	102-12 External initiatives	Inter-American Cement Federation (FICEM). CEMEX Colombia and CEMEX Panama, our two largest operations, are signatories of the United Nations Global Compact. CEMEX SAB de CV has been a signatory to the UNGC since 2004. For more information, see www.unglobalcompact.org . CEMEX SAB de CV is a founding member of the Cement Sustainability Initiative, a voluntary sector project of the World Business Council for Sustainable Development established in 1999, as well as the new Global Cement and Concrete Association (GCCA), founded in 2018.		
	102-13 Membership of associations	Inter-American Cement Federation (FICEM). Taking part in associations is a task implemented at the local level in each of the countries where we operate.		

GRI Standard	Disclosure	Page number(s) and/or URL(s)	SDG	UNGC
	102-14 Statement from senior decision-maker	p. 5-7, To our stakeholders		
Strategy	102-15 Key impacts, risks, and opportunities	p. 14, The net value we generate for society p. 19-22, 2030 CEMEX Latam Holdings Sustainability Targets p. 23-24, Contribution to the UN Sustainable Development Goals p. 127-136 , Internal Control and Risk management systems related to the process for issuing financial information p. 15-18 , Sustainability priorities for our company and our stakeholders		
Ethics and integrity	102-16 Values, principles, standards, and norms of behavior	p. 12, The plan for achieving our mission p. 11, We work day in and day out to make our mission a reality: Our Value Creation Model p. 118, Sustainability management p. 119 Code of Ethics and Conduct: https://www.cemex.com/sustainability/policies-and-positions/policies	16	10
	102-17 Mechanisms for advice and concerns about ethics	p. 123, ETHOSline p. 123, Ethics committees		
Governance	102-18 Governance structure	p. 110-115, CEMEX Latam Holdings Board of Directors and Management Team p. 118, Sustainability management Sustainability Committee: https://www.cemexlatam.com/investor-center/corporate-governance/committees		
	102-40 List of stakeholder groups	p. 17, Relationship with our stakeholders p. 70, Community Engagement Plans p. 15-18 , Sustainability priorities for our company and our stakeholders Employees, customers, suppliers, analysts, investors, shareholders, community, opinion leaders, government, management, civil society organizations, associations, foundations, universities.		
	102-42 Identifying and selecting stakeholders	p. 11, We work day in and day out to make our mission a reality: Our Value Creation Model p. 35, Our Service Promise makes us the partner of choice for our customers p. 70, Community Engagement Plans Our Stakeholder Management Model is a process by which a business unit identifies the opportunities to engage with stakeholders, sets specific goals, selects the most relevant stakeholders and creates an action plan. The first step to identifying stakeholders is to analyze the issues represented in our Materiality matrix, Public Affairs agenda, Risk agenda and the strategic business plans. For each issue, we identify what objectives we want to achieve and the expected outcomes we are targeting.		
Stakeholder engagement	102-43 Approach to stakeholder engagement	p. 12, The plan for achieving our mission p. 11, We work day in and day out to make our mission a reality: Our Value Creation Model p. 17, Relationship with our stakeholders p. 35, Our Service Promise makes us the partner of choice for our customers/ p. 70, Community Engagement Plans p. 15-18, Sustainability priorities for our company and our stakeholders p. 70, Identifying the social investment initiatives, Selection criteria p. 91-106, Our commitment to the planet		
	102-44 Key topics and concerns raised	Our Sustainability Model reflects those issues of greatest concern to both our stakeholders and the company. We have structured this report based on the aspects identified as having the greatest materiality. The issues the stakeholders showed the greatest interest in are: - Employees: Customer experience and satisfaction, Business ethics and transparency, Health and safety. - Customers: Customer experience and satisfaction, Product quality and innovation, Business ethics and transparency, Transport and logistics optimization. - Suppliers: Business ethics and transparency, Health and safety, Supplier management. - Analysts, communities, government agencies, NGOs, universities: Business ethics and transparency, Environmental and air emissions management, Local community development, Biodiversity preservation.		

