

CEMEX LATAM HOLDINGS
2017 INTEGRATED REPORT

Placing our
customers
at the heart
of our business



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About CEMEX Latam Holdings

A leading company
in building materials
and solutions.

TO OUR STAKEHOLDERS

Our customers are at the heart of our business. In 2017 we continued our proactive effort to understand their challenges and offer them commercial solutions and efficient processes that contribute to improving profitability.

With our MIX3R value-added offering, we have become the best ally of our industrial clients by helping make their operations more productive with a building solution that integrates our products—cement, aggregates, and admixtures—with technical optimization and business advice.

Moreover, Construrama® continued to consolidate its position as the largest network in Latin America, with 374 hardware stores in our region. This network allows us to get closer to the final consumer with our products, while creating greater value for our hardware customers. For example, we created our Radar Comercial app, a GPS-based platform to help our hardware store customers contact construction work sites in their vicinity to offer them products and solutions in a timely manner.

With the rollout of the CEMEX Go platform in our region in 2018, we will be at the forefront of the transformation in our industry. With CEMEX Go we offer our customers a digital service with which they can place orders, track products and delivery times, send receipts and invoices, manage payments and

present complaints and suggestions, all in a friendly, simple, and quick way. With this first-of-its-kind, value-added digital offering, we help our clients increase their productivity, make better decisions, and enjoy more control over their businesses. At the same time, CEMEX Go allows us to be closer to our customers and interact with them faster, more transparently, and more efficiently.

These commercial solutions are so powerful that we have been able to evolve from simple transactional relationships to true business partnerships with our customers. Our Service Center has been key to the successful rollout of these initiatives, with our customer service experts working in synergy with the logistics, commercial, treasury, communications, and planning departments to offer a better customer experience. We are convinced that our commercial solutions will continue to provide us with new business opportunities in the future, and we are ready to take them on.

We leveraged our experience, technical capabilities, and commitment to excellence in working with our customers in the most important infrastructure projects in the region.

In Panama, we supplied concrete designed to comply with the strict technical demands of the first power plant based on liquefied natural gas in Central

America. In Nicaragua, we provided high-performance concrete for the construction of the new Dennis Martínez National Baseball Stadium. In Colombia, we participated in the construction of Section 2 of the Magdalena River Highway, one of the most important infrastructure projects currently underway; and we put forth a proposal to pave tertiary roads designed to connect rural municipalities in the country. We also participated in the construction and delivery of 1,900 homes under the VIPA program sponsored by the National Government of Colombia.

2017 was a year of contrasts. On the one hand, in our operations in Guatemala, Nicaragua, and El Salvador, we registered good results with record sales. However, the strong competitive dynamics in Colombia and Costa Rica and the deterioration in prices during the first half of the year in Colombia—with a change in the trend beginning in August 2017—made for a complex business environment. Consequently, our consolidated net sales decreased 6% year-over-year, to US\$1,243 million. EBITDA was down 27%, to US\$310 million for the year, and our net income stood at US\$46 million.

We worked throughout the year to counteract the challenges we faced in our region. We redoubled our efforts in the cost reduction program, including reorganizing our ready-mix concrete operations and changing the operating model in our Bucaramanga plant. We made considerable progress in the

management of our working capital with an average of minus 10 days at year-end, the lowest level in the history of CEMEX Latam Holdings. As part of our program to pursue excellence in our operations, we were able to considerably reduce maintenance times, increase the reliability of our operations, and surpass 90% efficiencies in the clinker kilns.

We also continued rolling out our Health and Safety Academy, which plays a key role in our path to zero incidents. We are encouraged by the fact that during the year the number of recordable incidents was down 48% for employees and 16% for contractors—in six out of the seven countries in which we operate there was a reduction in the number of recordable incidents. Health and Safety is our top priority and we will continue to work to obtain increasingly better results until we achieve perfect performance. To this end, we took an important step in 2017 by hiring the services of a company specialized in the management of suppliers. This enabled us to add new safety measures for contractors who provide services at our plants.

Leveraging our business strengths is the best formula we can rely on to contribute to achieving the UN Sustainable Development Goals. During the year, more than 10,000 people benefited from our social businesses Patrimonio Hoy and Bloqueras Solidarias, both of which are focused on making it easier to build

and improve affordable housing. We also worked with our network of allies to build and improve classrooms, roads, platforms, and parks in our communities. In Colombia, for example, in close collaboration with local governments, we invested in 31 basic infrastructure projects that benefited more than 60,000 people.

Our actions confirm we are committed to the development of the communities where we operate. Integrating small companies into our supplier base and promoting entrepreneurship at the base of the pyramid helps us maximize the benefits our plants offer our neighboring communities and contribute to job creation. In Colombia, we have supported to date the development of 200 small-sized enterprises that supply our operations locally. Furthermore, thanks to the Rural Business Accelerator we launched in Costa Rica, 10 companies are now marketing their products nationally; in Panama, we benefited 42 entrepreneurs with our business-training Aprende a Aprender (Learn to Learn) program; and, by implementing the successful Sirolli entrepreneurship methodology in Colombia, we contributed to consolidating 21 new small-sized enterprises.

In 2017, we collaborated in offering training and development courses for children, youngsters, senior citizens, and parents who found that our community centers also provide them with opportunities for

healthy entertainment. In Panama, our new community center has pioneered the practice of offering learning workshops and recreational activities sponsored by a private company, making it a development and entertainment hub for almost 20 communities neighboring our Bayano Plant. Welcoming our neighbors to the CEMEX Community Centers helps us strengthen a relationship of trust with the communities where we operate.

At CEMEX Latam Holdings we are known for proactively facing global environmental challenges. In 2017, we became the first company in Colombia to achieve carbon-neutral certification for its fleet under the offset scheme authorized by the National Government. With this effort we confirmed our commitment to sustainability and we adhered to the country's own commitment established during the 2015 UN Convention to reduce by 20% its greenhouse gas emissions by 2030.

We also explored new opportunities to supply our operations with electricity generated in a sustainable way. In Colombia, we entered into a contract to purchase power generated utilizing biomass residues, which in the future will supply almost 40% of our electricity needs in that country. In 2017, 67% of the electricity we employ at our cement operations across the region was generated from renewable sources.

Our alternative-fuel substitution rate for the year was 17.5%, while we continued to work in collaboration with our industry to promote new frameworks to increase waste co-processing. With this, we will be able to generate additional savings at our operations and to extend to the communities the benefits of an efficient alternative for waste disposal.

We are committed to maintaining the highest ethical and corporate governance standards. To further earn the trust of our stakeholders, in 2017 we made progress in our effort to certify the company's internal audit function, based on the international standards of The Institute of Internal Auditors.

On behalf of the CEMEX Latam Holdings Board of Directors, our managing team, and our employees, we thank you for your interest in our company and invite you to review our first Integrated Report.

Sincerely,

Juan Pablo San Agustín
Chairman of the Board of Directors

Jaime Muguiro
Chief Executive Officer



Our operations

CEMEX Latam Holdings is the regional leader in the building solutions industry. With more than 4,200 employees, the company provides high-quality products and services to customers and communities in Colombia, Panama, Costa Rica, Nicaragua, El Salvador, Guatemala, and Manaus, in Brazil.



Cement	Ready-Mix Concrete	Aggregates	Other Operations
7.6 Million tons ¹	2.9 Million cubic meters ²	7.3 Million tons ²	2 Admixtures plants
5 Cement plants	46 Plants	16 Quarries	22 Distribution centers
6 Cement grinding plants	43 Mobile plants		2 River terminals
	3 Dry mortar plants		374 Construrama® hardware stores
	628 Mixer trucks		

1. Annual production capacity
2. Annual production



New admixtures plant

In 2017, in order to address growing needs in the construction industry in Panama, CEMEX Latam Holdings opened a state-of-the-art plant that produces admixtures for cement and ready-mix concrete. This is our second admixtures plant, with the other operating in Colombia since 2015.



Financial Results

In millions of US dollars, except percentages and earnings per share
As of December 31st 2017

	2017	2016	% Change
Net sales	1,243	1,315	(6)
Operating earnings before other expenses, net	231	342	(33)
Operating EBITDA	310	424	(27)
Net income of the controlling share	46	140	(67)
Earnings per share	0.08	0.25	(67)
Free cash flow after maintenance capital expenditures	75	237	(69)
Total assets	3,294	3,295	(0)
Total debt	927	983	(6%)
Total controlling stockholders equity	1,538	1,469	5

Our Vision

Purpose

We strive to create a better future for our people, our customers, our shareholders, and the communities in which we live and work. As part of this commitment, we promote sustainable development and improve the lives of the people and communities around us by contributing to building homes for many families, the roads that connect them, and the infrastructure that makes cities vibrant.

In order for ideas to become a reality, we address society's growing needs with high-quality products and we work hard to develop and deliver innovative cement, ready-mix concrete, and aggregates solutions for the construction industry.

Mission

Create sustainable value by providing industry-leading products and solutions to satisfy the construction needs of our customers.

Values

Ensure safety for our employees by being accountable for each other's actions and behaviors, and by being an industry leader that sets an example that others can follow.

Focus on customers by aligning ourselves closely with their business and needs, following through on our commitments, resolving problems quickly, and making it easy to do business with us.

Pursue excellence in every aspect of our business. We constantly challenge ourselves to improve and build on our strong reputation for quality and reliability.

Work as One CEMEX using our collective strength and knowledge to share best practices, replicate good ideas, and collaborate across boundaries – externally and internally.

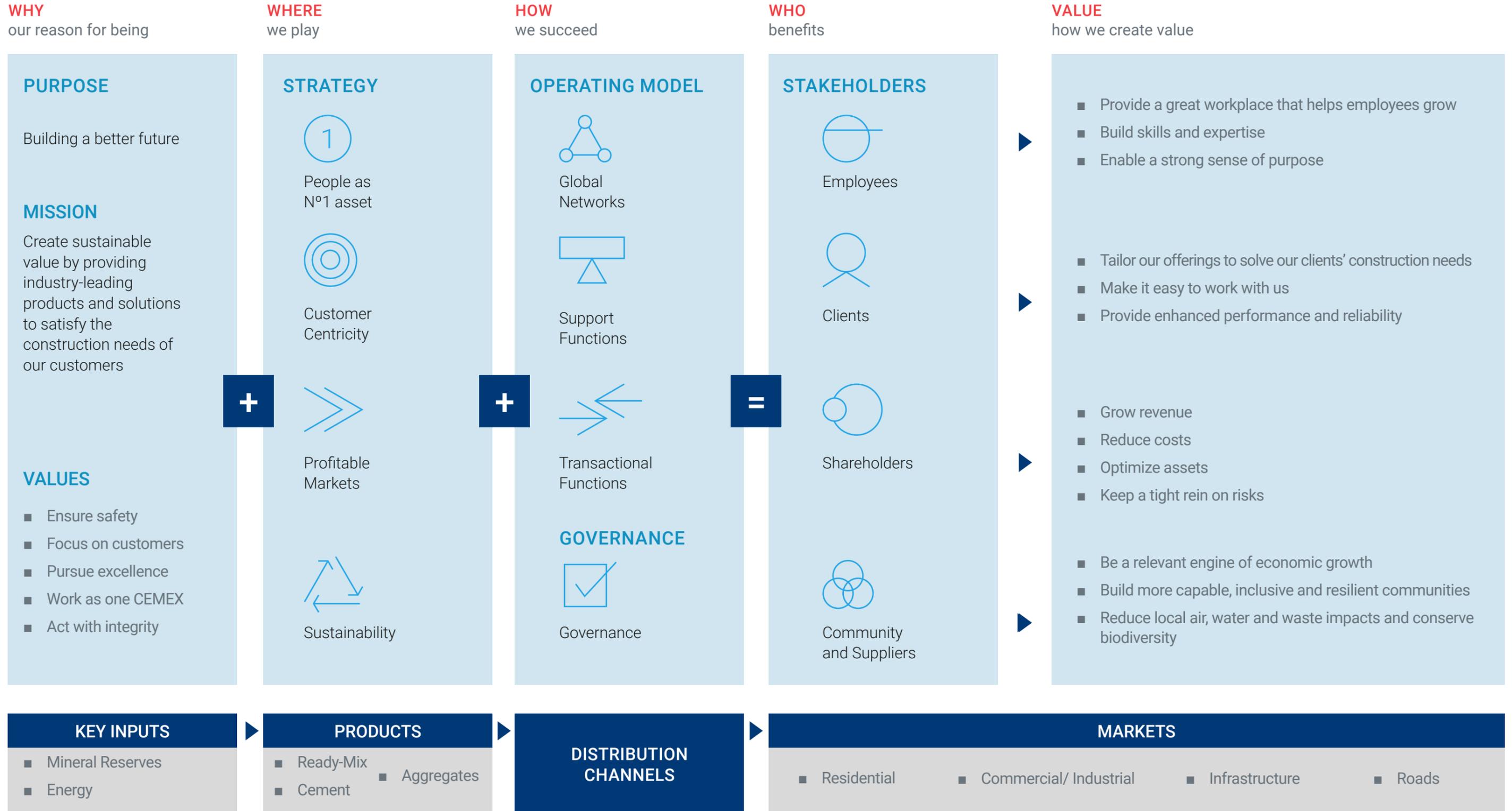
Act with integrity by remaining honest and transparent in our interactions, complying with our Code of Ethics, and caring for our people, communities, and natural resources.



Support from a global 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 in the Americas, Europe, Africa, the Middle East, and Asia. Founded in Mexico in 1906, CEMEX continues to build on its impressive history of benefiting those it serves through efforts to pursue innovative solutions for the construction industry, improve efficiency, and promote a sustainable future.

OUR VISION AND VALUE CREATION MODEL



Operational excellence

We strive to create greater value for our employees, customers, shareholders, and communities through Operational Excellence based on the Lean & Six Sigma philosophies. We leverage local knowledge as well as CEMEX's global expertise to implement improvements in our operations and create common practices that contribute to optimizing the way in which we operate across the region.

We train leaders who have the necessary tools to establish ambitious operating goals and to guide the company on the correct path to reach them. We also build high-performing work teams which commit to documenting and sharing knowledge as part of their responsibilities.

Our network of experts uses best practices in order to consolidate policies, processes, and goals that have a direct impact on our operations' results.

To improve processes and achieve the ambitious efficiency goals we have set for ourselves, we base our decision making on strict monitoring and analysis of key indicators. With this we strive to improve our performance in important issues for our company such as safety in the workplace, efficient use of resources, increasing productivity, reliability of the teams in charge of the production lines, and eliminating waste (excess movements, excess inventory, reprocessing, defects).

ACCOMPLISHMENTS OF THE OPERATIONAL EXCELLENCE PROGRAM IN 2017

6 out of the 7

countries where we operate reduced their number of recordable incidents.

+90%

efficiency in the operation of clinker kilns.

US\$10

million in savings as a result of implementing Operational Excellence.

-25%

in the time it takes to perform maintenance works on clinker kilns.

+20%

increase in trust levels and Lean culture at operations.

+25%

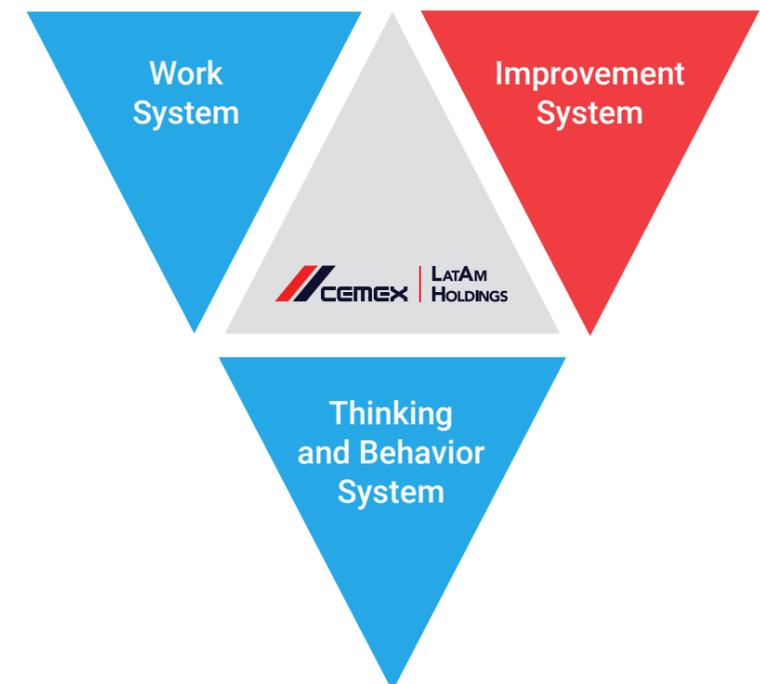
productivity in ton/man hours.

Goals of our operational excellence model

Modify behaviors by offering feedback, mapping responsibilities clearly, standardizing supervisor obligations, and enhancing interaction between management and the operating staff.

Streamline processes by standardizing tasks, certifying work methodologies, eliminating superfluous work, improving training programs, and specifying how we communicate results.

Promote continuous improvement by offering constant training to our employees and by actively supervising and planning everything we do—particularly scheduled maintenance works.





THE SUSTAINABLE DEVELOPMENT GOALS (SDGs) GUIDE OUR EFFORTS TO REACH OUR VISION OF BUILDING A BETTER FUTURE.

Contribution to the UN Sustainable Development Goals

As the leading company in our region in solutions for the construction industry, CEMEX Latam Holdings recognizes we have a responsibility to share our experience in order to help address the most critical challenges our planet is facing.



Beneficiaries of the VIP and VIPA housing programs in Colombia.

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. The Sustainable Development Goals (SDGs) guide our efforts to reach our vision of Building a Better Future. They also promote our own growth by creating new business opportunities related to the building of sustainable communities that offer a better quality of life for the people who live in them.

Building affordable infrastructure, such as roads, bridges, and airports, opens access to new markets, makes investments more productive, and encourages job creation. Investing in social infrastructure, including schools, hospitals, parks, dams, and

public service facilities, contributes to improvements in the quality of life and the level of well-being in a community.

Furthermore, families often aspire to the benefits inherent to owning their own home, such as a sense of security, and having some wealth. This means that as a society we are challenged to provide the way to efficiently and affordably build homes for growing populations.

Because we are aware of the important role we can play to build a more sustainable future in the region, including the principles of the CEMEX Sustainability Model in our business strategy encourages us to provide solutions that improve the quality of life and contribute to addressing societal challenges.

Our contribution to the SDGs in 2017



- Promoting social entrepreneurship
- Hiring local suppliers
- Creating models for social businesses

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- Our goal: zero injuries
- Safety measures for contractors
- Promoting a healthy lifestyle
- Work-life balance

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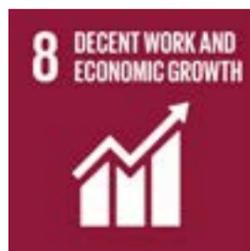
- Training for our employees
- Education programs in the communities
- Promoting new work capabilities
- CEMEX Community Centers

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- A diverse and inclusive company
- Equal and flexible pay
- Promoting comprehensive development of women

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- Creating jobs
- Competitive compensation
- Benefits appreciated by the market
- Job opportunities for young people

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- Comprehensive infrastructure solutions
- Concrete pavements
- R&D to create innovative products

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- Industrialized model for housing
- Affordable housing solutions
- Community infrastructure
- Repurposing waste

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- Cleaner and more efficient electric energy
- Contributing to the circular economy
- Technology to minimize emissions
- Optimizing water consumption

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- Robust carbon strategy
- Contributing to development of public policies
- Ecological cook stoves

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- Quarry rehabilitation programs
- Biodiversity Action Plans
- Certifying our efforts
- Rescuing mangroves

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THE RISK MANAGEMENT PROCESS IS INCLUDED IN THREE LEVELS OF THE ORGANIZATION:



Risk management

CEMEX Latam Holdings has an Enterprise Risk Management (ERM) division to manage risks and opportunities that could impact the company’s businesses and objectives. ERM has become fundamental to supporting top management in the decision-making process, thus reducing the impact of adverse events and capitalizing on opportunities resulting from a more complex and uncertain environment. The ERM function is complemented by other risk management processes within the company, such as internal audits, internal controls, and compliance with international procedures and standards including DACS, SOX, and FCPA.

Recently, in order to strengthen the company’s risk management, we established a broader process to collect, manage, and supervise risks.

As part of this effort, we promote the involvement of the operating and administrative structure in the effective resolution of risks. With this we seek to encourage discussion and accelerate the decision-making process in favor of effective prevention and reaction to changes.

Risks are identified by employing a bi-directional focus, involving the spectrum from the operating divisions to the administrative functions, with the ERM department positioned at the center in order to manage information and promote effective decision-making. After the corresponding analysis and assessment, risks are prioritized based on a matrix showing the impact and probability of materialization, and a mitigation strategy and monitoring plan are defined for addressing and following up on them.

THE FOLLOWING IS A DESCRIPTION OF SOME OF THE RISKS AND OPPORTUNITIES FACED BY CEMEX LATAM HOLDINGS AND OUR CORRESPONDING MITIGATION STRATEGIES:



Competitive dynamics

The markets in which we market our products are highly competitive and include established companies, new competitors, and imports. Operating excellence and customer-centricity have been the pillars allowing us to keep market share in these markets.

Some mitigation measures include:

- Continue to implement and improve the Customer Centricity commercial strategy and adding greater value in order to obtain benefits at a larger scale.
- Focus investments on strategic markets, following a methodical process that strives to maximize revenue in the long-term.
- Promote regulatory improvements to increase industrialization and consumer protection.

Regulatory changes, legal uncertainty, and increased scrutiny

Our commercial and production activities are subject to certain laws and regulations. Modifications or delays in their assessment and our ability to adapt to them creates risks or opportunities that we have to mitigate or leverage rapidly. The risk of sanctions, compensations, and liabilities makes it necessary to closely monitor the regulatory environment and to maintain compliance.

We have implemented new control and mitigation measures:

- Improve scrutiny over regional oversight.
- Implement training programs and reinforce the application of international standards on ethics, internal governance, corruption, financial reporting, and data privacy as well as intellectual property.
- Strengthen the position and oversight of the processes carried out by the Compliance Officer and the Internal Audit division.
- Monitor licenses and permits constantly, and audit compliance.

Health and safety related risks

Safety is the top priority for the company. Every direct or indirect employee must comply with the elements included in the company's Health and Safety Management System for their own benefit as well as that of their families and the population in general. We promote a culture of safety with everyone with whom we interact.

Mitigation measures are based on having well-trained personnel and the optimal equipment and facilities:

- Offer constant training and continually reinforce the elements of the Health and Safety Management System.
- Implement controls and innovative health plans.
- Carry out continuous improvements in facilities, equipment, tools, and the elements needed in order to handle objects safely.

Adapt quickly to modifications to environmental regulation and to adverse weather conditions

The growing environmental challenges of the planet have transformed regulations in all industries. The company has assumed the challenge by adapting its production processes to advanced country standards and reinforcing its operating units to make them more resilient.

The following are among the mitigation measures we have implemented:

- Monitor emissions continually and address any deviations.
- Implement operating continuity plans, and train employees accordingly.
- Invest in making those operating units and operations that are most vulnerable to climate risks more resilient.

Price volatility and uncertain availability of materials

Given the nature of its production processes, the company's operations consume energy, fuels, raw materials, natural resources, and spare parts. Our exposure to variations in these inputs is a concern. Likewise, our efforts to increase the use of alternative fuels and reduce water consumption are disruptive issues that are mitigated by the constant search for alternative sources of raw materials, frameworks to reduce volatility in procurement processes, and improvements in production.

Some mitigation measures include:

- Maintain reserves of critical materials required to achieve an effective return on investments and operational continuity in adherence to the norms.
- Employ financial strategies that enable us to decrease exposure to cost volatility.
- Use long-term frameworks and renewable contracts and make strategic investments to constantly reduce our dependence on suppliers.

Information security and cyberattacks

The speed of technological development and the migration of analog process to digital platforms to improve the experience of both customers and suppliers are critical for business continuity. We increasingly rely on digital solutions and adapting to them is not optional.

The mitigation measures we rely on and that make us leaders in transforming the industry include:

- Make continuous improvements to computer systems and to the processes and policies we use for handling information.
- Carry out projects with companies that are on the forefront of technological development.
- Train employees well and give them the tools they need to perform their jobs.

Uncertainty in policies and conditions

The political and economic conditions of the countries where we operate affect our business, finances, results, and expectations. Typically, we feel the effects in the development of infrastructure, the construction of housing and commercial developments, as well as in variations in operating costs. Political cycles and exogenous characteristics also affect us.

We implement several measures to mitigate such impacts or opportunities:

- Constantly monitor the economic and political conditions of the countries where we operate.
- Perform simulations of different scenarios with external advisors and employ public information from other industries.
- Promote the development of resilient infrastructure and decent housing with accelerated construction systems and with pavements that offer a longer life cycle.

Generate value proposals and attract customers

Global technological advances have helped redefine the interaction with customers, marketing strategies, and business models. The company has taken on these risks by designing new management and marketing strategies in the markets where it participates.

The following are among the mitigation measures we have implemented:

- Continually implement and mold the Customer Centricity strategy with value-added products, services, and solutions tailored to our different types of customers.
- Apply the Value Before Volume strategy in those markets where it is possible to do so.
- Contain and achieve improvements in production and administrative costs in order to maintain cost structures that respond to market demands.

Non-compliance with regulation by employees and suppliers

The company's rapid transformation to adapt to a changing environment has generated new areas of opportunity especially in terms of transactional controls resulting from digitalization of processes, compliance with international regulations, and prioritizing the health of employees. The new definitions of standards have been generalized to include suppliers, contractors, and third parties.

We expect to see these processes mature successfully by implementing the following mitigation measures:

- Develop and implement continuous training plans on ethical compliance and anti-corruption regulations.
- Support suppliers, contractors, and third parties to obtain certification in compliance with internal policies, safety protocols, public regulations, and behavioral standards.

Changes in technology and disruptive business models

Newly-developed decentralized marketing and distribution models have changed market expectations. It is well known that mobile apps are dominating commercial trends and that the dematerialization of the point-of-sale is progressing rapidly.

Mitigation measures are focused on leading the industry in the digitalization process:

- Employ technology to offer innovative solutions to our customers and participate in their value chain.
- Lead the digital evolution of the industry by implementing CEMEX Go and other transactional platforms.
- Support and develop improvements in technologies in products and production processes in order to maximize efficiencies with plans to pursue excellence in operations.

Limitations on the access to capital and debt

The company has liabilities maturing over the next few years. Our ability to comply depends on the generation of EBITDA and other indicators that can be affected by external factors, particularly variations in foreign exchange rates, financial conditions in different countries, and the stock markets. We also have agreements and debt instruments with restrictions and covenants with which we need to comply.

Although this risk is affected by exogenous factors, we are working on mitigating them by strictly monitoring aspects that are in the company's control:

- Reduce financial exposure by hedging exchange rate variations, loans, and potential fortuitous events.
- Carefully manage collection portfolios, using Credit Committees, and rigorously analyze the credit conditions we offer customers.
- Improve controls over and conditions for working capital.

At its core, our business strategy
has four main elements:



CUSTOMERS

Help our customers succeed.



PEOPLE

Value our people as our main competitive advantage.



MARKETS

Pursue markets that offer long-term profitability.



SUSTAINABILITY

Having sustainability embedded in our business.

Individually, each element engages and impacts our business in a very distinct way. Collectively, they help us achieve our mission of creating value by building and managing a portfolio of integrated cement, aggregates, ready-mix concrete, and related businesses.



Help our customers succeed

Customer centricity is one of our strategic priorities and one of our main values.

WE PLACE OUR CUSTOMERS AT THE CENTER OF EVERYTHING WE DO

We know that our success is directly dependent on the success of our customers. Our commitment to each of them is to dedicate time and effort to better understand how we can add value to their projects and contribute to addressing the challenges they face.

The Customer Centricity initiative guides our company in the process to place our customers' needs at the center of our work philosophy and to become increasingly more focused and better prepared to address market demands. It also drives us to build a management system that will help us constantly monitor, measure, and improve our relationship with our customers.

We are embarking on a transformation process that will enable us to exceed the changing expectations of our customers, as well as deliver and capture major value in the execution of our commercial propositions. Beyond changing the way in which we work internally, we are leveraging digital technologies that transform the way in which our customers interact with CEMEX Latam Holdings to deliver a superior customer experience.



CEMEX GO BENEFITS OUR CUSTOMERS BY INCREASING THEIR PRODUCTIVITY, ALLOWING THEM TO MAKE BETTER DECISIONS, AND GRANTING THEM GREATER CONTROL. IT BRINGS US CLOSER TO OUR CUSTOMERS BY MAKING US FASTER, MORE TRANSPARENT, AND MORE EFFICIENT.

We present the future: CEMEX Go

Based on our firm customer centricity, CEMEX Go is the first-of-its-kind digital value proposition designed to satisfy management needs in the building materials industry. It is evidence of our commitment to become leaders in the era of digital business.

CEMEX Go is a multi-device solution that creates an experience for our customers that is better than any offered by previous solutions. It is designed with cutting-edge technology to offer our customers total visibility, in real-time, of information they need to streamline their interactions with CEMEX Latam Holdings. Having more control over their business and lessening the administrative burden translates into greater productivity, better decisions, and

more time to focus on more strategic matters pertaining to their business.

With this digital value proposition, our customers will be able to handle more transactions in less time, including placing orders, consulting their history, tracking shipments via GPS, receiving instant notifications, and managing invoices and payments for the main CEMEX Latam Holdings products: cement in bags or in bulk, concrete, aggregates, and related products.

In short, with CEMEX Go our customers will be able to handle in minutes what previously has taken them hours; all just one click away. We will launch it in our markets during 2018, thus transforming the way CEMEX Latam Holdings does business.

We strive to be the best option **for our customers in every** market where we operate



Doing business with us is easy and pleasant.



We build close relationships.



We listen closely so we can address the challenges they face.



We offer quality products, services, and solutions.



Doing business with us is easy and pleasant

Our Service Center is key to the successful rollout of our new commercial and customer service strategies in the region.

It works in synergy with the logistics, commercial, treasury, communications, and planning divisions, to offer our customers more precise information. Furthermore, it has found a great ally in Teleperformance, a specialized world-class supplier that offers a wide range

of technological infrastructures. Our team at the Center includes experts in customer service and technical professionals with the right training to offer better service.

The Service Center helps our customers through different mechanisms: telephone calls, email, life chat, social media, and our website. Additionally, starting in 2018, the Center will support the CEMEX Go rollout to help our customers take better advantage of this new digital platform.

THE CEMEX SERVICE CENTER IS A POINT OF CONTACT TO:

- Make purchases
- Schedule deliveries
- Consult order status
- Report payments
- Request an estimate
- Generate account statements
- Ask questions
- View invoice details
- Request acquired benefits



We build close relationships

We offer practical and informational workshops on our technologies, during which architects and engineers can experience firsthand the advantages of our value-added materials and test them. We also carry out training sessions through which we are able to give current information with respect to construction methods and on-site quality control. We also offer guided tours of our plants in order to share information on our state-of-the-art production methods.

We build close relationships with individuals and companies that challenge the possibilities offered by construction. In 2017, we held several meetings in Colombia during which our industrial customers had the opportunity to better understand our value offering. In one such meeting, more than 40 customers and 29 concrete and precast companies met in Bogotá to learn more about the benefits MIX3R offers their operations.

We attend industry fairs and exhibits in order to participate in the discussion on trends in the use of our materials. As part of the Cátedra CEMEX (CEMEX Chair), we do presentations for civil engineering and architecture students on our modern and innovative products and solutions for the construction sector. These talks also help us make sure that new generations become familiar with our brands. By participating in the Colombian Council for Sustainable Construction, we promote best practices in materials design, building construction, and urban design throughout the country.



A highly trained commercial team

With our Commercial Academy we prepare the company's salesforce to offer excellent service and identify the value we need to offer.

The academy offers multi-annual sessions whose goal is to create robust commercial competencies while at the same continuing to launch new products, services and solutions.

We strive for our employees to be well prepared to create the best possible customer experience, in addition to receiving highly-specialized training.



We actively listen to our customers

We collaborate with the CEMEX Customer Centricity Global Network to better understand the needs and preferences of every market segment in each of the countries in which we participate. Our goal is for our offering to be more complete and competitive, enabling us to add greater value to each segment.

We also implemented an internal restructuring to be closer to our customers. We designed points of contact that have the required technical training to offer the whole range of CEMEX Latam Holdings products, services, and solutions in every segment. Furthermore, we aligned our strategic planning teams with commercial segments to support new undertakings.

In order to transform the service into a competitive advantage, we developed the Customer Journey Experience. This research process enables us to identify "moments of truth" in our service: those attributes that are indispensable for being able to offer our contractor, industrial, and distribution customers a superior service experience that will help us

establish long-lasting relationships. Including several departments in our company in this exercise, made a significant contribution to wholly identifying the service elements our customers appreciate the most.

Net Promoter Score® helps us take quarterly customer satisfaction metrics in every market segment, in the countries where we operate. To this end, we developed an indicator system that helps us measure our performance with regards to key factors, including customer satisfaction, superior experience drivers, impact of our efforts, profitability, customer retention, and new customer acquisition. Following up on key indicators and established minimum goals has allowed us to improve our performance and offer our customers a superior experience.

Our Service Committees meet on a monthly basis to monitor performance indicators and implement improvements. The measures we have executed include increasing technical training, redefining response times to address customer concerns, monitoring our product supply more accurately, and improving our information technologies.

OUR SOLUTIONS CONTRIBUTE TO MAKING OUR CUSTOMERS' PROJECTS LESS EXPENSIVE, FASTER TO BUILD, AND TO HAVE A LONGER USEFUL LIFE, INCREASE SALES, AND BE MORE PROFITABLE.



Portfolio of high-quality products, services, and solutions

At CEMEX Latam Holdings we produce, distribute, and market a wide range of innovative building materials with state-of-the-art technology solutions that address the changing needs of our customers.

We complement our offering by providing value-added services that help construction companies, developers, industrial clients, distributors, and government entities be more productive.

In sum, we take advantage of the quality of our products and services, as well as our years of experience, technical skills,

logistical advantages, and our access to CEMEX's global knowledge base, to offer our customers comprehensive solutions for their pavement, infrastructure, and housing projects.

We take our customers' projects, challenges, and dreams into consideration in order to develop state-of-the-art products, value-added services, and comprehensive solutions that contribute to addressing the challenges being faced by the construction industry and to bringing down the borders of urbanization in the markets where we operate.

OUR BUILDING MATERIALS

Cement

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

General Use, White, Super Resistant, Structural Use, and Marine Environment Use.



Aggregates

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

Sand, gravels, granular base, granular sub-base, and stone aggregates.

Concrete

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

CEMEX is the world leader in concrete production and research and development.

Dry mortar

A mixture of cement, sand, and admixtures with technically designed doses to be used for building floors and masonry.

Conventional, plaster, floors, structural, fill grout, shotcrete, self-compacting, and synthetic fibers.

Admixtures

Chemical substances that are added to concrete to enhance its properties based on the requirements of specific works.

Plasticizers, hardening catalysts, stabilizers, air entraining, multi-functional, shrinkage reducers, and resistance improvers.

OUR CONCRETE SOLUTIONS

<i>Pervia</i>	Prevent flooding	Makes it easier for water to infiltrate into the ground and offers a solution for draining pavement.
<i>Insularis</i>	Energy efficiency	A solution for thermal insulation, acoustic insulation, and fire resistance that eliminates thermal bridges.
<i>evolution</i>	Savings in costs	Self-compacting and self-leveling concrete that saves time and combines strength with superior finishes.
<i>Hidratium</i>	More durability	Tolerates extreme conditions and has self-curing properties that eliminate concrete cracking due to shrinkage.
<i>Promptis</i>	Rapid strength	Compressive strength in four hours and a 90-minute workability for ease of use.
<i>Resilia</i>	A substitute for steel	Fiber-reinforced concrete for hyper strength and ductility.



State-of-the-art concrete

Materials by Design™ is the CEMEX philosophy that addresses the challenge of innovating to develop new value-added materials. We seek to transform our research and development into an evolving and dynamic process, continually aligned with the trends and needs of the markets in which we participate.

The critical factor for the CEMEX Research and Development Centers in Switzerland (CEMEX Research Center), is its human capital. Composed of a multi-disciplinary group of professionals from different nationalities, this network of researchers, engineers, and business experts is focused on developing new technologies for our products. The knowledge base created by such a diverse group working with other leading institutions, enables us to acquire a comprehensive

understanding of our customers' needs and to offer tailor-made solutions.

As the only building materials company in the region with its own admixtures division, our researchers can design new technologies and develop innovative concrete solutions. As a result of our partnership with CEMEX, the CEMEX Latam Holdings customers also benefit from the new technologies developed by the CEMEX Research Center. During 2017, 17% of concrete sales were products with sustainable attributes.

neogem CEMEX Colombia launched the aggregates brand, neogem, during the Annual ASOGRAVAS Congress in Cartagena. The goal is to offer customers a wide range of products aimed at improving productivity in concrete and offering better technical features.

TECHNOLOGIES THAT HELP US BRING DOWN THE BORDERS OF CONSTRUCTION

Sustainable initiatives

Rhizolith Island
Rescuing the mangroves

- Concrete that is lighter than water
- Creates a symbiotic relationship with nature that regenerates the ecosystem
- Offsets coastal erosion



Eko Stove
Better quality of life

- Made of cellular concrete
- Monolithic combustion chamber made of concrete
- Uses less wood and reduces CO₂ emissions



High-quality housing

Social Housing
Affordability of housing in Colombia

- Use of materials that improve thermal conditions in walls
- Monolithic cast-in-place solution to build in a fast and efficient manner, at a grand scale
- Added resistance to adverse weather conditions and earthquakes



High-level social housing
Braking away from Colombian traditions in construction

- Eliminated repairs and finishes
- Considerable reduction in construction times



10,000 m³
of evolution-brand concrete

More ambitious infrastructure

Panama Canal
The most important project of the past 100 years

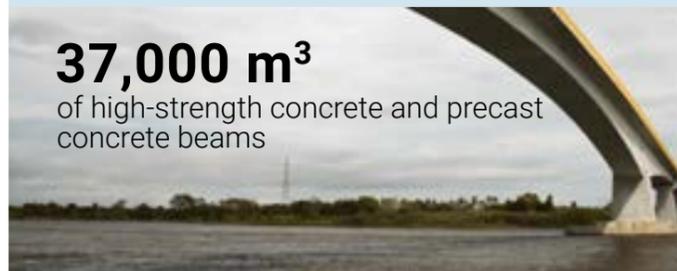
- Exclusive production line to meet with strict requirements
- Constant flow of materials during 5 years, 24 hours a day, 7 days a week



1,000,000 tons.
of a cement resistant to sulfates that attack submarine structures

Magdalena River Bridge
The longest in Colombia

- Concrete developed to abide by the tight construction timeline
- Mobile plant and precast elements built on site



37,000 m³
of high-strength concrete and precast concrete beams

Reaching new heights

Atrio Building
The highest in Colombia



6 concrete
plants working uninterrupted



7,300 m³
of concrete, pumped uninterrupted for 38 hours



1,000
concrete truck trips

Panama Skyscrapers
The new urban landscape

- Concrete designed to resist the height of buildings
- Comprehensive solutions for foundations, structures, and loads



3,000,000 m³
of concrete supplied over the past five years

SERVICES THAT MAKE OUR CUSTOMERS' PROJECTS MORE PRODUCTIVE

	Technical advice and accompaniment	C-PRO Distinction	CEMEX at your worksite	CEMEX for your size	Disposal of construction waste		
<p>CEMEX Latam Holdings is the best ally of industrial clients to whom we offer a comprehensive building solution that combines three products: cement, aggregates, and admixtures, in addition to business advice to make their operations more productive.</p>	<p>We have experts who advise our builder customers to help them optimize technical aspects, as well as plan, design, and execute their projects in a comprehensive manner. We offer workshops to communicate information on our products and new construction processes.</p>	<p>CEMEX Latam Holdings recognizes its industrial customers at the end of the quality-control advice process, checking for compliance with quality standards for concrete and raw materials, industrial safety, and operating processes.</p>	<p>We install mobile concrete plants directly at our contractor customers' worksite, on any location, even far away from urban centers. It is the ideal solution for high-consumption infrastructure and housing projects.</p>	<p>Our contractor and hardware store customers can purchase small quantities of products for their site, with orders adapted to their specific demand, based on their requirements.</p>	<p>In Colombia we have facilities that are destination for Construction and Demolition Waste (CDW), where it can be recycled or disposed of. The environmental management and official registration enable us to issue certificates for proper disposal.</p>	<p>By employing a geo-localization platform, we help our hardware store customers opportunistically contact construction works being carried out in their vicinity, to offer them their products and solutions in less than 24 hours and, consequently, improve sales.</p>	<p>CEMEX collaborates with international experts to offer an array of specialized services in sustainable construction: certifications, architectural design, energy management, and construction solutions.</p>
<ul style="list-style-type: none"> ■ Greater efficiency of materials ■ Optimized operations ■ Personalized attention channels 	<ul style="list-style-type: none"> ■ Permanent accompaniment ■ Highly trained commercial adviser ■ Reductions in time and costs 	<ul style="list-style-type: none"> ■ Promotes development of the sector ■ Stimulates productivity ■ Improves profitability 	<ul style="list-style-type: none"> ■ Just-in-time delivery ■ On site quality tests and technical assistance ■ Savings in logistics 	<ul style="list-style-type: none"> ■ Avoid inventories ■ Decrease waste ■ Reduce costs 	<ul style="list-style-type: none"> ■ Maximize the use of materials ■ Comply with the norms ■ Apply for LEED points 	<ul style="list-style-type: none"> ■ Improved time management ■ Greater contact with customers ■ Increase in sales 	<ul style="list-style-type: none"> ■ Savings in operating costs ■ Better energy performance ■ Better return on investment

More value for our distributor customers

We developed our Construrama® model to help small hardware stores have a more successful business. At the same time, the model allows us to better understand consumer needs and increase sales for our products.

By means of an improvements program, we strive to help them upgrade their stores, modernize their operation and get closer to the consumers by offering a friendlier, easier, and more innovative buying experience. To achieve this, we have identified key aspects in the materials distribution business and created strategies to boost them.