GRI Standard	Disclosure	Page number(s) and/or URL(s)	SDG	UNGC
Reporting practice	102-45 Entities included in the consolidated financial statements	p. 148 - 213, Notes to the Consolidated Financial Statements p. 218-220, Reporting scope p. 213, Main subsidiaries		
	102-46 Defining report content and topic Boundaries	p. 11, We work day in and day out to make our mission a reality: Our Value Creation Model p. 15-18, Sustainability priorities for our company and our stakeholders p. 218-220, Reporting scope		
	102-47 List of material topics	p. 15-18, Sustainability priorities for our company and our stakeholders p. 14, The net value we generate for society		
	102-48 Restatements of information	P. 148-213, Notes to the consolidated financial statements / p. 218-220, Reporting scope		
	102-49 Changes in reporting	P. 248-213, Notes to the consolidated financial statements / p. 218-220, Reporting scope		
	102-50 Reporting period	2019		
	102-51 Date of most recent report	June 2019		
	102-52 Reporting cycle	Annual		
	102-53 Contact point	p. 232, Contact information for investors, media, and sustainability analysts		
	102-54 Reporting in accordance with GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option		
102-55 GRI content index	p. 222, Content Index, GRI Standards			
102-56 External assurance	p. 143, Financial information: Independent auditor's report in accordance with international standards on auditing. No relation between CEMEX Latam Holdings and KPMG. Neither our highest governance body nor senior executives are involved in seeking assurance for the organization's sustainability report. The non-financial information in this report does not have external assurance. The information in our 2019 Integrated Report came from several sources aligned with CEMEX data gathering protocols, including: internal management systems, performance databases, as well as annual surveys.			

MATERIAL DISCLOSURES

Economic performance

GRI 201 MA: Economic Performance	103-1 Explanation of the material topic	p. 11, We work day in and day out to make our mission a reality: Our Value Creation Model / p. 14, The net value we generate for society p. 35, Our Service Promise makes us the partner of choice for our customers p. 118, Sustainability management / p. 15-18, Sustainability priorities for our company and our stakeholders/ p. 116, Our values communicate who we are, how we behave, and what we believe		
	103-2 The management approach			7
	103-3 Evaluation of the management approach			
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	p. 11, We work day in and day out to make our mission a reality: Our Value Creation Model / p. 14, The net value we generate for society p. 27-28, Consolidated results p. 29-31, Review of local operations	5, 7, 8, 9	7

Customer experience and satisfaction [not covered in the GRI Standards]

GRI 103 MA	103-1 Explanation of the material topic	p. 11, We work day in and day out to make our mission a reality: Our Value Creation Model / p. 14, The net value we generate for society p. 35, Our Service Promise makes us the partner of choice for our customers p. 118, Sustainability management / p. 15-18, Sustainability priorities for our company and our stakeholders / p. 116, Our values communicate who we are, how we behave, and what we believe		
	103-2 The management approach			
	103-3 Evaluation of the management approach			

Growth in existing markets and countries [not covered in the GRI Standards]

GRI 103 MA	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 11, We work day in and day out to make our mission a reality: Our Value Creation Model / p. 14, The net value we generate for society p. 118, Sustainability management / p. 15-18, Sustainability priorities for our company and our stakeholders / p. 116, Our values communicate who we are, how we behave, and what we believe		
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GRI Standard	Disclosure	Page number(s) and/or URL(s)	SDG	UNGC
Return on capital employed [not covered in the GRI Standards]				
GRI 103 MA	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 11, We work day in and day out to make our mission a reality: Our Value Creation Model / p. 14, The net value we generate for society p. 118, Sustainability management / p. 15-18, Sustainability priorities for our company and our stakeholders / p. 116, Our values communicate who we are, how we behave, and what we believe		
Health and safety				
GRI 403 MA: Occupational Health and Safety	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 11, We work day in and day out to make our mission a reality: Our Value Creation Model / p. 14, The net value we generate for society p. 50-,59 Our commitment to zero incidents p. 85-90, We work as a team with responsible suppliers p. 118, Sustainability management / p. 15-18, Sustainability priorities for our company and our stakeholders / p. 116, Our values communicate who we are, how we behave, and what we believe CEMEX Health and Safety Policy: https://www.cemex.com/sustainability/policies-and-positions/policies		
	403-1 Workers representation in formal joint management–worker health and safety committees	Health and Safety committees are managed at a local (country) level.	8	6
GRI 403: Occupational Health and Safety	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	p. 51, Employees lost time injuries, contractor lost time injuries p. 214, Non-financial information: Health and safety • Type of employee/contractor injuries: slip; fall from uneven level; hit by moving object; hit by falling object; incidents involving moving vehicles; injured while handling, lifting or carrying; hit against fixed or stationary objects; contact with machinery; fall from a height. • LTI Severity: Colombia 0.9, Costa Rica 0, El Salvador 0, Guatemala 0, Nicaragua 0.0, Panama 82.6. • Absentee rate: Colombia 1.9, Costa Rica 1.7, El Salvador 11, Guatemala 0.1, Nicaragua 0.7, Panama 0.4. • When calculating lost days, we register natural days starting from the first day of absence. System of rules applied: Global Cement and Concrete Association (GCCA) Sustainability Guidelines for the monitoring and reporting of safety in cement manufacturing	3, 8	
	403-4 Health and safety topics covered in formal agreements with trade unions	Some of the topics covered at local and global level are: consultation over safe work practices, safety clothing and equipment, and safety training, among others.	8	
GRI 416 MA: Client health and safety	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 11, We work day in and day out to make our mission a reality: Our Value Creation Model / p. 14, The net value we generate for society p. 50-59, Our commitment to zero incidents p. 118, Sustainability management / p. 15-18, Sustainability priorities for our company and our stakeholders / p. 116, Our values communicate who we are, how we behave, and what we believe Health and Safety is considered in each and every phase of product development, from design to disposal. We abide by all applicable legislation and H&S requirements when designing our products. The Material Safety Data Sheets describe potential hazards and precautions to take when handling each of our products.		
GRI 416: Client health and safety	416-1 Assessment of the health and safety impacts of product and service categories	The health and safety aspects of all of our products are considered at all life cycle stages. We strive to consistently ensure that our products are safe to transport, store, handle, use and dispose of. However, some products may carry risks to people’s health and safety if the proper precautions are not taken. To prevent such risks, we have compiled a range of product safety sheets which outline any main hazards and precautions that should be taken when handling these products. For more information, local sales offices should be contacted.		
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Any relevant fines or non-compliance cases would be included in Note 23 to the Consolidates Financial Statements p. 207-212, Legal proceedings	16	
Employee engagement and development				
GRI 401 MA: Employment	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 11, Our Value Creation Model / p. 14, The net value we generate for society p. 61, We offer the best experience to our workforce p. 65, Continuous feedback keeps our priorities in focus p. 85-90, We work as a team with responsible suppliers p. 118, Sustainability management / p. 15-18, Sustainability priorities for our company and our stakeholders / p. 116, Integrity and compliance		

GRI Standard	Disclosure	Page number(s) and/or URL(s)	SDG	UNGC
GRI 401: Employment	401-1 New employee hires and employee turnover	p. 215, Non-financial information: Our people: Employee hiring and turnover	5, 8, 10	6
	401-2 Benefits provided to full-time employees that are not provided to temporary / part-time employees	Some of the benefits to Full-Time or Part-Time Employees: Life Insurance, Health Care, Disability and invalidity coverage, Parental leave, Retirement Provision.	3, 5, 8	
	401-3 Parental leave	Maternity and parental leave may vary depending on the regulations within the countries that we operate on. But all of them do agree upon the employee's return after parental leave and have policies regarding that matter.	5, 8	6
GRI 404 MA: Training and education	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 11, Our Value Creation Model / p. 14, The net value we generate for society p. 61, We offer the best experience to our workforce p. 65, Continuous feedback keeps our priorities in focus p. 118, Sustainability management / p. 15-18, Sustainability priorities for our company and our stakeholders / p. 116, Integrity and compliance We support our people in achieving their full potential by providing a comprehensive development offering. CEMEX development philosophy considers experiences as a cornerstone supported by coaching and traditional learning programs. We have shared responsibility for development, the individual commitment to meet development objectives plus feedback and coaching provided from our supervisors and colleagues is considered key for our professional and personal growth. Executives and staff have access to an online professional development tool, while other employees and operators receive performance feedback and professional development guidance directly from their supervisors.		
GRI 404: Training and education	404-1 Average annual hours of training per employee	p. 215, Non-financial information: Our people, Employee average hours of training	4, 5, 8	6
	404-2 Programs for upgrading employee skills and transition assistance programs	p. 66, Challenging opportunities for professional growth p. 66, A wide range of training opportunities p. 67, CEMEX University: Building Strategic Capabilities	8	
	404-3 Percentage of employees receiving regular performance and career development reviews	p. 65, Continuous feedback keeps our priorities in focus	5, 8, 10	6
GRI 405 MA: Diversity and equal opportunity	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 11, Our Value Creation Model / p. 14, The net value we generate for society p. 61, We offer the best experience to our workforce p. 62, Building a diverse and inclusive company p. 126, Promoting diversity and equal opportunities p. 118, Sustainability management / p. 15-18, Sustainability priorities for our company and our stakeholders / p. 116, Integrity and compliance		
GRI 405: Diversity and equal Opportunity	405-1 Diversity of governance bodies and employees	p. 109, Board of Directors p. 110-115, Board of Directors and Management Team p. 215, Non-financial information: Our people: Workforce	5, 8	6
	405-2 Ratio of basic salary and remuneration of women to men	p. 215, Non-financial information: Our people: Male to female wage ratio	5, 8, 10	6
Product quality and innovation [not covered in the GRI Standards]				
GRI 103 MA	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 11, Our Value Creation Model / p. 14, The net value we generate for society p. 34-42, Promoting customer centricity p. 44, Connecting research to customer needs p. 118, Sustainability management / p. 15-18, Sustainability priorities for our company and our stakeholders / p. 116, Integrity and compliance		