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. We also provide training and certification opportunities which, in addition to installing special software, enables them to improve customer service and management. The process includes technical assistance and financing for the hardware store owners and construction foremen. Furthermore, Construrama® makes investments in promotional activities, advertising, and consumer-

loyalty programs to attract more consumers. These upgrades contribute to the succession of the hardware stores to new generations. They also benefit the community with job opportunities and access to convenience and banking services.

The Construrama® stores combine tradition, experience, and closeness to the community, as well as the benefits associated with belonging to a great multinational family. Creating greater value for our hardware store customers allows us to get to know our end consumers better, and to be closer to them. It also contributes to a better distribution of our products. Construrama® continues to be the largest chain of hardware stores in Latin America. During 2017, the number of hardware stores affiliated to the Construrama® network in our region grew 15% compared to 2016.

374

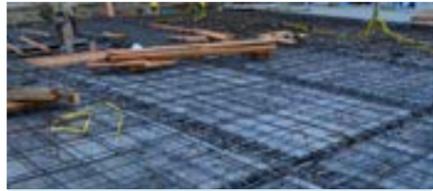
CONSTRURAMA® STORES IN COLOMBIA, NICARAGUA, COSTA RICA, AND EL SALVADOR.



5 REASONS WHY CONSTRURAMA® CONTRIBUTES TO HAVING MORE SALES, MORE CONTROL, LESS EXPENSES, AND MORE PROFITS

- 01 Management**
 - Software that helps our hardware store affiliates improve inventory and business management.
 - Information on consumer profiles, adequate product mix, and business meetings.
- 02 Training**
 - Training programs for affiliates and construction foremen.
 - Training programs certified by the National Learning Service in Colombia.
- 03 Financing**
 - Consumer credit available at comfortable terms and rates.
 - Through a third party we offer our affiliates access to working capital at competitive rates.
- 04 Consumer loyalty programs**
 - With Construganas construction foremen can earn points they can later exchange for products.
 - Additional services, such as offering banking services, save the communities time and money.
- 05 Marketing**
 - Campaigns in magazines, social networks, digital media, television, and on Construrama TV inside the hardware stores.
 - Large scale negotiations allow hardware store owners to buy products at competitive prices.

OUR CONCRETE PAVEMENT SOLUTIONS



UNICAPA

Consists of improving the natural terrain by pouring cement to offer a more accessible surface.

Dirt and rural roads.



Roller-compacted

Zero-slump concrete that resists abrasion.

Structures subject to a high-water flow.



MR with Hidratium

Substitutes the normal curing process, reduces plastic cracking, and requires minimal maintenance.

Pavement and industrial floors.



Whitetopping

Consists of placing hydraulic concrete slabs over asphalt pavement that has superficial damage.

Highways, airports, and urban streets.



High-strength

Uses special slabs and cement-stabilized bases that increase load bearing capacity.

Main streets.

Concrete pavements— a better solution

Superior durability, lower costs, greater safety, savings in fuel consumption, and sustainability attributes, make concrete pavement a solution that is clearly better than asphalt.

At CEMEX Latam Holdings, our operating capacity and state-of-the-art technology, as well as our value-added materials, enable us to offer a comprehensive solution to

our customers' structural projects, including designing and building highways, airports, urban streets, industrial roads, loading docks, and rural roads. In order to communicate the advantages of concrete pavement, we convey information to decision makers, engineers, and architects about its attributes, including the results of CEMEX's collaboration with research institutions around the world.



ADVANTAGES OF CONCRETE PAVEMENT OVER ASPHALT



For builders: Lower cost



- Concrete highways have less deformities and cracking.
- They last three times as long as asphalt, before they require rehabilitation work.
- Lower maintenance translates into lower costs over the life cycle of the project.

For drivers: Safety and savings



- Better traction reduces braking distance.
- Improved reflection of light makes visibility better.
- The more rigid surface makes fuel consumption in vehicles up to 3% more efficient.

For the planet: Lower emissions



- Savings in fuel use translate into lower greenhouse gas emissions.
- Surfaces with lighter colors, such as concrete, stay up to 15°C cooler than asphalt.



A proposal to revolutionize pavement for tertiary roads in Colombia

The majority of the national road network in Colombia is comprised of tertiary roads. Their role is to connect municipality heads with rural roads or inter-connect several rural roads. Based on information from the National Planning Department, 70% of the tertiary roads are in need of repair, which delays socioeconomic growth in the country's rural municipalities.

Since 2016, we have collaborated with the Ministry of Transportation in a pilot plan to work on different road segments with alternative pavement technologies in order to test their strengths and specific features. With this collaboration, we seek to find which would be the best technology to revolutionize pavement for more than 1,500 kilometers of tertiary roads over the next few years.

In 2017, CEMEX Colombia, in collaboration with the Autonomous Regional Corporation

of Cundinamarca and the municipality of Jerusalén, installed pavement over a one-kilometer span of a tertiary road connecting the municipality with more than seven neighboring dirt roads. We employed our UNICAPA pavement solution, using the pre-existing granular material in the terrain and mixing it with our cement and admixtures to improve the bearing capacity. The final step consisted of applying a surfacing asphalt treatment.

This rapid-construction technique, uniquely developed by CEMEX, is currently the most economical alternative in the Colombian market. It is comparable to any traditional asphalt road, at half the cost.

Benefits at Jerusalén are already evident. Quality of life for more than 2,600 people was improved because this road will now help them travel to neighboring locations where they work or where their families live, transport their agricultural products easily, and reduce commute times to education centers or to their own homes.

Comprehensive solutions for building infrastructure

At CEMEX Latam Holdings we offer comprehensive solutions that add value to our customers' infrastructure projects.

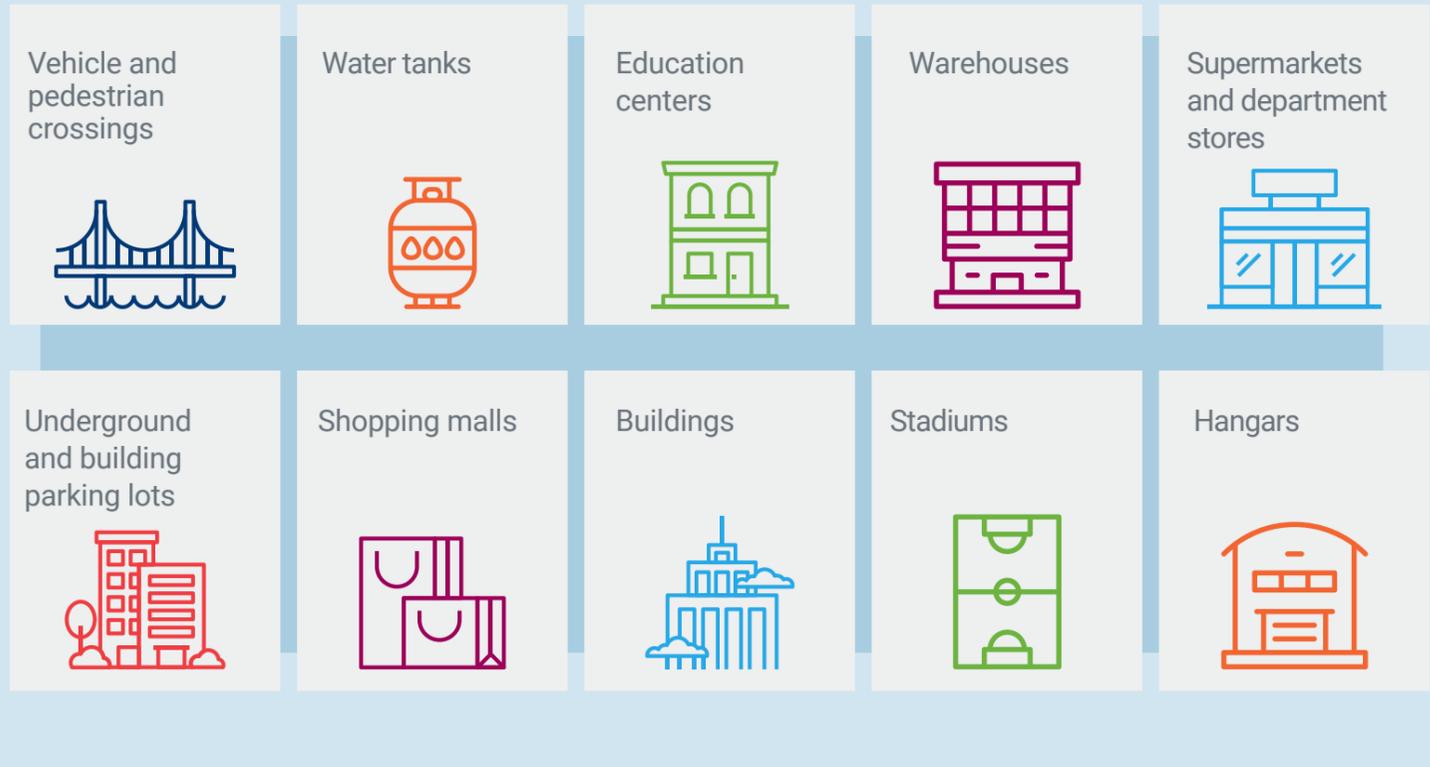
We rely on our portfolio of products and services to offer assistance to our customers beginning when they start to plan their projects in order to make their offer more competitive, up until the design and implementation of new construction processes and technologies. By becoming facilitators in the production chain, we are able to contribute to improving efficiency and delivery times, as well as staying within budget.

Based on our experience, we participate in different types of projects, from designing and building industrial floors, sidewalks, and urban pavements, to carrying out grand scale turnkey projects and public-private partnerships, including avenues, highways, airports, mass transit

projects, power generation facilities, river canalizing, and efficient office buildings, schools, and hospitals.

The Economic Commission for Latin America and the Caribbean (ECLAC) estimates that countries in the region will need to invest more than 6% of their GDP in infrastructure throughout the decade, just to satisfy the growing demand in four sectors that are key to their economies: water and sanitation, transportation, energy, and telecommunications. At CEMEX Latam Holdings we play the role of catalysts in the construction process to contribute to the success of our customers' infrastructure projects and development in the region.

TYPES OF WORKS THAT ARE PERFECT FOR LARGE-SCALE PRECAST PRODUCTS



OVER THE PAST 5 YEARS, WE HAVE PARTICIPATED IN THE INSTALLATION OF 2.6 MILLION SQUARE METERS OF PAVEMENT AND CONCRETE INDUSTRIAL FLOORS.

Precast structures, the best solution for large scale 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.

At CEMEX Latam Holdings we have an ample portfolio of precast structures that offer a profitable and high-quality solution for our customers' large-scale infrastructure projects.

WE PARTICIPATE IN SOME OF THE MOST AMBITIOUS INFRASTRUCTURE PROJECTS



WE SUPPLIED 46,000 CUBIC METERS OF SPECIALTY CONCRETE FOR THE FIRST LIQUEFIED NATURAL GAS POWER PLANT IN CENTRAL AMERICA.



Specialty concrete for the first power plant based on liquefied natural gas in Central America

In Panama, CEMEX Latam Holdings supplied 46,000 cubic meters of specialty concrete, designed to comply with the strict technical demands of the first power plant based on liquefied natural gas in Central America. The first stage of the project required 12,000 cubic meters of low-hydration heat concrete to build the foundation slab for the gas tank. During the second stage—building the tank’s coating—CEMEX Latam Holdings supplied 26,000 cubic meters of cryogenic concretes, adapted to withstand temperatures of up to -195°C by using our third-generation admixtures. The concretes were formulated by the CEMEX Research Group AG.



Solutions for one of the longest bridges in Colombia

In Colombia we participated in the construction of Section 2 of the Magdalena River Highway, one of the most important infrastructure projects currently underway in the country. We supplied 67,000 cubic meters of concrete for building a 1.4-kilometer viaduct, and 14 kilometers of highways, and for performing maintenance works on 10 kilometers of the existing road. Construction of the bridge, one of the longest in the country, required lifting pilings and beams up to 30 meters over the river’s water level. In order to supply the materials, we installed a concrete plant at the operation site, we were in charge of transportation logistics, and we designed a special mix and massive casting to provide maximum performance.



A new benchmark in baseball stadiums in Central America and the Caribbean

In Nicaragua, in 2017, we collaborated in the construction of the new Dennis Martínez National Baseball Stadium. As part of its offering of solutions for builders, CEMEX Latam Holdings supplied 18,000 cubic meters of conventional and high-performance concrete to build the stadium. Additionally, to comply with the project’s demands, we installed a concrete plant at the worksite, providing better logistics as well as just-in-time delivery of the product, with the required quality. This project is a clear example of our versatility and our capacity to adapt our new solutions to customer needs.



OUR COMPREHENSIVE HOUSING SOLUTIONS

- **Industrialized:** Fast, efficient, and large-scale housing construction.
- **Disaster relief:** The best response for reconstruction after natural disasters.
- **Efficient:** The most competitive solution for buildings demanding high energy performance.
- **Affordable:** The lowest possible cost without giving up quality.
- **Vertical:** Fast and efficient construction for high-rise and mid-rise residential build.

Advanced comprehensive solutions for building housing

We are committed to helping our developer customers build sustainable housing and communities that improve quality of life.

Using our Industrialized Model for Housing Construction, we integrate value-added materials with efficient systems to build houses in a fast, sustainable, and affordable manner. Due to its features, the cast-in-place system that uses formwork panels is the best option for mass producing housing. The adaptable model can be used under different climate, geography, and environmental conditions. In addition, our team of professionals has the needed experience to carry out turnkey projects and implement community programs that improve quality of life for the families living in the new communities.

Families often aspire to the benefits inherent to owning their own home,

such as a sense of security and accomplishment. However, the Inter-American Development Bank estimates that more than half the families living in the largest cities in Latin America lack the necessary means to own an adequate home. We make good on our commitment to contribute to improve quality of life in the communities by articulating collaboration models that put an end to the paradigms that limit the affordability of owning a home for low-income families. In this process, we team up with our customers, government entities, financial institutions, and NGOs to combine our efforts, experience, and resources in developing sustainable communities.



ADVANTAGES OF THE CEMEX INDUSTRIALIZED MODEL FOR HOUSING CONSTRUCTION

- **Time:** Housing can be built at a fast pace due to cast-in-place system that uses formwork panels.
- **Speed to market:** Building homes faster means they are available in the market sooner.
- **Cost:** Less storage and labor result in savings in the construction process.
- **Resistance:** Concrete installed as a single element resists adverse weather conditions and earthquakes.
- **Growth:** The use of reinforced concrete means a second floor can be built.
- **Efficiency:** Sustainable features of concrete increase thermal efficiency of the homes.



THE VIPA PROJECTS DEVELOPED IN COLOMBIA BY CEMEX LATAM HOLDINGS AND ITS ALLIES OFFER ADDED VALUE

High-quality housing

- Value-added materials
- Better thermal conditions in the walls
- Higher roofs

Access to services

- Clean water
- Electric power
- Domestic gas

Comprehensive urban project

- Sewage system
- Public lighting
- Green and recreational areas

Low-income housing in Colombia

We continue to participate in the program known as VIPA (Vivienda de Interés Prioritario para Ahorradores –or Priority Interest Housing Program for Savers), which is sponsored by the Colombian National Government and the Ministry of Housing, City, and Territory. VIPA allows families with an income of between one and two minimum wages to realize their dreams of home ownership.

During 2017, we participated in the construction and delivery of 1,900 homes under the VIPA program. In

total, through our collaboration in the program we have contributed to structuring 14 projects, resulting in 2,900 additional homes being built over the next few years.

Besides providing materials, CEMEX Latam Holdings works hand-in-hand with developers to provide a value offering that benefits Colombia. We make a significant contribution by also participating in the business management of the project, designing the housing developments, and developing the urban design of the communities.

CEMEX Building Award

We promote a culture of continuous innovation in construction by recognizing the talent of people who create concrete works that respond to the social and environmental challenges the planet faces.

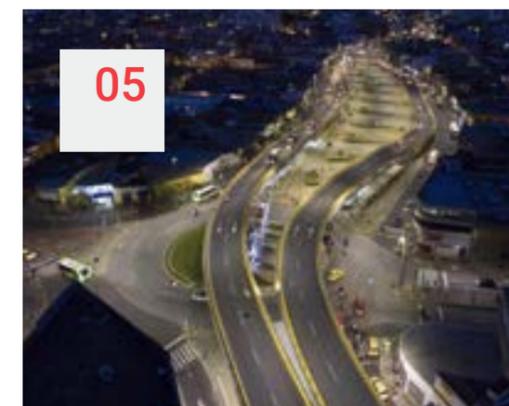
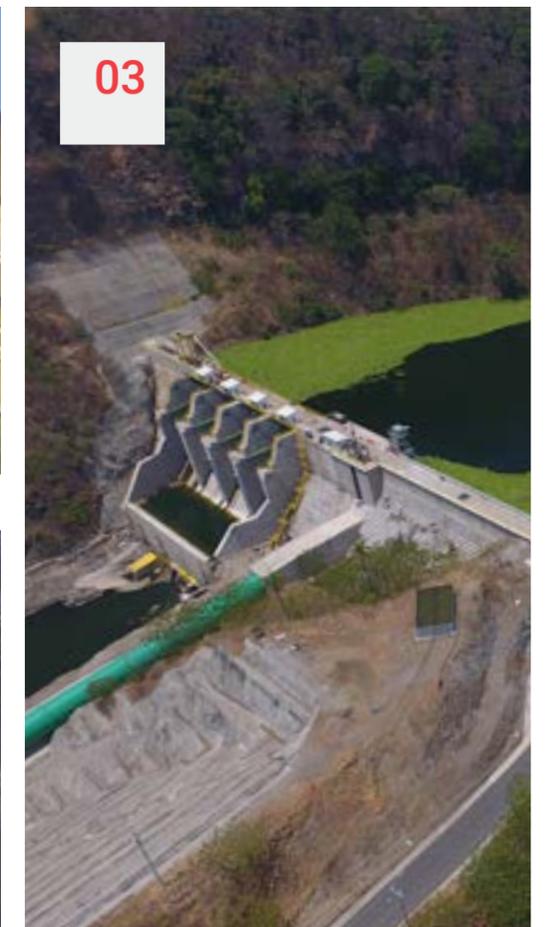
Each year in Colombia, Costa Rica, Guatemala, Nicaragua, and Panama, we have an open invitation for architects, engineers, investors, and builders to participate in the local edition of the CEMEX Building Award. The best works together with the people who made them possible, compete in the international edition of the award.

The goal of the CEMEX Building Award is to promote better solutions in the construction sector and foster innovation in the creation of works that improve people's quality of life. Among the assessed attributes we include the comprehensive sustainability of the project, the architectural solution used, the structural solution, and the construction process.

CREATED BY CEMEX, THE ECOPERATING™ SEAL IDENTIFIES OUR CUSTOMERS' EFFORTS TO DELIVER PROJECTS WITH SUSTAINABILITY ATTRIBUTES. SINCE IT WAS FIRST LAUNCHED, THE CERTIFICATION HAS CONTINUED TO GROW, AND IT CURRENTLY INCLUDES OUR OPERATIONS IN GUATEMALA, COSTA RICA, AND PANAMA.

REGIONAL WINNERS OF THE 2017 INTERNATIONAL CEMEX BUILDING AWARD

01	Norte Club	Colombia	Affordable housing	First place
02	Colegio San José preschool	Colombia	Building	Second place
03	Chucás Dam Hydroelectric Project	Costa Rica	Infrastructure	Second place
04	Casa C-17	Colombia	Residential housing	Third place
05	Intercambiador Vial park	Colombia	Collective space	Third place



Employees

We hire the best and brightest talent and we offer them a safe and healthy work environment, with opportunities for growth and development.

NAVITRANS
WORKS

PLACING HEALTH AND SAFETY FIRST

At CEMEX Latam Holdings nothing comes before the health and safety of our employees, contractors, and communities.

We base our activities on collaboration policies and standards, and on a robust management system. These key elements enable us to establish performance expectations and requirements needed to safeguard the well-being of everyone who interacts with our facilities.

The CEMEX Health and Safety Policy asks employees to commit to taking responsibility for behaving correctly and reporting potential risks for themselves and others. It also asks leaders in the organization to comply with their obligation to make the well-being of employees the main priority.

The safety chain is led by the human resources divisions, in collaboration with the industrial safety managers, and it is under the supervision of the directors

of each of the business units. All parties are responsible for implementing the occupational safety strategy, serving as an example, and rendering a report on the initiatives and incident investigations. We have communication mechanisms in place to report incidents to the chain of command, from our country directors to our middle managers. We strive for everyone to understand, learn from, monitor, and take the necessary actions when faced with an incident.

To get to the root cause of incidents we ask ourselves, from different perspectives, why such an event happened. The Root-Cause Analysis and the 365 Plus System are two of the key elements in our management system which help us identify the particular challenges of each operating site. Through

them, we design action plans and training programs to address specific areas that need improvement.

Measuring the result of our efforts is key to our continuous improvement process. At our operations, we use industry-standardized management indicators that show performance patterns and the most viable improvement actions. In 2018, we plan to update our information platform to have a more thorough incident record.

In sum, the components of the CEMEX Health and Safety Management System interact with each other to identify and reduce risks across our activities. The system, which is aligned with OHSAS 18001, is continually updated and functioning across our operations.



Healthy work environment

Having safe operations and a healthy work environment allows us to:

- Strengthen commitment and increase the potential of our employees.
- Increase productivity and comply with our customer service standards.
- Avoid operational risks and comply with local legislation.

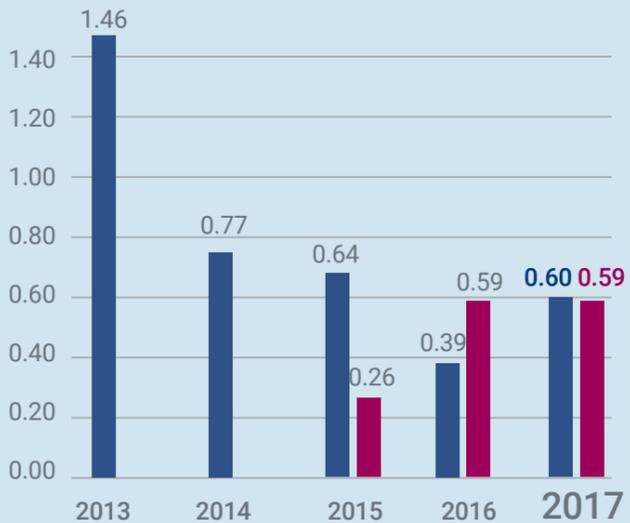
LOST TIME INJURIES

■ Employees
■ Contractors

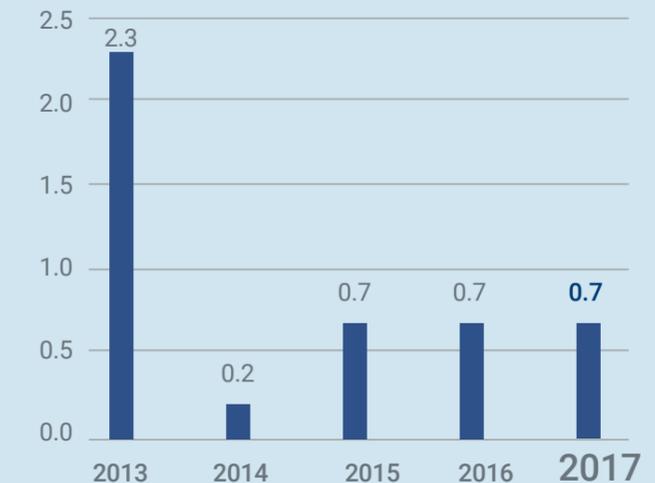


LOST TIME INJURY FREQUENCY RATE

Per million hours worked



ABSENTEEISM RATE DUE TO GENERAL ILLNESS



We strive to reach our zero-injuries goal

In 2017, we registered a 48% reduction in the number of Recordable Incidents for employees, and 16% for contractors, compared to 2016. It is important to point out that in six of the seven countries where we operate the number of Recordable Incidents decreased during the year.

The employee Lost Time Injury Frequency Rate was 0.6 per million hours worked, for a slight increase with respect to 2016. Absenteeism Rate Due to Illness remained stable at 0.7%.

We are sorry to report that during the year there were three fatal injuries related to our activities, involving one of our employees and two people who worked for a third party. The fatalities were related to road accidents outside

our facilities and to the inadequate operation of machinery. We will not be satisfied until we reach our goal of zero injuries and fatalities. Consequently, we have thoroughly investigated the causes behind these three cases, so we can prevent future risks.

Worldwide, operating vehicles and machinery are the two main activities related to fatal accidents in our industry. Correspondingly, during 2017 we continued to invest in equipment, technology, training, and certification programs that contribute to eliminating these types of events in our operations. We also tightened the safety-related operating criteria that we require from our contractors, and we exhort them to reinforce their defensive driving techniques.

We work on the main safety challenges

Globally, operating vehicles and machinery are the two main activities related to injuries in our industry. For CEMEX Latam Holdings, continuous improvement implies constantly proposing new solutions for the

challenges we identify. Based on this philosophy, we continue to strengthen our operating parameters and implementing initiatives that enhance safety when operating machinery and driving vehicles.

Emphasis on defensive driving practices

During 2017, we reinforced the training we offer our instructors and the study plan for the CEMEX Driving School. Our goal is to continue to elevate the learning criteria and defensive driving practices in the countries where we operate. We employ our online library, video sessions, simulators, and driver-certification processes to standardize their knowledge base on issues that are vitally important to our company, such as logistics and transportation. To design the content, we take into consideration the recommendations of the Cement Sustainability Initiative (CSI) for drivers and contractors.

Greater road safety at our operations

The Traffic Management initiative standardizes the obligatory road infrastructure inside the company's facilities, in order to allow pedestrians and vehicles to move safely. It takes into consideration best practices and risk analyses to establish the rules and standards that need to be implemented—in addition to local legislation—when building pedestrian crossings, streets, loading docks, and parking lots within our operations.

One of the better-equipped fleets in our industry

In order to keep our truck fleet in the best conditions possible, and to decrease the risk of an incident, we are investing in equipping them with state-of-the-art technology. The equipment, which to this date has been installed in 70% of our vehicles, includes lateral bumpers, geo-positioning controls, and reverse cameras. We are extending these measures to our contractors and third-parties that are part of our operations, with different compliance terms.

Operating machinery safely

Through our Machinery Protection program, we evaluate equipment that has moving parts and we install barriers and protection guardrails on bands and motors to isolate them. With this, we strive to prevent anyone from getting hurt when coming in contact with them. We have also installed self-locking functions that activate when safety parameters are not met.

THE DRIVING ESSENTIALS CODE PROMOTES 12 BASIC SAFETY BEHAVIORS:

<p>01 Journey Planning</p> 	<p>02 Seatbelts Save Lives</p> 	<p>03 Don't Use Mobile Phones</p> 	<p>04 Safety Checks</p> 
<p>05 Respect the Law and Other Drivers</p> 	<p>06 Other Road Users</p> 	<p>07 Do not Overtake</p> 	<p>08 Watch your Speed</p> 
<p>09 Keep a Safe Distance</p> 	<p>10 Site Safety</p> 	<p>11 Fit and Alert</p> 	<p>12 Remember Your Family Depends on You</p> 



Which measures do we implement to reinforce practices in our contractors?

According to Root-Cause Analyses carried out by the Cement Sustainability Initiative (CSI), contractors are more likely to suffer injuries at industrial operations. At CEMEX Latam Holdings, we work to get our contractors to recognize that safety is first, and to act accordingly.

The first step consists in requesting contractors who offer us their services comply with local applicable law and with industrial guidelines related to health and safety.

The tools we use to reinforce processes and comply with our goal of continually elevating the safety standards that apply to anyone participating in our activities, include:

- Occupational Health and Safety Manual for Contractors
- Safety in Construction Manual
- Code of Conduct for Contractors
- Auditing programs



New safety criteria

In 2017, we added new safety filters for contractors working at our plants. Working in tandem with a company that specializes in managing suppliers, we were able to standardize the safety requirements we demand from them, tightened compliance, and reinforced controls at access points.

Resulting from this initiative, contractors who visit our facilities are required to show a new certification document that is analyzed online. The ID card is backed by a digital data base that automatically compares a worker's capabilities against our requirements matrix. We can then verify, in a disciplined and objective manner, whether our suppliers' employees have the abilities and training needed to safely perform the services they were hired to carry out.

The data base can be updated when a worker attends a new training session,

takes a course, or presents valid legal documents. Additionally, the online platform enables us to update our requirements.

Based on this new control system, during 2017 we enhanced the safety standards that our contractors have to meet. Furthermore, after a reasonable transition period, suppliers who failed to comply with the new standards and filters, stopped working with us.

In order to continue to strengthen safety at our operations, at CEMEX Latam Holdings we will continue to strengthen practices in our contractors and to apply to their activities the same safety criteria we expect from our employees.

Safety is a key value for our employees

To build a solid safety culture within our organization, we first need everyone's good disposition.

We have health and safety committees in place, formed by representatives of our employees, supervisors, management, and the country director, who meet periodically to reinforce the practices and programs that are being implemented in the operation. Additionally, the Industrial Safety and Occupational Health Meetings we hold

in the countries where we operate, constitute learning opportunities to exchange best practices and reinforce the path to preventing incidents. We also implement communication campaigns and interactive exercises that contribute to sensitizing employees about the importance of operating safely.



+650
SUPERVISORS COMPLETED MODULE 1 OF THE CEMEX H&S ACADEMY IN 2017.



We promote continuous training

In 2017, we concluded Module 1 of the CEMEX Health and Safety Academy, an institutional program that contributes to creating standardized knowledge about our safety practices and criteria, so they can be universally applied across our operation sites. The academy includes three annual modules in which the leading supervisors participate in order to reinforce their understanding of the CEMEX Health and Safety Management System, improve leadership skills, and share best practices between work teams.

We listen to our employees

The opinion of our employees is essential to addressing the potential challenges they face. With our Engagement Survey we measure our employees' perception of the company's efforts to strengthen a culture of safety, through four indicators: management's commitment, employee participation, promotion of safety practices, and physical conditions of the work environment.



We foster safe habits and processes

The Toma 5 (Take 5) program fosters the personal habit of creating a safe work environment. Taking a five-minute pause at the beginning of the work day allows our operation employees to observe their surroundings and control potential risks depending on the tasks they will be performing. On the other hand, the Todos Seguros (Everyone Safe) program improves safety in the production processes through teamwork. As part of this program, work teams collaborate to evaluate their daily jobs in order to make a commitment to new safer and more efficient ways in which to operate.

The Visible Felt Leadership Program invites the company's management team to offer feedback to employees with respect to safety practices in the operation. Additionally, the Safety Leadership Index reinforces the commitment of mid-level managers to monitor three key indicators: field supervision, training hours, and compliance with safety criteria. In 2018, we will implement new initiatives and methodologies designed to strengthen certain activities and behaviors in our leaders, striving to continue to make safety a discipline within our organization.

Champions in safety

María Andrea Martínez has been with CEMEX Latam Holdings since 2010, and she is currently head of the admixtures plant in Colombia.

One of her main responsibilities is to lead safety processes. The winning formula consists of directly interacting with her work team and to set an example.

Due to her leadership, María Andrea was granted the 2017 Champion in Safety Award, during the third Industrial Safety and Occupational Health Meeting in Colombia. The award recognizes those employees who become an example and lead best practices in the company.



María Andrea Martínez
Manager
Admixtures Plant, Colombia

"IN ORDER FOR AN OPERATION TO BE SUCCESSFUL, FIRST WE NEED TO ENCOURAGE ALL EMPLOYEES TO COMPLY WITH SAFETY PRACTICES."

96%

OF OUR OPERATION SITES HAVE A HEALTH PROFESSIONAL IN CHARGE OF PROMOTING A HEALTHY LIFESTYLE AMONG EMPLOYEES.



We share our knowledge with the community

In developing safe behaviors among our employees, our leadership serves as an example to promote best practices in the communities and in our industry.

In the countries where we operate, we leverage our knowledge to share best practices in safety with the communities. We collaborate with education institutions, authorities, groups neighboring our plants, and civil society organizations to put together events in favor of a safety culture, compliance with regulations, and accident prevention.



We promote a healthy lifestyle

We have health professionals at our operations, who are in charge of handling arising needs and to implement programs designed to prevent illnesses and injuries. One example is the Health Essentials campaign, designed to reduce risks derived from our activities and to motivate employees to have a healthy lifestyle both within and outside the work environment.

The program serves to align health initiatives that are currently in force, as well as those still under development, at different levels of the company. It also formalizes the guidelines needed for business units to employ the same performance standards, which contributes to creating a healthier culture while at the same time reducing costs, inefficiencies, and risks.

Health Essentials includes, among other elements, easy to understand self-evaluation materials, as well as

mechanisms for sharing knowledge. The goal is to cover, by addressing twelve main issues, the most frequent occupational and preventive health challenges that our people face, reduce absenteeism due to illness, and improve our employees' quality of life. The initiative is complemented with medical exams, follow-up programs, and aptitude assessments that contribute to having a timely diagnosis of work-related illnesses.

Additionally, the Industrial Hygiene program seeks to recognize, evaluate, and control potential risk factors in the workplace that could produce illnesses, including environmental measurements of noise, particles, and lighting. Furthermore, the Active Pauses program promotes taking brief pauses in daily activities in order to help reduce stress, avoid potential ergonomic risks, and promote a healthy work environment in the operations.

THE BEST TALENT TO IMPLEMENT OUR STRATEGY

Our people are our main competitive advantage, that's why we strive to build a work environment that enables us to attract the best talent.

We develop leaders who inspire, promote excellence in our operations, and achieve our objectives. Additionally, we promote a dynamic and high-performance environment in which we encourage an open dialogue with our employees in order to listen to their opinions, understand their concerns, and make decisions that optimize the work environment.

We seek to develop capabilities in our employees that contribute to the

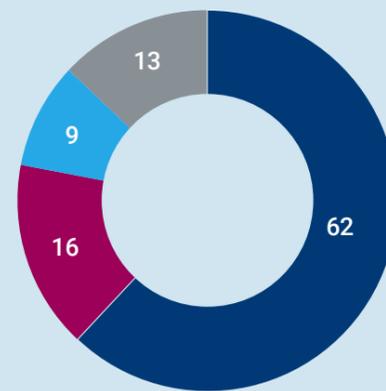
company's ability to successfully implement our strategy and comply with our customer-centricity priority. The dedication and tenacity of our employees is key to our constant evolution. To this end, we are committed to offering ample training and professional growth opportunities, as well as compensation and benefits that are above the average of the markets in which we participate.

4,297 EMPLOYEES MAKE UP CEMEX LATAM HOLDINGS

BY COUNTRY

percentage

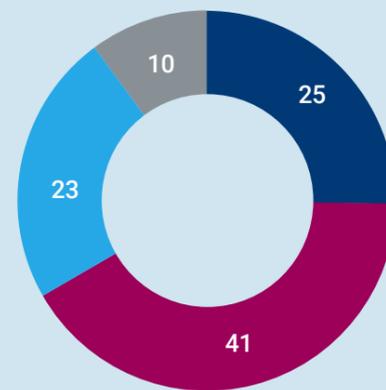
- Colombia
- Panama
- Costa Rica
- Rest of CLH



BY AGE

percentage

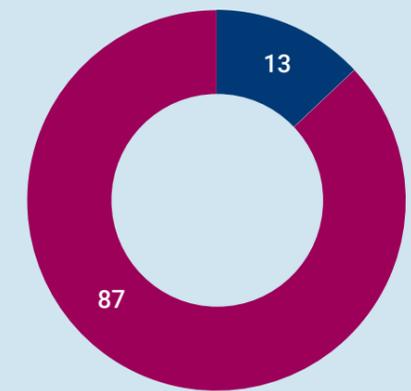
- Less than 30 years old
- 31 to 40 years old
- 41 to 50 years old
- Over 50 years old



POR GÉNERO

percentage

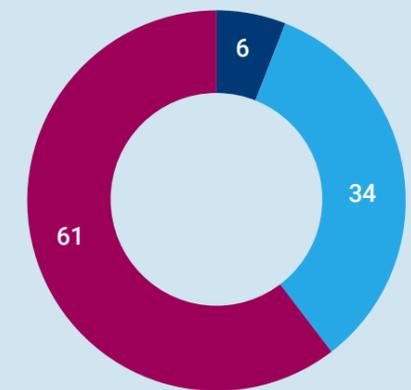
- Female
- Male



POR FUNCIÓN

percentage

- Executive
- Operating staff
- Non-executive



4th

CEMEX COLOMBIA'S RANK IN THE MERCO TALENTO INDEX (IN THE 1,000-3,000 EMPLOYEES CATEGORY).

RESULTS OF THE 2017 ENGAGEMENT SURVEY

CEMEX Latam Holdings employees

COMMITMENT

86%

feel a commitment to the company

PERFORMANCE

85%

consider they are well-prepared to perform their job

VALUES

87%

have adopted the company values as their own

EMPOWERMENT

84%

feel support, are motivated, and are adopting new technologies

We listen to our employees to enhance the work environment

We recognize that our employees are our main source of information for creating an optimal work environment. By listening to their expectations and leveraging the feedback we receive from them, we are able to identify and implement initiatives that establish the conditions they require to reach their maximum professional potential.

The Voces en Acción (Voices in Action) engagement survey we administer every two years measures our employees' opinions on key issues for CEMEX Latam Holdings, including: leadership in management; integrity and ethical behavior; customer-centricity; and the digital transformation we are undergoing across the company.

Based on the results of the survey, we put together groups of employees who suggest specific measures we can take to improve the work environment. Results of this exercise are shared with senior management, functional leaders,

and the human resources team to analyze those areas for improvement identified by employees and implement initiatives that contribute to solving them. Our goal is to listen to the voices of our employees and to develop measures that make CEMEX Latam Holdings a better company to work for.

Based on the results of the survey we took in 2015, we successfully implemented initiatives focused on improving the work-life balance, strengthening customer-centricity across the company, encouraging greater camaraderie within work teams, improving our value offering to our employees, expanding training opportunities, and creating a friendlier workplace.

These initiatives prompted 82% of our employees in the region to voluntarily participate in our 2017 survey, with results showing a considerable improvement in engagement indicators.



More effective in implementing our strategy

The training opportunities we offer serve a dual purpose. On the one hand, they offer our employees the knowledge they require to achieve and exceed their professional growth expectations; on the other, they allow the company to have the capabilities we require in order to be more efficient in implementing our strategy.

Our employees have access to robust learning tools that CEMEX offers globally, and they complement their training with mechanisms that address their particular needs. 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. Additionally, initiatives such as UNICEMEX address transversal training needs our employees have identified in their Individual Development Plan. 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 is operated locally in the countries where we are present.

ACADEMIES IN CEMEX UNIVERSITY

- Commercial
- Health and Safety
- Supply Chain
- Culture and Values

BENEFITS OF THE ACADEMIES

- Organize learning efforts around specific topics.
- Promote learning experiences that are consistent across our operations.
- Include the involvement of the leaders in the learning experiences.
- Apply a proven approach to develop new learning programs.



Building institutional strategic capabilities

CEMEX University is the vehicle through which we consistently develop key business practices across our operations. As time goes by, these practices translate into strategic capabilities for CEMEX Latam Holdings that contribute to reliably promoting the results of the business.

Each of the academies involves those operating and administrative divisions that oversee outcomes in specific issue areas. We make an effort to understand the importance of the role each individual plays and to present them with a comprehensive view of the business so that every team is aligned in the process of achieving our goals.

The learning ecosystems of CEMEX University are in constant evolution and combine traditional classroom sessions with high-technology digital platforms to provide our employees with a comprehensive learning experience. Training programs are coordinated with the business networks to respond to the specific needs of each of our operations.



Develop leaders who achieve results

We offer our employees personal and online tools with which they can establish and evaluate their professional growth within the company. Participating in an annual performance evaluation allows employees to be recognized for their accomplishments, plan their growth, and receive orientation by their supervisors.

Career Building is an initiative that offers employees the chance to take control of their own career growth through four key conversations for effectively managing their jobs.

- **Goals:** Employees align their personal goals with the company's strategy so that the

sum of all their personal efforts supports our company goals.

- **Planning:** Next they generate an Individual Development Plan that describes the activities, competencies, and abilities that will help them achieve their goals.
- **Review:** Employees then review their performance and the progress they have made in reaching their personal goals and established objectives.
- **Assessment:** Finally, the cycle is closed with feedback on individual and teamwork performance; later, a new planning stage begins.



WE ENCOURAGE LEADERSHIP AT ALL STAGES OF THE CAREERS OF OUR CEMEX LATAM HOLDINGS EMPLOYEES

- 01 Interns** Interns at CEMEX Latam Holdings are a source of talent. They carry out jobs that allow them to contribute to their work team and have a better learning experience, including: training, specific projects, supporting the company in achieving its goals, and having an individual development plan.
- 02 Recent graduates** The Professionals in Development program strives to quickly develop new leaders within the company. Recently graduated professionals gain great practical experience by rotating for a whole year in different business divisions. This allows them to have a bird's eye view of the company and generate engagement.
- 03 New generation** Designed for Generation-Y, the goal of the INSPIRE program is to offer employees who have been identified as having a high potential for leadership with the management and strategic business know-how tools they need to strengthen their commitment to the company and to perform effectively.
- 04 Team leaders** The goal of the CEMEX Leadership Program is to strengthen the abilities of people who oversee work teams to efficiently manage employee growth by applying effective feedback techniques and promoting a positive work environment to strengthen commitment.
- 05 Managers** The objective behind the Managers Program, designed for the executive team, is to strengthen leadership capabilities in order for them to be able to efficiently manage how employees in their teams perform and grow, apply effective feedback techniques, and train successors.
- 06 Executives** We trust the leadership our employees show to reach the goals we have set. ACHIEVE is a program designed to reinforce teamwork abilities by bringing CEMEX leaders together to develop new propositions designed to improve the company's customer-centricity.

Compensation and benefits that are valued by the markets in which we participate and within our industry

We understand that offering our employees competitive salaries and benefits reaffirms their commitment to fulfill their responsibilities and reach the company's goals. 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. We continually communicate to our employees information on their benefits so that they understand the opportunities available to them.