GRI Standard	Disclosure	Page number(s) and/or URL(s)	SDG	UNGC
Business ethics and transparency				
GRI 205 MA: Anti-corruption	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 11, Our Value Creation Model / p. 122, International certification for our internal audit practices p. 121, Policies applicable to CEMEX Latam Holdings p. 123, ETHOSline p. 116, Integrity and compliance p. 118, Sustainability management / p. 15-18, Sustainability priorities for our company and our stakeholders Anti-Bribery / Anti-Corruption Policy and Code of Ethics and Business Conduct: https://www.cemex.com/sustainability/policies-and-positions/policies		
	205-1 Operations assessed for risks related to corruption	During 2019, different CEMEX SAB operations were classified as medium to high risk countries for perceived corruption based on Transparency International. All of them were assessed for risks related to corruption and no incidents were found. In addition, all supplier contracts include not only anti-bribery clauses, but also antibribery certification letter. Moreover, CEMEX SAB makes its best effort to analyze suppliers' historical corruption behavior prior to signing a contract.	16	10
GRI 205: Anti-corruption	205-2 Communication and training about anti-corruption policies and procedures	p. 124, Reinforcing our commitment with training and communications CEMEX SAB uses different analysis focused on identifying the most vulnerable geographic and functional areas in order to deploy anti-corruption training. Furthermore, communication resources are deployed to distribute the anti-corruption / anti-bribery policy to all employees. Additionally, all employees have access to the Code of Ethics which contains a compliance chapter related to anti-bribery manners were all forms of corruption are explicitly rejected by CEMEX SAB. Supplier contracts include not only anti-bribery clauses. Anti-Bribery / Anti-Corruption Policy and Code of Ethics and Business Conduct: https://www.cemex.com/sustainability/policies-and-positions/policies	16	10
	205-3 Confirmed incidents of corruption and actions taken	There were no incidents that met the Foreign Corrupt Practices Act, nor were any legal cases regarding corrupt practices by either our organization or our employees concluded during the reporting period. We continuously monitor our employee's behavior and compel our employees to report any corruption acts through ETHOSline.	16	10
GRI 206 MA: Anti-competitive Behavior	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 11, Our Value Creation Model p. 118, Sustainability management / p. 15-18, Sustainability priorities for our company and our stakeholders p. 121, Policies applicable to CEMEX Latam Holdings p. 122, International certification for our internal audit practices p. 123, ETHOSline Find online the Anti-Bribery / Anti-Corruption Policy and Code of Ethics and Business Conduct: https://www.cemex.com/sustainability/policies-and-positions/policies		
GRI 206: Anti-competitive Behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Any relevant fines or non-compliance cases would be included in Note 23 to the Consolidates Financial Statements p. 207-212, Legal proceedings	16	
GRI 419 MA: Socioeconomic Compliance	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 11, Our Value Creation Model p. 118, Sustainability management / p. 15-18, Sustainability priorities for our company and our stakeholders p. 121, Policies applicable to CEMEX Latam Holdings p. 122, International certification for our internal audit practices p. 123, New reporting tools Find online the Anti-Bribery / Anti-Corruption Policy and Code of Ethics and Business Conduct: https://www.cemex.com/sustainability/policies-and-positions/policies		
GRI 419: Socioeconomic Compliance	419-1 Non-compliance with laws and regulations in the social and economic area	Any relevant fines or non-compliance cases would be included in Note 23 to the Consolidates Financial Statements p. 207-212, Legal proceedings	16	
Products and solutions for sustainable construction [not covered in the GRI Standards]				
GRI 103 MA	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 11, Our Value Creation Model / p. 14, Understanding the net value we generate for society p. 44, Connecting research to customer needs p. 46, Concrete pavements: a superior solution p. 47, Comprehensive solutions for building infrastructure p. 48, The best option for building industrialized housing p. 118, Sustainability management / p. 15-18, Sustainability priorities for our company and our stakeholders / p. 116, Integrity and compliance p. 214, Non-financial information: Building solutions Building Certification Policy: https://www.cemex.com/sustainability/policies-and-positions/policies		

GRI Standard	Disclosure	Page number(s) and/or URL(s)	SDG	UNGC
Environmental and air emissions				
GRI 307 MA: Environmental Compliance	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 11, Our Value Creation Model / p. 14, The net value we generate for society / p. 91-93, Our commitment to the planet p. 94 Climate Action: Reducing our carbon footprint p. 97, CEMEX Latam Holding's contribution to the circular economy p. 102, We invest in technology to minimize other emissions / p. 118, Sustainability management / p. 15-18, Sustainability priorities for our company and our stakeholders / p. 116, Integrity and compliance CEMEX Environmental Policy: https://www.cemex.com/sustainability/policies-and-positions/policies		
GRI 307: Environmental Compliance	307-1 Non-compliance with environmental laws and regulations	Any relevant fines or non-compliance cases would be included in Note 23 to the Consolidates Financial Statements p. 207-212, Legal proceedings	16	8
	305-6 Emissions of ozone-depleting substances	Our business does not create significant emissions of ozone-depleting substances.	3, 12	7, 8
GRI 305: Emissions	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	p. 216, Non-financial information: Air quality management We report on the air emissions that the CSI Guidelines for Emissions Monitoring and Reporting in the Cement Industry identifies as the most important from the on-site stationary sources we use in our processes: www.wbcscement.org . The standards used in the air emissions measurements, depend on the legal requirements in each country. Standards used also depend from the normal procedures used by the external companies performing the spot measurements. In the case of CEMs (Continuous Measurements), the equipment is maintained, operated, and calibrated according with the standards. Standards used for punctual measurements are EPA, ISO, and EN according to the pollutant and the country. In most cases EPA rules are used for sampling and EPA or ISO methods are used for the calculations at laboratory. All data reported in the stack emissions report is measured even continuously or spot.	3, 12, 14, 15	7, 8
Energy sourcing, efficiency and cost				
GRI 302 MA: Energy	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 11, Our Value Creation Model / p. 14, The net value we generate for society / p. 91-93, Our commitment to the planet p. 96, Increase the use of alternative fuels p. 97, CEMEX Latam Holding's contribution to the circular economy p. 99, Improve our energy efficiency p. 118, Sustainability management / p. 15-18, Sustainability priorities for our company and our stakeholders / p. 116, Integrity and compliance CEMEX Environmental Policy: https://www.cemex.com/sustainability/policies-and-positions/policies		
	302-1 Energy consumption within the organization	p. 216, Non-financial information: Carbon strategy • Energy consumption from renewable sources = sewage sludge, wood, paper, carton, animal meal, agricultural, organic and other biomass. • Energy consumption from non-renewable sources = coal and anthracite, petrol coke, fuel oil, natural gas, lignite and diesel, waste oil, tires, RDF, solvents, impregnated saw dust, mixed industrial wastes, other solid fossil based waste and liquid based waste. In 2019, we substituted 13% of primary fuels with alternative fuels, as a result mitigating the use of coal. WBCSD's Guidelines for the Selection and Use of Fuels and Raw Materials in the Cement Manufacturing: www.wbcscement.org/index.php/key-issues/fuels-and-Materials/guidelines-for-selection Units are available in Cement CO ₂ and Energy Protocol, Version 3.1, CO ₂ Emissions and Energy Inventory: www.cement-co2-protocol.org/en/	7, 8, 12, 13	7, 8
GRI 302: Energy	302-2 Energy consumption outside of the organization	p. 216, Non-financial information: Carbon strategy Energy consumed outside of the organization is not an issue where we focus our strategy. Production of cement produces CO ₂ mostly from sources within the organization: combustion of fossil fuels during the calcination of limestone.	7, 8, 12, 13	8
	302-3 Energy intensity	p. 216, Non-financial information: Carbon strategy Types of energy included in the intensity ratio: Fuels	7, 8, 12, 13	8
	302-4 Reduction of energy consumption	p. 216, Non-financial information: Carbon strategy Regarding electricity, during 2019 we managed to consume 64% of our power needs in cement operations from clean energy sources. Energy included: Fuels and electricity used during the process of production. All units are available in Cement CO ₂ and Energy Protocol, Version 3.1, CO ₂ Emissions and Energy Inventory: www.cement-co2-protocol.org/en/	7, 8, 12, 13	8, 9
	302-5 Reduction in energy requirements of products and services	p. 44, Connecting research to customer needs / p. 46-47, Concrete pavements: a superior solution p. 94, Climate action: Reducing our carbon footprint. We have a number of products and solutions that result in energy savings. We however consider this information confidential and key for our business strategy.	7, 8, 12, 13	8