RATIO OF THE ENTRY LEVEL SALARY AT CEMEX LATAM HOLDINGS COMPARED TO LOCAL MINIMUM WAGES

1.03 Manaus	1.00 Colombia
1.54 El Salvador	1.24 Guatemala
1.23 Nicaragua	1.00 Panama



WITH MÁS PARA TI WE SEEK TO PROMOTE A BALANCE BETWEEN PROFESSIONAL AND PERSONAL GROWTH

1. More time

We promote a work-life balance by offering additional terms beyond those stipulated by law.

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

2. More benefits

We offer a robust benefits package to remain competitive in the market.

Commercial agreements, recognizing seniority, benefits for family members.

3. More environment

We launched 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.

4. More growth

We offer learning opportunities at different levels of the organization.

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

5. More career

We offer access to opportunities for growth within the company.

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

WE PROMOTE INITIATIVES THAT ALLOW OUR EMPLOYEES TO GIVE MORE OF THEMSELVES.

Building a diverse and inclusive company

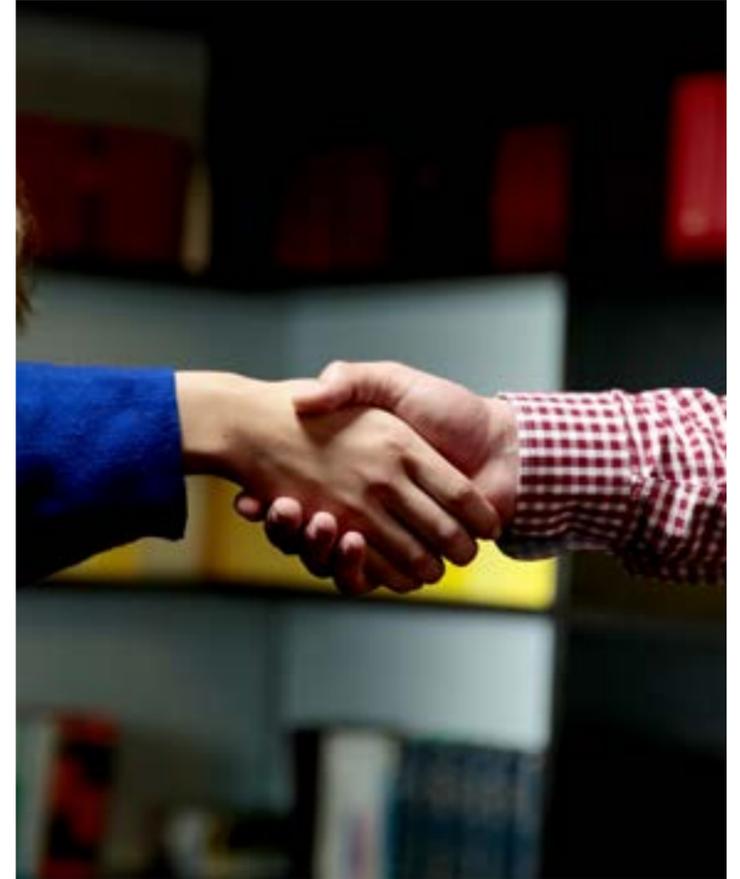
At CEMEX Latam Holdings, we have decided to move beyond being a company that respects diversity to being one that promotes it across the organization. We are breaking with the paradigms of our industry, which traditionally has been primarily male dominated. Likewise, we are committed to generational diversity, promoting collaboration between employees who have been building their career for many years with talented young people who are just starting on their work path.

The Diversity and Inclusion initiative enables us to build a company with a diverse human talent where there are no barriers. We believe one of our advantages is having an exceptional

group of employees, each one of whom, in addition to proving their technical abilities and capabilities, possesses unique characteristics that enrich the culture of our organization and promote kindness for others and a passion for work.

Today there are people with differing profiles working for us across the region, which makes us, by our own nature, a diverse organization. We are convinced that diversity strengthens our capacity to listen to and better understand our stakeholders. Taking into consideration different points of view helps us improve the way in which we face the challenges of our business.

TODAY THERE ARE PEOPLE WITH DIFFERING PROFILES WORKING FOR US ACROSS THE REGION, WHICH MAKES US, BY OUR OWN NATURE, A DIVERSE ORGANIZATION.



INITIATIVES THAT PROMOTE GREATER PARTICIPATION OF WOMEN IN OUR OPERATIONS IN COLOMBIA

50%

of interns are women.



Breast-feeding areas at the office.



Work from home and flexible schedules.



Conversations with management.



At least one woman in three-candidate shortlists for vacancies.

Pursue markets that offer long-term profitability

We will continue to optimize our portfolio so that we are in the businesses and markets where we can generate the best return on investment.

WE DO BUSINESS IN MARKETS WHERE WE CAN ADD VALUE FOR OUR EMPLOYEES, OUR CUSTOMERS, AND OUR SHAREHOLDERS

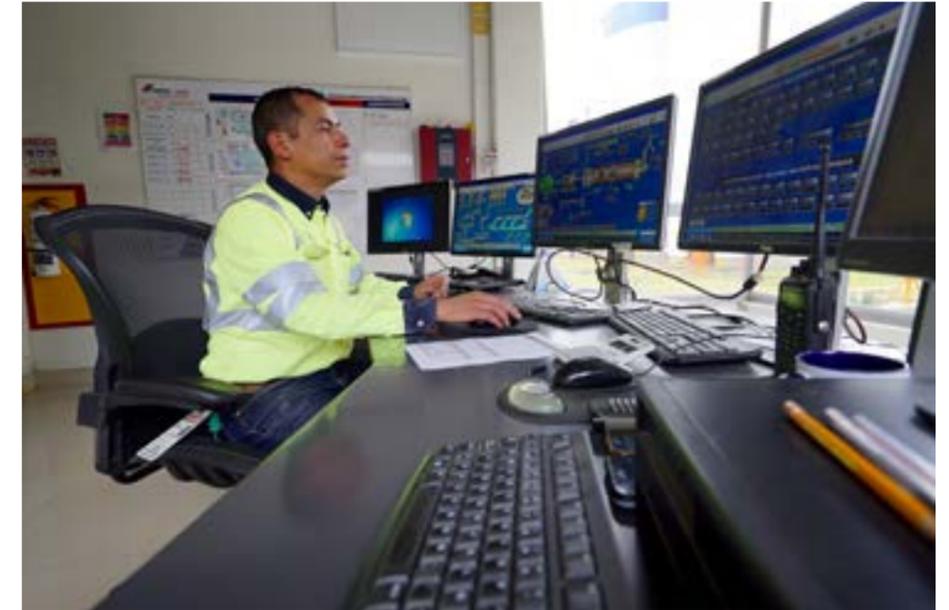
Our geographically diverse portfolio of assets provides us with the opportunity to create value through profitable organic growth over the medium-to-long-term.

Leveraging our regional presence and operations network, we will continue to focus on what we do best: our core cement, aggregates, ready-mix concrete, and related businesses.

By managing our operations as one vertically integrated business, we not

only capture a greater portion of the cement value chain, but we also get closer to our customers by offering comprehensive building solutions. This strategic focus has enabled us to grow our existing businesses, particularly in high-growth markets demanding specialized, higher margin products.

WE WILL CONTINUE TO OPTIMIZE OUR PORTFOLIO SO THAT WE ARE IN THE BUSINESSES AND MARKETS WHERE WE CAN GENERATE THE BEST RETURN ON INVESTMENT.



OUR BUSINESS PORTFOLIO IS FOCUSED ON GEOGRAPHIES WITH STRONG FUNDAMENTALS:

Economic growth based on a five-year horizon.



Per-capita cement consumption as an indicator of the future demand for construction and cement.



Population growth as an indicator of the need for housing and infrastructure.



Urban population that demands housing, infrastructure, and commercial establishments.



Business portfolio

Core businesses

By focusing on what we do best we have been able to develop deep expertise, knowledge, and best practices in the building materials industry.



Cement



Aggregates



Ready-mix concrete



Complementary businesses

These enable us to grow our core business, market our products better, serve our clients, develop a competitive advantage, and improve our performance.



Pavement, housing, and infrastructure solutions

Value-added services

Precast structures

Admixtures

Construrama®

Energy

Vertical integration

Cement and aggregates are the main materials used to produce ready-mix concrete.

Best practices

We use our networks to share our local experience with our regional operations.

Specialization

Developing profound expertise in producing, distributing, and marketing our products is key to creating value in both current and new markets.

Organic growth

Our core businesses are intrinsically related to economic development, which provides an opportunity to achieve organic growth.

Grow our core businesses

The building solutions and services we offer allow us to increase the use of our main products.

Get closer to our customers

Offering comprehensive solutions enables us to better understand market gaps and opportunities.

Competitive advantage

Innovating and having a more complete offering increases our ability to differentiate our core businesses.

Improve performance

Certain business segments result from a need to reduce costs or increase our efficiency.

NET SALES AND OPERATING EBITDA

millions of dollars



FREE CASH FLOW AFTER MAINTENANCE CAPITAL EXPENDITURES

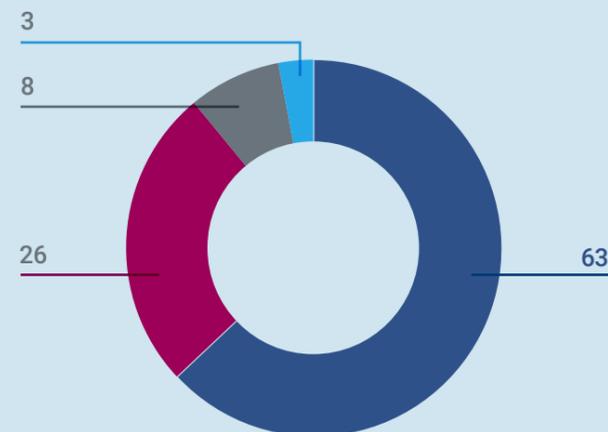
millions of dollars



NET SALES BY PRODUCT

percentage

- Cement
- Ready-mix concrete
- Aggregates
- Others



Consolidated operational results and financial condition of the company

Consolidated net sales decreased 6% year-over-year to US\$1,243 million in 2017. The decline was due mainly to lower cement volumes and prices in Colombia.

Cost of sales as a percentage of net sales increased 5.4 percentage points, from 51.5% in 2016 to 56.9% in 2017.

Operating expenses as a percentage of net sales increased 2.1 percentage points, from 22.5% in 2016 to 24.6% in 2017.

Operating EBITDA decreased 27% with respect to the prior year, to US\$310 million in 2017. **Operating EBITDA**

margin decreased 7.2 percentage points, from 32.2% in 2016 to 25% in 2017. The decline was due mainly to lower cement volumes and prices in Colombia.

Free cash flow after maintenance capital expenditures decreased to US\$75 million in 2017, compared to US\$237 million in 2016.

We reported a **controlling interest net income of** US\$46 million for 2017 versus net income of US\$140 million in 2016.

Total debt at the end of 2017 was US\$927 million, or US\$54 million less than 2016.

Review of local operations

Millions of dollars	Colombia	Panama	Costa Rica	Rest of CLH ¹	Others	Total
Sales	566	266	149	286	(23)	1,243
Operating earnings before other expenses, net	87	91	48	79	(73)	231
Operating EBITDA	113	108	53	85	(49)	310

¹ Includes operations in Nicaragua, Guatemala, El Salvador, and Manaus in Brazil

Colombia

In 2017, our Colombian operations' net sales decreased 15% on a year-over-year basis to US\$566 million.

Operating EBITDA decreased 47% with respect to 2016, to US\$113 million in 2017. Operating EBITDA margin declined by 12.2 percentage points during the year, from 32.1% in 2016 to 19.9% in 2017. The deterioration of our compared operating EBITDA is due mainly to lower cement volumes and prices, higher distribution costs resulting from the closing of our Bucaramanga plant, and higher fuel costs.

Our domestic gray cement, ready-mix concrete, and aggregates volumes decreased 6, 13, and 17% respectively, compared to 2016. Cement consumption was affected by a low demand for industrial and commercial projects, and for middle-to-high-income housing projects.

In 2017, our cement and ready-mix concrete prices in local currency decreased 19 and 2% respectively, compared to 2016. Our aggregates prices in local currency increased 4%. Resulting from our Value Before Volume strategy, at year-end 2017 our cement prices in local currency were approximately 3.5% higher than in June of the same year.

During the year we successfully implemented different cost-reduction initiatives, including optimizing our operations, reorganizing our ready-mix concrete operations, and closing the Bucaramanga cement plant.

Panama

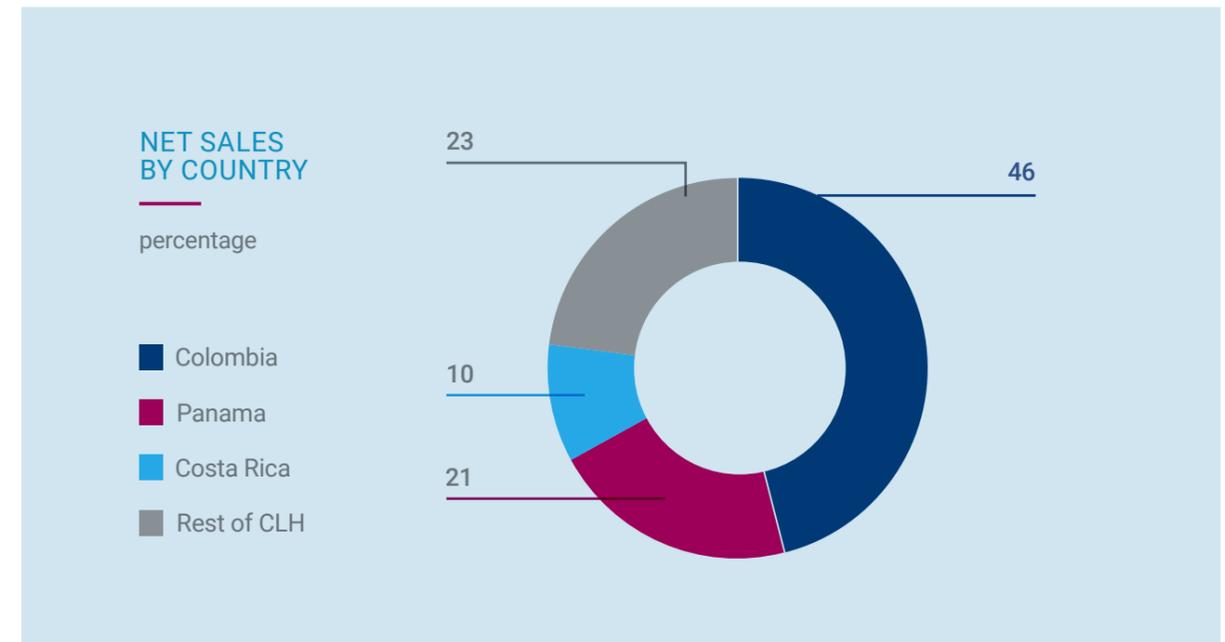
In Panama, net sales for 2017 increased 4% on a year-over-year basis, to US\$266 million.

Our operating EBITDA decreased 7% with respect to 2016, to US\$108 million. During the year, the operating EBITDA margin decreased 4.6 percentage points, from 45.3% in 2016 to 40.7% in 2017. The decrease in margin is mainly due to lower aggregates prices, higher fuel

costs, and a higher clinker factor in our cement operations resulting from the change in our source of limestone.

Our domestic volumes for gray cement, ready-mix concrete, and aggregates increased 3, 9 and 13% respectively, compared to 2016. Our cement deliveries were driven by infrastructure works such as the second subway line, the Minera Panamá mining company, and the Urban Renovation of Colón, as well as by middle income and social interest residential projects.

In 2017, our cement and ready-mix concrete prices in local currency remained flat compared to 2016. Our aggregates prices in local currency decreased 4%.



Costa Rica

In 2017, net sales for our operations in Costa Rica decreased 2% year-over-year to US\$146 million. During the year, our operating EBITDA decreased 12% with respect to 2016, to US\$53 million. The operating EBITDA margin decreased 4.4 percentage points, from 40.1% in 2016 to 35.7% in 2017.

Our domestic volumes for gray cement, ready-mix concrete, and aggregates increased 3, 11 and 36% respectively, compared to 2016. Daily national consumption of cement increased during most of the year driven primarily by industrial and commercial developments.

Our cement, ready-mix concrete, and aggregates prices in local currency decreased 3, 10 and 49% respectively, compared to 2016. The decline in cement prices was due mainly to more challenging competitive dynamics throughout the year.

Rest of CEMEX Latam Holdings

In the rest of the CEMEX Latam Holdings region, our sales for 2017 increased 8% on a year-over-year basis, to US\$286 million,

setting new record sales for our operations in Nicaragua, Guatemala, El Salvador, and Manaus in Brazil.

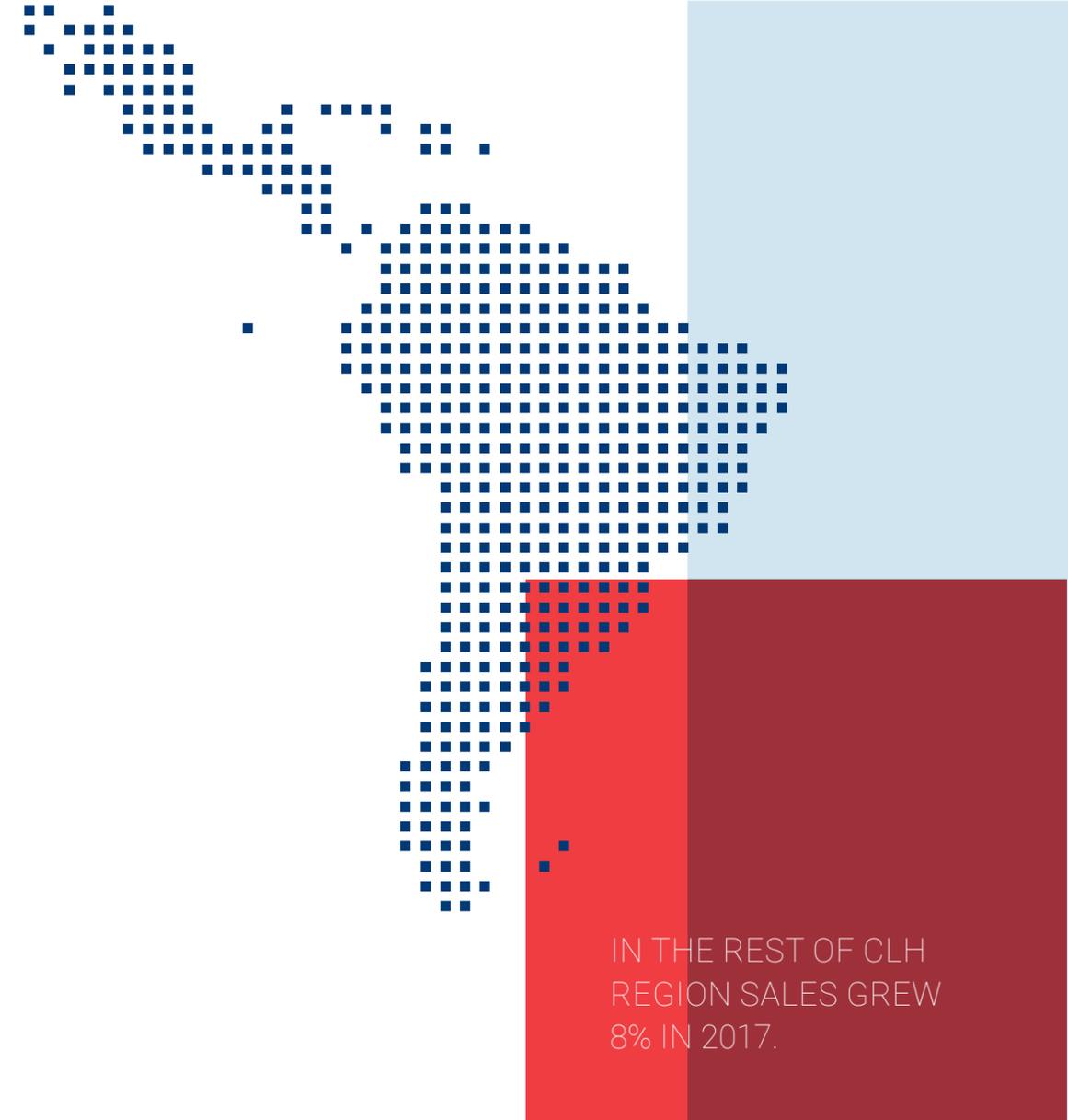
Operating EBITDA remained basically flat with respect to the prior year, at US\$85 million. Our operating EBITDA decreased 2.3 percentage points, explained mainly by considerably higher cement volumes in El Salvador and Brazil, lower ready-mix concrete prices in Nicaragua, and higher aggregates volumes in the region.

Our domestic volumes for gray cement, ready-mix concrete, and aggregates increased 9, 45, and 101% respectively, compared to 2016. The October-December 2017 period marked the tenth consecutive quarter to register growth in our cement volumes in the Rest of CLH region, with respect to the same period of the prior year.

In Nicaragua, in 2017 infrastructure works continued driving cement consumption. Throughout the year we successfully made progress with our concrete pavement solutions and participated in industrial and commercial projects in the country. In Guatemala, residential, industrial, and

commercial works continued to drive the demand for cement, while consumption by public works remained flat.

In 2017, our cement prices in local currency remained flat compared to 2016. Our ready-mix concrete and aggregates prices in local currency were down 10 and 12% respectively.



Sustainability

We build successful social programs that create opportunities for families and individuals to improve their quality of life. In addition, we continually make investments and innovations that enable us to be leaders in a sustainable and environmentally-friendly industry.



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

SUSTAINABILITY MANAGEMENT

Our ability to achieve a tangible sustainability impact depends on our having the companywide commitment of our management team and the full participation of our employees.

The CEMEX Latam Holdings Board of Directors includes a Corporate Governance Committee that, in addition to the functions regarding ethics, integrity, compliance, and transparency described in chapter six of this Integrated Report, 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, starting in the 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 relevant aspects, have the necessary tools to include 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 SAB has a **Sustainability Committee** that reports to the **Board of Directors**

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 vice-president of Sustainability and Operations.

The Sustainability Committee of the CEMEX Board of Directors is responsible for:

- Verifying that sustainable development is embedded in the short- and long-term strategy.
- Supporting the Board of Directors in their responsibilities pertaining to sustainable growth.
- Promoting the Sustainability Model, its priorities, and KPIs.
- Assessing the effectiveness of sustainability initiatives and their progress.
- Assisting the CEO and the executive committee in sustainability issues.

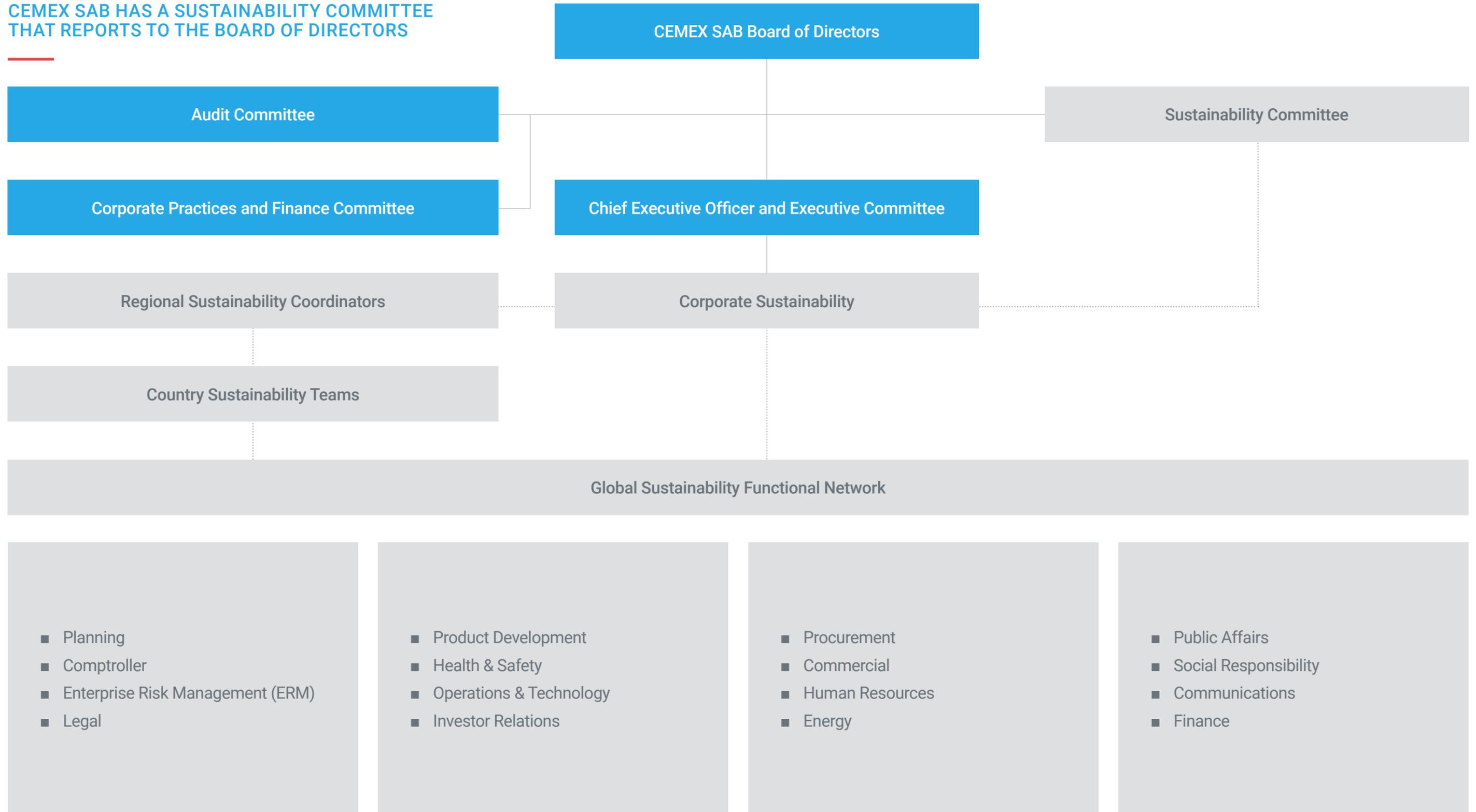
Building long-term relationships with communities around the world

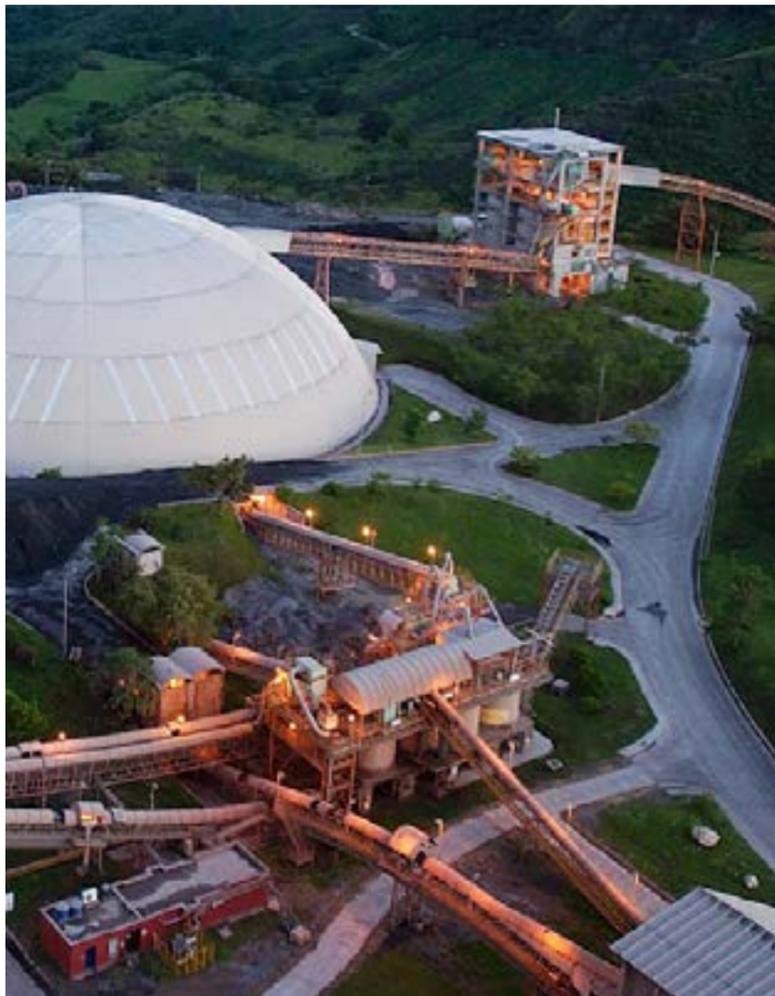
In 2017, the CEMEX Latam Holdings cement plants worked in collaboration with CEMEX plants in 21 countries to design the CEMEX Social and Environmental Model. The goal of the Model is to create initiatives that contribute to improve the quality of life in the communities where we operate and to build sustainable cities. Thanks to the collective effort of more than 1,000 employees worldwide from more than 15 different functional areas that supported the process in 300 communities, today we are better prepared to create sustainable value.

The Model offers a new basis for understanding the concerns of our neighboring communities. It also provides the tools needed for our operations to build long-term relationships with those communities. Internalizing their needs helps us make better decisions that address their main expectations. As we developed the Model, we identified several opportunities that will be analyzed for possible implementation.

By building trusting relationships with our communities we not only leverage opportunities to create shared value, but also reduce our company's exposure to risk and strengthen our license to operate. The result of this virtuous cycle is a better social return on investment.

CEMEX SAB HAS A SUSTAINABILITY COMMITTEE THAT REPORTS TO THE BOARD OF DIRECTORS





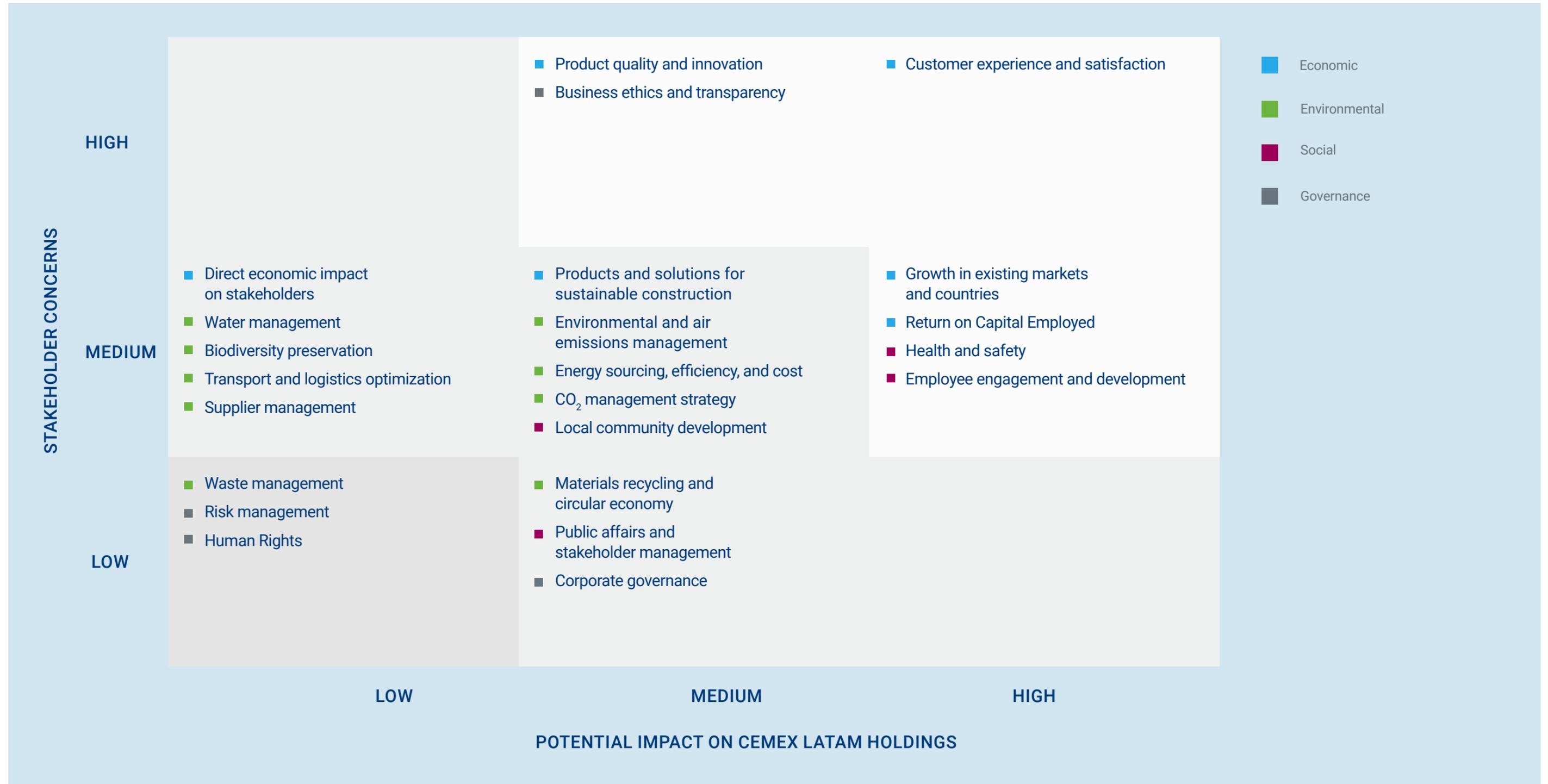
Our sustainability priorities

In 2016, CEMEX updated its Materiality Matrix by conducting a global survey among representatives of several of the company's stakeholders. CEMEX Latam Holdings collaborated in identifying and inviting target audiences who participated in the survey. By listening to and including the point of view of stakeholders, we are able to build productive long-term relationships with them.

STAGES OF THE MATERIALITY ASSESSMENT

- 01 First, CEMEX drafted an initial list of sustainability topics that are relevant to our industry, taking into consideration the results of previous materiality analyses, global trends, societal challenges where CEMEX can contribute the most, and the interests of our analysts.
- 02 Afterward, the list was circulated among functional areas in CEMEX by means of a series of evaluation and discussion exercises in order to refine it, resulting in 23 relevant sustainability aspects.
- 03 In order to rank the relevant aspects, we shared the list with (our) stakeholders. More than 200 employees, customers, suppliers, and members of the communities in the regions where CEMEX Latam Holdings operates answered the survey and provided their points of view on priority matters for the company across the countries where we operate.
- 04 Based on the results of the survey, we drafted a sustainability materiality matrix for CEMEX Latam Holdings. The following materiality matrix shows the results of the union of the CEMEX global vision, with the operation's local needs in our region. The vertical axis represents our stakeholders' main concerns. The horizontal axis represents the potential impact to CEMEX Latam Holdings.

CEMEX LATAM HOLDINGS MATERIALITY MATRIX



- Economic
- Environmental
- Social
- Governance



Understanding the net value we generate for society

We are aware that our financial statements only partially reflect how our activities affect society and that there are additional impacts that are not included in our traditional profit and loss calculations.

CEMEX has a model in place to quantify these so-called externalities. The exercise contributes to improve the way in which we understand materiality, as well as to better understand the economic, social, and environmental value created by the company.

The starting point to estimate the creation of net value is the retained value

created (EBITDA minus taxes, interests, and dividends), to which we add the effect of the economic, social, and environmental values and impacts that are not included in our traditional profit and loss calculations.

In 2017, CEMEX validated its model with KPMG's True Value methodology to calculate the net value for its operations globally. At CEMEX Latam Holdings we hope to apply the methodology in 2018 in order to estimate net value creation of our operations in the region.

ADDITIONAL IMPACTS THAT ARE NOT INCLUDED IN OUR TRADITIONAL PROFIT AND LOSS CALCULATIONS



HIGH-IMPACT SOCIAL STRATEGY

As the leading company in solutions for the construction industry, at CEMEX Latam Holdings we draw upon on our business strengths to contribute to eradicating poverty across our region by helping to build self-sufficient communities.

ECLAC estimates that in Latin America 186 million people live in poverty. This means that 30% of the region's population lacks sufficient income for basic goods and services.

We are convinced that communities don't need gifts; they need opportunities. Since we are aware that our operations play an important role in the communities in which we live and operate, we invest talent, resources, and creativity to act as their allies and build with them the foundations for driving the growth of families and individuals who are looking for opportunities to get ahead.

Our ability to operate based on responsible practices is a key component of our business model. Correspondingly, understanding the expectations of our neighbors, mapping the potential impact of our operations, identifying risks and

opportunities, and leveraging our strengths, allows us to create shared value to benefit both the communities and our company.

On the one hand, our goal is to make a considerable contribution to building sustainable communities. Our programs open doors for those families and individuals who are 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.

On the other hand, besides promoting well-being and quality of life in communities across the region, by implementing our Social Strategy we contribute to the operational continuity of our company, build cooperation schemes with local authorities, 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 achieve these benefits both for the communities and our company, we focus on designing social business models, implementing sustainable community engagement programs, and designing responsible practices for our operations and our value chain. We achieve this by eliminating barriers, being present in the community, and collaborating with them by establishing partnerships with different stakeholders.

Our Social Strategy contributes directly to our vision of building a better future. It also allows us to openly make a contribution toward reaching the Sustainable Development Goals of the United Nations, viewing this as an opportunity for companies to contribute to the coordinated global effort to address the most difficult challenges on the planet.

OUR SOCIAL
STRATEGY
CONTRIBUTES
DIRECTLY TO OUR
VISION OF BUILDING A
BETTER FUTURE.

Building synergies is crucial to our Social Strategy

In Colombia, because of the trust generated by our Social Strategy, our allies have considerably increased the budget they allocate to our programs. On average, from 2013 to date, the resources supplied by our allies have enabled us to double the investment in our social initiatives. This means that our goal to build synergies transversally has been successful and has allowed us to considerably multiply the results of our social initiatives in benefit of the communities.

ACTION PILLARS OF OUR SOCIAL STRATEGY

Proper housing and basic infrastructure

We leverage our business experience to build social businesses that address challenges such as access to proper housing. We also invest in infrastructure that allows life in the communities to develop adequately.



Social entrepreneurship

We promote entrepreneurship abilities as an effective way in which to develop reliable sources of income. Additionally, we believe in local procurement as a practice that promotes economic growth in our communities.



Education and employment capabilities

Education is key to facing current and future challenges. At our neighboring communities we strive to develop technical and social capabilities that increase the probability of finding a well-paid job.



Culture of environmental protection

We work with our neighboring communities to develop productive projects that contribute to regenerating the ecosystems, promoting the responsible use of resources, and fostering a culture of environmental protection.



Six actions key to multiplying the results of our Social Strategy

01

Dialogue with our neighbors. We work to build strong relationships that enable us to gain a better understanding of the needs of our neighbors. To achieve this, we are attentive to the needs of the communities in order to better understand the main challenges they face. Neighbor Committees are places where our company specialists and community representatives can share their concerns and talk transparently about new ways in which together we can improve our programs.

10 community relations coordinators maintain an open dialogue with our neighbors.

04

Include volunteers. We motivate our employees to become agents of change and actively participate in the improvement of the communities where we operate. In order to be able to add the passion of our employees, we consider their engagement expectations when we plan our efforts. 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 Manos a la Obra events in 2017.

02

Look for allies. We establish partnerships with organizations that share our values and wish to increase the scope of our initiatives. Working hand in hand with government, education, private, and nonprofit organizations helps us implement more effective solutions and multiply the financial and human resources we invest. In Colombia, because of the trust generated by our Social Strategy, multiple organizations participate in our programs annually, contributing their know-how, talent, and resources.

+100 organizations joined our social programs in Colombia in 2017.

05

Open doors. We have an open doors policy in place that contributes to strengthening our relationship with the communities. In Panama, for example, our neighbors, customers, children, and young students participate in the Experiencia CEMEX (CEMEX Experience) program, through which they can get to know first-hand our production process, as well as our initiatives favoring the environment and community development. Starting in 2018, we will replicate the CEMEX Experience program in other operations.

+450 people visited our Bayano plant in Panama during 2017.

03

Involve the community. To achieve long-term benefits, it is fundamental for the community to actively participate in the programs we implement. Our goal is to create the conditions, know-how, and experience that will help us make a considerable contribution to building sustainable communities. Finding a balance between the resources we invest in collaboration with our allies and the participation of the communities, plays a key role in reaching sustainability in our programs.

+16,800 hours invested by the community in the Improving Community Infrastructure program.

06

Evaluate results. We are committed to assessing the results of our programs in an attempt to improve benefits for the community and the company. We aim to allocate the investment to the most effective initiatives that have proven to have the best results in terms of empowering individuals and their families. Besides employing self-assessment tools, we rely on studies, surveys, and conversations with our neighbors in order to understand the effectiveness of our program portfolio.

We are in the process of consolidating new social impact quantitative indicators.



Patrimonio Hoy

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

Millions of people in our region have no access to an affordable housing solution. With Patrimonio Hoy, CEMEX Latam Holdings contributes to addressing the deficit of proper housing among low income families in Colombia, Costa Rica, and Nicaragua. The program is proof that, with

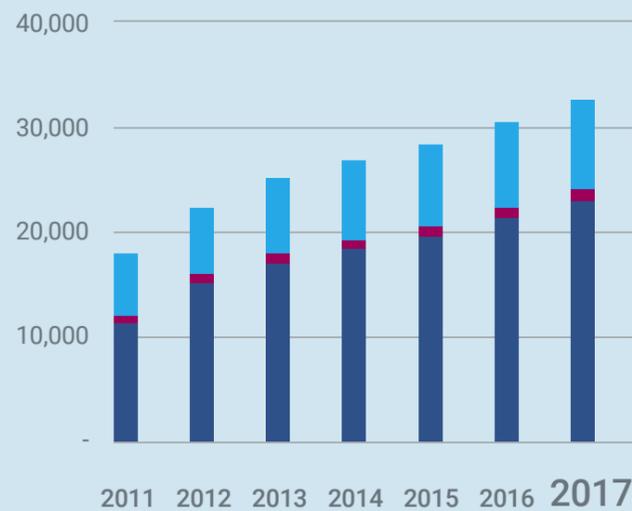
the right help, families and communities can develop the necessary knowledge and financial discipline to own a better home. Participants also obtain high-quality materials and microcredits that help them reduce by 30% the time and cost of building a home.

Originally designed to get to know customers in the self-construction market, 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.

FAMILIES BENEFITED BY PATRIMONIO HOY

cumulative figures

- Colombia
- Costa Rica
- Nicaragua



BENEFITS THAT PATRIMONIO HOY OFFERS

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



+130,000

PEOPLE BENEFITED FROM PATRIMONIO HOY IN OUR REGION.

Proper housing and basic infrastructure

We know that leveraging our business experience is the most effective way we have to maximize our contribution to social development in the region. Our strength comes from combining passion, experience, and creativity with innovative building materials and value-added services in order to offer people living in at-risk conditions the opportunity to have their own home.

The road toward better quality of life begins with the opportunity to offer a family the security of owning a home. With our social businesses, we are opening markets by selling CEMEX products to people at the base of the pyramid, while at the same time helping vulnerable families and individuals build or improve their homes, even in communities where we don't have production or commercial operations.



PEOPLE BENEFITED THROUGH BLOQUERAS SOLIDARIAS

cumulative figures

- Colombia
- Costa Rica
- Nicaragua



+8,900

PEOPLE BENEFITED FROM BLOQUERAS SOLIDARIAS IN OUR REGION.

Bloqueras Solidarias

Because of its 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 Bloqueras Solidarias employ themselves in the production of concrete blocks they can later use to expand their own homes. ConstruApoyo offers additional assistance to beneficiaries who can use a precharged card, funded by either a company or a government, for buying other construction materials. Aside from supporting people who want to improve their homes, ConstruApoyo is an ideal solution to facilitate aid in natural disasters as it allows the distribution of construction materials in a clear and efficient way through the CEMEX Latam Holdings network.

An important element contributing to the success of Bloqueras Solidarias is the collaboration with NGOs, other companies, authorities, and local governments. Consequently, we maintain a permanent open dialogue with several organizations to jointly identify new communities where improving access to housing is a priority. The 2017 partnerships that contributed to multiplying the benefits of Bloqueras Solidarias in Colombia include our collaboration with the Department of Social Prosperity and with HOCOL.

In 2017, Bloqueras Solidarias obtained the Award for the Best Community Engagement Program granted by the Colombian Chamber of Construction (CAMACOL), in recognition of this initiative's good results. Ricardo Naya, President of CEMEX Colombia, received the distinction from the hands of the President of Colombia, Juan Manuel Santos.

HOW A BLOQUERA SOLIDARIA WORKS, IN EIGHT STEPS

01

We identify communities where improving access to housing is a priority.

02

We co-finance the machinery, supervise, and manage the operation.

03

We provide training and technical testing.

04

The community supplies the labor to build concrete blocks.

05

Participants receive 50% of what's produced, which they can use to build their homes.

06

Governments, NGOs, and other companies make the project sustainable by buying 50% of the blocks.

07

With ConstruApoyo, families can receive additional aid to buy other materials.

08

We assess the results of the Bloquera to determine whether it should continue or move to a new community.

+US\$280,000

IN SALES THROUGH
OUR SOCIAL
BUSINESSES.

Community infrastructure

In order for life in the community to develop, it is indispensable to have the necessary social infrastructure.

At CEMEX Latam Holdings we rely on our business strengths to contribute to improving quality of life in communities neighboring our operations. First, as an essential part of our Social Strategy, we leverage our experience and knowledge of the construction industry to help communities have better basic infrastructure. Additionally, we use our network of community relations coordinators to listen to the needs of our neighbors, understand their priorities, and get them involved by contributing unskilled labor. Finally, we leverage our network of allies to design successful initiatives and work hand in hand with government entities and NGOs in developing basic infrastructure projects, including classrooms, roads, platforms, and parks.

In Colombia, through the Improving Community Infrastructure program, in 2017

we worked in close collaboration with local governments to invest in 31 projects that benefited more than 60,000 people in 14 cities in the country.

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 can't read or write or do basic math.

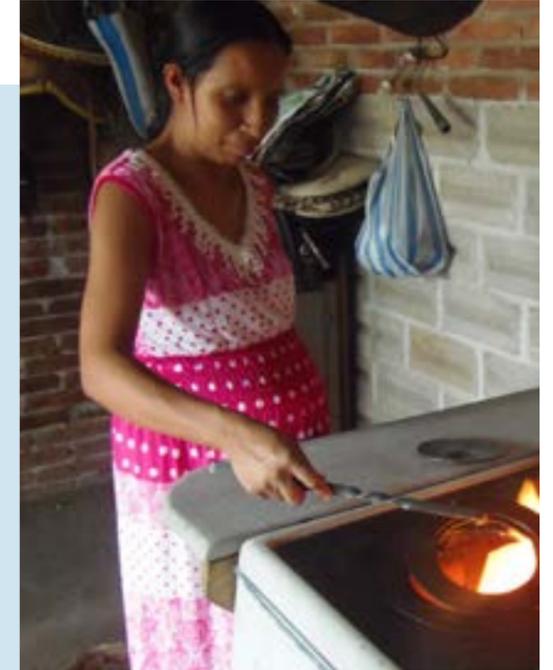
In Costa Rica, in response to the infrastructure needs of the communities where we operate, we supply building materials and assistance for upgrading communal spaces, working in close collaboration with government institutions, development associations, and neighbor councils.

In Panama, the Mejorando mi Escuela (Improving my School) program allows us to contribute to improving facilities of eight schools in the town of Chilibre, benefiting a population of 4,500 students.

Ecological cook stoves

The Eko Stove is a business model that offers a more efficient, healthy, and environmentally friendly solution for cooking. In order for the Eko Stove to be made available to the communities, we partner with Micro Finance Institutions (MFIs), authorities, local groups, and social entrepreneurs, allowing us to multiply the benefits of the program.

Designed by CEMEX with the goal of supporting low income families, the Eko Stove uses a monolithic combustion chamber made of concrete, which makes it more efficient than other traditional methods for cooking that use fire. It contributes to improving families' quality of life—saving time in the collection of firewood and cooking and reducing the risk of lung diseases, eye infections, and burns caused by open stoves. Finally, because the cooking surface is 40% larger and uses 70% less firewood, the CEMEX Eko Stove reduces CO₂ emissions and helps preserve 12 trees per year for each family that uses one.



Social entrepreneurship and local suppliers

In addition to creating jobs through our operations, we participate directly in generating additional job opportunities and new sources of income in the communities where we operate. Additionally, we have action plans in place to promote entrepreneurship at the base of the pyramid as well as the development of individuals who require assistance to make their business ideas a reality.

Develop, hire and retain local suppliers

Integrating small- and medium-sized companies (SMEs) into our supplier base helps us maximize the benefits our plants offer to our neighboring communities.

In Colombia, we currently have 214 local suppliers for our operations. This is the result of the hard work our Community Engagement and Procurement divisions have done to integrate small community enterprises into our purchases.

In Costa Rica we foster communal SMEs and prioritize them when purchasing products and services. One example of a success story is the rural company Ebenezer that grows hydroponic vegetables and is led by women in the community of Peñas Blancas. As part of our commitment to that company, we contributed the resources they needed to install their

infrastructure and we purchase part of their production for our employee cafeteria at our Colorado plant. Due to the company's success, Ebenezer opened a second operation through which they will supply fresh vegetables to more than 300 families in the Chorotega region.

In Panama, we have a supply agreement with the Asociación de Comunidades del Chagres, which will oversee our operation's reforestation efforts over the course of five years. In 2017 we reforested 5 hectares.

We train entrepreneurs for the long-term

In Panama, in 2017 we launched the Aprende a Aprender (Learn to Learn) program, a 40-hour workshop aimed at helping our operations' neighbors employ different skills to develop their own enterprise. The goal of

the workshop is for participants to have a better understanding of the tools they need to successfully manage their own business. In 2017 we benefited 42 entrepreneurs.

The goal of the Rural Business Accelerator we launched in Guanacaste, Costa Rica, is to open new markets to entrepreneurs in the locality. To date, 10 businesses have been able to upgrade their operations, increase production, and improve quality, helping them to grow from a community business to one that can market its products in national supermarket chains. The accelerator offers other benefits, including training, assistance in techniques needed to formalize their businesses, marketing, support for obtaining permits and financing, as well as strategic, legal, and quality-control advice. For this project we work in collaboration with the Ministry of the Economy, Industry, and

Commerce; the municipalities in the province; and the Universidad de Costa Rica.

In Colombia, we are helping 250 cacao-producing families in the municipality of Maceo, to transform their crop-growing into small enterprises. Our goal is to strengthen the cacao value chain and quality so that producers are able to participate in new markets and even export their products. The project combines more than 20 years' experience in farming, with technological innovation, infrastructure, and technical training in order to improve competitiveness for producers in this region, which is among the most important in the country. We participate in this initiative with several strategic partners, including the Asociación de Cacaoteros de Maceo, the Canadian Co-Operatives in International Development, and the Canadian Embassy.

OUR CRITERIA FOR SELECTING SUPPLIERS INCLUDES THE REQUEST THAT THEY HIRE UNSKILLED LABOR FROM THE LOCAL COMMUNITIES, THUS BENEFITING JOB CREATION IN OUR NEIGHBORING COMMUNITIES.

If you want to help someone become an entrepreneur: Listen to them!

Under the slogan “If you want to help someone become an entrepreneur: Listen to them!”, we introduced the entrepreneurship methodology of the Sirolli Institute in Colombia to back the creation of new companies and develop more empowered communities.

This methodology, aimed at strengthening entrepreneurship ecosystems, has been successfully implemented in more than 300 communities around the world, and it has contributed to the creation or strengthening of 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 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 addressing this issue in a sustainable way, the methodology breaks with the traditional paternalistic paradigm of handing over economic resources. Instead, it focuses on supporting entrepreneurs in drafting and managing their own business plans and helps them become familiar with the techniques they require to find the economic resources they need.

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 in the municipality of San Luis.

Two years after we began collaborating with the Sirolli Institute, 21 businesses have been successfully created and they are able to formalize their operating, legal, financial, and commercial processes. They are currently serving new markets and growing business opportunities. Furthermore, an additional 74 entrepreneurs are now participating in the methodology, and they have designed their business plan and are in the process of consolidating their projects.



Education and employment capabilities

Know-how, experience, and working abilities contribute to improving personal income and offer better quality of life to families. At CEMEX Latam Holdings we support different education initiatives, from scholarships to the implementation of programs that promote job capabilities.

In Colombia, the Program to Develop Abilities for the Workplace contributes to building practical capabilities that result in better job opportunities. Organized in partnership with the National Learning Service, students take courses on topics that are useful for working at local industries and commerce. Some of the graduating class have the opportunity to continue learning through internships at CEMEX Latam Holdings' operations.

To increase the scope of our training efforts in Colombia, in collaboration with the EDUPOL Foundation, we offer virtual professional study courses to the community of Maceo. As part of this initiative, we sponsor students in different fields, who are neighbors of our plant. They benefit from an education program that reinforces their training, so they can get a better job.

We have several programs in place to improve the academic status of children living in communities close to our operations. With our Huella de Papel (Paper Footprint) program in Costa Rica and Plan Padrino (Godparenting Plan) in Colombia and Panama, the contributions made by our employees are allocated to buying school supplies and uniforms.

In Guatemala, the Construyendo mi Futuro (Building my Future) program offers training opportunities for teachers at schools surrounding our area of influence. In 2017, more than 50 teachers were benefited by this training program.

In Costa Rica, we offer annual technical training workshops to more than 600 women in communities near our business units. The

training they receive, with the support of the National Learning Institute, is certified in the labor market and offers them tools to improve their quality of life.

In Colombia, Costa Rica, Guatemala, Nicaragua, and Panama, we have established a partnership with the Asociación Nacional Pro Superación Personal AC (ANSPAC) to promote comprehensive development in women. As part of the program, we offer workshops that contribute to the development of new skills and trades, as well as to creating microbusinesses. Recently we expanded our collaboration with that institution to include the ANSPAC Jóvenes module, which offers training and workshops on values, self-esteem, and personal growth to young people.

IN 2017, MORE THAN 50 TEACHERS WERE BENEFITED BY THIS TRAINING PROGRAM.



New Child Development Center in Clemencia, Colombia

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

Poverty affects children the most. The new Child Development Center (CDI) which is currently under construction in Clemencia, is an example of what we can accomplish by establishing public-private partnerships. In collaboration with 300 employees, the National Government, and Fundación Plan, CEMEX Colombia supplied human and technical resources to contribute to building the project.

The Clemencia Center will serve 160 children of up to 5 years of age. 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 crossed ventilation and protection from the sun to offset high temperatures in the region.



CEMEX Community Centers

The CEMEX Community Centers are meeting places that promote sustainable development in the communities where we operate. They focus primarily on implementing initiatives centered on education and work capabilities that will help people who previously had no opportunities in the job market find a job. Additionally, the community centers offer engagement, recreation, sports, and health-related activities that benefit our neighbors.

Because of its tourist attractions, the region of Chilibre offers great potential for growth. In our effort to benefit the local population from this growth, in 2017 we partnered with the National Institute for Professional Education in order to offer a better education at our community center. With this partnership we were able to considerably increase the

number of beneficiaries who participated in training opportunities during the year. In total, 270 people—mostly women—graduated from courses in computer science, English language, customer service, gastronomy, construction, and entrepreneurship.

Ours is the only community center in Panama that is sponsored by a private company. Pioneering in the country, the CEMEX Community Center has become an ally for implementing institutional programs and a development and communal living hub for more than 20 communities neighboring our Bayano plant; this is a clear testament to the fact that, when working together, government and the private sector can promote great benefits for the development of the community. In 2017, more than 5,000 people visited the community center.

During 2017, at our community centers in Bogotá and Payandé, in Colombia, we contributed to the educational training and healthy entertainment of 1,200 children, young people, mothers, and senior citizens. In addition to the learning workshops, participants were also involved in recreational activities such as dancing, music, and reading.

Community Centers enable us to listen to the concerns of our neighbors and assess the results of our programs in order to improve them or substitute them for more adequate initiatives. Given their characteristics, and by welcoming our neighbors, the CEMEX Community Centers help build trust in the communities where we operate.

CEMEX Colombia receives international recognition

In 2017, CEMEX Colombia was recognized as an Exemplary Company for its socially responsible management. Corporación Fenalco Solidario Colombia, the Mexican Philanthropy Center (Cemefi), and the Alianza por la Responsabilidad Social Empresarial en México (AliaRSE), showcased CEMEX's community engagement programs.



+1,600

CHILDREN BENEFITED BY SPORTS SCHOOLS IN PANAMA, NICARAGUA, GUATEMALA, COSTA RICA, AND COLOMBIA.

CEMEX Sports Schools

The CEMEX Sports Schools are a key component of our commitment to promote community development and are among the programs most appreciated by our neighbors. They address the need to promote values such as tolerance, solidarity, teamwork, discipline, punctuality, respect, and equality. Creating recreational areas that give children the opportunity to make good use of their free time, is essential for them to have a better future.

For the schools 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.

In Colombia, we opened our first sports school a decade ago, and we currently operate schools in six states in the country. We have trained the coaches in all sports under the Fútbol con Corazón 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. Furthermore, there are no referees during the game, which serves to promote values such as effective conflict resolution and the ability to reach an agreement.

In Panama, we recently opened a new soccer academy, where children from the community of Cativá, in the province of Colón, receive comprehensive education through sports.

In Costa Rica, we have a soccer school in the community of Peñas Blancas where annually more than 80 children participate in different categories.

In Guatemala, we have soccer academies at Arizona and Salcajá where we promote values and a culture of teamwork among children and teenagers through sports.

In Nicaragua, as part of our joint effort with the professional baseball team Bóer, we operate the CEMEX-Bóer children's academy. By involving parents in their children's sports and recreational activities, we contribute to reinforcing family unity for the more than 200 children who have trained at the academy.



Culture of environmental protection

We work with our neighboring communities to develop productive projects that contribute to regenerating the ecosystems, promote the responsible use of resources, encourage a culture of caring for and protecting the environment, and foster a proactive attitude towards the conservation and restoration of biodiversity.

In Guatemala, through the Espacios Ecológicos (Ecological Spaces) program, we offer the opportunity for children in the town of Arizona to receive training on environmental stewardship and recycling. With this program, we have organized day-long events to clean rivers and beaches, in coordination with the municipality's entity in charge of environmental management.

In Panama, we are part of the Alianza por el Millón de Hectáreas (Partnership for One-Million Hectares), an agreement between the public sector, different companies, and the community whose goal is to protect forests, sources of water, and biodiversity in Panama. In the framework of this agreement, we participate in the reforestation of 50 hectares over a 10-year period. Besides generating a positive environmental impact on the basins and rivers, forests, protected areas, and environmental corridors in the country, this partnership contributes to accomplishing

Panama's commitments in the fight against climate change.

In Nicaragua, through the initiative known as En Armonía con la Naturaleza (In Harmony with Nature) we have planted close to 120,000 trees to reforest 120 hectares in five communities in the municipality of San Rafael del Sur, which is located 46 kilometers from the capital. This initiative is particularly important because it gives Managua a new green lung. We promote this program in collaboration with the Ministry of the Environment and Natural Resources, the National Forest Institute, and the municipality of San Rafael del Sur, which will be in charge of maintaining the area. Additionally, as part of this initiative, over the last four years environmental specialists at CEMEX Nicaragua have provided more than 4,000 hours of environmental training to students and school teachers, on topics such as fighting and preventing

fires, recycling, climate change, and the conservation of river basins.

In Colombia, the Sembrando Futuro (Seeding the Future) program contributes to forming environmental leaders. 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 2017, more than 2,500 children committed to caring for the trees planted in their communities and learned about how to care for water sources.

In Costa Rica, as part of our agreement with the Cipanci Wildlife Refuge and with support from representatives of the Ministry of the Environment, Energy, and Oceans, we operate environmental education programs that include field trips for the children in schools near our operations.

COMMITTED TO OPERATING IN A SUSTAINABLE WAY

CEMEX Latam Holdings is known for the proactive ways in which we address climate change, the growing demand for energy, biodiversity loss, waste management, and water scarcity.

Besides having robust management systems, striving for excellence in our operations, and measuring our performance through key indicators, we continually seek to work as a team with other organizations that share our values. Our goal is to jointly find concrete actions with which to face global challenges and improve the supply of goods and services of the natural ecosystems.

We use the CEMEX Environmental Management System (EMS) as the

main tool to evaluate the way in which our plants operate, respond to changing conditions in the market, and formulate processes that contribute to continued environmental improvement. The CEMEX EMS is compatible with the ISO 14001 standard 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 to the priorities of our stakeholders.

THE CEMEX EMS 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.





First company in Colombia to obtain carbon neutral certification for its vehicle fleet

CEMEX Colombia became the first company in the country 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, guarantee that the approximately 1,000 vehicles that comprise CEMEX Colombia's total fleet, are carbon-neutral. To offset emissions, the company committed to plant and maintain approximately 480,000 trees in Orinoquia, a post-conflict zone and one of Colombia's six natural regions.

By reforesting 400 hectares, this shared value CO2CERO forestry project will not only capture 120,000 tons of CO₂e, but it will also protect the region's native forests and create close to 170 local indirect jobs.

CEMEX Colombia earned the Sello Verde de Verdad from Ecologic SAS, a company that develops projects to market carbon certificates. It was granted the neutralization certificate by the Colombian Institute

of Technical Standards (ICONTEC), an international standardization organism based in Colombia.

An additional benefit of the pioneering work we did was documenting and honing the procedures we implemented to neutralize our fleet's emissions. 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 protect the environment.

We are aware that the participation of the private sector is key to fighting the effects of climate change. Consequently, we have been working hard to deliver products with a smaller carbon footprint.

In addition to working to reduce our carbon footprint, we support the implementation of national strategies and plans. With this certification, CEMEX Colombia confirms its commitment with sustainability and adheres to the commitment taken by the country during the 2015 UN Convention to reduce by 20% its greenhouse gas emissions by 2030.





Optimizing our carbon footprint

As leaders in the construction materials industry, we interpret our responsibility in the context of climate change in two ways. On the one hand, we are committed to supplying the market with products and services for constructing buildings that are more energy efficient, resilient, and have sustainability attributes. On the

other hand, we work hard to reduce the carbon footprint of our operations by investing in and using renewable sources of energy, consuming energy efficiently, and maximizing the contribution our plants make to benefit society using cementitious materials and alternative fuels in our production processes.

Carbon Footprint Tool

Our Carbon Footprint Tool plays a key role in our CO₂ reduction efforts. CEMEX was the first company in the construction sector to offer its customers a tool of this nature.

The Carbon Footprint Tool helps us quantify the CO₂ emitted 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.

Participating in the CDP

In 2015, CEMEX Latam Holdings was invited by the CDP to register as a participant in its platform. Since CEMEX reports the information on all the operations that it controls globally, CEMEX Latam Holdings and the CDP mutually agreed not to publish a separate report.

In 2017, the CDP granted CEMEX an A- rating, reiterating that it continues to be one of the best Latin American companies in terms of climate change data disclosure.

Our stakeholders should view the CEMEX report to the CDP to learn more about the efforts that CEMEX Latam Holdings carries out in the region.

We use electric power in a clean and efficient manner

We are continually exploring new opportunities focused on reducing carbon emissions and on supplying our operations with electric power from renewable sources. In 2017, in Colombia we entered into a contract with Bioenergy to purchase power from a new plant that, utilizing biomass residues, will cover almost 40% of our electricity needs in the country.

In addition to using sources of renewable energy, we are continually looking to implement efficiency projects that contribute to reducing consumption in each of our production processes, including incorporating new and better technologies, using natural light, installing LED lighting, and having adequate levels of load and capacity in our equipment.

SOME OF OUR OPERATIONS THAT ARE SUPPLIED WITH ELECTRIC POWER FROM RENEWABLE SOURCES

01	Santa Rosa plant	Colombia	100% supplied by Sueva I and Sueva II hydroelectric power plants
02	Bayano plant	Panama	100% supplied by a hydroelectric plant
03	Colorado plant	Costa Rica	80% of the electric power comes from renewable sources
04	Arizona plant	Guatemala	60% of the electric power comes from renewable sources

We use other cementitious materials

The production of clinker—the main component in cement—generates carbon dioxide (CO₂) as a result of the chemical decomposition of limestone into lime and CO₂, and from burning the fuel needed to achieve the necessary temperature of more than 1,450°C in the rotary kilns.

Using alternative cementitious materials in cement production, as well as producing clinker with greater reactivity and expanding the portfolio of cementitious products that require a lower clinker factor in the mix, contributes to reducing CO₂ air emissions and the consumption of natural resources, including the energy needed for mining the quarries. In 2017, the clinker factor in our cement production was 73.3%.



We value waste as an alternative fuel

Using traditional landfill disposal methods for much of modern society's waste and waste products generates methane or CO₂ emissions and other negative externalities such as leachates, smells, and vectors, among others, which affect the environment and people's quality of life. Given their high efficiency and temperatures of up to 1,450°C, rotary cement kilns are an effective and efficient way to dispose of waste and recover the energy it contains.

CEMEX Latam Holdings has the experience, technology, and know-how needed to acquire, process, store, and leverage the special conditions offered by the kilns used in the clinker production process to recover energy from alternative sources in a responsible manner.

Based on the principles of the circular economy, we are confident that increasing co-processing in our cement plants of residues from other industries and from communities in general will contribute to overcoming challenges such as climate change, waste management, and fossil fuel depletion. One of the main challenges we face in trying to increase our use of alternative fuels and reach our potential, is the lack of policies and regulatory frameworks that would help us absorb the costs of the inadequate management of solid waste and would make other processes such as recycling and co-processing more viable.

In order to contribute to reach higher fossil fuel substitution rates, in 2017 we started to participate in the global CEMEX Alternative Fuels Taskforce, comprised of a multidisciplinary group of experts on key issues such as energy, sustainability,

operations, technology, procurement, corporate affairs, communications, social responsibility, and risk management. This group enables us to assess the obstacles to achieving higher alternative fuel consumption in every cement plant and the opportunities we have to address them from a holistic view.

We also participate in the Inter-American Cement Federation (FICEM) and collaborated with them in preparing the FICEM roadmap. This document represents the Latin American construction industry's commitment to reducing CO₂ emissions and promoting the use of cement as a mitigation and adaptation solution to the effects of climate change. As an industry, we strive to contribute to the Sustainable Development Goals and the mitigation goals established by COP 21 with in-depth studies, training, workshops, comparative analyses, and specific goals.

17.5%

WAS THE ALTERNATIVE FUELS RATE.

100%

OF OUR CEMENT KILNS USE ALTERNATIVE FUELS.

THE BENEFITS OF CO-PROCESSING WASTE AS ALTERNATIVE FUELS INCLUDE:

For the community

- Offering a better, more effective, and more efficient alternative other than disposing of waste in landfills.
- Promoting economic activity related with developing new supply chains for alternative fuels.

For the planet

- Reducing total CO₂ emissions by recovering the energy stored in waste.
- Stopping the generation of methane emissions—a greenhouse gas that is 25 times more harmful to the environment than CO₂—during waste decomposition.

For CEMEX Latam Holdings

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

Contribution to the circular economy

Developing our production processes generates waste, which needs to be managed adequately based on our own standards, best international practices, and the requirements imposed by local regulations at every operating site.

In addition to establishing a preventive frame of mind, the Comprehensive Plan for Handling Solid Waste sets

the parameters to adequately control and manage waste at our operations. Its main objective is to contribute to the protection of the environment by reducing the generation of waste and to adequately manage, temporarily collect, and dispose of waste—favoring valorizing, reuse, and recycling programs and taking into consideration the applicable environmental standards.



ASIDE FROM USING NATURAL RESOURCES IN THE BEST POSSIBLE WAY IN OUR OPERATIONS, WE CONTRIBUTE TO ADDRESSING CERTAIN SPECIFIC CHALLENGES OF MODERN SOCIETY WITH OUR PRODUCTION PROCESSES.

Using waste products from other industries

Some of the alternative materials that can be used for making cement include:

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

Substituting clinker is limited by the availability of alternative materials, the demands of different types of cement, and by the specific technical limits for its manufacture.

Co-processing alternative fuels

Alternative fuels that can be used in cement kilns include:

- Rice, peanut, and coffee husks
- Animal feed
- Sediments of discharge water
- Sludge from treatment systems
- Used tires
- Residual oils
- Processed municipal solid waste

100% of our cement plants have the technology needed to use alternative fuels.

Recycling construction waste

Our facilities at La Fiscala and Las Delicias, in Colombia, are a destination for Construction and Demolition Waste (CDW), where it can be:

- Incorporated as construction materials
- Properly disposed of according to official regulations

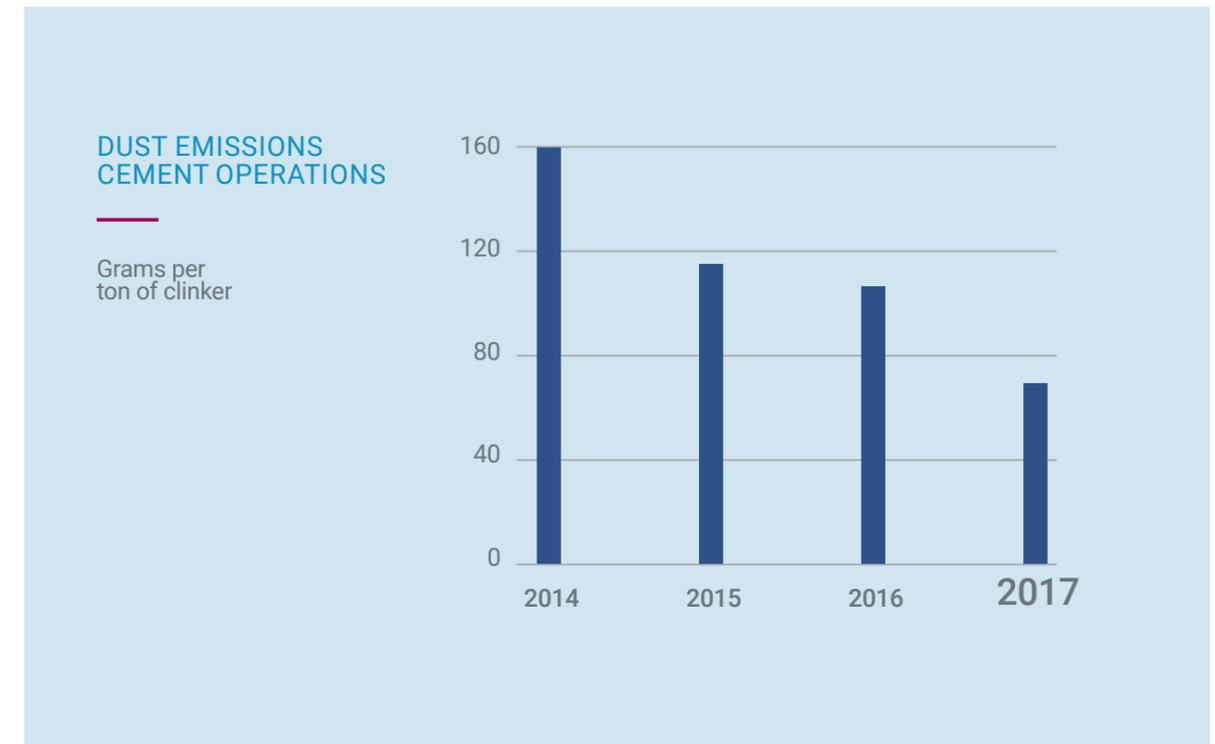
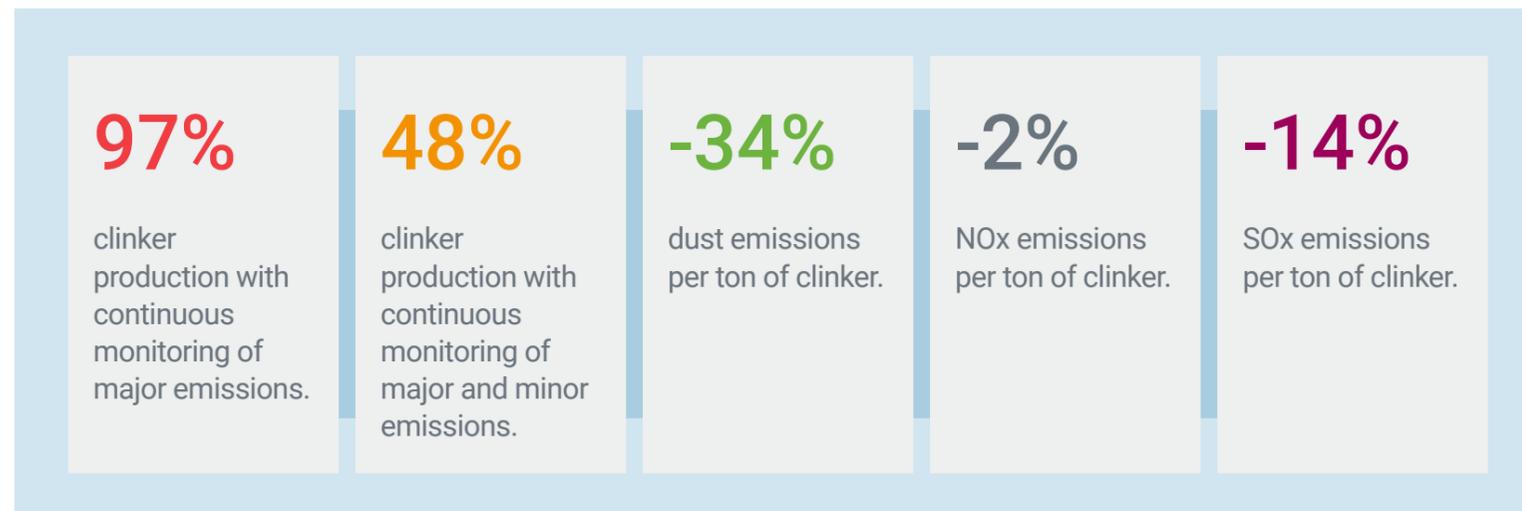
Beyond committing to responsible waste management in our operations, we also work to have a positive impact on areas with different environmental issues.

We invest in technology to minimize emissions

The release of nitrogen oxides (NOx), sulfur compounds (SOx), and dust 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 our air emissions have on the environment. The first step is to make a permanent effort to monitor and minimize our major and minor emissions. To further improve upon these efforts, we have set annual performance caps.

Our goal is to perform below local legal limits, identify new opportunities to establish goals and reduce emissions, mitigate the impact on neighboring areas, and have a sustainable operation. Additionally, we have carried out maintenance efforts, invested in technological conversion projects, and installed state-of-the-art filters to reduce emissions. In 2017, we finished the installation of bag filters in Caracolito plant, in Colombia, and in Patarrá plant, in Costa Rica.



Reduce emissions caused by vehicular traffic

In addition to being able to generate savings, improve commute times, and optimize the use of parking spaces, by reducing the number of vehicles on the streets we contribute to avoiding traffic jams, reducing energy consumption, and lowering carbon emissions.

We circumvent unnecessary truck traffic during rush hours by planning our routes

strategically. We also look for ways to dispose of raw materials without trucks, including the use of conveyor belts and, wherever feasible, multimodal systems for moving our products.

At our Bogotá corporate offices, we have implemented a sustainable mobility program that lets employees borrow bicycles as a means of transportation and allows for flexible work schedules to avoid heavy traffic.



WITH THE NEW FILTER
WE CAN CAPTURE 99%
OF THE GENERATED
MATERIALS
PARTICLES.



State-of-the-art technology at Caracolito plant

After working on it for a year and a half, and with a total investment of US\$6.8 million, the team at Caracolito plant in Colombia finished mounting a state-of-the-art filter—in addition to the other two that have been installed over the past five years—to optimize air quality in the town of Payandé, where the operation is located.

As part of its commitment to environmental performance, the team at Caracolito plant began operating a materials particles collector, known technically as a bag filter, whose basic function is to capture residual dust generated by different production processes.

This mechanism replaces the previous electrostatic filter; its main advantage is that it

tolerates variations in the operation, thus providing efficiency and better operational safety, and contributing to optimal functioning. The new filter makes it possible to capture up to 99% of the generated emissions of particles, considerably improving efficiency.

At CEMEX Latam Holdings, we are constantly in search of innovations that will allow us to reduce our environmental footprint, make our production processes more efficient, and contribute to the well-being of the communities neighboring the places where we operate. This investment is testament to our commitment with and the responsibility we feel toward the community surrounding Caracolito, as well as with the environment and biodiversity.

Water Policy

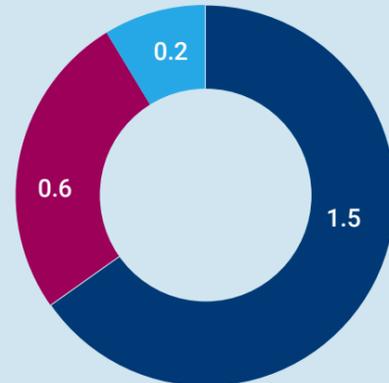
71%
OF OUR OPERATIONS
HAVE WATER
RECYCLING PLANTS.



WATER WITHDRAWALS BY BUSINESS UNIT

Million cubic meters

- Cement
- Ready-Mix Concrete
- Aggregates



WATER WITHDRAWALS BY SOURCE

Million cubic meters

- Surface
- Ground
- Municipal
- Rain
- Ocean
- Other



Optimize our water consumption

As one of the raw materials in our production process, water is very important to the CEMEX Latam Holdings operations.

We adopt a Water Policy as our guideline to comply with regulations in the countries where we operate and to promote continuous improvement in water consumption at our operations. The Policy describes the company's strategy for sustainable water management, including a framework for optimizing consumption by measuring our performance and developing engagement measures that enable us to collaborate with others in implementing water conservation projects.

An important step toward optimizing our water consumption is the standardization of our measuring processes. At CEMEX Latam Holdings, we benefit from the partnership CEMEX has with the International Union for Conservation of Nature that focuses on developing a methodology

to measure key performance indicators specific to our industry and guidance on how to report.

We also leverage other initiatives, such as the company's Plan for the Efficient Use and Savings in Water as well as the Global Water Tool of the World Business Council for Sustainable Development (WBCSD), to facilitate actions aimed at reducing water consumption, promoting water treatment, and assessing opportunities for employing discharge water from other industries.

We are continually exploring initiatives and investing in technology as part of our commitment to continuing to grow sustainably and protect the ecosystems at our operations. For example, the Clemencia plant, in Colombia, has included a state-of-the-art technology in the cement grinding process that eliminates 100% of water consumption in the industrial process, promoting water conservation.



CEMEX Nicaragua receives certification for protecting biodiversity

In 2017, CEMEX Nicaragua participated for the first time in the program of the Wildlife Habitat Council (WHC), a non-profit organization that assesses volunteer environmental stewardship programs.

Their Conservation Certification recognizes those programs that prove to have a long-term commitment to managing the habitat, conservation education, and community engagement initiatives.

Two of CEMEX Nicaragua's programs satisfied the WHC assessment criteria and received Silver-level certifications:

- **Ocotillo K2 quarry.** The program promotes actions to preserve those bodies of water that form after limestone is extracted. Aside from contributing to recovering aquifers in the area, conservation efforts enable the return of local biodiversity to its natural state, given that there is access to water.
- **Environmental education and forest restoration.** A program focused on developing an environmental culture and education for members of the communities in the municipality of San Rafael del Sur. This initiative offers environmental education to children, young people, and adults alike and strengthens vegetation restoration and conservation efforts in the municipality.



Protect and improve biodiversity

Protecting biodiversity is key to our commitment to carry out our activities in a sustainable manner. The CEMEX Biodiversity Policy serves as our guide to handling the natural resources we manage in a responsible way.

The goal behind the restoration plans at our cement and aggregates sites is to promote sustainable practices during and after resources have been exploited. These include environmental compensation and restoration initiatives aimed at strengthening the supply of environmental goods and services. They also strive to contribute to developing the location by establishing spaces for passive and contemplative recreational activities. The nurseries we have installed at our quarries allow us to foster proposals to restore flora, strengthen the ecosystems, and create habitats for native species.

In 2017, we continued our efforts to enhance biodiversity in our quarries located in or close to high biodiversity value areas.

The standard Biodiversity Action Plan (BAP), developed by CEMEX based on its global partnership with BirdLife International, is our main tool to have a positive impact on biodiversity. It guides us in the construction of local Biodiversity Action Plans that are tailored to the value and challenges of each site. In 2017, CEMEX celebrated the 10th anniversary of its global partnership with BirdLife.

In Panama, we started a rehabilitation project in areas where we have extracted limestone and clay at the North Quarry of our Calzada Larga plant, located in Chilibre. We implement this local BAP in collaboration with the Asociación Nacional para la Conservación de la Naturaleza (ANCON). Our first step consisted of defining 20 plots, to experiment with sowing different species and monitoring their evolution. At this first restored hectare, we will employ natural management techniques such as the use of organic fertilizers. This first-of-its-kind

initiative in the country strives to restore populations of thirteen species of native plants in the area.

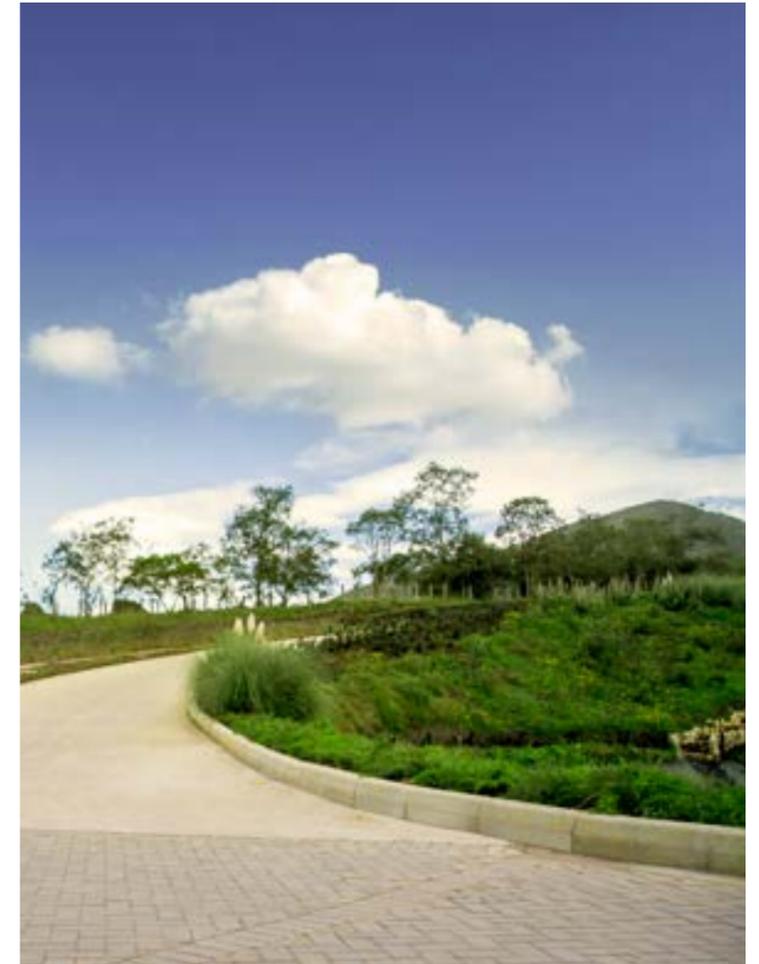
In Colombia, we continue to make progress in implementing the local BAP at Minas de Santander, in collaboration with the Asociación Calidris, BirdLife International's local partner. The Plan is designed to manage land responsibly, seeking to protect four bird and plant species, of which at least one meets the site criteria of the Alliance for Zero Extinction. This initiative will also benefit local communities by designating grazing zones specifically designed to avoid overgrazing, one of the main threats to the ecosystem in the region.

Initiatives such as those implemented in Minas de Santander in Colombia and the North Quarry in Panama are part of our sustainability strategy aimed at restoring the land we use to extract raw materials and transform it again into forested areas.

Biodiversity Policy

94%

OF OUR ACTIVE QUARRIES HAVE A REHABILITATION PLAN IN PLACE.



WE HIRE RESPONSIBLE SUPPLIERS

Through our sustainable procurement programs, besides strengthening our value chain, we are leading the development of new social responsibility standards in our industry.

Because we are aware that our responsibility to sustainability is not limited to our operations, but rather extends to our suppliers, we build long-term partnerships that promote mutual sustainable development.

During the evaluation process of potential suppliers, sustainability criteria account for 25% of the total weight, which is the same weight we give to the economic proposal.