GRI Standard	Disclosure	Page number(s) and/or URL(s)	SDG	UNGC
CO₂ management strategy				
GRI 305 MA: Emissions	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 11, Our Value Creation Model p. 91-93, Our commitment to the planet / p. 94, Climate Action: Reducing our carbon footprint/ p. 97, CEMEX Latam Holding's contribution to the circular economy p. 100, Increase and protect natural carbon sinks/ New technologies for carbon capture, use, and storage p. 102, We invest in technology to minimize other emissions p. 118, Sustainability management / p. 15-18, Sustainability priorities for our company and our stakeholders / p. 116, Integrity and compliance CEMEX Environmental Policy: https://www.cemex.com/sustainability/policies-and-positions/policies		7, 8, 9
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	p. 216 - Non-financial information: Carbon strategy, Absolute emissions p. 219 - Reporting scope: Data-measurement techniques More information about our emissions can be found in our CDP submission: www.cdp.net Base year: 1990 following best industry practices (e. g. CSI Protocol).	3, 12, 13, 14, 15	7, 8
	305-2 Energy indirect (Scope 2) GHG emissions	p. 219 - Reporting scope: Data-measurement techniques More information about our emissions can be found in our CDP submission: www.cdp.net Base year: 1990 following best industry practices (e. g. CSI Protocol).	3, 12, 13, 14, 15	7, 8
	305-3 Other indirect (Scope 3) GHG emissions	More information about our emissions can be found in our CDP submission: www.cdp.net	3, 12, 13, 14, 15	7, 8
	305-4 GHG emissions int	p. 216 - Non-financial information: Carbon strategy, Specific emissions p. 219 - Reporting scope: Data-measurement techniques Report where the reductions in GHG emissions occurred: Scope 1. Gases Included: CO ₂ , following the GHG Protocol and the WBCSD CSI Protocol.	15	8
	305-5 Reduction of GHG emissions	p. 216 - Non-financial information: Carbon strategy, Specific emissions p. 219 - Reporting scope: Data-measurement techniques Report where the reductions in GHG emissions occurred: Scope 1. Gases Included: CO ₂ , following the GHG Protocol and the WBCSD CSI Protocol. Base year: 1990 following best industry practices (e. g. CSI Protocol).	14, 15	8, 9
Local community development				
GRI 413 MA: Local communities	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 11, Our Value Creation Model / p. 14, The net value we generate for society p. 70, Community Engagement Plans p. 71, Key factors of our Community Engagement Plans p. 72, Our four community investment pillars p. 118, Sustainability management / p. 15-18, Sustainability priorities for our company and our stakeholders / p. 116, Integrity and compliance Before we open, close, or change local operations, we talk with our neighbors in order to improve our mutual understanding of needs and concerns. Community relations are managed at the country level so that they can be tailored to the particular circumstances of each community. This helps us to identify the communities near our operations, our impacts on them, and their needs; and then develop and implement effective, site-specific social programs. Though details are determined locally, the community plans must be in accordance with CEMEX's social-investment guidelines. These internal guidelines provide a common framework for the planning and execution of all of our social-investment strategies: programs we run directly, programs conducted through partnerships with stakeholders, cash and in-kind donations, and employee volunteer efforts.		1
GRI 413: Local communities	413-1 Operations with local community engagement, impact assessments, and development programs	p. 215, Non-financial information: Community engagement We have community investment programs in our operations in Colombia, Panama, Costa Rica, Nicaragua, Guatemala and El Salvador.		1
	413-2 Operations with significant actual and potential negative impacts on local communities	p. 215, Non-financial information: Community engagement There were no reports that we are aware of on significant negative impacts on communities.	1, 2	1