Additionally, we participate in the CEMEX Supplier Sustainability Program that assesses suppliers in terms of their sustainability practices. As part of this program, an external company makes an assessment

based on ISO 26000 criteria that includes social, environmental, health and safety, corporate ethics, stakeholder relationships, and financial performance standards.

With the assessment results in hand, the specialized company drafts a report describing areas where improvements can be made and a specific action plan to close the gaps. The evaluation is updated periodically, and we expect suppliers to improve their score constantly. The score is included in the supplier's records so that we can track and reward suppliers who prove they have made considerable progress in their sustainability practices.

WE MONITOR THE COMMITMENT OUR SUPPLIERS AND CONTRACTORS MAKE TO US TO FAVOR RESPONSIBLE AND SUSTAINABLE DEVELOPMENT PRACTICES:

- **Before signing a contract**, we analyze the profile of potential suppliers in terms of both their financial situation and compliance with their social obligations.
- **By signing a contract**, suppliers commit to respecting our Code of Conduct When Doing Business with Us and the Industrial Safety Manual.
- **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.

Code of Conduct When Doing Business with Us

IN 2017,

THROUGH AN EXPERT COMPANY WE ADDED NEW SAFETY STANDARDS FOR CONTRACTORS WORKING AT OUR FACILITIES. FOR MORE INFORMATION, VIEW THE SECTION ON HEALTH AND SAFETY.



Corporate governance, ethics, and transparency

Our management and corporate governance practices are guided by our firm commitment to creating long-term value for our shareholders, contributing toward the region's development, and offering solutions for the construction industry that generate well-being for the people.



CORPORATE GOVERNANCE

CEMEX Latam Holdings S.A. was organized and incorporated in Spain on 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 competent governing bodies.

CEMEX Latam Holdings upholds the highest international corporate governance standards. The company's shares were listed on the Colombian Stock Exchange in November 2012. Given that CEMEX Latam Holdings is a Spanish company registered to trade on the Colombian stock exchange, but not in Spain, it is not required to comply with Spanish regulations related to corporate

governance that are applicable to companies listed on Spanish stock exchanges, nor is it subject to the same best practice provisions applicable to Colombian issuers whose shares are listed on the Colombian Stock Exchange. However, the company is voluntarily complying with the main best practices provisions applicable to issuers in both Spain and Colombia. Ever since

it was first authorized to trade, it has a corporate governance system in place that adheres to these best practices, as well as to international best practices. This governance system is included both in the company's Bylaws as in the Regulations of the General Shareholders Meeting and in the Regulations of the Board of Directors, which are available on the company's website.

Relationship with CEMEX, S.A.B. de C.V.

We have the support of one of the world's leading building materials companies. Access to CEMEX's breadth of experience in multiple sectors allows us to benefit from best practices, technologies, and know-how in production techniques, distribution, marketing, and sales strategies. With these benefits come robust tools designed to improve customer-centricity, reduce costs, and improve productivity at our operations.

We also capitalize on our relationship with CEMEX by capturing synergies and exploiting cross-selling opportunities, which can result, for example, from CEMEX's global building materials trading network or the strong brand recognition it has in the relevant industries. Our relationship with CEMEX is governed by a Framework Agreement, a management support services agreement, and a brand license agreement.

[Get to know our corporate structure](#)

The Board of Directors annually prepares the Spanish Corporate Governance Report and the Colombian Country Code Questionnaire, which include good corporate governance recommendations the company follows in both countries.

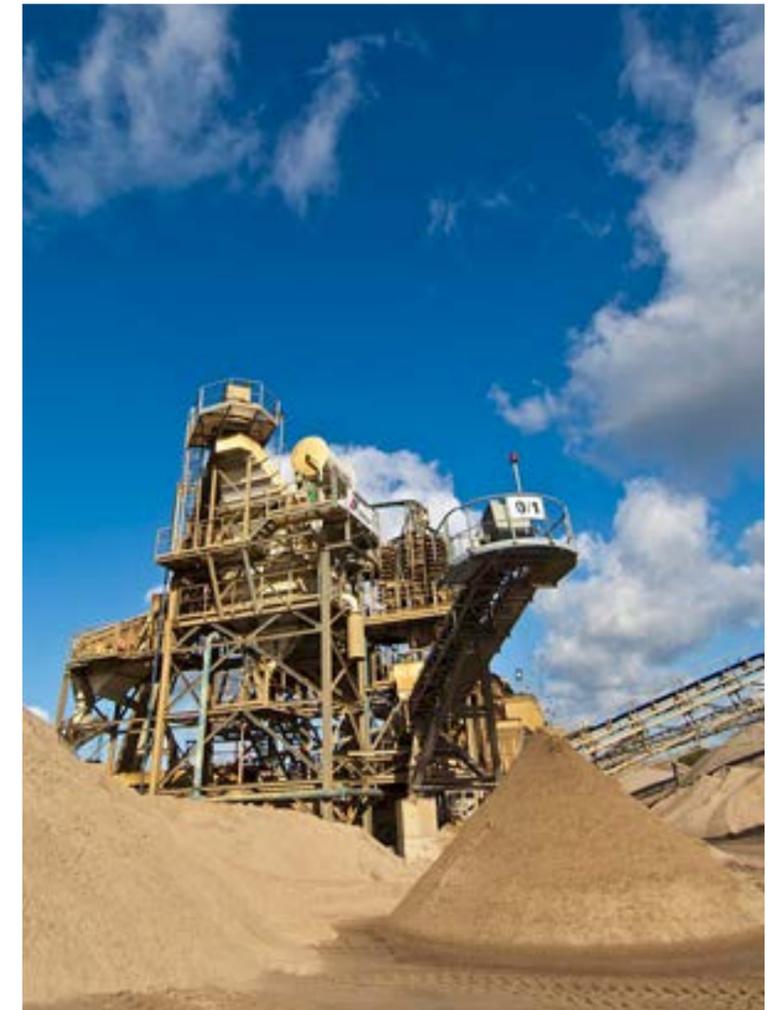
The 2017 versions of these documents have been published on our website and include information about the company’s compliance with most of the main Spanish and Colombian recommendations. They also explain in detail the reasons we do not comply with some of the recommendations; in most cases, the reason is that the recommendation in question does not apply to CEMEX Latam Holdings.

OUR VALUES COMMUNICATE WHO WE ARE, HOW WE BEHAVE, AND WHAT WE BELIEVE

<p>Ensure safety</p> 	<p>Focus on customers</p> 	<p>Pursue excellence</p> 	<p>Work as One CEMEX</p> 	<p>Act with integrity</p> 
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CEMEX Latam Holdings has approved, among others and not limited to, the following agreements, measures, and recommendations:

Company Bylaws	Release the Country Code Questionnaire (Colombia)
Bylaws of the General Shareholders Meeting	Naming an Independent Director who strictly meets post requirements.
Bylaws of the Board of Directors	Naming a Compliance Officer.
Code of Ethics and Conduct	Creating an Investor Relations division and a Shareholder Service division.
A Framework Agreement with CEMEX S.A.B. de C.V., and one with CEMEX España, S.A.	Adequate internal control processes and mechanisms to disclose and certify the company’s financial information, and other relevant information.
Release the Annual Corporate Governance Report (Spain)	





Reinforcing the internal audit function

In response to a request made by the CEMEX Latam Holdings Audit Committee, the internal audit division is making progress to develop a program aimed at improving quality based on the International Professional Practices Framework of The Institute of Internal Auditors.

Performing the internal auditing processes based on international standards contributes to improving the trust of our stakeholders and strengthening the internal control environment.

In 2017, the function was assessed by an external entity, with satisfactory results. Reviewing performance and characteristics of the internal auditing process are within the scope of this assessment.

THE BOARD OF DIRECTORS HAS APPROVED THE ADOPTION OF SEVERAL POLICIES THAT ARE APPLIED GLOBALLY AT CEMEX ON THE FOLLOWING ISSUES:

Anti-Corruption Policy

Its objective is to avoid or prevent employees from performing corrupt acts, either actively or passively, in order to obtain a favor or benefit from public officials. The policy includes local laws and the US Foreign Corrupt Practices Act (FCPA).

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 Reporting Relevant Information

Its objective is to protect information, which is viewed as a valuable asset. This norm establishes the time periods during which information needs to be saved, based on the applicable regulations in each of the countries or regions, and when it can be destroyed.

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 seeks to prevent CEMEX Latam Holdings' employees and people related with the company from benefiting from the information obtained while performing their jobs.

APPROVAL OF POLICIES APPLICABLE TO CEMEX LATAM HOLDINGS

In particular, and exclusively for Grupo CEMEX Latam Holdings, the General Shareholders Meeting held on June 29, 2017 approved the Retribution Policy for Board Members proposed by the Board of Directors, based on the prior favorable report from the Nominating and Compensation Committee. The Board of Directors has approved the Corporate Fiscal Policy for Grupo CEMEX Latam Holdings, based on the prior favorable report from the Audit Committee, the Policy for Selecting Candidates to become Board Members, as proposed by the Nominating and Compensation Committee and the Policy for Communicating with shareholders, investors, and the market in general, based on the prior favorable report from the Corporate Governance Committee.

Board of Directors

The Board of Directors includes qualified directors who, in collaboration with the company's management team, are firmly committed to maintaining the highest corporate governance standards, strictly complying with the law, and managing the company with the utmost integrity. The Board is made up of nine directors, of whom three are independent as defined by the applicable legislation and best practices in Spanish and Colombian corporate governance. During the year the Board met 11 times, with an attendance of 100%.

Proprietary Directors

Juan Pablo San Agustín Rubio, Chairman
Jaime Gerardo Elizondo Chapa, Vice-Chairman
 Jaime Muguero Domínguez, Managing Director
Juan Pelegrí y Girón, Secretary
 Carmen Burgos Casas
José Luis Orti García

Independent Directors

Coloma Armero Montes
Rafael Santos Calderón
 Gabriel Jaramillo Sanint**

* As of December 31st 2017

** On April 2, 2018 Gabriel Jaramillo Sanint stepped down and Mónica Inés María Aparicio Smith was named independent director.

Audit Committee

Internal informational and consultative body that, among other responsibilities, oversees the integrity of our annual Financial Statements and quarterly reports prepared in accordance with the International Financial Reporting Standards (IFRS), our Annual Accounts prepared under the Spanish Plan General Contable, the independence and performance of our auditors, and also supervises the CEMEX Latam Holdings risks, including social and environmental risks, among others.

Members*

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

Nominating and Compensation Committee

Internal informational and consultative body that, among other responsibilities, reviews compensation agreements for the members of the Board and the senior management team and establishes and reviews general policies pertaining to employee compensation and benefits. It is also responsible for identifying and recommending candidates to become members of the Board and the committees.

Members*

- Rafael Santos Calderón, President
- Carmen Burgos Casas, Secretary
- Coloma Armero Montes

Corporate Governance Committee

Internal informational and consultative body that supervises the effectiveness and continued development of the Board of Directors, by carrying out, among others, the following functions and competencies:

- Promote the corporate governance strategy.
- Supervise compliance with internal codes of conduct and corporate governance rules.
- Understand, promote, guide, and supervise the company's performance in terms of corporate reputation.
- Periodically review internal regulations.
- Review the corporate social responsibility policy.
- Release the Corporate Governance Annual Report (Spain).
- Release the annual Country Code Questionnaire (Colombia).

Members*

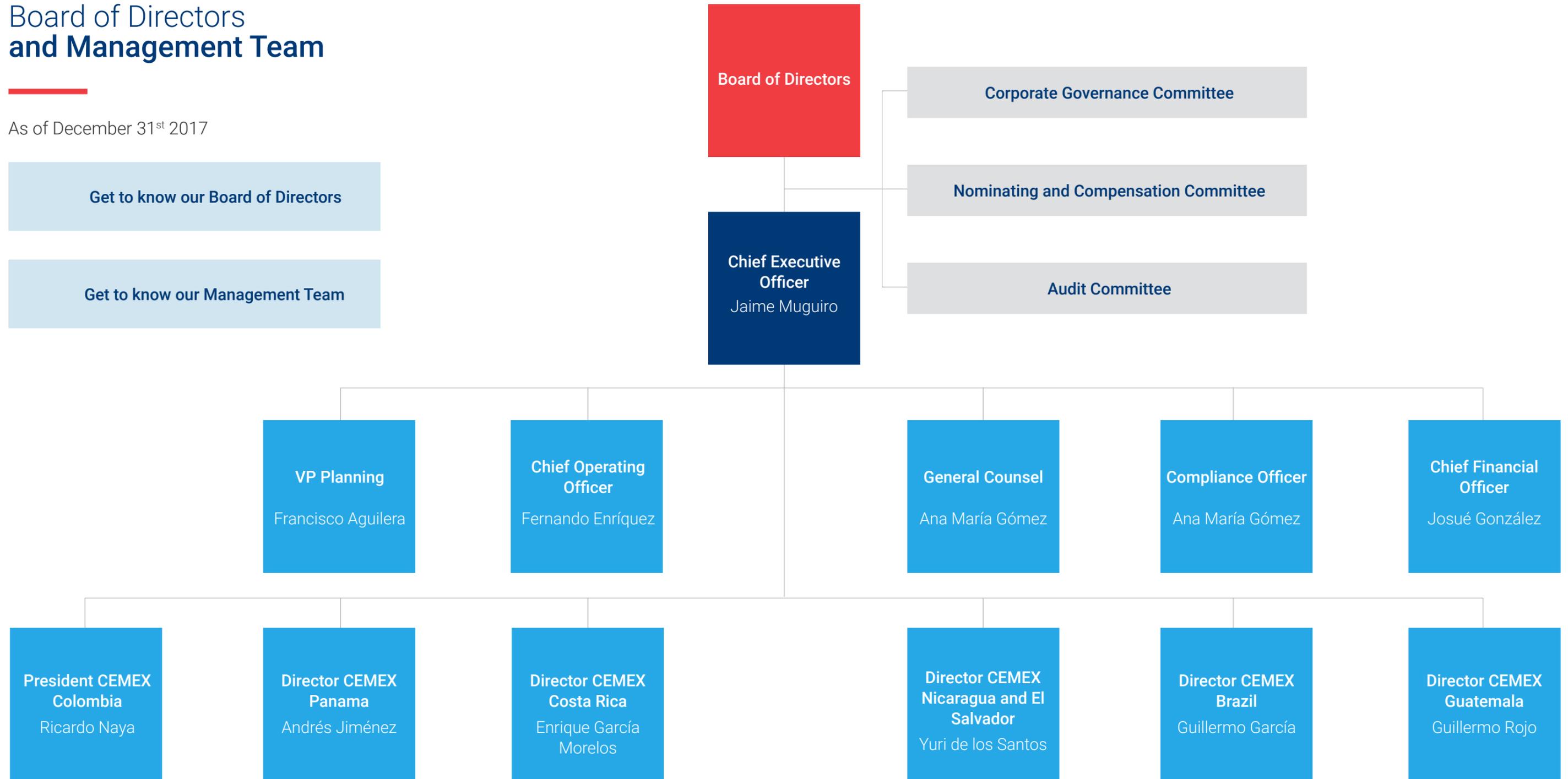
- Gabriel Jaramillo Sanint, President
- Juan Pelegrí y Girón, Secretary
- Coloma Armero Montes

Board of Directors and Management Team

As of December 31st 2017

[Get to know our Board of Directors](#)

[Get to know our Management Team](#)



Management Team

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 been working together and successfully steering the company through different economic cycles and in the acquisition and integration of related businesses and assets.

Jaime Muguero,
Chief Executive Officer

He joined CEMEX in 1996. He has held several executive 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 currently oversees CEMEX's operations in the South, Central America and the Caribbean region. He holds a degree in business management from the Universidad de San Pablo CEU and a law degree from the Universidad Complutense de Madrid. He also has an MBA from the Massachusetts Institute of Technology.

Francisco Aguilera,
Vice-President Planning

He joined CEMEX in 1996. He has held the position of Vice-President for Global Trading at CEMEX, as well as 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 Tecnológico de Monterrey and an MBA from Northwestern University.

Fernando Enríquez,
Chief Operating Officer

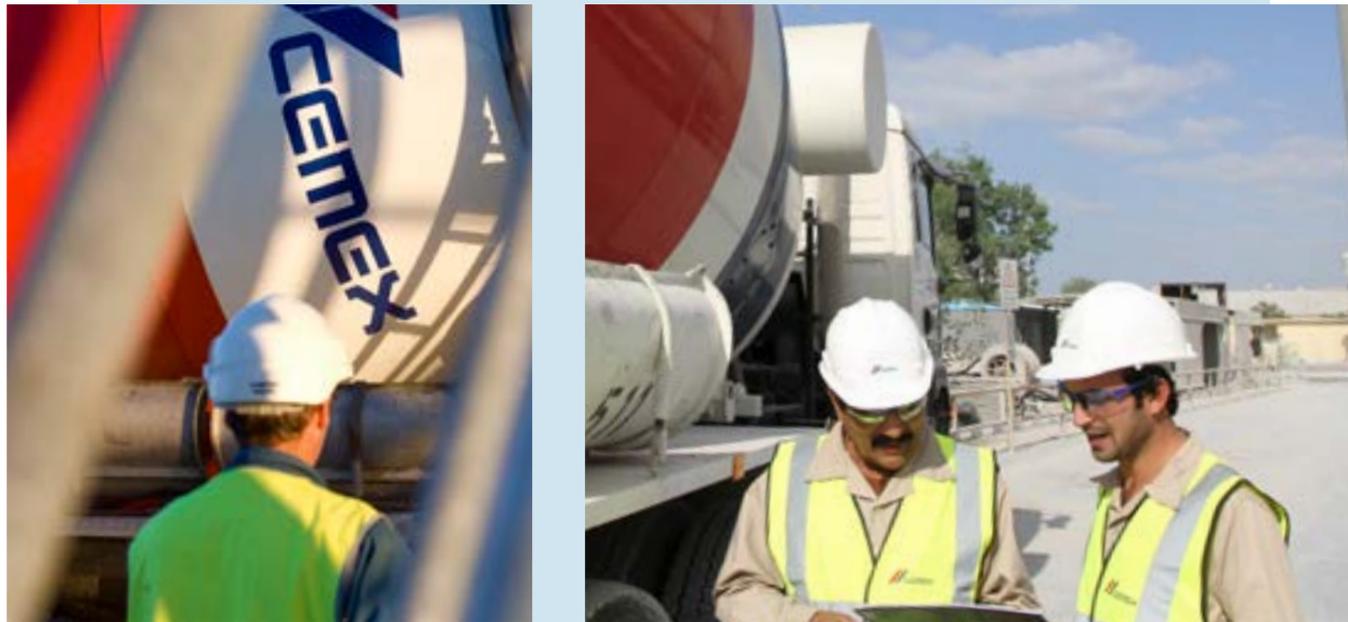
He joined CEMEX in 1993. He has served as Chief Operating Officer in several of the regions where CEMEX operates, including Northern Europe, the Mediterranean, and Asia. Prior to those posts, he held other senior management positions in the Cement Operations, Technology, Production, and Customer Service divisions in the Philippines, Spain, UK, and Mexico. He holds a degree and an MBA in Mechanical Engineering from Tecnológico de Monterrey, as well as Master's Degrees in Comprehensive Quality Control from the Universidad de Monterrey and in International Management from IPADE.

Ana María Gómez,
General Counsel and Compliance Officer

She joined CEMEX in 2016. Prior to her collaboration with CEMEX, she served as General Counsel, Compliance Officer, and Director for Corporate Affairs at Kimberly-Clark; General Counsel at Diageo, in Colombia; General Counsel at PepsiCo, in Colombia and Ecuador; Legal Manager at British American Tobacco, in Colombia; and General Counsel for Caracol Televisión, in Colombia. She holds a Law degree from the Pontificia Universidad Javeriana, and postgraduate studies in Commercial Law from the Universidad de los Andes.

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 Business Administration from the Universidad Metropolitana de Caracas and postgraduate studies in Finances from the Universidad Santa María de Caracas, Venezuela.



Management Team



Ricardo Naya Barba,
President CEMEX Colombia

He joined CEMEX in 1997. He has held various positions at CEMEX including Chief Commercial Officer in Mexico, Executive Vice-President for Planning and Integrated Areas in the US, President of CEMEX Poland and CEMEX Czech Republic, Vice-President for Strategic Planning for the Europe, Middle East, Africa and Australia region, Vice-President for Strategic Planning for the South, Central America, and the Caribbean region, Director for Strategic Planning, and global PMI. He holds a degree in Economics from Tecnológico de Monterrey and is a Sloan Fellow at the Massachusetts Institute of Technology.



Yuri de los Santos,
Director CEMEX 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 Tecnológico de Monterrey.



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.



Guillermo García Clavier,
Director CEMEX Brazil

He joined CEMEX in 2001, and held several positions in the Distribution, Marketing, and Sales divisions at CEMEX in Venezuela. He also led the Commercial division in Brazil, and later in El Salvador. He holds a degree in Industrial Administration from the Universidad de Oriente and an MBA from the Universidad Metropolitana.



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 also 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 Tecnológico de Monterrey and an MBA from Harvard University.



Guillermo Rojo de Diego,
Director CEMEX Guatemala

Since he joined CEMEX in 2001, he has held several executive positions in Spain, managing the Aggregates, Mortar, Concrete, and Cement businesses. He was Project Manager for Strategic Planning, with responsibilities that included serving as Director for the Subsidiary Operations division in Italy and Morocco, and as Director for the Commercial division in Spain. He holds a degree in Geology and Mining Resources from the Universidad Complutense de Madrid. He also holds an MBA from INSEAD, France.

ETHICS AND TRANSPARENCY

Every CEMEX Latam Holdings employee makes a fundamental contribution to live up to the company's best corporate governance practices. To this end, we have created an environment of collaboration that includes mechanisms to inform relevant information to senior management in a timely manner. We also have processes in place that allow for complaints and uncertainties regarding ethics and the mishandling of assets to be communicated anonymously and confidentially. In addition, we have a work team that oversees compliance with legal requirements and best corporate governance practices.

Code of Ethics and Conduct

In addition to voluntarily complying with the main best practices provisions applicable to issuers in both Spain and Colombia, CEMEX Latam Holdings adheres to the CEMEX Code of Ethics and Business Conduct, as well as with a number of internal control guidelines and policies that include aspects such as legal compliance, information security, accounting, environmental stewardship, health and safety, human resources, and finances.

The Code of Ethics and Business Conduct helps CEMEX Latam Holdings' employees understand and share the same values and

behavioral standards in our operations and in our interactions with our stakeholders. Our employees must respect the law, the Code of Ethics and Business Conduct, the institutional corporate policies, and other internal bylaws.

The Code of Ethics and Business Conduct addresses issues such as anti-bribery, third-party transactions, workplace health and safety, environmental responsibility, confidentiality terms, conflicts of interest, financial controls and records, and preservation of assets.

The Code of Ethics and Business Conduct also incorporates requirements of the

Sarbanes-Oxley law, including:

- A work team that supervises the company's compliance with the laws and regulations applicable to our business.
- A system for senior management to receive relevant information in a timely manner.
- A system to anonymously and confidentially report violations related to ethical behavior.

ETHOSline

ETHOSline Reporting

Concerns with respect to the legal or ethical determination of a given situation or compliance with regulation need to be reported to the corresponding authority within the organization. For this, the CEMEX Latam Holdings' employees have an effective, safe, and confidential tool that enables them to include ethics and regulations in their daily work.

ETHOSline helps our employees send comments, make suggestions or observations, ask for advice, or report and send evidence, if need be, about incorrect behaviors within the organization. The tool, which can also be used by external parties, is available 24 hours a day, seven days a week, through the website, or by phone or email. The service is managed by an external supplier who, among other things, collects and adequately documents information on the case and communicates that information to the corresponding authorities within the organization. Repercussions against employees who in good faith denounce a problem or potential violation are expressly and strictly prohibited.

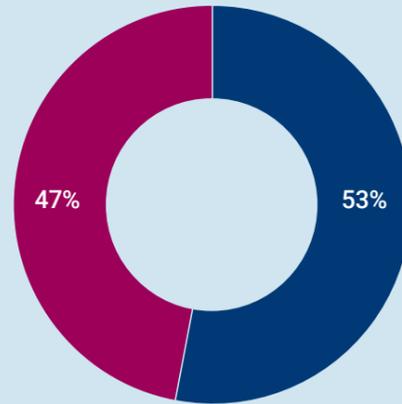
[Get to know ETHOSline](#)

In 2017

WE RECEIVED 122 REPORTS THROUGH THE REPORTING MECHANISMS FOR WHICH WE CARRIED OUT PREVENTIVE CONSULTATIONS CONCERNING POTENTIAL VIOLATIONS OF THE CODE OF ETHICS AND BUSINESS CONDUCT.

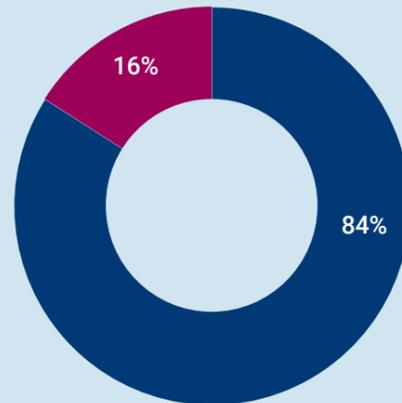
INITIAL INVESTIGATION

- With no merit
- True



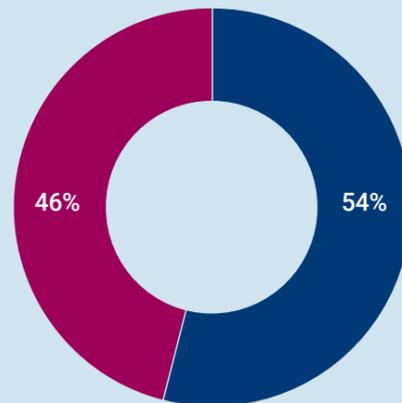
RESOLUTION

- Solved
- Pending



REPORTING CHANNEL

- In person
- ETHOSline



Ethics Committees

In addition to ETHOSline, in order to make a report, CEMEX Latam Holdings' employees can send a message directly to the Audit Committee, the local Ethics Committee, or to the Internal Audit and Internal Control divisions. The Internal Audit Director periodically informs the members of the Audit Committee about issues related to these mechanisms.

The Ethics Committees are independent bodies from the Board of Directors that are under the mandate to manage issues relating to correct behavior within the company and to oversee compliance with the organization's values. Each committee is made up of a minimum of four members, plus one manager.

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 and Business Conduct. They also manage and, if applicable, solve cases pertaining to possible violations. Reports are fully investigated, and, when proven violations to the Code are found, the corresponding disciplinary measures are taken. These can range from just a written warning to firing the employee involved or canceling a supplier's contract, and could include other legal actions as well, depending on the type and gravity of the violation. The activities of the Ethics Committees are confidential, and their decisions are mandatory.

Training and communications

It is the responsibility of every CEMEX Latam Holdings employee to know, respect, and comply with the Code of Ethics and Business Conduct. Executives and employees in the company sign this Code to acknowledge that they understand and accept the conditions. New employees are asked to sign the Code as part of their orientation and hiring process, thus stating their commitment to the internal policies from the very beginning.

We offer in-person and online training programs to strengthen our employees' understanding of issues related to corporate ethics, human rights, company values, unacceptable behaviors, and to reinforce our institutional reporting mechanisms. Furthermore, we carry out campaigns to communicate internal policies and guidelines. We employ different media

to promote ethical behavior among our employees, including newsletters, internal boards, our intranet, audits, and other activities.

It is important for CEMEX Latam Holdings employees to understand the control mechanisms that help us avoid incorrect practices in our operations, to internalize them, and act accordingly.

In order to continue becoming a better company, in 2017 we updated several policies and guidelines that enable everyone to behave in accordance to what is expected of the CEMEX Latam Holdings team. We also worked to enhance our reporting mechanisms, improve communications on our Code of Ethics, and help employees better understand acceptable behaviors.

CONTINUOUS TRAINING ON ETHICS TOPICS

- Code of Ethics and Business Conduct
- ETHOSline
- Conflict of interest
- Competition and antitrust
- Workplace behavior and harassment
- Anti-corruption and anti-bribery
- Non-compliance with policies
- Data privacy
- Discrimination
- Confidential information
- Insider trading



Respect for human rights

At CEMEX Latam Holdings we follow behaviors that respect human rights in our operations, including those set forth in the International Bill of Human Rights, as well as the principles described in the CEMEX Human Rights Policy and the ILO Declaration concerning fundamental labor rights, particularly in terms of employees, contractors, and third parties that are part of our production chain.

CEMEX Latam Holdings has adopted the CEMEX Human Rights Policy. Furthermore, the corresponding

internal authorities and Ethics Committees supervise compliance with the Code of Ethics and Business Conduct—which includes a specific chapter on regulating behaviors dealing with human rights—through the objective and timely definition of actions that give due response to complaints of possible conflicts of interest, abuses, or other behaviors that go against our core values.

CEMEX Human Rights Policy



Work-life balance

CEMEX Latam Holdings' operations are regulated by policies that guide the work of our employees. We comply with the laws regulating the maximum overtime allowed, and we have attendance control systems and processes to monitor overtime. We also promote additional benefits beyond those stipulated by law, designed to allow our employees to have a well-balanced work and personal life.

Freedom of association

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. We actively collaborate in collective bargaining processes and participate in periodic meetings with union heads, with different divisions, and with employees through one-on-one meetings.



Equal opportunity

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 gender, race, age, religion, or disabilities. 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 as well as professional guidance from their supervisors, department heads, or the human resources division.

Promoting diversity

At CEMEX Latam Holdings, we have decided to move beyond being a company that respects diversity to being one that actively promotes it across the organization. We prohibit any type of discrimination, including but not limited to race, creed, gender, social status, political affiliation, and age.

Competitive compensation

CEMEX Latam Holdings' compensation packages are based on the level of responsibility of the 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.

Child labor

We are committed to respecting and complying with regulations dealing with child labor in the countries where we operate. Among other assurances, we ask to see a government-issued ID as part of our selection and hiring process.

Employee communication

We sincerely encourage employee participation and we offer different options 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 consultative meetings.

Safe work environment

Our operations comply with local regulations and we offer cutting-edge health and safety programs. With this we strive to prevent, or at least minimize, risks associated with the workplace, and to create awareness among our suppliers, contractors, and other employees about safety practices and a healthy life inside and outside the workplace.

Forced labor

At CEMEX Latam Holdings we do not require anyone to perform tasks against their will. Our operations adhere to applicable laws in the countries where we operate. Our employees are free to leave the company at any time, and we never offer any benefit as leverage to force labor.

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 anticorruption. They annually submit their Communication on Progress (COP) to the Global Compact, demonstrating their strong commitment to adhering to these principles.





Our performance
in detail

INDEPENDENT AUDITOR'S REPORT OF THE AUDITED FINANCIAL STATEMENTS IN ACCORDANCE WITH INTERNATIONAL STANDARDS ON AUDITING

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

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, 2017, 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, 2017, and of its consolidated financial performance and 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 the 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.

EVALUATION OF GOODWILL

(See note 14B to the consolidated financial statements)

Key Audit Matter

The Group's statement of financial position includes a significant amount of goodwill from acquisitions made in prior years which, in accordance with the financial reporting framework, must be tested for impairment at least annually. 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 to make complex judgments and to maintain a high level of subjectivity in relation to matters such as long-term sales growth, the costs and operating margins projected in the different countries in which the Group operates, and the discount rates used to discount future cash flows, as well as comparisons of publicly available information such as cash flow multiples in recent market transactions.

How the Matter was Addressed in Our Audit

In our audit procedures we considered the consistency and appropriate distribution of goodwill among the different cash generating units (CGUs) and performed tests on the methodology used by the Group to calculate the recoverable amount of the goodwill in each CGU and, in particular, on the assumptions used to prepare the discounted cash flow models. Our valuation specialists were involved in this process. We compared the assumptions used by the Group in calculating the cash flows with information obtained from external sources on key matters such as discount rates and projected economic growth. Furthermore, we compared the assumptions used in the projections from prior years with the actual data, taking into account the potential risk of bias on the part of the Directors. We queried the results of the calculations and performed our own sensitivity analysis, including a potential reasonable reduction in growth rates and cash flows. We also assessed whether the Group's disclosures appropriately reflect the risks inherent in the valuation of goodwill, particularly with regard to the sensitivity of the impairment test result to changes in key assumptions, such as discount rates and growth rates.

LEGAL AND TAX CONTINGENCIES

(See notes 19D and 23 to the consolidated financial statements)

Key Audit Matter

The Group is involved in certain significant tax and legal processes.

Due to the different tax laws in force 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 in estimating the probability of the future outcome in each case and recognize a provision to cover any tax and legal contingencies they deem probable. We focused on this area due to its inherent complexity and the judgment necessary in estimating the amount and the probability in order to recognize the tax and legal provisions.

Other Matter

As indicated in note 2A to the accompanying consolidated financial statements, these consolidated financial statements have not been prepared pursuant to a legal requirement in Spain, but to comply with the reporting requirements of 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.

How the Matter was Addressed in Our Audit

We assessed the reasonableness of any provisions recognized for uncertain tax positions and for legal contingencies, primarily regarding cases in Colombia, Costa Rica and Panama.

We discussed the status of each significant case with management and with the Group's internal legal counsel, and we performed a critical evaluation of their replies. We also obtained written replies from the Group's legal counsel where necessary, with their opinions on significant exposures and any related litigation.

With regard to tax matters, we met with the managers of the Group's tax department to review their evaluation of significant tax 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 help us conclude on the reasonableness of these aspects.

We assessed whether the Group's disclosures on tax and legal contingencies provide sufficient information to the readers of the consolidated financial statements regarding the importance of these cases.

Directors' and Audit Committee's Responsibility for the Consolidated Financial Statements

The Company's Directors are responsible for the preparation of the accompanying 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 they 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 relevant 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.

(Signed on original in Spanish)

David Hernanz Sayans
February 19, 2018

KPMG Auditores, S.L.
Paseo de la Castellana, 259 C
28046 Madrid

FINANCIAL STATEMENTS

CEMEX LATAM HOLDINGS, S.A. AND SUBSIDIARIES Consolidated Income Statements (Thousands of U.S. Dollars)

		Years ended December 31,	
		2017	2016
Revenues	20,3	\$ 1,242,897	1,315,326
Cost of sales	2Q	(706,777)	(676,860)
Gross profit		536,120	638,466
Administrative and selling expenses	2Q	(203,725)	(202,367)
Distribution expenses	2Q	(101,559)	(93,633)
		(305,284)	(296,000)
Operating earnings before other expenses, net		230,836	342,466
Other expenses, net	3,5	(79,347)	(30,219)
Operating earnings		151,489	312,247
Financial expense	3	(63,290)	(63,701)
Financial income and other items, net	3,6	(3,180)	(3,492)
Foreign exchange results		(1,286)	3,008
Earnings before income tax		83,733	248,062
Income tax	19A	(37,322)	(107,793)
CONSOLIDATED NET INCOME		46,411	140,269
Non-controlling interest net income		316	500
CONTROLLING INTEREST NET INCOME		46,095	139,769
BASIC EARNINGS PER SHARE	21	\$ 0.08	0.25
DILUTED EARNINGS PER SHARE	21	\$ 0.08	0.25

CEMEX LATAM HOLDINGS, S.A. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
 (Thousands of U.S. Dollars)

CONSOLIDATED NET INCOME

Items that will not be reclassified subsequently to the income statement:

Remeasurements of the defined benefits obligation

Items that will be reclassified subsequently to the income statement when specific conditions are met

Currency translation effects of foreign subsidiaries

Total items of comprehensive income for the period

CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD

Non-controlling interest comprehensive income

CONTROLLING INTEREST COMPREHENSIVE INCOME FOR THE PERIOD

Notes	Years ended December 31,	
	2017	2016
	\$ 46,411	140,269
18	(2,985)	(1,662)
2D	24,549	16,041
	21,564	14,379
	67,975	154,648
	316	500
	\$ 67,659	154,148

The accompanying notes are part of these consolidated financial statements.

CEMEX LATAM HOLDINGS, S.A. AND SUBSIDIARIES
Consolidated Statements of Financial Position
(Thousands of U.S. Dollars)

		Years ended December 31,	
		2017	2016
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	\$ 45,154	44,907
Trade accounts receivable, net	8	115,475	100,344
Accounts receivable from related parties	9	9,647	4,484
Other accounts receivable	10A	14,834	16,854
Prepaid taxes		33,757	11,940
Inventories, net	11	82,675	71,595
Other current assets	12	25,745	11,247
Total current assets		327,287	261,371
NON-CURRENT ASSETS			
Other investments and non-current accounts receivable	10B	10,319	13,186
Property, machinery and equipment, net	13	1,250,521	1,236,150
Goodwill, intangible assets and deferred assets, net	14	1,694,998	1,773,548
Deferred income taxes assets	19B	10,864	10,391
Total non-current assets		2,966,702	3,033,275
TOTAL ASSETS		\$ 3,293,989	3,294,646
CURRENT LIABILITIES			
Short-term debt	15A	\$ 17,523	24,050
Trade payables		165,969	151,447
Accounts payable to related parties	9	358,134	171,054

The accompanying notes are part of these consolidated financial statements.

CEMEX LATAM HOLDINGS, S.A. AND SUBSIDIARIES
Consolidated Statements of Financial Position
(Thousands of U.S. Dollars)

		Years ended December 31,	
		2017	2016
	Notes		
Taxes payable		31,341	41,493
Other accounts payable and accrued expenses	16	109,870	69,819
Total current liabilities		682,837	457,863
NON-CURRENT LIABILITIES			
Long-term debt	15A	–	529
Long-term accounts payable to related parties	9	584,684	820,294
Employee benefits	18	40,415	38,401
Deferred income taxes liabilities	19B	427,382	487,922
Other non-current liabilities	16	15,626	15,726
Total non-current liabilities		1,068,107	1,362,872
TOTAL LIABILITIES		1,750,944	1,820,735
STOCKHOLDERS' EQUITY			
Controlling interest			
Common stock and additional paid-in capital	20A	1,467,987	1,466,818
Other equity reserves	20B	(838,603)	(860,376)
Retained earnings	20C	862,656	722,887
Net income		46,095	139,769
Total controlling interest		1,538,135	1,469,098
Non-controlling interest	20E	4,910	4,813
TOTAL STOCKHOLDERS' EQUITY		1,543,045	1,473,911
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		\$ 3,293,989	3,294,646

CEMEX LATAM HOLDINGS, S.A. AND SUBSIDIARIES
 Consolidated Statements of Cash Flows
 (Thousands of U.S. Dollars)

		Years ended December 31,	
	Notes	2017	2016
OPERATING ACTIVITIES			
Consolidated net income		\$ 46,411	140,269
Non-cash items:			
Depreciation and amortization of assets	4	79,491	81,184
Provisions and others non-cash expenses	8, 11	983	(668)
Financial expense, financial income and foreign exchange results		67,756	64,185
Income taxes	19	37,322	107,793
Loss on the sale of fixed assets	5	4,029	1,108
Impairment losses	5	46,749	21,872
Changes in working capital, excluding income taxes		7,841	38,222
Net cash flow provided by operating activities before interest and income taxes		290,582	453,965
Financial expense paid in cash		(43,686)	(66,399)
Income taxes paid in cash		(100,457)	(99,865)
Net cash flows provided by operating activities		146,439	287,701
INVESTING ACTIVITIES			
Property, machinery and equipment, net	13	(68,312)	(187,408)
Financial expenses (income)	6	234	(934)
Intangible assets and other deferred charges		20	1,826
Long term assets and others, net	10B	3,339	(124)
Net cash flows used in investing activities		(64,719)	(186,640)
FINANCING ACTIVITIES			
Related parties debt payments	9	(713,522)	(1,150,966)
Loans with related parties		654,728	1,043,326

CEMEX LATAM HOLDINGS, S.A. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
 (Thousands of U.S. Dollars)

Loans (repayments), net

Non-current liabilities, net

Net cash flows used in financing activities

Increase (decrease) in cash and cash equivalents

Cash conversion effect, net

Cash and cash equivalents at beginning of the period

CASH AND CASH EQUIVALENTS AT END OF THE PERIOD

Changes in working capital, excluding income taxes:

Trade receivables, net

Other accounts receivable and other assets

Inventories

Trade payables

Short-term related parties, net

Other accounts payable and accrued expenses

Changes in working capital, excluding income taxes

		Years ended December 31,	
Notes		2017	2016
		(7,095)	(3,400)
		(15,361)	221
		(81,250)	(110,819)
		470	(9,758)
		(223)	1,030
		44,907	53,635
7	\$	45,154	44,907
	\$	(15,956)	(8,812)
		(14,919)	(6,536)
		(11,238)	15,243
		14,522	31,172
		(3,012)	10,040
		38,444	(2,885)
	\$	7,841	38,222

CEMEX LATAM HOLDINGS, S.A. AND SUBSIDIARIES
Consolidated Statements of Changes in Stockholders' Equity as of December 31, 2017 and 2016
 (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, 2015		\$ 718,124	746,862	(876,387)	722,887	1,311,486	5,329	1,316,815
Net income for the period		–	–	–	139,769	139,769	500	140,269
Total other items of comprehensive income for the period		–	–	14,379	–	14,379	–	14,379
Changes in non-controlling interest	20E	–	–	–	–	–	(1,016)	(1,016)
Stock-based compensation	20D	–	1,832	1,632	–	3,464	–	3,464
Balance as of December 31, 2016		\$ 718,124	748,694	(860,376)	862,656	1,469,098	4,813	1,473,911
Net income for the period		–	–	–	46,095	46,095	316	46,411
Total other items of comprehensive income for the period		–	–	21,564	–	21,564	–	21,564
Changes in non-controlling interest	20E	–	–	–	–	–	(219)	(219)
Stock-based compensation	20D	–	1,169	209	–	1,378	–	1,378
BALANCE AS OF DECEMBER 31, 2017		\$ 718,124	749,863	(838,603)	908,751	1,538,135	4,910	1,543,045

Notes to the Consolidated Financial Statements

As of December 31, 2017 and 2016
(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, El Salvador and Brazil, 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 condensed financial statements was authorized by Management and the Board of Directors of the Parent Company on February 7, 2018, 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, 2017 and 2016 were prepared in accordance with International Financial Reporting Standards (“IFRS”) effective as of December 31, 2017, 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. In addition, the Board of Directors of the Parent Company will prepare the individual annual accounts for 2017, prepared in accordance with the applicable mercantile legislation in Spain and with the rules established by the Spanish General Accounting Standards, for their approval by the General Shareholders Meeting.

Presentation currency and definition of terms

The presentation currency of the consolidated financial statements is the Dollar of the United States of America ("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, 2017. 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, 2017 and 2016, as well as for the years ended December 31, 2017 and 2016 were determined using the closing and average exchange rates, as correspond, presented in the table of exchange rates included in note 2D.

When reference is made to "\$" or Dollar, it means the Dollar of the United States, when reference is made to "€" or Euros, it means the currency in circulation in a significant number of European Union ("EU") countries. When reference is made to "¢" or Colones, it means Colones of the Republic of Costa Rica ("Costa Rica"). When reference is made to "R\$" or Reals, it means Reals of the Federative Republic of Brazil ("Brazil"). When reference is made to "Col\$" or Pesos, it means Pesos of the Republic of Colombia ("Colombia"). When reference is made to "C\$" or Cordobas, it means Cordobas of the Republic of Nicaragua ("Nicaragua"). When reference is made to "Q\$" or Quetzals, it means Quetzals of the Republic of Guatemala ("Guatemala").

Income statements

CEMEX Latam includes the line item titled "Operating earnings before other expenses, net" considering that it is a relevant measure for CEMEX Latam's management as explained in note 3. Under IFRS, certain line items are regularly included in the income statements, such as net sales, operating costs and expenses and financial income and expense, among others. The inclusion of certain subtotals such as "Operating earnings before other expenses, net" and the display of the income statement vary significantly by industry and company according to specific needs.

The line item "Other expenses, net" in the consolidated income statements consists primarily of revenues and expenses not directly related to the Company's main activities, or which are of an unusual and/or non-recurring nature, such as the impairment of assets, taxes assumed, fines and other sanctions, results on disposal of assets, recoveries from insurance companies, as well as certain severance payments during restructuring processes, among others (note 5).

Statements of cash flows

For the years ended December 31, 2017 and 2016, 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:

- For the years ended December 31, 2017 and 2016, the increase in long-term accounts payable to related parties of \$30,849 and \$32,067, respectively, related to the capitalization of interest accrued on the debt with CEMEX companies.
- For the years ended December 31, 2017 and 2016, the net increase in other equity reserves of \$209 and \$1,632, respectively, and the increase in additional paid-in capital of \$1,169 in 2017 and \$1,832 in 2016, in connection with executive stock-based compensation (note 20D).

Going Concern

As of December 31, 2017, current liabilities, which include accounts payable to CEMEX companies of approximately \$358,134 (note 9), exceeded current assets in \$355,550. The Parent Company's Board of Directors has approved these consolidated financial statements as of December 31, 2017 under the principle of going concern, considering that the Company will generate sufficient cash flows to enable it to meet any liquidity risk in the short term. The Company's management considers that it would succeed in renegotiating on a long-term basis the maturity of some short-term payables to such CEMEX' companies in case it is deemed necessary. For the years ended December, 31, 2017 and 2016, CEMEX Latam generated net cash flows from operations, after interest expense and income taxes, of \$146,439 and \$287,701, respectively.

2B) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include those of CEMEX Latam Holdings, S.A. and those of the entities, including structured 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) holds directly or through subsidiaries, more than 50% of an entity's common stock; b) has the power, directly or indirectly, to govern the administrative, financial and operating policies of an entity, or c) is the primary receptor of the risks and rewards of an structured entity. Balances and operations between related parties are eliminated in consolidation. Each subsidiary is a stand-alone legally responsible 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.

2C) USE OF ESTIMATES AND MANAGEMENT JUDGMENT

The preparation of consolidated financial statement in accordance with IFRS requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of reporting, as well as the reported revenues and expenses of 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, impairment tests of long-lived assets, allowances for doubtful accounts and inventories, recognition of deferred income tax assets, as well as the measurement of financial instruments and the assets and liabilities related to employee benefits. Significant judgment by management is required to appropriately assess the amounts of these assets and liabilities.

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 (note 20B) until the disposal of the foreign net investment, at which time, the accumulated amount is recycled through the income statement as part of the gain or loss on disposal.

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 for the period as part of the foreign currency translation adjustment (note 20B) until the disposal of the net investment in the foreign subsidiary.

During the reported periods, there were no subsidiaries whose functional currency was the currency of a hyperinflationary economy, which is generally considered to exist when the cumulative inflation rate over the last three years is approaching, or exceeds, 100%. In a hyperinflationary economy, the accounts of the subsidiary's income statement shall be restated to constant amounts as of the reporting date, in which case, both the statement of financial position accounts and the income statement's accounts would be translated to Dollars at the closing exchange rates of the year.

Foreign currency transactions and translation of foreign currency financial statements – continued

The most significant closing exchange rates per U.S. Dollar as of December 31, 2017 and 2016 for statement of financial position and for income statements purposes, and the average exchange rates per U.S. are as follows:

Currency	2017		2016	
	Closing	Average	Closing	Average
Colombian Pesos	2,984.00	2,957.89	3,000.71	3,040.09
Costa Rican Colones	572.56	572.30	561.10	552.06
Nicaraguan Cordobas	30.79	30.11	29.32	28.68
Guatemalan Quetzals	7.34	7.35	7.52	7.60
Brazilian Reals	3.31	3.20	3.26	3.45

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" (note 7).

2F) FINANCIAL INSTRUMENTS

Beginning January 1, 2018, IFRS 9, *Financial Instruments: classification and measurement* is effective, (see note 2S). Until December 31, 2017, CEMEX Latam policy for the recognition of financial instruments is set forth below:

Trade accounts receivable and other current accounts receivable (notes 8 and 10A)

Instruments under these captions are classified as “loans and receivables” and are recorded at their amortized cost representing the net present value (“NPV”) of the consideration receivable or payable as of the transaction date. Due to their short-term nature, CEMEX Latam initially recognizes these receivables at the original invoiced amount less an estimate of doubtful accounts. Allowances for doubtful accounts as well as impairment of other current accounts receivable, are recognized against administrative and selling expenses.

Balances and transactions with related parties (note 9)

The Company discloses as related parties the balances and transactions between CEMEX Latam companies with CEMEX, in addition to people or entities that because of their relationship with CEMEX Latam may take advantage of these relationships having a benefit on their financial position and results of operations. These balances and transactions resulted primarily from: i) the sale and purchase of goods between group entities; ii) the invoicing of administrative services, rentals, trademarks and commercial name rights, royalties and other services rendered between group entities; and iii) loans between related parties. Transactions between related parties were conducted on arm’s length terms based on market prices and conditions.

Other investments and non-current receivables (note 10B)

As part of the category of “loans and receivables,” non-current accounts receivable, as well as investments classified as held to maturity are initially recognized at their amortized cost. Subsequent changes in NPV are recognized in the income statement as part of “Financial income and other items, net”.

Investments in financial instruments held for trading, as well as those investments available for sale, are recognized at their estimated fair value, in the first case through the income statement as part of “Financial income and other items, net,” and in the second case, changes in valuation are recognized as part of “Other comprehensive income for the period” within “Other equity reserves” until their time of disposition, when all valuation effects accrued in equity are reclassified to “Financial income and other items, net” in the income statement. These investments are tested for impairment upon the occurrence of a significant adverse change or at least once a year during the last quarter.

Debt (notes 15A)

Bank loans and notes payable are initially recognized at their fair value and subsequently recognized at its amortized cost. Interest accrued on financial instruments is recognized in the statement of financial position within "Other accounts payable and accrued expenses" against financial expense. During the reported periods, CEMEX Latam did not have financial liabilities voluntarily recognized at fair value or associated to fair value hedge strategies with derivative financial instruments. 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: a) that the relevant economic terms of the new instrument are not substantially different to the replaced instrument; and b) the proportion in which the final holders of the new instrument are the same of the replaced instrument, adjust the carrying amount of related debt are amortized as interest expense as part of the effective interest rate of each transaction 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 to the old instrument according to a qualitative and quantitative analysis, are recognized in the statements of operations within financial expense as incurred.

Finance leases (notes 15A and 22A)

Finance leases are recognized as financing liabilities against a corresponding fixed asset for the lesser between the market value of the leased asset and the net present value of future minimum lease payments, using the contract's implicit interest rate to the extent available, or the incremental borrowing cost. Among other elements, the main factors that determine a finance lease are: a) ownership title of the asset is transferred to CEMEX Latam at the expiration of the contract; b) CEMEX Latam has a bargain purchase option to acquire the asset at the end of the lease term; c) the lease term covers the majority of the useful life of the asset; and/or d) the net present value of minimum payments represents substantially all the fair value of the related asset at the beginning of the lease.

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 is no market and/or market participants willing to make a market, the IFRS establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- **Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that CEMEX Latam has the ability to access at the measurement date. A quote price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available.**
- **Level 2 inputs are inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly, and are used mainly to determine the fair value of securities, investments or loans that are not actively traded. Level 2 inputs included equity prices, certain interest rates and yield curves, implied volatility, credit spreads and other market corroborated inputs, including inputs extrapolated from other observable inputs. In the absence of Level 1 inputs CEMEX Latam determined fair values by iteration of the applicable Level 2 inputs, the number of securities and/or the other relevant terms of the contract, as applicable.**

- **Level 3 inputs are unobservable inputs for the asset or liability.** CEMEX Latam used unobservable inputs to determine fair values, to the extent there are no Level 1 or Level 2 inputs, in valuation models such as Black-Scholes, binomial, discounted cash flows or multiples of Operative EBITDA, including risk assumptions consistent with what market participants would use to arrive at fair value.

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 (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, 2017, the average useful lives by category of fixed assets are as follows:

	Years
Administrative buildings	35
Industrial buildings	33
Machinery and equipment	18
Ready-mix trucks and motor vehicles	8
Office equipment and other assets	6

The Company capitalizes, as part of the historical cost of fixed assets, interest expense arising from existing debt during the construction or installation period of significant fixed assets, considering the Company's corporate average interest rate and the average balance of investments in process for the period.

Stripping costs in the production phase surface mine, the costs of waste removal or stripping costs that are incurred in a quarry during the production, and result in better access to mineral reserves are recognized as part of the carrying amount of the related quarries. Capitalized amounts are amortized over the estimated exposed materials based on a unit of production life.

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 on fixed assets is expensed as incurred. Advances to suppliers of fixed assets are presented as part of other long-term accounts receivable.

The depreciation methods, useful lives and residual values of property, machinery and equipment are reviewed at each reporting date and adjusted if appropriate.

2I) BUSSINES COMBINATIONS, GOODWILL, INTANGIBLE ASSETS AND DEFERRED 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 5).

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, 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.

As of December 31, 2017, the Company's rights and licenses, clients' relationships and other intangible assets are 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, intangible assets of definite life and other investments

Property, machinery and equipment, intangible assets and investments 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 income (expenses), 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.

Impairment of long lived assets – continued

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. The Company determines 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 such CGUs to which goodwill was allocated, which are generally determined over periods of 5 years. However, in specific circumstances, when the Company considers that actual results for a CGU do not fairly reflect historical performance and most external economic variables provide confidence that a reasonably determinable improvement in the mid-term is expected in their operating results, management uses cash flow projections over a period of up to 10 years, to the point in which future expected average performance resembles the historical average performance, to the extent the Company has detailed, explicit and reliable financial forecasts and is confident and can demonstrate its ability, based on past experience, to forecast cash flows accurately over that longer period. 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, 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 geographic operating segments reported by the Company (note 3), 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. 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. The amounts of estimated undiscounted cash flows are significantly sensitive to the growth rate in perpetuity applied. Likewise, the amounts of discounted estimated future

cash flows are significantly sensitive to the weighted average cost of capital (discount rate) applied. The higher the growth rate in perpetuity applied, the higher the amount of undiscounted future cash flows by group of CGUs obtained. Conversely, the higher the discount rate applied, the lower the amount of discounted estimated future cash flows related.

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 the restructuring 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 ongoing 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

Considering that there is no defined benefit plan for active employees, CEMEX Latam recognizes the costs associated with employee benefits paid under the current plan 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 actuarial assumptions and actual 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, 2017 and 2016 there are no defined contribution 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. Likewise, 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 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.

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 included in its income tax returns in each country where the Company believes, based on available evidence, that the tax authorities would not reject such tax loss carryforwards; and the likelihood of the recoverability of such tax loss carryforwards prior to their expiration through an analysis of estimated future taxable income. If the Company believes that it is probable that the tax authorities would reject a self-determined deferred tax asset, it would decrease such asset. Likewise, if the Company believes that it would not be able to use a tax loss carryforward before its expiration or any other deferred tax asset, the Company would not recognize such deferred tax 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 takes into consideration 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, etc.

Likewise, every reporting period, are analyzes its actual results versus the estimates, and adjusts, as necessary, its tax asset valuations. If actual results vary from estimates, the deferred tax asset and/or valuations may be affected and necessary adjustments will be made based on relevant information any adjustments recorded will affect the Company statements of operations in such period. The income tax effects from an uncertain tax position are recognized when 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, and they are measured using a cumulative probability model. Each position has been considered on its own, regardless of its relation to any other broader tax settlement. The high probability threshold represents a positive assertion by management that CEMEX Latam 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 statements of operations.

The tax amounts and deferred income included in the statements of income for the period are highly variable, and are subject among other factors, to the determined taxable income in each jurisdiction in which CEMEX operates Latam. The amounts of taxable income depend on factors such as volumes and selling prices, costs and expenses, fluctuations in exchange rates and interest on debt, among others, as well as 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)

These items represent the value of stockholders' contributions, and include the recognition of executive compensation programs in CPOs.

Other equity reserves (note 20B)

This caption groups the cumulative effects of items and transactions that are, temporarily or permanently, recognized directly to stockholders' equity, and includes the elements presented in the statements of comprehensive income which reflects in the stockholders' equity, net in the period that do not result from investments by owners and distributions to owners. 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, as applicable, of the dividends declared to stockholders.

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

Beginning January 1, 2018, IFRS 15, Revenue from contracts with customers is effective, see note 2S. Until December 31, 2017, CEMEX's policy for revenue recognition is set forth below:

The Company's consolidated net sales represent the value, before tax on sales, of revenues originated by products and services sold by consolidated entities as a result of their ordinary activities, after the elimination of transactions between consolidated entities, and are quantified at the fair value of the consideration received or receivable, decreased by any trade discounts or volume rebates granted to customers.

Revenue from the sale of goods and services is recognized when goods are delivered or services are rendered to customers, there is no condition or uncertainty implying a reversal thereof, and they have assumed the risk of loss.

Revenue recognition - continued

Revenues and costs associated with construction contracts are recognized in the period in which the work is performed by reference to the stage of completion of the contract activity at the end of the period, considering that: a) each party's enforceable rights regarding the asset to be constructed; b) the consideration to be exchanged; c) the manner and terms of settlement; d) actual costs incurred and contract costs required to complete the asset are effectively controlled; and e) it is probable that the economic benefits associated with the contract will flow to the Company.

The percentage of completion of construction contracts represents the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs or the surveys of work performed or the physical proportion of the contract work completed, whichever better reflects the percentage of completion under the specific circumstances. Progress payments and advances received from customers do not reflect the work performed and are recognized as a short or long term advanced payments, as appropriate.

2P) EXECUTIVE STOCK-BASED COMPENSATION (note 20D)

The compensation programs granted to the Company's executives based on CEMEX, S.A.B de C.V. and CEMEX Latam Holdings S.A. are treated as equity instruments, considering that services received from such employees are settled delivering shares. 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, 2017 and 2016, 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 EFFECTIVE

There are a number of IFRS issued as of the date of issuance of these financial statements but which have not yet been adopted.

IFRS 9, Financial Instruments: classification and measurement ("IFRS 9")

IFRS 9 sets forth the guidance relating to the classification and measurement of financial assets and liabilities, the accounting for expected credit losses of financial assets and commitments to extend credits, as well as the requirements for hedge accounting; and will replace IAS 39, *Financial instruments: recognition and measurement* ("IAS 39"). IFRS 9 is effective beginning January 1, 2018. Among other aspects, IFRS 9 changes the classification categories for financial assets under IAS 39 of: 1) held to maturity; 2) loans and receivables; 3) fair value through the income statement; and 4) available for sale; and replaces them with categories that reflect the measurement method, the contractual cash flow characteristics and the entity's business model for managing the financial asset: 1) amortized cost, that will significantly comprise IAS39 held to maturity and loans and receivables categories; 2) fair value through other comprehensive income, similar to IAS 39 held to maturity category; and 3) fair value through the income statement with the same IAS 39 definitions. The adoption of such classification categories under IFRS 9 will not have any significant effect on CEMEX Latam operating results, financial situation and compliance of contractual obligations (financial restrictions).

In addition, under the new impairment model based on expected credit losses, impairment losses for the entire lifetime of financial assets, including trade accounts receivable, are recognized on initial recognition, and at each subsequent reporting period, even in the absence of a credit event or if the loss has not yet been incurred, considering for their measurement past events and current conditions, as well as reasonable and supportable forecasts affecting collectability. Changes in the allowance for doubtful accounts under the new expected credit loss model upon adoption of IFRS 9 on January 1, 2018 will be recognized through equity.

In this regard, CEMEX Latam developed an expected credit loss model applicable to its trade accounts receivable that considers the historical performance, as well as the credit risk and expected developments for each group of customers, ready for the prospective adoption of IFRS 9 on January 1, 2018. The preliminary effects for adoption of IFRS 9 on January 1, 2018 related to the new expected credit loss model which do represent any significant impact on CEMEX Latam operating results, financial situation and compliance of contractual obligations (financial restrictions), represent an estimated increase in the allowance for doubtful accounts as of December 31, 2017 of \$853 that will be recognized against equity.

In connection with hedge accounting under IFRS 9, among other changes, there is a relief for entities in performing: a) the retrospective effectiveness test at inception of the hedging relationship; and b) the requirement to maintain a prospective effectiveness ratio between 0.8 and 1.25 at each reporting date for purposes of sustaining the hedging designation, both requirements of IAS 39. Under IFRS 9, a hedging relationship can be established to the extent the entity considers, based on the analysis of the overall characteristics of the hedging and hedged items, that the hedge will be highly effective in the future and the hedge relationship at inception is aligned with the entity's reported risk management strategy. Nonetheless, IFRS 9 maintains the same hedging accounting categories of cash flow hedge, fair value hedge and hedge of a net investment established in IAS 39, as well as the requirement of recognizing the ineffective portion of a cash flow hedge immediately in the income statement. CEMEX Latam does not expect any significant effect from the adoption of the new hedge accounting rules under IFRS 9 beginning January 1, 2018.

IFRS 15, *Revenues from contracts with customers* ("IFRS 15")

Under IFRS 15, an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, following a five step model: Step 1: Identify the contract(s) with a customer (agreement that creates enforceable rights and obligations); Step 2: Identify the different performance obligations (promises) in the contract and account for those separately; Step 3: Determine the transaction price (amount of consideration an entity expects to be entitled in exchange for transferring promised goods or services); Step 4: Allocate the transaction price to each performance obligation based on the relative stand-alone selling prices of each distinct good or service; and Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation by transferring control of a promised good or service to the customer. A performance obligation may be satisfied at a point in time (typically for the sale of goods) or over time (typically for the sale of services and construction contracts). IFRS 15 also includes disclosure requirements to provide comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. IFRS 15 is effective on January 1, 2018 and will supersede all existing guidance on revenue recognition. Beginning January 1, 2018, CEMEX Latam will adopt IFRS 15 using the full retrospective approach, which represents the restatement of the financial statements of prior years.

CEMEX Latam started in 2015 the evaluation of the impacts of IFRS 15 on the accounting and disclosures of its revenues. As of December 31, 2017, CEMEX Latam has analyzed its contracts with customers in all the countries in which it operates in order to review the different performance obligations and other promises (discounts, loyalty programs, rebates, etc.) included in such contracts, among other aspects, aimed to determine the differences in the accounting recognition of revenue with respect to current IFRS and concluded the theoretical assessment. In addition, key personnel were trained in the new standard with the support of external experts and an online training course was implemented. Moreover, CEMEX Latam also concluded the quantification of the adjustments that are necessary to present prior year's information under IFRS 15 beginning in 2018 and has implemented the necessary changes in business processes to generate information under IFRS 15 beginning in 2018. The adjustments determined in CEMEX Latam revenue recognition will not generate any material impact on CEMEX Latam operating results, financial situation and compliance of contractual obligations (financial restrictions).

Among other minor effects, the main changes under IFRS 15 as they apply to CEMEX Latam refer to: a) several reclassifications that are required to comply with IFRS 15 new accounts in the statement of financial position aimed to recognize contract assets (costs to obtain a contract) and contract liabilities (deferred revenue for promises not yet fulfilled); b) rebates and/or discounts offered to customers in a sale transaction that are redeemable by the customer in a subsequent purchase transaction, are considered separate performance obligations, rather than future costs, and a portion of the sale price of such transaction allocated to these promises should be deferred to revenue until the promise is redeemed or expires; and c) awards (points) offer to customers through their purchases under loyalty programs that are later redeemable for goods or services, also represent separate performance obligations, rather than future costs, and a portion of the sale price of such transactions allocated to these points should be deferred to revenue until the points are redeemed or expire. The adjustments and reclassifications determined in the recognition of revenues of CEMEX Latam do not represent any significant impact in the results of operations, financial situation and compliance with contractual obligations (financial restrictions).

IFRS 16, *Leases* (“IFRS 16”)

IFRS 16 defines leases as any contract or part of a contract that conveys to the lessee the right to use an asset for a period of time in exchange for consideration and the lessee directs the use of the identified asset throughout that period. In summary, IFRS 16 introduces a single lessee accounting model, and requires a lessee to recognize, for all leases with a term of more than 12 months, unless the underlying asset is of low value, assets for the right-of-use the underlying asset against a corresponding financial liability, representing the NPV of estimated lease payments under the contract, with a single income statement model in which a lessee recognizes amortization of the right-of-use asset and interest on the lease liability. A lessee shall present either in the statement of financial position, or disclose in the notes, right-of-use assets separately from other assets, as well as, lease liabilities separately from other liabilities. IFRS 16 is effective beginning January 1, 2019 and will supersede all current standards and interpretations related to lease accounting.

As of December 31, 2017, CEMEX Latam has concluded an assessment of its main outstanding lease contracts and other contracts that may have embedded the use of an asset, in order to inventory the most relevant characteristics of such contracts (types of assets, committed payments, maturity dates, renewal clauses, etc.). During the first quarter of 2018, CEMEX Latam expects to define its future policy under IFRS 16 in connection with the exception for short-term leases and low-value assets, in order to set the basis and be able to quantify the required adjustments for the proper recognition of the assets for the “right-of-use” and the corresponding financial liabilities, aiming to adopt IFRS 16 on January 1, 2019. CEMEX Latam plans preliminarily the adoption IFRS 16 retrospectively to the extent such adoption is practicable. which implies that the right-of-use assets and the corresponding liabilities will be quantified using the interest rates and economic assumptions as of January 1, 2017 and the financial statements of previous years will be restated. Based on its assessment as of the reporting date, CEMEX Latam considers that upon the adoption of IFRS 16, most of its outstanding operating leases will be recognized in the statement of financial position, significantly increasing assets and liabilities, as well as amortization and interest, without any significant initial effect on net assets.

IFRIC 23, *Uncertainty over income tax treatments* (“IFRIC 23”)

IFRIC 23 clarifies the accounting for uncertainties in income taxes. Among other aspects, when an entity concludes that it is not probable that a particular tax treatment is accepted, the entity has to use the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The decision should be based on which method provides better predictions of the resolution of the uncertainty. IFRIC 23 is effective beginning January 1, 2019. Considering CEMEX Latam current policy for uncertain tax positions (note 19D) CEMEX Latam does not expect any significant effect from the adoption of IFRIC 23.

3) SELECTED FINANCIAL INFORMATION BY GEOGRAPHIC OPERATING SEGMENTS

The operating Segments, are defined as the components of an entity 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 make decisions about resources to be allocated to the segments and assess their performance, and for which discrete financial information is available.

The Company's operations had been previously managed by a regional president who supervised and was responsible for all the business activities in the countries comprising the region. These activities refer to the production, distribution, marketing and sale of cement, ready-mix concrete, aggregates and other construction materials, the allocation of resources and the review of their performance and operating results. The country manager, who is one level below the regional president in the organizational structure, reports the performance and operating results of its country to the regional president, including all the operating sectors. The Company's top management internally evaluates the results and performance of each country for decision-making purposes and allocation of resources, following a vertical integration approach considering: a) that the operating components that comprise the reported segment have similar economic characteristics; b) that the reported segments are used by the Company to organize and evaluate its activities in its internal information system; c) the homogeneous nature of the items produced and traded in each operative component, which are all used by the construction industry; d) the vertical integration in the value chain of the products comprising each component; e) the type of clients, which are substantially similar in all components; f) the operative integration among components; and g) that the compensation system of a specific country is based on the consolidated results of the geographic segment and not on the particular results of the components. According to this approach, in the Company's daily operations, management allocates economic resources and evaluates operating results on a country basis rather than on an operating component basis.

Considering the financial information that is regularly reviewed by the Company's top management, each of the countries in which the Company operates represents reportable operating segments. However, for disclosure purposes in the notes to the financial statements, considering similar regional and economic characteristics and/or the fact that certain countries do not exceed the materiality thresholds included reported separately, such countries have been aggregated and presented as single line items as follows "Rest of CLH" is mainly comprised of: a) operations in Guatemala, Nicaragua, El Salvador and Brazil. While the segment "Others" refers to the Parent Company, including the corporate offices of the Company in Spain and research and development offices in Switzerland corresponding to CEMEX Latam Holdings S.A. and Swiss Branch Brugg, branch of the Parent Company (the "branch") established on August 1th, 2012, as well as adjustments and eliminations resulting from consolidation. The main indicator used by the Company management to evaluate the performance of each country is "Operating EBITDA", representing operating earnings before other expenses, net, plus depreciation and amortization, considering that such amount represents a relevant measure for the Company management as an indicator of the ability to internally fund capital expenditures, as well as a widely accepted financial indicator to measure the Company ability to service or incur debt. Operating EBITDA should not be considered as an indicator of the Company financial performance, as an alternative to cash flow, as a measure of liquidity, or as being comparable to other similarly titled measures of other companies. This indicator, which is presented in the selected financial information by geographic operating segment, is consistent with the information used by the Company's management for decision-making purposes. The accounting policies applied to determine the financial information by geographic operating segment are consistent with those described in note 2. The Company recognizes sales and other transactions between related parties based on market values.

Selected financial information by geographic operating segments - continued

Selected consolidated income statements' information by geographic operating segments for the years ended December 31, 2017 and 2016 are as follow:

2017	Net Sales (including related parties)	Less: Related parties	Net Sales	Operating EBITDA	Less: Depreciation and amortization	Operating earnings before other expenses, net	Other expenses, net	Financial expenses	Financial income and other items, net
Colombia	\$ 565,649	(4)	565,645	112,774	(26,108)	86,666	(32,497)	(20,007)	(1,499)
Panama	266,273	(192)	266,081	108,444	(17,525)	90,919	2,200	(7,745)	972
Costa Rica	148,855	(20,061)	128,794	53,102	(5,216)	47,886	912	(272)	866
Rest of CLH	285,559	(3,182)	282,377	84,756	(6,038)	78,718	240	(2,085)	1,882
Others	–	–	–	(48,749)	(24,604)	(73,353)	(50,202)	(33,181)	(5,401)
TOTAL	\$ 1,266,336	(23,439)	1,242,897	310,327	(79,491)	230,836	(79,347)	(63,290)	(3,180)
2016	Net Sales (including related parties)	Less: Related parties	Net Sales	Operating EBITDA	Less: Depreciation and amortization	Operating earnings before other expenses, net	Other expenses, net	Financial expenses	Financial income and other items, net
Colombia	\$ 665,154	(82)	665,072	213,836	(26,368)	187,468	(28,378)	(14,334)	(1,417)
Panama	256,301	–	256,301	116,053	(17,963)	98,090	(380)	(8,071)	1,074
Costa Rica	151,370	(18,842)	132,528	60,646	(6,200)	54,446	(886)	(569)	207
Rest of CLH	263,386	(1,961)	261,425	84,398	(5,506)	78,892	(595)	(2,903)	832
Others	–	–	–	(51,283)	(25,147)	(76,430)	20	(37,824)	(4,188)
TOTAL	\$ 1,336,211	(20,885)	1,315,326	423,650	(81,184)	342,466	(30,219)	(63,701)	(3,492)

Selected financial information by geographic operating segments - continued

Net sales by product and geographic operating segments for the years ended December 31, 2017 and 2016 are as follows:

2017		Cement	Concrete	Aggregates	Other products	Others	Net sales
Colombia	\$	293,905	204,275	11,267	56,202	(4)	565,645
Panama		161,840	87,618	3,955	12,860	(192)	266,081
Costa Rica		99,175	14,505	17,868	17,307	(20,061)	128,794
Rest of CLH		240,950	22,969	5,566	16,074	(3,182)	282,377
TOTAL	\$	795,870	329,367	38,656	102,443	(23,439)	1,242,897

2016		Cement	Concrete	Aggregates	Other products	Others	Net sales
Colombia	\$	375,094	232,903	13,166	43,991	(82)	665,072
Panama		163,812	81,488	3,531	7,470	–	256,301
Costa Rica		97,045	15,596	22,429	16,300	(18,842)	132,528
Rest of CLH		228,282	17,866	2,174	15,064	(1,961)	261,425
TOTAL	\$	864,233	347,853	41,300	82,825	(20,885)	1,315,326

Selected financial information by geographic operating segments - continued

As of December 31, 2017 and 2016, selected consolidated Statements of Financial Position' information by geographic segments is as follows:

2017	Total Assets	Total Liabilities	Net assets by segment	Capital expenditures
Colombia	\$ 2,047,992	807,795	1,240,197	62,287
Panama	379,984	238,737	141,247	8,123
Costa Rica	139,011	38,474	100,537	2,298
Rest of CLH	135,806	119,322	16,484	7,826
Others	591,196	546,616	44,580	–
TOTAL	\$ 3,293,989	1,750,944	1,543,045	80,534

2016	Total Assets	Total Liabilities	Net assets by segment	Capital expenditures
Colombia	\$ 1,950,645	727,369	1,223,276	175,909
Panama	390,777	231,133	159,644	6,699
Costa Rica	116,186	37,458	78,728	3,661
Rest of CLH	186,457	175,620	10,837	9,873
Others	650,581	649,155	1,426	–
TOTAL	\$ 3,294,646	1,820,735	1,473,911	196,142

4) DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense for the years ended December 31, 2017 and 2016 is detailed as follows:

	2017	2016
Depreciation and amortization expense of assets used in the production process	\$ 53,640	55,535
Depreciation and amortization expense of assets used in administrative and selling activities	25,851	25,649
	\$ 79,491	81,184

5) OTHER EXPENSES, NET

Other expenses detail net, in 2017 and 2016 is as follows:

	2017	2016
Impairment losses ¹	\$ (46,749)	(21,872)
Assumed taxes, fines, and other penalties ²	(29,897)	(2,321)
Severance payments for reorganization and other personnel costs	(2,829)	(3,549)
Damages recoveries	36	144
Results from valuation the sale of assets, sale of scrap and other products and non-operating expenses, net	92	(2,621)
	\$ (79,347)	(30,219)

¹ In 2017, as a result of impairment evaluations and considering various unfavorable factors in Brazil, the Company recognized impairment losses in that country related to the operating license for an amount of \$44,959 (\$26,659 after income taxes), see notes 14A and 14B, as well as impairment losses associated with the Chiriquí mill in Panama for \$1,790 (note 13). In 2016, the line item impairment losses includes the write off of certain assets related with the Maceo project, Antioquia province in Colombia for approximately \$14,257, as described in notes 13 and 23A, and impairment losses of \$7,615 associated with the close in the short term of a cement mill in Colombia.

² In 2017, mainly refers to an expense in Colombian Pesos equivalent to approximately \$24,722 related to a received fine from the Superintendence of Industry and Commerce in Colombia associated with a market research procedure (note 23A).

6) FINANCIAL INCOME AND OTHER ITEMS, NET

Financial income and other items, net in 2017 and 2016 are as follows:

	2017	2016
Interest cost on employee benefits	\$ (3,414)	(2,558)
Financial income	234	(934)
	\$ (3,180)	(3,492)

7) CASH AND CASH EQUIVALENTS

Consolidated cash and cash equivalents as of December 31, 2017 and 2016 are as follows:

	2017	2016
Cash and bank accounts	\$ 28,105	39,099
Fixed-income securities and other cash equivalents	17,049	5,808
	\$ 45,154	44,907

8) TRADE ACCOUNTS RECEIVABLE

Consolidated trade accounts receivable as of December 31, 2017 and 2016 are detailed as follows:

	2017	2016
Trade accounts receivable	\$ 122,033	106,077
Allowances for doubtful accounts	(6,558)	(5,733)
	\$ 115,475	100,344

Allowances for doubtful accounts were established until December 31, 2017 based on an incurred loss model according to the credit history and risk profile of each customer. Changes in the valuation of this caption for the years ended December 31, 2017 and 2016 consists of:

	2017	2016
Allowances for doubtful accounts at beginning of the period	\$ 5,733	5,697
Charged to selling expenses	1,859	2,087
Deductions	(1,034)	(2,051)
Allowances for doubtful accounts at end of the period	\$ 6,558	5,733

9) TRANSACTIONS WITH RELATED PARTIES

Balances receivable from and payable to related parties as of December 31, 2017 and 2016 are detailed as follows:

Short-term accounts receivable		2017	2016
CEMEX España, S.A	\$	4,871	2,534
CEMEX Research Group, AG		3,188	1,214
Mustang Re Limited		980	–
CEMEX, S.A.B. de C.V.		327	327
CEMEX Denmark ApS		96	–
New Sunward Holding B.V.		93	84
CEMEX Central, S.A. de C.V		53	257
Business Material Funding SL		15	15
CEMEX Dominicana, S.A.		12	36
CEMEX Holdings Inc.		10	10
Others		2	7
Total assets with related parties	\$	9,647	4,484

Transactions with related parties - continued

Short-term accounts receivable

	2017	2016
CEMEX España, S.A. ¹	\$ 194,484	7,694
New Sunward Holding B.V. ²	139,084	143,159
CEMEX Holdings Inc. ³	21,660	17,393
CEMEX Research Group, AG ⁴	1,181	857
CEMEX Central, S.A. de C.V.	534	599
CEMEX Internacional, S.A. de C.V.	531	705
Beijing Import & Export Co., Ltd	197	34
CEMEX México, S.A. de C.V	171	179
Fujur, S.A. de C.V.	120	205
Pro Ambiente, S.A. de C.V.	63	137
CEMEX Jamaica Limited	35	13
CEMEX Dominicana, S.A.	29	–
Latinamerican Trading S.A.	23	23
CEMEX Central Europe GmbH	12	–
CEMEX de Puerto Rico, Inc.	–	42
Others	10	14
	\$ 358,134	171,054

Transactions with related parties – continued

Long-term accounts payable

	2017	2016
New Sunward Holding B.V. ²	\$ 584,684	708,284
CEMEX España, S.A. ¹	–	112,010
	<u>\$ 584,684</u>	<u>820,294</u>
Total liabilities with related parties	<u>\$ 942,818</u>	<u>991,348</u>

¹ The balance of accounts payable relates to a loan negotiated by CEMEX Colombia with CEMEX España originally in October 2010, subsequently renegotiated, which is outstanding until December 28, 2018, bearing 6-month LIBOR rate plus 255 basis points and classified in the long term in December 2016. On May 4, 2017, CEMEX Colombia increased its revolving credit line with CEMEX España in \$60 million; proceeds used to settle obligations with other related parties and therefore did not increase the total debt with these related parties. On December 18, the line of credit increased by \$22 million.

² On February 24, 2017, before their maturity in 2018, the Parent Company and Corporación Cementera Latinoamericana S.L.U. (“CCL”) refinanced their respective debt with New Sunward Holding, B.V., extending their maturity until 2023 and modifying the applicable interest rate, according to market conditions at the date of renegotiation, which decreased from 7% to 5.65%. As a result of such modification in the credit agreements and considering the original remaining period and the difference in interest rates, the Parent Company and CCL incurred in renegotiation costs for \$3,867 and \$8,132, respectively. These costs are presented net of the debt balance and will be amortized to financial expense over the term of the debt. The balances as of December 31, 2017 and 2016, include: a) loan agreement and accrued interest negotiated by CCL of \$387,519 in 2017 and \$487,584 in 2016; b) loan agreement and accrued interest negotiated by the Parent Company of \$88,223 in 2017 and \$57,664 in 2016, as well as a revolving credit of \$115,951 in 2017 and \$175,969 in 2016; and c) loan agreement and accrued interest negotiated by Cemento Bayano, S.A. of \$132,075 in 2017 and \$130,226 in 2016.

³ The outstanding balances were generated mainly from imports of cement grey.

⁴ Royalties on technical assistance agreements, use of licenses and brands, software and administrative processes.

Transactions with related parties – continued

The maturities of non-current accounts payable as of December 31, 2017 are as follows:

Debtor	2023	Total
Corporación Cementera Latinoamericana, S.L.U. (5.65% annual)	\$ 384,203	384,203
CEMEX Latam Holdings, S.A. (5.65% annual)	200,481	200,481
	\$ 584,684	584,684

The Company's main transactions entered into with related parties for the years ended December 31, 2017 and 2016 are shown below:

Purchases of raw materials	2017	2016
CEMEX Holdings Inc	\$ 59,289	46,300
CEMEX Internacional, S.A. de C.V.	5,532	6,163
Beijing Import & Export Co., Ltd	32	–
CEMEX Trading, LLC	–	3,197
CEMEX España, S.A.	–	307
Others	–	3
	\$ 64,853	55,970

Transactions with related parties – continued

Administrative and sale expenses

	2017	2016
CEMEX Central, S.A. de C.V.	\$ 30	–
Neoris de México, S.A. de C.V.	5	14
CEMEX Research Group, AG	–	33
	\$ 35	47

Royalties and technical assistance (note 22B)

	2017	2016
CEMEX Research Group, AG.	\$ 40,272	37,234
CEMEX Central, S.A. de C.V.	16,375	21,116
CEMEX, S.A.B. de C.V.	5,495	7,415
	\$ 62,142	65,765

Financial expenses ¹

	2017	2016
New Sunward Holding B.V.	\$ 48,284	59,621
CEMEX España, S.A.	6,090	4,125
	\$ 54,374	63,746

¹ Out of the financial expense incurred with related parties during the twelve-month period ended December 31, 2016 for \$63,746, an amount of \$8,465 of financial expense accrued in such year still during the construction period of the Maceo plant (note 13), was charged and capitalized as part of the historical cost of the Maceo plant in compliance with applicable IFRS. During the same period in 2017, there was no capitalization of financial expense considering that the construction of the plant has been substantially completed.

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, CEMEX Latam Holdings has agreed to pay CEMEX (which includes CEMEX, S.A.B. de C.V., CEMEX Research Group, A.G. as well as CEMEX Central, 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, 2017 and 2016, the members of the Parent Company's Board of Directors, in fulfillment of their functions, accrued compensation for a total of approximately \$376 and \$260, respectively, including remuneration and annual allowances. During 2016, as a result of the extraordinary meetings of the members of the Board of Directors, the portion related to the annual allowances exceeded in approximately \$29 the limit established by the General Shareholders' Meeting as payment for this concept during the period. These expenses incurred in 2016, which in 2017 are part of retained earnings, were approved by the General Shareholders' Meeting celebrated in Madrid on June 29, 2017. The Company's directors have not received advances or loans and the Company has not provided guarantee or assumed obligations for such directors.

In addition, for the years ended December 31, 2017 and 2016, the aggregate compensation amounts accrued by members of the Company's top management were approximately \$6,628 and \$5,169, respectively. The following totals \$6,018 for 2017 and \$4,673 for 2016, correspond with remuneration base plus performance bonuses including pensions and other postretirement benefits. In addition, approximately \$610 in 2017 and \$495 in 2016 aggregate remuneration corresponded to allocations of shares to the executive compensation programs CEMEX and the Parent Company.

In its cement operations in Panama, which represented approximately 13% of the consolidated sales during the year ended December 31, 2017, the Company carries out transactions with Cemento Interoceánico, S.A (formerly Industrias Básicas, S.A.), competitor and local producer of cement, in market conditions and for not significant amounts. A subsidiary of CEMEX, S.A.B. de C.V. holds an ownership interest of 25% in the common stock of Cemento Interoceánico, S.A. During 2017, Cemento Interoceánico S.A. and Comercial Interoceánico, S.A., subsidiaries of Industrias Básicas, S.A. were merged and absorbed by this last entity, changing its legal name to Cemento Interoceánico, S.A.

10) OTHER ACCOUNTS RECEIVABLE

10A) OTHER CURRENT ACCOUNTS RECEIVABLE

Consolidated other accounts receivable as of December 31, 2017 and 2016 consisted of:

	2017	2016
Non-trade accounts receivable ¹	\$ 13,591	13,751
Loans to employees and others	1,243	1,110
Restricted cash ²	–	1,993
	\$ 14,834	16,854

¹As of December 31, 2017, includes the residual interest of CEMEX Colombia in a trust aimed at the promotion of housing projects, whose only asset is land in the municipality of Zipaquirá and its only liability is a bank credit of approximately \$7,176, guaranteed by CEMEX Colombia and obtained for the purchase of the land. The Company maintains this asset considering that the estimated fair value of the land in case of sale, determined by an external expert, covers the repayment of the debt. CEMEX Colombia actively seeks alternatives to transfer this project to a housing developer who acquires the assets of the trust and assume its obligations and/or the sale of the land with the consequent liquidation of the trust and repayment of the debt, as well as \$1,500 related to Zomam shares.

²In 2016, restricted cash corresponded to guaranty deposits made by CEMEX Colombia to Liberty Seguros, S.A.