GRI Standard	Disclosure	Page number(s) and/or URL(s)	SDG	UNGC
GRI 203 MA: Indirect Economic Impacts	103-1 Explanation of the material topic	p. 11, Our Value Creation Model / p. 14, The net value we generate for society		
	103-2 The management approach	p. 70, Community Engagement Plans		
	103-3 Evaluation of the management approach	p. 71, Key factors of our Community Engagement Plans p. 118, Sustainability management / p. 15-18, Sustainability priorities for our company and our stakeholders / p. 116, Integrity and compliance		
GRI 203: Indirect Economic Impacts	203-1 Infrastructure investments and services supported	p. 77-80, Sustainable and resilient infrastructure and mobility p. 215, Non-financial information: Community engagement	5, 7, 9, 11	9
	203-2 Significant indirect economic impacts	p. 69-84, Sustainable Communities CEMEX Latam Holdings' social investment programs, help communities build affordable housing and basic infrastructure, launch new small companies, enhance education and employment training, as well as develop a strong environmental culture.	1, 2, 3, 8, 10, 17	
OTHER NON-MATERIAL DISCLOSURES				
Materials recycling and circular economy				
GRI 301 MA: Materials	103-1 Explanation of the material topic	p. 91-93, Our commitment to the planet		
	103-2 The management approach	p. 11, Our Value Creation Model		
	103-3 Evaluation of the management approach	p. 118, Sustainability management / p. 15-18, Sustainability priorities for our company and our stakeholders / p. 116, Integrity and compliance		
GRI 301: Materials	301-1 Materials used by weight or volume	Proprietary information.	8, 12	7, 8
	301-2 Recycled input materials used	p. 97-98, CEMEX Latam Holdings' contribution to the circular economy p. 216, Non-financial information: Waste management	8, 12	8
	301-3 Reclaimed products and their packaging materials	We do not consider packaging a Material issue for our industry. In many of the countries where we operate, the majority of our cement production is sold in bulk without packaging. Concrete and aggregates do not require any packaging.	8, 12	8
Direct economic impact on stakeholders [not covered in the GRI Standards]				
GRI 301 MA: Materials	103-1 Explanation of the material topic	p. 11, Our Value Creation Model / p. 14, The net value we generate for society		
	103-2 The management approach	p. 118, Sustainability management / p. 15-18, Sustainability priorities for our company and our stakeholders / p. 116, Integrity and compliance		
	103-3 Evaluation of the management approach			
Water management				
GRI 303 MA: Water	103-1 Explanation of the material topic	p. 11, Our Value Creation Model / p. 14, The net value we generate for society p. 91-93, Our commitment to the planet / p. 103, Optimize our water consumption		
	103-2 The management approach	p. 118, Sustainability management / p. 15-18, Sustainability priorities for our company and our stakeholders / p. 116, Integrity and compliance Water Policy: https://www.cemex.com/sustainability/policies-and-positions/policies		
	103-3 Evaluation of the management approach	To report our water withdrawals by sources we follow the GCCA Sustainability Guidelines for the monitoring and reporting of water in cement manufacturing https://gccassociation.org/wp-content/uploads/2019/10/GCCA_Guidelines_Water_v04_AMEND.pdf		
GRI 303: Water	303-1 Water withdrawal by source	p. 216, Non-financial information, Water management	6	7, 8
	303-3 Water recycled and reused	p. 216, Non-financial information, Water management	6, 8, 12	8
Waste management				
GRI 306 MA: Effluents and waste	103-1 Explanation of the material topic	p. 11, Our Value Creation Model / p. 14, The net value we generate for society p. 91-93, Our commitment to the planet		
	103-2 The management approach	p. 97, CEMEX Latam Holdings' contribution to the circular economy p.103, Optimize our water consumption		
	103-3 Evaluation of the management approach	p. 118, Sustainability management / p. 15-18, Sustainability priorities for our company and our stakeholders / p. 116, Integrity and compliance Water Policy: https://www.cemex.com/sustainability/policies-and-positions/policies To report our water withdrawals by sources we follow the GCCA Sustainability Guidelines for the monitoring and reporting of water in cement manufacturing https://gccassociation.org/wp-content/uploads/2019/10/GCCA_Guidelines_Water_v04_AMEND.pdf		

GRI Standard	Disclosure	Page number(s) and/or URL(s)	SDG	UNGC
GRI 306: Effluents and waste	306-1 Water discharge by quality and destination	p. 216, Non-financial information, Water management	3, 6, 12, 14	8
	306-2 Waste by type and disposal method	p. 216, Non-financial information, Waste management	3, 6, 12	8
	306-3 Significant spills	p. 215, Non-financial information, Environmental management Any relevant fines or non-compliance cases would be included in Note 23 to the Consolidates Financial Statements p. 207-212, Legal proceedings	3, 6, 12, 14, 15	8
Biodiversity preservation				
GRI 304 MA: Biodiversity	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 11, Our Value Creation Model / p. 14, The net value we generate for society p. 92, The highest level of environmental management p. 91-93, Our commitment to the planet p. 118, Sustainability management / p. 15-18, Sustainability priorities for our company and our stakeholders / p. 116, Integrity and compliance Biodiversity Policy: https://www.cemex.com/sustainability/policies-and-positions/policies		
GRI 304: Biodiversity	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected area	p. 104, Protect and improve biodiversity and ecosystem services	6, 14, 15	3, 8
Supplier management				
GRI 204 MA: Procurement	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 11, Our Value Creation Model / p. 14, The net value we generate for society p. 85-89, We work as a team with responsible suppliers p. 90, Leadership in promoting social responsibility across our supply chain p. 118, Sustainability management / p. 15-18, Sustainability priorities for our company and our stakeholders / p. 116, Integrity and compliance Suppliers Code of Conduct: https://www.cemex.com/sustainability/policies-and-positions/policies	1, 5	
GRI 204: Procurement	204-1 Proportion of spending on local suppliers	At a global level, CEMEX SAB estimates that 90% of purchases come from locally based suppliers.	8	