10B) OTHER INVESTMENTS AND NON-CURRENT ACCOUNTS RECEIVABLE

Consolidated balances of other assets and non-current accounts receivable as of December 31, 2017 and 2016 are detailed as follows:

	2017	2016
Loans and notes receivable ¹	\$ 6,279	11,076
Guaranty deposits and recoverable VAT ²	3,666	1,736
Other non-current assets ³	374	374
	\$ 10,319	13,186

¹This line items mainly include: a) fund of CEMEX Panama to secure seniority premium payments as of December 31, 2017 and 2016 of \$2,649 and \$2,319, respectively; b) advance payments for the purchase of fixed assets of \$2,555 and \$4,551 as of December 31, 2017 and 2016, respectively c) accounts receivable from the sale of land of \$339 as of December 31, 2016 and e) receivables from the structured construction system used in Costa Rica of \$521 and \$646 as of December 31, 2017 and 2016, respectively.

²Refers mainly to a VAT account receivable in El Salvador for \$380 and \$951 as of December 31, 2017 and 2016 respectively, as well as guarantee deposits in Brazil for \$3,286 and \$785 as of December 31, 2017 and 2016 respectively. The increase corresponds to the transfer from short to long term of state taxes.

³Includes other investments in Colombia, Panama, Costa Rica, Guatemala and Nicaragua.

11) INVENTORIES

Consolidated balances of inventories as of December 31, 2017 and 2016 are summarized as follows:

	2017	2016
Materials	\$ 23,723	20,108
Finished goods	11,491	11,061
Work-in-process	19,830	14,676
Raw materials	19,150	15,380
Inventory in transit	9,197	10,124
Other inventories	–	804
Allowance for obsolescence	(716)	(558)
	\$ 82,675	71,595

12) OTHER CURRENT ASSETS

As of December 31, 2017 and 2016 consolidated other current assets consisted of:

	2017	2016
Advance payments ¹	\$ 19,539	9,883
Assets held for sale ²	6,206	1,364
	\$ 25,745	11,247

¹ As of December 31, 2017 and 2016, the line item of advance payments includes \$19,463 and \$8,685, respectively, mainly 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 receivables.

13) PROPERTY, MACHINERY AND EQUIPMENT, NET

As of December 31, 2017 and 2016 the consolidated balances of property, machinery and equipment, net consisted of:

			2017			
		Land and mineral reserves	Buildings	Machinery and equipment	Construction in progress ¹	Total
Cost at beginning of the period	\$	224,893	204,928	755,806	274,553	1,460,180
Capital expenditures		1,943	1,662	8,153	68,776	80,534
Total additions		1,943	1,662	8,153	68,776	80,534
Disposals		(327)	(604)	(11,291)	–	(12,222)
Reclassifications		4,927	6,593	40,589	(52,109)	–
Impairment ²		–	–	(1,790)	–	(1,790)
Depreciation and depletion for the period		(7,149)	(5,674)	(42,758)	–	(55,581)
Foreign currency translation effects		4,434	(204)	(22,846)	(1,473)	(20,089)
Cost at end of the period		235,870	212,375	768,621	289,747	1,506,613
Accumulated depreciation and depletion		(36,946)	(43,947)	(175,199)	–	(256,092)
Net book value at end of the period	\$	198,924	168,428	593,422	289,747	1,250,521

Property, Machinery and Equipment, net - continued

		2016				
		Land and mineral reserves	Buildings	Machinery and equipment	Construction in progress ^{1,2}	Total
Cost at beginning of the period	\$	211,439	194,258	713,789	147,715	1,267,201
Capital expenditures		3,590	1,837	10,224	180,491	196,142
Total additions		3,590	1,837	10,224	180,491	196,142
Disposals		(655)	(1,002)	(7,077)	–	(8,734)
Reclassifications		7,177	2,184	29,730	(40,591)	(1,500)
Impairment ²		(2,344)	(284)	(3,419)	(15,825)	(21,872)
Depreciation and depletion for the period		(6,775)	(7,732)	(44,068)	–	(58,575)
Foreign currency translation effects		5,686	7,935	12,559	2,763	28,943
Cost at end of the period		224,893	204,928	755,806	274,553	1,460,180
Accumulated depreciation and depletion		(28,345)	(38,347)	(157,338)	–	(224,030)
Net book value at end of the period	\$	196,548	166,581	598,468	274,553	1,236,150

¹ In July 2014, the Company began the construction of a new cement plant in the municipality of Maceo in the Antioquia department in Colombia with an annual capacity of approximately 1.1 million tons. The first phase included the construction of a cement mill, which began operating in testing phase for some months in 2016 with the supply of clinker from the Caracolito plant in Ibagué, and the cement obtained was used in its entirety in the construction of the plant. Within the next phase, the construction of the kiln has been completed, meanwhile the development of the access road to the plant has been suspended until the moment in which CEMEX Colombia would obtain the permits for its completion. The beginning of commercial operations is subject to the successful conclusion of several ongoing processes related to certain operating permits. The depreciation of the assets associated with this project, which started when it began operations in the test phase, for non significant amounts, was reversed and cancelled in 2017. These assets will start their depreciation upon the beginning of commercial operations. As a result of the investigations carried out for several deficiencies found, during the fourth quarter of 2016, the Company reduced construction in progress for approximately \$23,330, of which, approximately \$14,257 were recognized in such quarter as impairment losses against "Other expenses, net" and approximately \$9,073 were recognized against "Other accounts payable," considering that such assets, mainly advance payments for the purchase of land through a representative, were considered contingent assets due to the low possibility of recovering them pursuant to deficiencies that have derived in certain legal processes (note 23A). In addition, an amount of approximately \$1,500 related to the shares of Zomam, also recorded within construction in progress, was reclassified to other long-term assets. In the specific case of the aforementioned adjustments the Company considered the exchange rate outstanding at the date of the accounting recognition of 3,000.71 Colombian Pesos per Dollar. CEMEX Latam determined an initial total budget for the plant of \$340 million. As of December 31, 2017, the carrying amount of the project, net of adjustments, is for an amount in Colombian Pesos equivalent to approximately \$333 million, considering the net invested amount and the exchange rate of Col\$2,984 as of December 31, 2017.

² In 2017, it mainly refers to impairment losses related to the closure of the Chiriquí mill in Panama. In 2016, includes impairment losses related to the projected closure of a cement mill in Colombia for approximately \$7,615.

14) GOODWILL AND INTANGIBLE ASSETS

14A) BALANCES AND CHANGES DURING THE PERIOD

As of December 31, 2017 and 2016, consolidated goodwill, intangible assets and deferred assets is summarized as follows:

	Cost	2017 Accumulated amortization	Net book value	Cost ¹	2016 Accumulated amortization	Net book value
Intangible assets of indefinite useful life						
Goodwill	\$ 1,551,684	–	1,551,684	1,563,836	–	1,563,836
Intangible assets of definite useful life						
Customer relations	197,506	(106,280)	91,226	194,361	(86,598)	107,763
Extraction permits and licenses	74,215	(22,867)	51,348	120,963	(19,132)	101,831
Industrial property and trademarks	2,938	(2,245)	693	1,846	(1,754)	92
Mining projects	356	(356)	–	354	(354)	–
Other intangibles and deferred assets	47	–	47	26	–	26
	\$ 1,826,746	(131,748)	1,694,998	1,881,386	(107,838)	1,773,548

Changes in intangible assets during the year ended December 31, 2017 and 2016 are as follows:

	Goodwill	Customer relations	2017 Permits and licenses	Others	Total
Net book value at beginning of the period	1,563,836	107,763	101,831	118	1,773,548
Additions (disposals), net	–	–	–	600	600
Amortization during the period	–	(19,682)	(4,116)	(112)	(23,910)
Impairment	–	–	(44,959)	–	(44,959)
Foreign currency translation effects	(12,152)	3,145	(1,408)	134	(10,281)
Net book value at end of the period	1,551,684	91,226	51,348	740	1,694,998

	Goodwill	Customer relations	2016 Permits and licenses	Others	Total
Net book value at beginning of the period	\$ 1,575,396	125,361	85,324	814	1,786,895
Amortization during the period	–	(19,206)	(3,515)	(807)	(23,528)
Foreign currency translation effects	(11,560)	1,608	20,022	111	10,181
Net book value at end of the period	\$ 1,563,836	107,763	101,831	118	1,773,548

When impairment indicators exist, for each intangible asset, CEMEX Latam determines its projected revenue streams over the estimated useful life of the asset. In order to obtain discounted cash flows attributable to each intangible asset, such revenues are adjusted for operating expenses, changes in working capital and other expenditures, as applicable, and discounted to net present value using the risk adjusted discount rate of return. Significant management judgment is necessary to determine the appropriate valuation method and estimates under the key assumptions, among which are: a) the useful life of the asset; b) the risk adjusted discount rate of return; c) royalty rates; and d) growth rates. Assumptions used for these cash flows are consistent with internal forecasts and industry practices.

During the last quarter of 2017, the Company recognized impairment losses associated with its operating segment in Brazil for a total of \$44,959 corresponding to an operating license that represents the country's main asset and the origin of all its revenues. The total amount of the loss corresponded to the excess of the net book value of the operating license over its corresponding fair value. In the determination of the present value of the projected cash flows in Brazil, the Company used a discount rate of 11.4% and a long-term growth rate of 2.0%. The loss was mainly generated by strong competitive market dynamics, the growing imports of cement, the increase in the cost of inputs and the reduction in sales prices, which had the combined effect of significantly reducing the profitability and expected cash flows from the operations in that country. Moreover, despite the fact that the economy in Brazil began to improve in 2017, infrastructure projects are recovering at a very slow pace after the crisis that began in 2014.

The fair values of intangible assets are very sensitive to changes in the significant assumptions used in their calculation. Certain key assumptions are more subjective than others. In respect of trademarks, CEMEX Latam considers that the most subjective key assumption in the determination of revenue streams is the royalty rate. In respect of extraction rights and customer relationships, the most subjective assumptions are revenue growth rates and estimated useful lives. CEMEX Latam validates its assumptions through benchmarking with industry practices and the corroboration of third party valuation advisors.

14B) ANALYSIS OF GOODWILL IMPAIRMENT

As of December 31, 2017 and 2016, goodwill balances allocated by operating segment are as follows:

	2017	2016
Costa Rica	\$ 428,283	437,031
Panama	344,703	344,703
Colombia	312,840	311,901
Guatemala	247,333	241,503
Nicaragua	203,437	213,610
El Salvador	15,088	15,088
	\$ 1,551,684	1,563,836

The Company assesses its balances of goodwill for impairment at least once a year during the last quarter of the year, or as required upon the existence of indicators, at the level of the groups of CGUs to which goodwill balances were allocated and which are commonly comprised for the operation segments corresponding to the Company's operations in each country. Impairment tests are significantly sensitive to, among other factors, the estimation of future prices of the Company 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 long-term growth rates applied.

CEMEX Latam cash flow projections to determine the value in use of its CGUs to which goodwill has been allocated consider the use of long-term economic assumptions. The Company believes that its discounted cash flow projections and the discount rates used reasonably reflect current economic conditions at the time of the calculations, considering, among other factors that: a) the cost of capital reflects current risks and volatility in the markets; and b) the cost of debt represents the average of industry specific interest rates observed in recent transactions. Other key assumptions used to determine CEMEX Latam discounted cash flows are volume and price increases or decreases by main product during the projected periods. Volume increases or decreases generally reflect forecasts issued by trustworthy external sources, occasionally adjusted based on CEMEX Latam actual backlog, experience and judgment considering its concentration in certain sectors, while price changes normally reflect the expected inflation in the respective country. Operating costs and expenses during all periods are maintained as a fixed percent of revenues considering historic performance.

During the years 2017 and 2016, 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.

As of December 31, 2017 and 2016, 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	
	2017	2016	2017	2016
Costa Rica	11.1%	10.3%	3.9%	4.0%
Colombia	10.5%	10.0%	3.7%	4.0%
Panama	10.0%	9.8%	5.5%	3.0%
Nicaragua	13.1%	12.4%	4.5%	4.0%
Guatemala	11.5%	10.3%	4.0%	4.0%
El Salvador	11.9%	11.9%	2.0%	2.0%

As of December 31, 2017, the discount rates used by CEMEX Latam in its cash flows projections remained relatively stable in the countries with the most significant goodwill balances compared to 2016. During the year, the funding cost observed in industry slightly decreased from 6.2% in 2016 to 6.1% in 2017 and the risk multiple associated to the Company also decreased from 1.29 in 2016 to 1.26 in 2017. Nonetheless, these decreases were offset by an increase in the risk free rate which increased from 2.70% in 2016 to 2.76% in 2017, as well as by general increases in the sovereign yields in the majority of the countries where CEMEX Latam operates. In respect to long-term growth rates, following general practice under IFRS, CEMEX Latam uses country specific rates, which are mainly obtained from the Consensus Economics, a compilation of analysts' forecast worldwide, or from the International Monetary Fund when the first are not available for a specific country.

In connection with the assumptions included in the table above, CEMEX Latam made sensitivity analyses to changes in assumptions, affecting the value in use of all groups of CGUs with an independent reasonable possible increase of 1% in the pre-tax discount rate, and an independent possible decrease of 1% in the long-term growth rate. In addition, CEMEX Latam performed cross-check analyses for reasonableness of its results using multiples of Operating EBITDA. In order to arrive at these multiples, which represent a reasonableness check of the discounted cash flow models, CEMEX Latam determined a weighted average multiple of Operating EBITDA to enterprise value observed 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 group of CGUs to which goodwill has been allocated. CEMEX Latam considered an industry weighted average Operating EBITDA multiple of 9.0 times in 2017 and 2016. CEMEX Latam own Operating EBITDA multiple was 8.5 times in 2017 and 8.9 times in 2016. The lowest multiple observed in CEMEX Latam benchmark was 6.5 times in 2017 and 5.9 times in 2016, and the highest being 18.9 times in 2017 and 18.3 times in 2016. In 2017 and 2016, the sensitivity analysis did not indicate any risk related to goodwill impairment in any of the operations of CEMEX Latam.

15) FINANCIAL INSTRUMENTS

15A) SHORT-TERM AND LONG-TERM DEBT

As of December 31, 2017 and 2016, consolidated debt by type of financial instruments is summarized as follows:

	2017	2016
Foreign currency-denominated promissory notes, variable rate ¹	\$ 8,085	7,886
Trust guarantee for the development of housing projects ²	7,176	7,136
Promissory note due to Banco de Bogotá, annual rate 10.52% ³	1,732	4,166
Leasing Bancolombia, S.A., DTF anticipated quarterly plus 390 pbs ^{4,5}	366	1,361
Helm Leasing, S.A., DTF anticipated quarterly plus 385 pbs ^{4,5}	131	848
Leasing Bogotá, S.A., DTF anticipated quarterly plus 465 pbs ^{4,5}	33	671
Leasing Bolívar, S.A, DTF anticipated quarterly plus 550 pbs ^{4,5}	–	1,501
Leasing de Occidente, S.A., DTF anticipated quarterly plus 400 pbs ^{4,5}	–	1,010
Total	\$ 17,523	24,579
Long-term debt	–	529
Short-term debt	\$ 17,523	24,050

¹ Refers to notes payable with a maturity of one year negotiated by CEMEX Colombia with AV VILLAS bank for \$8,085 as of December 2017 bearing DTF rate plus 4% and \$7,886 in December 31, 2016 bearing DTF rate plus 3.0%.

² Represents the maximum quantification of the guarantee granted by CEMEX Colombia on the amount borrowed through a promissory note by the trust for the development of housing projects as described in note 10A. Said promissory note is being renewed at maturity by the trust every 180 days until finding the developer who buys the project, or until, by agreement of the parties, it is decided to sell the asset in order to liquidate the debt and extinguish the trust. The loan accrues interest at DTF rate plus 4.5%.

³ In July 2017, CEMEX Colombia signed a promissory note with Banco de Bogotá associated with housing projects in process.

⁴ The fixed-term deposit rate (*Tasa de Depósito a Término Fijo* or DTF) is the average interest rate paid by financial institutions in Colombia on fixed-term certificates. As of December 31, 2017, the anticipated quarterly DTF rate was 5.21%.

⁵ Refers to finance leases with commercial finance companies denominated in Colombian Pesos negotiated in 2012 with a maturity of sixty months. For the twelve-month periods ended December 31, 2017 and 2016, CEMEX Colombia incurred interest on these finance leases for an amount of \$270 and \$791, respectively.

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, 2017 and 2016 are as follows:

Thousands of U.S. Dollars	2017		2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Other assets and non-current accounts receivable (note 10B)	\$ 10,319	10,319	13,186	13,186
Financial liabilities				
Long-term payables to related parties (note 9)	\$ 584,684	594,492	820,294	789,973
Long-term debt (note 15A)	–	–	529	529
Other non-current liabilities (note 16)	15,626	15,626	15,726	15,726
	\$ 600,310	610,118	836,549	806,228

16) OTHER ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As of December 31, 2017 and 2016 consolidated other current accounts payable and accrued expenses were as follows:

	2017	2016
Accrued expenses	\$ 47,391	17,102
Others provisions and liabilities	23,057	13,870
Advances from customers	17,283	16,142
Provisions for legal claims and other commitments	14,673	14,790
Provisions for employee benefits	6,544	6,882
Others	922	1,033
	\$ 109,870	69,819

Current provisions primarily consist of employee benefits accrued at the statement of financial position date, insurance and accruals related to legal and environmental assessments, expected to be settled in the short-term. These amounts are revolving in nature and are expected to be settled and replaced by similar amounts within the next 12 months.

For the years ended in 2017 and 2016, changes in the combined balance of provisions for legal claims and other commitments, provisions for employee benefits and other provisions and liabilities presented in the table above were as follows:

	2017	2016
Balance at beginning of period	\$ 35,542	39,968
Increase of the period with new or increased obligations estimated	67,211	69,340
Decrease due to obligation expired or decrease in estimates	(58,848)	(76,148)
Foreign currency translation adjustment	369	2,382
Balance at end of period	\$ 44,274	35,542

Other accounts payable and accrued expenses – continued

As of December 31, 2017 and 2016, consolidated other non-current liabilities were as follows:

	2017	2016
Provision for asset retirement obligations ¹	\$ 4,949	4,411
Other taxes	5,318	6,831
Other provisions and liabilities	3,698	3,439
Deferred income	1,661	1,045
	\$ 15,626	15,726

¹ 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 the Board of Directors, which represent CEMEX Latam's risk management framework and that are supervised by several Committees, CEMEX Latam's management establishes specific policies that determine strategies oriented to obtain natural hedges to the extent possible, such as avoiding customer concentration on a determined market or aligning the currencies portfolio in which CEMEX Latam incurs its debt, with those in which CEMEX Latam generates its cash flows.

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, 2017 and 2016, 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, 2017 and 2016, 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.

Risk management – continued

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, 2017 and 2016, 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 \$6,558 and \$5,733, respectively.

The aging of trade accounts receivable as of December 31, 2017 and 2016 are as follows:

	2017	2016
Neither past due, nor impaired portfolio	\$ 93,912	75,292
Past due less than 90 days portfolio	11,529	14,630
Past due more than 90 days portfolio	16,592	16,155
	\$ 122,033	106,077

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, 2017 and 2016, 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, 2017 and 2016, 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, 2017 and 2016 would have decreased by approximately \$9,458 and \$24,806, 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, 2017 and 2016, 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 no 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 mentioned in note 2, as of December 31, 2017, current liabilities, which includes accounts payables with CEMEX companies for \$358,134 exceeds current assets in \$355,550 (note 9). The Company's management considers that it will generate sufficient cash flows to enable it meet any liquidity risk in the short term. If necessary, the Company considers that it would be successful in renegotiating on a long-term basis the maturity of certain accounts payable to CEMEX. The Company's consolidated net flows provided by operating activities after financial expenses and income tax were of \$146,439 in 2017 and \$287,701 in 2016. The maturities of the Company's contractual obligations are included in note 22A.

18) POSTRETIREMENT EMPLOYEE BENEFITS

Defined contribution pension plans

The consolidated cost of defined contribution plans for the years ended December 31, 2017 and 2016 were approximately \$17 and \$11, 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 plan in Colombia, which is closed to new participants and whose beneficiaries are all retirees. For the years ended December 31, 2017 and 2016, the net periodic cost was recognized as follows:

	2017	2016
Recorded in financial income and other items, net		
Financial cost	\$ 2,597	2,558
Recorded in other comprehensive income, net		
Actuarial losses	2,985	1,662
Net periodic cost	\$ 5,582	4,220

The reconciliation of the actuarial benefits obligation as of December 31, 2017 and 2016 are presented as follows:

	2017	2016
Change in benefits obligation		
Projected benefits obligation at beginning of period	\$ 38,401	32,384
Financial cost	2,597	2,558
Benefits paid	(3,768)	(3,250)
Actuarial loss	2,985	1,662
Foreign currency translation	200	5,047
Projected benefits obligation at end of period	\$ 40,415	38,401

As of December 31, 2017, estimated payments for postretirement benefits over the next ten years are as follows:

	Estimated payments	
2018	\$	3,663
2019		3,675
2020		3,657
2021		3,635
2022		3,602
2023–2027		17,070
	\$	<u>35,302</u>

On December 2017 and 2016, the most significant assumptions used in the determination of the net periodic cost were as follows:

	2017	2016
Discount rate	6.2%	7.0%
Pension growth rate	3.0%	3.0%

Sensitivity analysis of pensions and other postretirement benefits

For the year ended December 31, 2017, 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, 2017 is shown below:

Variables	+50pbs	-50pbs
Discount rate	(1,584)	(1,706)
Pension growth rate	1,846	1,726

19) INCOME TAXES

19A) INCOME TAXES FOR THE PERIOD

For the years ended December 31, 2017 and 2016, income tax expense recognized in the consolidated income statements was as follows:

	2017	2016
Current income taxes	\$ 62,366	119,465
Deferred income taxes	(25,044)	(11,672)
	\$ 37,322	107,793
	2017	2016
Out of which:		
Colombia ^{1,2}	\$ 16,263	52,817
Costa Rica	10,673	11,857
Panama	6,451	8,934
Rest of CLH and others ³	3,935	34,185
	\$ 37,322	107,793

¹Beginning January 1, 2015, a tax on wealth became effective in Colombia, which is calculated considering the net equity for tax purposes outstanding as of January 1, 2015. The tax was valid on the years 2015, 2016 and 2017. The effect the years 2017 and 2016 was approximately \$1,939 and \$4,710 respectively, which is included in the income tax.

²In addition, as part of tax modifications effective January 1, 2015, a surcharge on the income tax rate (Impuesto sobre la Renta para la Equidad or "CREE") was implemented, which will be effective from 2015 to 2018 and will generate an increase in the income tax rate in Colombia to the following tax rates: 39% in 2015, 40% in 2016, 42% in 2017 and 43% in 2018. As of January 1, 2017, as part of a package of tax modifications, this CREE tax and its surtax were eliminated and only the income tax and its surtax, with consolidated tax rates estimated by these two concepts of 40 % in 2017 and 37% in 2018.

³Includes the Company's operations in Nicaragua, Guatemala, El Salvador and Brazil as well as the effects on income taxes of the Parent Company, other sub-holding companies and other consolidation adjustments.

As of December 31, 2017, the Company has tax loss carryforwards and other tax credits of \$189,693, which has 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 without expiration.

19B) DEFERRED INCOME TAXES

As of December 31, 2017 and 2016, the main temporary differences that generated the consolidated deferred income tax assets and liabilities are presented below:

	2017	2016
Deferred tax assets:		
Tax carry forwards and other tax credits	\$ 381	545
Accounts payable and accrued expenses	10,164	9,527
Others	319	319
	<hr/>	<hr/>
Total deferred tax assets	10,864	10,391
Deferred tax liabilities:		
Property, machinery and equipment	186,286	242,254
Goodwill	241,211	245,225
Others	(115)	443
	<hr/>	<hr/>
Total deferred tax liabilities	427,382	487,922
Net deferred tax liabilities	\$ 416,518	477,531

The breakdown of changes in consolidated deferred income taxes during 2017 and 2016 were as follows:

	2017	2016
Deferred income tax benefit credited to the income statement	\$ (25,044)	(11,672)
Deferred income tax expense (benefit) charged (credited) to stockholders' equity	(35,969)	13,120
	<hr/>	<hr/>
Change in deferred income tax during the period	\$ (61,013)	1,448

The Parent Company has not provided for any deferred tax liability for the undistributed earnings generated by its subsidiaries recognized under the equity method, considering that such undistributed earnings are not expected to be distributed and generate income tax in the foreseeable future. Likewise, 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 as of December 31, 2017 and 2016 were as follows:

	2017	2016
	%	%
Statutory tax rate in Spain	25.0	25.0
Other non-taxable income	(0.6)	(0.5)
Expenses and other non-deductible items	18.5	5.5
Other taxable non-accounting benefits	(2.3)	(0.7)
Differences in the income tax rates ¹	1.0	6.3
Income tax	1.9	2.0
Others	1.1	5.9
Effective consolidated tax rate	44.6	43.5

¹ Includes the effects of the different income tax rates applicable in the countries that are part of this consolidated financial statements.

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 adverse considering the evidence at its disposal. Nonetheless, the Company cannot assure to obtain a favorable resolution. As of December 31, 2017, a summary of relevant facts of the most significant proceedings in progress, or which were resolved during the reported periods, were as follows:

Colombia

- In April, 2011, the Colombian Tax Authority (the "Tax Authority") notified CEMEX Colombia of a special proceeding rejecting certain deductions taken by CEMEX Colombia in its 2009 tax return. The Tax Authority assessed an increase in the income tax payable by CEMEX Colombia for an amount in Colombian Pesos equivalent to approximately \$30 million and imposed a penalty in Colombian Pesos for an amount equivalent to approximately \$48 million, both considering the exchange rate as of December 31, 2017. After several appeals of CEMEX Colombia to the proceeding of the Tax Authority in the respective courts in which negative resolutions were obtained over the years, in July 2014, CEMEX Colombia filed an appeal against this resolution in the Colombian State Council (*Consejo de Estado*). In this stage of the proceeding, as of December 31, 2017, CEMEX Latam does not consider probable an adverse resolution in this proceeding; however, it is difficult to assess with certainty the likelihood of an adverse result in the proceeding, but if adversely resolved, this proceeding could have a material adverse impact on CEMEX Latam's results of operations, liquidity or financial position.
- In September, 2012, the Tax Authority notified CEMEX Colombia an ordinary request for the review of its income tax return for the fiscal year 2011, which is currently being audited, in connection with the amortization of goodwill of Lomas del Tempisque S.R.L. that was considered tax deductible in such tax return. At this stage of the proceeding, as of December 31, 2017, CEMEX Latam does not consider is probable an adverse resolution in this proceeding; however, it is difficult to assess with certainty the likelihood of an adverse result in the proceeding, but if adversely resolved, this proceeding could have a material adverse impact on CEMEX Latam's results of operations, liquidity or financial position.

- 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 fiscal years from 1999 to 2013. 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. Considering the exchange rate as of December 31, 2017, the summary of the cases is as follows:

Period	Amounts (millions \$)		Status
	Tax	Fines	
1999	\$ –	–	Favorable resolution in July 2013. Case closed.
2000 through 2005	–	–	Favorable resolution in May 2017. Cases closed.
2006 through 2007	–	–	Favorable resolution in March 2017. Cases closed.
2008	–	–	Favorable resolution in May 2017. Case closed.
2009 and 2010	–	–	Favorable resolution in June 2017. Cases closed.
2011	–	–	Procedures exhausted due to lack of action by the Municipality.
2012	–	–	Procedures exhausted due to lack of action by the Municipality.
2013	5	9	In progress, case challenged by the Company before the applicable instance.
	\$ 5	9	

Costa Rica

- In January 2011, the Costa Rican Tax Department (*Dirección General de Tributación*) (the “Tax Department”) informed the beginning of audits for the 2008 fiscal year in CEMEX Costa Rica, S.A. (“CEMEX Costa Rica”), which include income tax, payroll withholding tax and sales tax. In August 2013, the Tax Department issued a provisional regularization proposal. After various resolutions and appeals to them, actions 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. In disagreement with such resolution, CEMEX Costa Rica filed an appeal with the Administrative Tax Court. The purported tax due and interest for these items if for an amount in Colones equivalent to approximately \$6 million and the penalties determined in the resolution is for an amount in Colones equivalent to approximately \$1 million, considering the exchange rate as of December 31, 2017. On December 31, 2017, the appeal is pending resolution. Once the Administrative Fiscal Court issues its resolution, the administrative process is considered exhausted. At this stage, CEMEX Latam does not consider probable that payments will be incurred in relation to this proceeding.

20) STOCKHOLDERS' EQUITY

20A) COMMON STOCK AND ADDITIONAL PAID-IN CAPITAL

As of December 31, 2017 and 2016, the line item common stock and additional paid-in capital was detailed as follows:

	2017			2016		
	Authorized	Treasury shares	Total	Authorized	Treasury shares	Total
Common stock	\$ 718,124	–	718,124	718,124	–	718,124
Additional paid-in capital	894,701	(144,838)	749,863	894,701	(146,007)	748,694
	\$ 1,612,825	(144,838)	1,467,987	1,612,825	(146,007)	1,466,818

During the years ended December 31, 2017 and 2016 the Parent Company performed physical deliveries of shares to the executives subject to the benefits of the stock-based long-term incentive plan (note 20D), which increased additional paid-in capital in the amount of \$1,169 and \$1,832, respectively, as result of the decrease in treasury shares, which were delivered to these executives.

As of December 31, 2017 and 2016, the Parent Company's subscribed and paid shares by owner were as follows:

Stocks	2017	2016
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	148,930,376	148,757,395
Total subscribed and paid shares	556,820,718	556,647,737

Common stock and additional paid-in capital - continued

As of December 31, 2017 and 2016, 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 21,457,624 in 2017 and 21,630,605 shares in 2016 held in the Company's treasury (treasury shares).

On December 31, 2017 and 2016, CEMEX España owns approximately 73.25% and 73.28%, respectively, of the Parent Company's common shares, excluding shares held in treasury.

20B) OTHER EQUITY RESERVES

As of December 31, 2017 and 2016, the balances of other equity reserves are summarized as follows:

	2017	2016
Reorganization of entities under common control and other effects ¹	\$ (300,422)	(300,422)
Translation effects of foreign subsidiaries ²	(547,845)	(569,409)
Share-based payments ³	9,664	9,455
	\$ (838,603)	(860,376)

¹Effects 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.

²Represents the balance of the cumulative effects for the translation of foreign subsidiaries and which are included for each period in the statements of comprehensive income.

³As of December 31, 2017 and 2016, the line item other equity reserves includes the effects associated with the executive stock-based compensation programs (note 20D), which costs are recognized in the operating results of each subsidiary during the vesting period 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, 2017, and 2016, the legal reserve of the Parent Company amounted to \$20,612 and \$13,045, respectively.

20D) EXECUTIVE STOCK-BASED COMPENSATION

Based on IFRS 2, *Stock-based compensation*, instruments based in shares granted to executives of CEMEX Latam are defined as equity instruments, considering that the services received from employees are settled by delivering shares. The cost of such equity instruments represents their estimated fair value at the grant date of each plan and is recognized in the income statement during the periods in which the executives render services and vest the exercise rights.

On January 16, 2013, the Parent Company's Board of Directors, considering the favorable report of its Nominations and Remuneration Commission, approved, effective January 1, 2013, a long-term incentives plan for certain executives of CEMEX Latam, consisting of an annual compensation plan based on the delivery of shares of the Parent Company. The cost associated with this long-term incentives plan is recognized in the operating results of the companies of CEMEX Latam in which the executives subject to the benefits of the plan render their services. The underlying shares in the aforementioned long-term incentives plan, which are held in the Company's treasury, are delivered fully vested during a 4-year period under each annual program.

In addition, during the years preceding the implementation of the incentives plan previously mentioned, some executives of the Company participated in CEMEX's stock-based long-term incentives program, by means of which, new CEMEX's Ordinary Participation Certificates ("CPOs") of CEMEX, S.A.B. de C.V. are issued, which are vested and delivered during a services period of four years under each annual program. Effective January 1, 2013, all eligible executives from CEMEX Latam operations stopped receiving CPOs of CEMEX, S.A.B. de C.V.

For the years ended December 31, 2017 and 2016, compensation expense related to the long-term incentive plans based on shares of CEMEX and the Parent Company described above, which was recognized in the results of operations, amounted to \$209 and \$1,632, respectively.

Under the annual long-term incentives plan with CEMEX Latam Holdings shares, the Parent Company delivered rights on its own shares to the executives subject to the plan's benefits for 544,714 shares in 2017 and 377,412 shares in 2016 relative to 100% of the potential benefits to be accrued within each annual program. During 2017 and 2016, the Parent Company made the physical delivery of 172,981 and 271,461 shares, respectively, corresponding to the accrued portion of previous years' programs. Based on the aforementioned, as of December 31, 2017, there are approximately 798,552 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 equivalent in Colombian Pesos of approximately 4.42 Dollars per share in 2017 and 4.47 Dollars per share in 2016.

As of December 31, 2017 and 2016, the Company has no commitments to make cash payments to executives based on changes in the share prices of CEMEX, S.A.B de C.V. or the Parent Company.

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, 2017 and 2016, non-controlling interest in equity amounted to approximately \$4,910 and \$4,813, respectively.

21) BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net income attributable to ordinary equity holders 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, 2017 and 2016 were as follows:

	Denominator (thousands of shares)	2017	2016
Weighted average number of shares outstanding – Basic EPS		556,677	556,377
Effect of dilutive instruments – stock-based compensation		799	540
Weighted average number of shares outstanding – Diluted EPS		557,476	556,917
	Numerator		
Consolidated net income		\$ 46,411	140,269
Less: non-controlling interest net income		(316)	(500)
Controlling interest net income		\$ 46,095	139,769
Controlling Interest Basic Earnings per Share (\$ per share)		\$ 0.08	0.25
Controlling Interest Diluted Earnings per Share (\$ per share)		\$ 0.08	0.25

22) COMMITMENTS

22A) CONTRACTUAL OBLIGATIONS

As of December 31, 2017 and 2016, the Company had the following contractual obligations:

(Thousands of Dollars)

Debts	2017					2016
	Less than 1 year	1–3 years	3–5 years	More than 5 years	Total	Total
Long-term debt with related parties ¹	\$ 358,134	–	–	584,684	942,818	991,348
Interest payments on debt ²	48,157	66,069	66,069	5,068	185,363	81,538
Operating leases ³	2,225	4,450	4,430	8,358	19,463	17,510
Finance lease obligations ⁴	530	–	–	–	530	5,391
Pension plans and other benefits ⁵	3,663	7,332	7,237	17,070	35,302	35,123
Purchases of raw materials, fuel and energy ⁶	40,866	132,193	130,922	11,955	315,936	266,633
Investments in property, plant and equipment ⁷	4,264	–	–	–	4,264	21,818
Total contractual obligations	\$ 457,839	210,044	208,658	627,135	1,503,676	1,419,361

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, finance leases and debt owed to related parties using the current interest rates on the contracts as of December 31, 2017.

³ The amounts of payments under operating leases have been determined on the basis of nominal cash flows. This line item mainly refers to the lease contract initiated in January 2001 with the Government of the Republic of Nicaragua for a term of 25 years, which includes the operative and administrative assets, trademark rights, quarry extraction rights and other assets of Compañía Nacional Productora de Cemento, S.A. for \$2,060 to less than one year, \$4,120 from one to three years, \$4,120 from three to five years and \$8,240 to more than five years. In addition, includes operating leases negotiated by the Parent Company with CEMEX España and CEMEX Research Group A.G. with terms of 5 years for its corporate offices in Spain and the research and development offices in Switzerland for \$165 to less than one year, \$330 from one to three years, \$310 from three to five years and \$118 to more than five years.

⁴ Refers to finance leases of machinery and equipment negotiated by CEMEX Colombia in 2012 with an original maturity of 60 months.

⁵ Represents the estimated annual payments under defined benefit plans over the next 10 years.

⁶ Includes commitments of the Company for the purchase of raw material, fuel and energy mainly from Colombia and Panama.

⁷ Correspond to the purchase of operating assets mainly in Colombia, as well as small amounts in Panama, Costa Rica, Nicaragua, Guatemala, Brazil and El Salvador.

As of December 31, 2017, the Company has other significant contractual obligations. The descriptions of some of the most significant contracts are as follows:

- On September 28, 2017, CEMEX Colombia and Turgas S.A. E.S.P. signed a contract for the supply of natural gas to the Caracolito plant for a term of four years from the signing of the contract. The annual amount in Colombian Pesos is fully variable considering it depends of the amount of natural gas actually supplied multiplied by the agreed upon price per unit; nonetheless, the annual amount is estimated to be around \$10.1 million.
- On August 14, 2017, the Board of Directors of CEMEX Colombia resolve to authorize the legal representative or whoever holds its duties to continue the development of the projects named Tunjuelo and Suratá, the first in the city of Bogotá and the second in the city of Bucaramanga, to carry out the urban development of certain properties owned by CEMEX Colombia. Regarding Tunjuelo's project, CEMEX Colombia engaged the firm Pinilla González y Prieto Abogados Ltda (PGP Ltda) for advice in soil management and commercialization of the project with fees amounting to 0.25% of the sale price of the project. Regarding the Suratá project, CEMEX Colombia engaged the firm PGP Ltda, Grener cities SAS and Lorenzo Castro for the development and commercialization of the project for a fee of \$85 plus 1% of the sale price.
- On May 1, 2017, CEMEX Colombia signed a contract with Excavaciones y Proyectos de Colombia S.A.S. for the extraction of limestone at the quarry "La Esmeralda" and the transfer of raw materials at the Caracolito Plant (Tolima, Colombia), for a term of five years from the signing of the contract. The annual amount in Colombian Pesos is approximately \$7 million.
- On June 25, 2014, CEMEX Colombia and Wärtsilä Colombia S.A. signed a services agreement for the operation and maintenance of the natural gas electrical energy generating plant that provides energy under the modality of self-generation for the Caracolito plant, for a term of five years from the signing of the contract, the approximate annual amount is \$9 million.
- On March 28, 2014, CEMEX Colombia signed an agreement with Exxonmobil Colombia S.A. for the supply of various fuels, the original duration of which was three years from its signature and to date it was terminated. On July 28, 2017 a new contract will be signed where CEMEX Colombia is given the status of retail distributor. The term of the new contract will be four years for an annual amount in Colombian Pesos equivalent to approximately \$11 million.
- On November 20, 2013, CEMEX Nicaragua, S.A. signed a contract with the National Cement Production Company which will in force from February 5, 2015 until 2026, which commits CEMEX Nicaragua, S.A. to pay a fee of \$0.90 per metric ton produced outside the San Rafael del Sur plant production up to 220 thousand tons per year by way of financial compensation for raw material consumption. Annual payments are estimated in approximately \$198.
- On July 12, 2013, CEMEX Colombia entered into an agreement with B&F Constructores, S.A.S. by means of which B&F Constructores, S.A.S. will supply sand and/or gravel to CEMEX Colombia. The agreement has a term of five years. Although the final calculation of the contract's value will be determined considering the unitary prices and the raw materials effectively supplied to the Company, the annual payment is estimated in approximately \$2 million.
- On May 23, 2013, CEMEX Colombia accepted the offer of Mincivil, S.A., of which Mincivil, S.A. will provide services for the development and mining exploitation of the Suspiro quarry owned by CEMEX Colombia, located in the municipality of los Patios (North of Santander, Colombia), under the supervision and immediate technical direction and approval of CEMEX Colombia. The contract has a term of five years without automatic extension. Although the final calculation of the contract value will be determined considering the unitary prices and the services effectively received, the annual payment is estimated in approximately \$2 million.

- On January 17, 2008, Cemento Bayano, S.A. and Generación Eléctrica, S.A. Company (now EN EL FORTUNA, S. A.) signed an agreement for electric energy supply for the cement utility of CEMEX Latam in Panama. The energy supply initiated on January 1, 2010 and is set to terminate on December 31, 2019. Cemento Bayano, S. A. will pay an average amount of approximately \$15 million per year.

22B) OTHER COMMITMENTS

In addition to the contracts described above, as of December 31, 2017, the Company had the followings significant commitments:

- In 2012, CEMEX Latam Holdings S.A. through its branch in Switzerland entered in to the following agreements:
 - i) Agreement with CEMEX, S.A.B de C.V. for the use of CEMEX's trademarks. This contract has a term of five years and is automatically renewable for equal periods, unless it is terminated by either party to the contract providing notice one month before the applicable termination date. The Company must pay annually the use of trademarks calculated based on annual net sales of goods and services and transfer prices. For the periods ended December 31, 2017 and 2016, the total expense for trademarks use recognized in the operating expenses amounted to \$5,495 and \$7,415, respectively.
 - ii) Agreement with CEMEX Research Group, A.G. for the use, operation and enjoyment of assets. This contract has a term of five years and is automatically renewable for equal periods, unless it is terminated by either party providing notice one month before the applicable termination date. The Company must pay royalties calculated annually based on annual net sales of goods and services. For the periods ended December 31, 2017 and 2016, the total royalty expense recognized in the operating expenses amounted to \$40,272 and \$37,234, respectively.
 - iii) Agreement for the rendering of administrative services with CEMEX Central, S.A. de C.V., for the technical, financial, marketing, legal, human resources and information technology areas. This contract has a term of five years, automatically renewable for equal periods, unless it is terminated by either party providing notice one month before the applicable termination date. The Company must pay annually the use of these administrative services based on annual net sales of goods and services. For the period ended December 31, 2017 and 2016, the total services expense recognized in the operating expenses amounted to \$16,375 and \$21,116, respectively.

The mentioned contracts in subsections (i) and (iii) above have been renewed for a period of five years, that is, until July 1, 2022, in accordance with the stipulated in the agreement.

- In order to avoid potential conflicts of interest between the Parent Company and CEMEX S.A.B. de C.V, CEMEX España and the subsidiaries of both, on October 5, 2012, the Parent Company entered into a Framework Agreement which became effective upon closing of the initial offering, and which may be modified or terminated by written agreement between the Parent Company, CEMEX S.A.B. de C.V, and CEMEX España, for which the Parent Company will require approval of its independent directors. At its meeting of March 28, 2017, following a favorable report from its Corporate Governance Commission, the Board of Directors unanimously agreed to amend the Framework Agreement to include 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 Holding Company on a consolidated basis or under the equity method for accounting purposes (or any other method that applies similar principles).