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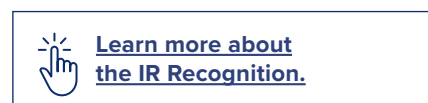
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Exchange listing

Bolsa de Valores de Colombia
Ticker symbol: CLH



The Issuers **Recognition-ir** granted by the Colombian Securities Exchange is not a certification about the quality of the securities listed at bvc nor the solvency of the issuer.



Website

www.cemexlatam.com

Cautionary Statement Regarding Forward-Looking Statements

This report contains forward-looking statements within the meaning of the applicable securities laws. CEMEX Latam Holdings, S.A.0s (“CEMEX Latam”) intends for these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in the applicable securities laws. In some cases, these statements can be identified by the use of forward-looking words such as “may,” “assume,” “might,” “should,” “could,” “continue,” “would,” “can,” “consider,” “anticipate,” “estimate,” “expect,” “envision,” “plan,” “believe,” “foresee,” “predict,” “potential,” “target,” “strategy,” “intend” or other similar words. These forward-looking statements reflect as of the date such forward-looking statements are made, or unless otherwise indicated, our current expectations and projections about future events based on our knowledge of present facts and circumstances and assumptions about future events. These statements necessarily involve risks and uncertainties that could cause actual results to differ materially from our expectations. Some of the risks, uncertainties and other important factors that could cause results to differ, or that otherwise could have an impact on us or our consolidated entities, include: the cyclical activity of the construction sector; our exposure to other sectors that impact our business and our client’s businesses, such as but not limited to the energy sector; competition; availability of raw materials and

related fluctuating prices; general political, social, economic, health and business conditions in the markets in which we operate or that affect our operations and any significant economic, political, health or social developments in those markets, as well as any inherent risks to international operations; the regulatory environment, including, but not limited to, environmental, tax, antitrust, and acquisition-related rules and regulations; the ability of CEMEX, S.A.B. de C.V. (“CEMEX”) to satisfy its obligations under its Facilities Agreement; as well as under its other debt instruments and financial obligations; the availability of short-term credit lines, or working capital facilities, which can assist us in connection with market cycles; loss of reputation of our brands; the increasing reliance on information technology infrastructure for our sales invoicing, procurement, financial statements and other processes and phases of our operations that can adversely affect our sales and operations in the event that the infrastructure does not work as intended, experiences technical difficulties or is subjected to cyber-attacks; changes in the economy that affect demand for consumer goods, consequently affecting demand for our products and services; weather conditions, including but not limited to, excessive rain and snow, and disasters such as earthquakes and floods; terrorist and organized criminal activities as well as geopolitical events; declarations of insolvency or bankruptcy,

or becoming subject to similar proceedings; the impact of pandemics, epidemics or outbreaks of infectious diseases, including the coronavirus disease (“COVID-19”), which may adversely affect, among other matters, supply chains, international operations, investor confidence and consumer spending; and natural disasters and other unforeseen events (including global health hazards such as COVID-19).

Readers are encouraged to read this integrated report, and carefully consider the risks, uncertainties, and other factors that affect our business. The information in this integrated report is subject to change without notice, and we are not required to post updates or review statements about future acts. Readers should review future reports submitted by us to the Financial Superintendencia of Colombia (Superintendencia Financiera de Colombia). This integrated report also includes statistical information related to the production, distribution, marketing and sale of cement, ready-mix concrete, clinker and aggregates. We generate some of this information internally, and some of it was obtained from independent publications and reports that we consider to be a reliable source. We have not independently verified this information, nor have we obtained authorization from any organization to refer to your reports in this integrated report. Copyright CEMEX Latam Holdings, S.A. and subsidiaries.



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