- Pursuant to the Framework Agreement entered with CEMEX S.A.B. de C.V and CEMEX España, and in order to assist CEMEX S.A.B. de C.V to accomplish its debt agreements, the Parent Company will require the prior consent of CEMEX S.A.B. de C.V and CEMEX España for:
 - 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 or sale of any shares or derivative equity securities or the adoption of any stock-based incentive plan, except for: (i) the issuance of shares by the Company to CEMEX, and (ii) the issuance of shares under the long-term incentives plan that does not exceed \$1.75 million.
 - d) The declaration, decree or payment of dividends or other distribution by the Parent Company in connection with its shares other than (i) through the issuance of common stocks of the Parent Company or the issuance of the right to subscribe ordinary shares of the Parent Company to the shareholders of the Company proportionally, to the extent that is not paid or transferred to another person who is not part of CEMEX (other than the Parent Company), cash or other assets of CEMEX (or any interest in such cash or assets) in connection with such distribution or interest, and/or (ii) in proportion to the equity interest of each minority shareholder of the Parent Company, to the extent that each shareholder receives at the same time its proportional share in any dividend, distribution or interest payment.
 - e) The creation, negotiation, grant or guarantee by the Parent Company of any type of debt, and/or the creation of liens on any of its assets, for a total amount over \$25 million at any time for both concepts.
 - f) Provide loans or become creditor in connection with any type of debt, except: (i) with respect to commercial loans granted to customers on normal commercial terms and in the ordinary course of business, and (ii) as deferred compensation in respect of any sale, lease, exchange or other disposition that the Parent Company or any of its subsidiaries are authorized to execute without the consent of CEMEX S.A.B. de C.V. and CEMEX España.
 - g) Take any action that could result on default for CEMEX S.A.B. de C.V. under any contract or agreement, under its financing agreements and any refinancing, relocation or modifications thereto, to the extent that all CEMEX's S.A.B. de C.V. notification obligations included in the Framework Agreement are fulfilled for contracts or agreements other than: (i) the Credit Agreement and any refinancing, replacement or modification thereto, and (ii) the issuance of minutes of CEMEX S.A.B. de C.V. and any replacement or modification thereof.
- As mentioned in note 22A, there are (i) a lease agreement of the Financial Group for its research and development offices in Switzerland since November 2012 for a term of five years, which has been extended by agreement dated September 1, 2017 for an additional period of five years, and (ii) other commitments derived from the Parent Company's lease of its corporate offices in Madrid with CEMEX España as lessor signed on September 29, 2015. On June 12, 2017, the sublease contract has been modified reducing the leased area as well as the amount of the rent. The rest of the contract conditions remain and have not been modified. In addition, the Company is subject to compliance with CEMEX's debt agreements, negotiated, among others, with CEMEX, S.A.B. de C.V. itself, each of which became effective upon the completion of the global offering.

- On June 23, 2015, in connection with the project of the Maceo plant (notes 13 and 23A), the National Roads Institute (*Instituto Nacional de Vías* or “INVÍAS”) authorized CEMEX Colombia on its own account, risk and financing, to perform the necessary works for the development of a public transportation infrastructure project denominated “*Mejoramiento y Mantenimiento de la Vía de Acceso a la Zona de Uso Público y Zonas Anexas de la Zona Franca Permanente Especial Cementera del Magdalena Medio*”, including the construction of two roads to the municipality of Maceo and the township of La Susana. The term for the completion of the works will be until December 31, 2016 and for the maintenance thereof the term shall extend during the economic exploitation of the Special Tax Zone denominated *Zona Franca Permanente Especial Cementera del Magdalena Medio*. The contract with INVÍAS ended on December 31, 2016, however, the process for the purchase of the plots and construction of the access road has been continued with the Municipality of Maceo, a public entity also authorized for these purposes, without having a definite date for completion. The works of the access road have been suspended since the last quarter of 2016 pending the resolution of various administrative processes and permits (note 23A).
- CEMEX Colombia has been developing thirteen social interest housing projects in the departments of Cesar, Quindío, Risaralda and Norte de Santander, consisting of 5,344 units whose buyers were benefited with contributions from government entities in the form of subsidies and preferential interest rates. As of December 31, 2017, beneficiaries, government entities and financial entities have deposited in a trust funds for approximately Col \$124 billion (\$ 41.6 million) that would partially guarantee the payment of the homes, and that will be released to CEMEX Colombia. Title of contribution and utility as the technical and financial closure of the projects as occurs.

The following are the regional breakdown according with the total number of units to be built:

In the state of the Cesar (*Departamento del Cesar*) in Colombia, currently for the construction of 2,746 houses, located in the municipalities of San Alberto, Aguachica, Curumaní, Astrea, Becerril, San Diego and Gamarra, The estimated selling price of the project is for an amount of approximately Col\$128 billion (\$43 million). The houses are delivered gradually as they are concluded. In connection with these projects, as of December 31, 2017, customers have made advance payments deposited with a trustee agent for an amount of approximately Col\$63 billion (\$21,2 million) that partially guarantee payment for the houses, and which will be released to CEMEX Colombia as houses are delivered to the satisfaction of such customers. As of December 31, 2017, these housing projects have a combined stage of completion of approximately 85%. Out of the funds that have been deposited, the legal delivery process over approximately Col\$57 billion (\$19.3 million) corresponding to 2,408 houses has been concluded.

In the state of Quindío and Risaralda, the construction of 1,578 homes belonging to the Villa Cecilia and San José projects in Armenia (Quindío), Los Juncos and San Marcos in Dos Quebradas (Risaralda) and Santa Clara in Pereira (Risaralda), with an estimated sale price of Col\$78 billion (\$26 million). As of December 31, 2017, advances in the execution of the works of 93% were presented. As regards the register process as of December 31, 2017, 532 deeds have been registered.

In the state of the Norte de Santander the Arrayanes project, consisting of 1,020 homes with an estimated sale price of Col\$49 billion (\$16 million), whose execution as of December 31, 2017 is 93% having been deeded, is being registered in the Department of 820 houses.

- On July 30, 2012, CEMEX signed by 10-year strategic agreement with IBM, which includes CEMEX Latam and its subsidiaries, pursuant to which IBM will provide business processes services and information technology (“IT”). Moreover, IBM will provide business consulting to detect and promote sustainable improvements in CEMEX’s profitability. The services from IBM include: data processing services (back office) in finance, accounting and human resources; as well as IT infrastructure services, support and maintenance of IT applications in the different countries in which CEMEX operates, including CEMEX Latam and its subsidiaries. The cost to be incurred by the Company with IBM under this agreement is of approximately \$4 million per year.

- On December 20, 2007, Cemento Bayano S.A. entered into a long-term clinker supply contract in the Republic of Panama with Cemento Panama, S.A. (currently Argos Panama, S.A.). The supply contract was established for a period of 10 years since the first supply which was made in 2010 and includes annual partial deliveries of clinker in metric tons ("MT") of 1,320,715 MT for the period from 2016 to 2017 and 1,414,783 MT for the period from 2017 to 2018.

23) LEGAL PROCEEDINGS

23A) LIABILITIES RESULTING FROM LEGAL PROCEEDINGS

CEMEX Latam is involved in various significant legal proceedings, other than the procedures associated with taxes detailed in note 19D, the resolutions of which are deemed probable and imply cash outflows or the delivery of other resources owned by CEMEX Latam. Therefore, certain provisions or losses have been recorded in the financial statements, representing the best estimate of payments or impairment of assets thereof. Consequently, CEMEX Latam considers that there will not be significant payments or additional losses in excess of the amounts already recognized. As of December 31, 2017, the detail of the most significant legal proceedings that have generated the recognition of provisions or losses is as follows:

- On December 26, 2017, in the context of a market investigation started in 2013 against five cement companies and 14 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 fine on CEMEX Colombia for an amount in Colombian Pesos equivalent to approximately \$24.7 million to be paid no later than 5 of January 2018, considering CEMEX Colombia's defense strategy. As a result, as of December 31, 2017, CEMEX Colombia recognized a provision for such amount against "Other expenses, net". CEMEX Colombia will not appeal the resolution of the SIC and instead intends directly to file an annulment and reestablishment of right claim before the Administrative Court within the four months after the resolution. Once filed, this claim could take a considerable amount of time in being resolved. As of December 31, 2017, CEMEX Latam is not able to assess the likelihood for the recovery of the fine imposed by the SIC or the timeframe for the defense process.
- In relation to the construction of the cement plant in the municipality of Maceo, department of Antioquia in Colombia (note 13), In August, 2012, CEMEX Colombia signed a memorandum of understanding ("MOU") with the representative of the entity CI Calizas y Minerales S.A. ("CI Calizas"), which objective was the acquisition and transfer of assets comprising land, the mining concession and the environmental permit, the shares of Zomam (holder of the free trade zone concession), as well as the rights to execute the construction of the cement plant. After signing of the MOU, 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 Colombia's Attorney General (*Fiscalía General de la Nación* or 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. CEMEX Colombia acquired the shares of Zomam before the beginning of such process; nonetheless, the Attorney General decided to also include such shares in the expiration of property process. To protect its interests and defend its rights 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.

In July 2013, CEMEX Colombia signed with the provisional depository of the assets, designated by the Drugs National Department (*Dirección Nacional de Estupefacientes*, then depository of the affected assets), 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, which can be early terminated by the SAE, by means of which CEMEX Colombia was duly authorized to continue with the necessary works for the construction and operation of the plant (the “Lease Contract”). Likewise, the provisional depository granted a mandate to CEMEX Colombia for the same purpose. CEMEX Latam considers that during the course of the different legal processes, the Lease Contract enables it to use and enjoying the land in order to operate the plant. Therefore, CEMEX Colombia plans to negotiate an extension to the Lease Contract before its expiration in July 2018, as well as an agreement that would allow CEMEX Colombia to operate the plant while the expiration of property process is exhausted.

In May, 2016, the Attorney General resolved to deny the inadmissibility request to the action of expiration of property previously filed by CEMEX Colombia, considering that it should broaden the collection of evidential elements and its analysis in order to take a resolution according to law. As of December 31, 2017, given the nature of the process and the several procedural stages, it is estimated that it may take between five and ten years for the issuance of a final resolution in respect to the aforementioned process, which is in its investigation stage, waiting for the defendants’ legal counsel (guardians’ *ad litem*) appointed by the Attorney General to assume functions in order to open the evidentiary stage.

Moreover, in connection with Maceo’s project, CEMEX Colombia also engaged the same representative of CI Calizas to also represent in the name and on behalf of CEMEX Colombia in the acquisition of land adjacent to the plant, signing a new memorandum of understanding with this representative (the “Land MOU”). During 2016, CEMEX received reports through its anonymous complaint line, related to possible deficiencies in the purchase process of land where the cement plant is located. Through an internal investigation and internal audit in accordance with their corporate governance policies and code of ethics, CEMEX and CEMEX Latam confirmed the irregularities in such process as mentioned below. As a result, on September 23, 2016, CEMEX and CEMEX Latam decided to terminate the employment relationship with the Vice President of Planning of CEMEX Latam and of CEMEX Colombia; with the Legal Counsel of CEMEX Latam and CEMEX Colombia; and accepted the resignation of the Chief Executive Officer of CEMEX Latam and President of CEMEX Colombia to facilitate investigations. In order to strengthen the levels of leadership, management and best practices of corporate governance, in October 2016, the Board of Directors of the Parent Company decided to separate the roles of Chairman of the Board of Directors, Chief Executive Officer of CEMEX Latam and President of CEMEX Colombia, and immediately made the respective appointments. Moreover, pursuant to a requirement of CEMEX, S.A.B. de C.V.’s Audit Committee and of the Parent Company’s Audit Commission, an audit firm, experts in forensic audits, was engaged in order to perform an independent investigation of the Maceo project. Additionally, CEMEX Colombia and the Parent Company engaged an external firm to assist them on the necessary collaboration with the Attorney General and management also engaged a team of external lawyers for its own legal advice.

The internal audit initiated during 2016 found that CEMEX Colombia made cash advances and paid interest to this representative for amounts in Colombian Pesos equivalent to approximately \$13,412 and \$1,252, respectively, in both cases considering the Colombian Peso to U.S. Dollar exchange rate as of December 31, 2016. These amounts were deposited in the representative’s personal bank account as advance payments under the MOU and the Land MOU. CEMEX Colombia paid interest according to the representative’s instructions. 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, as of the reporting date, CEMEX Colombia is not the legitimate owner of the aforementioned assets. Moreover, considering that payments made by CEMEX Colombia under the MOU and the Land MOU were made in violation of CEMEX’s and CEMEX Latam’s internal policies; both the Parent Company and CEMEX Colombia reported these facts to the Attorney General, providing the findings obtained during the investigation and internal audits. In December 2016, CEMEX Colombia increased the original claim of September 23, 2016, with the information and findings compiled at such date, and also filed a claim in the civil courts aiming that all property rights related to the additional land, some of which were assigned to the representative, would be effectively transferred to CEMEX Colombia.

Based on the investigation and internal audit related to Maceo's project mentioned above, and considering the findings and the legal opinions available, in December, 2016, CEMEX Latam determined: a) low probability of recovering resources delivered under different memorandums of understanding for an amount in Colombian Pesos equivalent to approximately \$14,257 that were recognized as part of construction in progress; as a result, such amount was reduced to zero recognizing an impairment loss for such amount against "Other expenses, net," including approximately \$2,344 of losses not related with the MOU or the Land MOU; b) that certain purchases of equipment installed in the plant were considered exempt for VAT purposes under the benefits of the free trade zone, however, as those assets were actually installed outside of the free trade zone's area, they lack of such benefits, therefore, CEMEX Colombia increased construction in progress against VAT accounts payable for approximately \$9,196; and c) the cancellation of the balance payable to CI Calizas under the MOU in connection with the acquisition of the assets for approximately \$9,073 against a reduction in construction in progress. All these amounts considering the Colombian Pesos to U.S. Dollar exchange rate as of December 31, 2016. During 2017, CEMEX Colombia further determined an adjustment and payment of additional VAT in the free zone for approximately \$5 million. CEMEX Colombia determined an initial total budget for the Maceo plant of \$340 million. As of December 31, 2017, the carrying amount of the project, net of adjustments, is for an amount in Colombian Pesos equivalent to approximately \$333 million, considering the exchange rate as of December 31, 2017.

In connection with the aforementioned irregularities detected, there is an ongoing criminal investigation by the Attorney General. As of December 31, 2017, the investigation by the Attorney General is finalizing its initial stage (inquiry) and a hearing to present charges was set for January 15, 2018, which would initiate the second stage of the proceeding (investigation). CEMEX Latam is neither able to predict the actions that the General Attorney could implement, nor the possibility and degree in which any of these possible actions, including the termination of employment of the aforementioned executives, could have a material adverse effect on CEMEX Latam's results of operation, liquidity or financial position. Under the presumption that CEMEX Colombia conducted itself in good faith, and considering that the rest of its investments made in the development of Maceo's project were made with the consent of the SAE and CI Calizas, such 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. Consequently, CEMEX considers that will be able to retain ownership of the plant and other refurbishments made. Nonetheless, had this not be the case, CEMEX Colombia would take all necessary actions to safeguard the project in Maceo. At this respect, there is the possibility that CEMEX Latam considers remote, in which, in the event that the expiration of property over the assets subject to the MOU is ordered in favor of the State, the SAE may decide not to sell the assets to CEMEX Colombia, or, the SAE may elect to maintain ownership of the assets and not extend the Lease Contract. In both cases, under Colombian law, CEMEX Colombia would be entitled to an indemnity for the amount of its incurred investments. However, an adverse resolution at this respect could have a material adverse effect on the Company's results of operations, liquidity or financial condition.

In addition and specifically in connection with the continuous efforts aimed to remediate the irregularities that occurred in the purchase process of the land and other assets related to the construction of the plant, CEMEX Latam, considering the investigations and internal audits as well as the assessment of the advice received by external advisors, continues with activities oriented to remediate the internal control weakness related to unusual and significant transactions, and that CEMEX, S.A.B. de C.V. and CEMEX Latam have defined as material weakness. As of December 31, 2017, among the remediation practices that CEMEX, S.A.B. de C.V. and the Parent Company implemented, with the approval of the Audit Commission and the Board of Directors of the Parent Company, there is the new approval policy on significant unusual transactions, the creation of a committee that oversees material investment projects and the strengthening of internal auditing procedures and the improvement of existing monitoring controls in order to operate in a satisfactory level of precision. As previously mentioned, as of December 31, 2017, the remediation activities have been fully implemented. Nonetheless, these remediation activities are being evaluated in their effectiveness; therefore, the material weakness in internal controls will not be considered remediated until the Company's management concludes that the remediation controls have been operating for a sufficient period in an effective way. The Parent Company considers that this weakness has not materially affected the financial statements issued by CEMEX Latam in prior periods.

In October 2016, considering information that also emerged from the audits, CEMEX Latam decided to postpone the start-up of the Maceo plant and the construction of the access road until the following issues would be resolved: (i) there are pending permits required to finalize the access road to the Maceo plant, critical infrastructure to assure safety and capacity to transport products from the plant; (ii) CEMEX Colombia has requested an expansion to the free trade zone to cover the totality of the cement plant in order to access the tax benefits originally projected for the plant, for which is critical that the request for partial adjustment to the District of Integrated Management (“DIM”) would be finalized in July 2018, in order to allow CEMEX Colombia continue with the expansion process of the free trade zone; (iii) it is necessary to modify the environmental license to expand its production to 950 thousand tons of clinker per year as initially planned; as well as to reduce the size of the zoning area in order to avoid any overlap with the DIM; (iv) a subsidiary of CEMEX Colombia holds the environmental permit for the Maceo project, however, the transfer of the mining concession was revoked by the Antioquia Mining Government Ministry in December 2013 and reassigned to CI Calizas. As a result, the environmental permit and the mining concession are in custody of different entities, contrary to standard situation; and (v) the mining permit of the plant partially overlaps with the DIM. In connection with these issues, in December 2016, Corantioquia, the regional environmental agency, communicated its negative resolution to CEMEX Colombia’s request to increase the mining concession for up to 950 thousand tons per year, resolution that was appealed by CEMEX Colombia, whom continues working to address these issues as soon as possible, including the zoning and harmonization of the Maceo project with the DIM, as well as analyzing alternatives for partial extraction of the DIM aiming to evidence the feasibility of achieving the expansion of the proposed activity in the project. Once these alternatives are implemented, CEMEX Colombia would reconsider submitting a new request for modification of the environmental license to expand its production to the initially envisaged 950 thousand tons. Meanwhile, CEMEX Colombia will limit its activities to those authorized under the currently effective environmental license and mining title.

- In 1999, several companies belonging to the Laserna family filed an extra-contractual civil liability claim against CEMEX Colombia, by means of which the plaintiffs demanded compensation for alleged damages caused to their land with effects on costs and lower production of their rice crops as a result of solid pollutants expelled by the chimneys of the “Buenos Aires” and “Caracolito” cement production plants in the department of Tolima. In January 2004, the Fourth Circuit Civil Court of Ibagué issued a resolution ordering CEMEX Colombia a payment in favor of the plaintiff’s equivalent to approximately \$12 million. CEMEX Colombia appealed this resolution. On September 10, 2010, the Superior Court of Ibagué fully revoked the resolution accepting the defense arguments of CEMEX Colombia. As of December 31, 2017, the process is in the Supreme Court of Justice, where the appeal resource filed by the plaintiffs is being processed. To this date there is a provision in Colombian Pesos associated with this litigation for approximately \$12 million considering the exchange rate as of December 31, 2017.

23B) OTHERS CONTINGENCIES RESULTING FROM LEGAL PROCEEDINGS

As of December 31, 2017, 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 the likelihood of an adverse resolution to be remote; 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:

Market related proceedings

- On March 7, 2016, the Competition Authority notified CEMEX Costa Rica, by instruction of the Ministry of Economy, Industry and Commerce of Costa Rica, of a request for information in order to initiate a customary preliminary investigation, to verify the existence of evidence in anticompetitive practices, determine the cement market shares and determine the geographical areas where cement companies operate. This request for information was issued as a result of a claim issued by a third party. CEMEX Costa Rica delivered the information requested on March 18, 2016. In July 2016, the Commission for the Promotion of Competition (COPROCROM) resolved that they did not find evidence of any anticompetitive practices, so the claim and the preliminary investigation were closed.
- On April 22, 2015, CEMEX Costa Rica, was notified by the Competition Authority (*Dirección de Apoyo a la Competencia*) of a request for information issued by the Ministry of Economy, Industry and Trade of Costa Rica in connection with an study in the cement market that would allow the evaluation of price changes as well as to identify possible distortions and market barriers among other issues in such country. The aforementioned information request relates to volumes, prices and production costs from 2010 to date. The Company delivered the requested information on June 5, 2015 and collaborates as necessary with the aforementioned study. As of December 31, 2017, the Company has not being informed of any recent developments in connection with this market study.
- On March 11, 2015, 14 members of the surrounding communities of the cement plant in Panama filed a claim against Cemento Bayano, S.A (“Cemento Bayano”), subsidiary of the Company in such country, for alleged breach of environmental regulations as a result of the non-metallic mineral exploration in its quarries. Moreover, they requested the review of the environmental impact’ studies that protect new raw materials’ quarries of the plant. These community members are being assisted by non-governmental organizations and environmentalist groups aimed to impose unfounded penalties to the Company and to try to encourage the cancellation of the new quarries’ environmental impact studies. By ruling from April 13, 2015, it was resolved to declare that the allegations in connection with water pollution, erosion control, air quality, impact control of protected areas be worthy of investigation. Such resolution was notified on April 27, 2015; on May 5, 2015, a motion for reconsideration was presented thereof. The Environmental Authority (*Administración Regional Metropolitana del Ministerio de Ambiente*) resolved not to support the motion for reconsideration and continued the investigation. On June 15 and 16, 2015 the Environmental Authority conducted a physical inspection is corroborated that are not evidence of the allegations. By Technical Inspection Report of July 2, 2015, it was concluded that during the inspection there were no evidence in the field of the points of the complaint filed by the residents. By means of Edict of December 23, 2015 and withdrawn on December 24, 2015, the Metropolitan Regional Administration of the Ministry of Environment notified Cemento Bayano that it had a period of no more than ten business days to present its arguments and exonerating evidence, which were filed on January 11, 2016 within the administrative process.

In connection with the aforementioned inspection to Cemento Bayano, at the end of January 2016, the process was referred to the Regional Administration of North Panama of the Environment Ministry (*Administración Regional Panamá Norte del Ministerio de Ambiente* or the “Regional Administration”), which by resolution of September 12, 2016, admitted and rejected evidence. On November 24, 2016, the Regional Administration

requested the Environmental Economic Unit to calculate the fine to be imposed to Cemento Bayano. As of December 31, 2017, the fine has not been yet imposed. Fines related to environmental matters do not have a limit in the code and depend on the severity of the damage, on the recidivism, on the investments level and on the economic situation of the offender. At this stage, Cemento Bayano considers remote the probability and adverse ruling; nonetheless, is not able to assess with certainty the likelihood of an adverse result or potential damages which could be determined to the Company. An adverse resolution in this case could have a material adverse impact on the Company's results of operations, liquidity or financial condition.

- On June 5, 2010, the District of Bogota's Environmental Secretary (*Secretaría Distrital de Ambiente de Bogotá* or the "Environmental Secretary"), ordered the suspension of CEMEX Colombia's mining activities at El Tunjuelo quarry, located in Bogotá. The Environmental Secretary alleged that during the past 60 years CEMEX Colombia and the other companies have illegally changed the course of the Tunjuelo River, have used the percolating waters without permission and have improperly used the edge of the river for mining activities. In connection with the injunction, on June 5, 2010, CEMEX Colombia received a notification from the Environmental Secretary informing the initiation of proceedings to impose fines against CEMEX Colombia based on the above mentioned alleged environmental violations. CEMEX Colombia responded to the injunction by requesting that it be revoked based on the fact that the mining activities at El Tunjuelo quarry are supported by the authorizations required by the applicable environmental laws and that all the environmental impact statements submitted by CEMEX Colombia have been reviewed and permanently authorized by the Ministry of Environment and Sustainable Development (*Ministerio de Ambiente y Desarrollo Sostenible*). On June 11, 2010, the local authorities in Bogotá, in compliance with the Environmental Secretary's decision, sealed off the mine to machinery and prohibited the removal of CEMEX's aggregates inventory. Although there is not an official quantification of the possible fine, the Environmental Secretary has publicly declared that the fine could be up to an amount in Colombian Pesos equivalent to approximately \$102 million. The temporary injunction has not compromise the production and supply of ready-mix concrete to CEMEX Colombia's customers. At this stage, CEMEX Latam considered remote the probability of an adverse result or potential damages which could be borne by CEMEX Colombia. An adverse resolution in this case could have a material adverse impact on CEMEX Latam's results of operations, liquidity or financial condition.

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 the fault or the legality of the original activity at the moment of the actions which gave rise to the responsibility.

Other proceedings legal

- 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, which is pending judgment of the first instance. As of December 31, 2017, CEMEX Latam considered remote the probability of an adverse result or potential damages which could be borne by CEMEX Colombia. An adverse resolution in this case could have a material adverse impact on CEMEX Latam's results of operations, liquidity or financial condition.
- In connection with the criminal proceedings against several officials of some participating companies on the occasion of the premature damage of the slabs of the Transmilenio Norte Highway and to which CEMEX Colombia was linked as a third party civilly responsible, On January 21, 2008, the judge of knowledge ordered and practiced the embargo of the mine Tunjuelo. CEMEX Colombia, at the time, pledged an amount in Colombian Pesos equivalent to December 31, 2017 of \$6.8 million, for which it constituted a CDAT for an approximate amount in Colombian Pesos equivalent to December 31, 2017 of \$2.2 million, as warranty. As a result of the completion of the process, the amount was reimbursed to CEMEX Colombia on October 25, 2017.
- In the case of the Transmilenio slabs - North Highway, CEMEX Colombia acted solely and exclusively as a supplier of fluid and concrete fillings, which were delivered and received to the satisfaction of the builder of the work, complying with all technical specifications required. Likewise, the Company did not participate nor had any responsibility in the definition of road designs, nor in the definition of the materials to be used and their corresponding technical specifications. These considerations were fully accepted by the judge of first instance by order of January 21, 2015 and were subsequently confirmed on July 28, 2015.

In addition, as of December 31, 2017, 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; 4) other similar claims brought against us that have arisen in the ordinary course of business.

24) SUBSEQUENT EVENTS

On January 5, 2018, in connection with the fine related to the market investigation imposed by the SIC in Colombia for approximately \$25 million, CEMEX Colombia made the payment of such fine and will continue its defense process as described in note 23A.

In connection with the hearing to present charges set by the Attorney General to be held on January 15, 2018 and that would initiate the investigation phase in the process, within the proceeding associated with the Maceo project (note 23A), the aforementioned hearing was rescheduled for April 24, 2018.

25) MAIN SUBSIDIARIES

The Parent Company's main direct and indirect subsidiaries as of December 31, 2017 and 2016 are as follows:

Subsidiary	Country	Activity	% of interest	
			2017	2016
Corporación Cementera Latinoamericana, S.L.U. ¹	Spain	Parent	100.0	100.0
CEMEX Colombia S.A.	Colombia	Operating	99.7	99.7
Zona Franca Especial Cementera del Magdalena Medio S.A.S. ²	Colombia	Operating	100.0	100.0
CEMEX (Costa Rica), S.A.	Costa Rica	Operating	99.1	99.1
CEMEX Nicaragua, S.A.	Nicaragua	Operating	100.0	100.0
CEMEX Finance Latam, B.V.	The Netherlands	Finance	100.0	100.0
Cemento Bayano, S.A.	Panama	Operating	99.5	99.5
Cimentos Vencemos do Amazonas, Ltda.	Brazil	Operating	100.0	100.0
CEMEX Guatemala, S.A.	Guatemala	Operating	100.0	100.0
Equipos para Uso en Guatemala, S.A.	Guatemala	Operating	100.0	100.0
CEMEX El Salvador, S.A.	El Salvador	Operating	100.0	100.0
Inversiones SECOYA, S.A.	Nicaragua	Operating	100.0	100.0
Apollo RE, Ltd. ³	Barbados	Reinsurance	100.0	100.0
Maverick RE, Ltd. ³	Bermuda	Reinsurance	–	100.0

¹CEMEX Latam Holdings, S.A., indirectly controls through Corporación Cementera Latinoamericana, S.L.U. the Parent Company's operations in Colombia, Costa Rica, Panama, Nicaragua, Brazil, Guatemala and El Salvador.

²This entity, which shares are included in the expiration of property process (note 23A), holds a significant portion of the investments in the Maceo plant project and is the holder of the free trade zone concession.

³Apollo RE, Ltd was incorporated on November 14, 2016 with the approval of the Board of Directors at its meeting held on July 27, 2016, considering the favorable report of the Audit Commission. On December 30, 2016, the Parent Company sold 100% of its stake in Maverick RE, Ltd. to Apollo RE, Ltd, for an amount of \$48,133. Subsequently, on November 27, 2017, Apollo RE, Ltd., merged and absorbed Maverick RE, Ltd., with the extinction of the absorbed entity and the transfer to the merging entity of all its rights and obligations.

NON-FINANCIAL INFORMATION

BUILDING SOLUTIONS

	2013	2014	2015	2016	2017
Annual ready-mix sales from products with outstanding sustainable attributes (%)	52	40	36	37	17
Production covered with CEMEX CO ₂ Footprint Tool (%)	100	100	100	100	100
Affordable and/or resource-efficient buildings where CLH is involved (No.)	6,202	1,835	749	4,097	8,532
Affordable and/or resource-efficient buildings where CLH is involved (thousand m ²)	-	87	46	72	685
Green building projects under certification where CLH is involved (thousand m ²)	-	200	966	1,142	980
Installed concrete pavement area (thousand m ²)	415	855	739	253	337

HEALTH AND SAFETY ¹

	2013	2014	2015	2016	2017
Sites with a Health and Safety Management System implemented (%)	97	99	100	100	100
Compliance with CSI Safety Recommended Practices (%): Driving	-	76	76	76	100
Compliance with CSI Safety Recommended Practices (%): Contractor	-	78	78	78	100
Sites certified with OHSAS 18001 (%)	0	1	7	20	24
Cement	0	10	18	27	36
Ready-mix	0	0	6	22	24
Aggregates	0	0	0	0	0
Fatalities (No.)	4	2	0	2	3
Employees	0	0	0	1	1
Employee Fatality Rate (per 10,000 employed)	0	0	0	0.001	0.001
Contractors	2	1	0	1	0
Third-parties	2	1	0	0	2
Total Lost Time Injuries (No.)	33	16	13	11	12
Employees	16	8	9	5	7
Contractors	17	8	4	6	5
Lost Time Injury Frequency Rate (per million hours worked)					
Employees	1.46	0.77	0.64	0.39	0.60
Contractors	-	-	0.26	0.59	0.59
Lost Time Injury Severity Rate (lost days per million hours worked): Employees	-	-	28	23	52
Sickness Absence Rate (%)	2	0.2	0.7	0.7	0.7

¹ All H&S statistics are in accordance with the CSI Reporting Guidelines.

OUR PEOPLE

	2013	2014	2015	2016	2017
Workforce	4,383	4,929	4,788	4,655	4,297
Workforce, by country (%)					
Colombia	60	62	64	64	62
Panama	-	18	15	15	16
Costa Rica	-	8	9	8	9
Rest of CLH	-	12	12	12	13
Workforce, by gender (%)					
Female	10	11	11	12	13
Male	90	90	89	88	87
Workforce, by age (%)					
Under 30 years	27	30	27	26	25
31-40 years	41	40	41	42	41
41-50 years	24	23	23	23	23
51 years and over	8	8	9	10	10
Workforce, by seniority (%)					
Less than 1 year in the company	26	23	15	13	12
1-5 year	43	47	55	50	47
6-10 years	18	15	19	24	25
10 years and over	13	16	11	13	15
Workforce, by responsibility (%)					
Executive positions	5	5	5	5	6
Non-executive positions	30	32	32	32	34
Operational positions	65	63	63	63	61
Engagement Survey "Voces en Acción" ²					
Participation rate (%)	-	-	77	-	82
Employees that perceive they are enabled to perform their job effectively (%)	-	-	81	-	85
Employees that are engaged to the company (%)	-	-	87	-	86
Male to female wage ratio (%)	-	0.93	0.97	-	-
Employee turnover (No.)	-	708	924	830	951
Employee hiring (No.)	-	1,205	765	696	570
Employees covered by a collective bargaining agreement (%)	-	74	100	88	-
Employees that received feedback and performance assessment (%)	-	83	100	-	-
Employee average hours of training (No.)	-	10	48	-	-
Executive positions	-	6	10	-	-
Non-executive positions	-	4	37	-	-
Operational positions	-	3	56	-	-

² Measured every 2 years.

STRENGTHEN LOCAL COMMUNITIES (accumulated figures)

	2013	2014	2015	2016	2017
Individuals positively impacted from our social and inclusive businesses (No.)	101,553	111,161	120,482	137,358	159,557
Patrimonio Hoy (No.)	98,692	105,386	112,619	121,883	130,634
Bloqueras Solidarias (No.)	2,662	4,999	6,705	7,270	8,963
ConstruApoyo (No.)	199	776	1,158	8,206	19,960
Area built by Patrimonio Hoy (thousand m ²)	132	148	167	188	213

ENVIRONMENTAL MANAGEMENT

	2013	2014	2015	2016	2017
Sites with CEMEX Environmental Management System implemented (%)	26	37	38	36	39
Cement	100	90	100	100	100
Sites with ISO 14001 Certification (%)	10	13	13	14	16
Cement	-	-	65	73	73
Sites with ISO 9001 Certification (%)	-	-	-	33	19
Cement	-	-	-	91	91
Environmental incidents (No.)	89	83	74	25	28
Major environmental incidents - Category 1	0	0	0	0	0
Moderate environmental incidents - Category 2	87	21	7	11	8
Minor environmental incidents - Category 3	-	49	51	7	16
Complaints	2	13	16	7	4
Environmental fines (No.)	2	13	16	1	3
Environmental fines (US\$ thousand)	0	2	0	0	48

CARBON STRATEGY

	2013	2014	2015	2016	2017
Power from renewable energy sources (%): Cement ³	-	-	-	47	64
Absolute gross CO ₂ emissions (million ton)	3.8	4.0	4.0	4.1	4.1
Absolute net CO ₂ emissions (million ton)	3.6	3.8	3.9	3.9	4.0
Specific gross CO ₂ emissions (kg CO ₂ /ton of cementitious product)	610	581	609	618	644
Specific net CO ₂ emissions (kg CO ₂ /ton of cementitious product)	576	549	579	586	616
Thermal energy efficiency of clinker production (MJ/ton clinker)	3,754	3,681	3,755	3,801	3,828
Clinker/Cement factor (%)	70.8	68.5	70.1	73.0	73
Indirect energy consumption (GWh)	629	659	652	648	644
Specific energy consumption					
Cement (kWh/ton)	100.5	95.9	98.2	98.5	101.0
Ready-mix (kWh/m ³)	3.8	3.1	4.1	3.9	4.2
Aggregates (kWh/ton)	2.2	2.4	1.5	1.7	1.6
Direct energy consumption (TJ)	16,909	17,304	17,672	17,883	18,180
Alternative raw material rate (%)	-	1.7	1.3	1.2	1.5
Sustainable raw material rate (%) ⁴	-	6.9	6.4	6.5	6.5
Primary Fuels (%)	76.9	77.6	80.8	80.5	82.5
Petroleum coke	47.1	47.3	44.6	44.1	22.7
Coal	29.5	30.1	36.0	36.2	59.5
Fuel oil + Diesel	0.3	0.2	0.1	0.3	0.2
Natural gas	0.00	0.00	0.00	0.00	0.00
Alternative Fuels (%)	23.1	22.4	19.2	19.5	17.5
Fossil based waste	-	-	14.2	15.2	12.9
Biomass	-	-	5.0	4.3	4.6

³ It includes direct supply contracts plus renewable share from the power grid.

⁴ Raw materials containing the required minerals for clinker/cement production with the potential to reduce impacts from ordinary processes.

AIR QUALITY

	2013	2014	2015	2016	2017
Clinker produced with continuous monitoring of major emissions (%): Dust, NOx and SOx	91	92	92	92	97
Clinker produced with monitoring of major and minor emissions (%): Dust, NOx, SOx, Hg, Cd, TI, VOC, PCDD/F	49	48	48	48	48
Absolute dust emissions (ton/year)	-	724	543	493	335
Specific dust emissions (g/ton clinker)	-	156	116	108	71
Absolute NOx emissions (ton/year)	-	4,522	5,598	5,403	5,305
Specific NOx emissions (g/ton clinker)	-	975	1,197	1,182	1,157
Absolute SOx emissions (ton/year)	-	5,640	5,598	4,653	4,122
Specific SOx emissions (g/ton clinker)	-	1,216	1,197	1,018	871

WASTE MANAGEMENT

	2013	2014	2015	2016	2017
Hazardous waste disposal (ton)	195	178	125	135	126
Cement	113	120	112	110	87
Ready-mix	80	54	6	5	35
Aggregates	1	5	8	20	4
Other	-	0	0	1	0
Non-hazardous waste disposal (ton)	2,655	-	1,622	3,848	18,944
Cement	1,014	878	881	713	389
Ready-mix	1,579	-	727	3,052	18,537
Aggregates	63	47	13	83	18
Other	-	0	1	0	0

BIODIVERSITY MANAGEMENT

	2013	2014	2015	2016	2017
Active sites with quarry rehabilitation plans (%)	100	91	85	97	94
Cement	100	87	81	100	96
Aggregates	100	100	100	88	86
Active quarries within or adjacent to high biodiversity value areas (No.)	2	2	4	3	4
With biodiversity action plans actively implemented (No.)	0	0	2	3	2

WATER MANAGEMENT

	2013	2014	2015	2016	2017
Sites with water recycling systems (%)	72	71	76	72	71
Cement	44	70	73	73	45
Ready-mix	75	69	78	76	77
Aggregates ⁵	100	100	60	43	100
Specific water consumption					
Cement (l/ton)	279	234	395	247	240
Ready-mix (l/m ³)	130	179	173	167	228
Aggregates (l/ton)	54	34	80	72	37
Total consumption (million m ³): Total withdrawal - Total discharge	2.3	2.2	3.2	2.2	2.1
Cement	1.8	1.6	2.5	1.6	1.5
Ready-mix	0.4	0.6	0.5	0.5	0.6
Aggregates	0.1	0.1	0.1	0.1	0.04
Total water withdrawals (million m ³): By business	2.4	2.5	3.5	2.5	2.4
Cement	1.8	1.6	2.5	1.6	1.5
Ready-mix	0.5	0.6	0.6	0.5	0.6
Aggregates	0.1	0.3	0.4	0.4	0.2
Total water withdrawals (million m ³): By source	2.4	2.5	3.5	2.5	2.4
Surface	1.4	1.2	2.1	1.2	0.8
Ground	0.6	0.8	0.8	0.8	1.0
Municipal	0.3	0.3	0.3	0.2	0.3
Rain	0.0	0.2	0.2	0.1	0.2
Sea	0.0	0.0	0.0	0.0	0.0
Other	0.1	0.1	0.1	0.1	0.1
Total water discharge (million m ³): By business	0.1	0.3	0.3	0.3	0.2
Cement	0.0	0.0	0.0	0.0	0.0
Ready-mix	0.1	0.1	0.0	0.0	0.0
Aggregates	0.0	0.2	0.2	0.3	0.2
Total water discharge (million m ³): By destination	0.1	0.3	0.3	0.3	0.2
Surface	0.0	0.3	0.3	0.3	0.2
Ground	0.0	0.0	0.0	0.0	0.0
Municipal	0.1	0.0	0.0	0.0	0.0
Sea	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0

⁵ Considering sites that use water for aggregates production.

About this report



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

CEMEX Latam Holdings has been publishing an annual Sustainable Development Report since 2013, covering a wide range of economic, environmental, social, and corporate governance issues. This is our first Integrated Report. It is designed to provide 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.

Boundary and reporting period

In preparation of this report, we consolidated information from 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 2017 calendar year, which is also the company's fiscal year. The materiality analysis guided our reporting process, and the issues included in this report match those that were found to have a higher importance as reflected in the 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. 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. Unless something else is explicitly indicated, monetary amounts are reported in U.S. dollars. References to "tons" are to metric tons.

The information in our 2017 Integrated

Report came from several sources, including internal management systems and performance databases, as well as annual surveys applied across our countries. 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.

Data-measurement techniques

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 latest version of the Cement Sustainability Initiative (CSI) Protocol, denominated: Cement CO₂ and Energy Protocol, version 3.1, published in May 2011. 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). Historical data shall remain unchanged given that the previous protocol is

closely aligned with the simple methods for the reporting of CO₂ emissions from calcination.

- **Dust, NOx and SOx 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 the CSI Guidelines for Emissions Monitoring and Reporting. Information is exported to the CEMEX databases, processed, calculated, and validated to provide a final group value. 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 CSI Cement CO₂ Protocol spreadsheet. Heat values are obtained from on-site analysis (where applicable), value provided by supplier or standards from the CSI Guidelines for the Selection and Use of

Fuels and Raw Materials in the Cement Manufacturing Process.

- **Clinker factor and alternative fuels:** Material consumption is reported to internal CEMEX databases in which “alternative materials” are defined following the standards from the CSI Guidelines for the Selection and Use of Fuels and Raw Materials in the Cement Manufacturing Process. The “clinker/cement factor” is calculated using the CSI procedures indicated in the Cement CO₂ and Energy Protocol spreadsheet with information obtained from the databases.
- **Health and safety:** SISTER, which is an internal database, collects related health and safety information from each site and automatically provides the appropriate information to calculate the indicators. The database is configured using the CSI definitions.

Alignment with Global Reporting Initiative (GRI)

From 2013 to 2016, in preparing its Sustainable Development Reports, CEMEX Latam Holdings applied the GRI-G4

Guidelines, using the “in accordance” core option. As of this Integrated Report corresponding to the 2017 cycle, we have migrated to the GRI Standards. 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).

United Nations Global Compact-- Communication on Progress

CEMEX Colombia and CEMEX Panamá, 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 anticorruption. 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 169 targets contained in them aim to end poverty, protect the planet, and promote prosperity as part of the new sustainable development agenda. To showcase our commitment to contribute to the implementation of the SDGs, on page 13 of this report the reader will find a list of how our main initiatives made a contribution to the SDGs in 2017.

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 keeping 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.

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.

Installed capacity

is the theoretical annual production of a plant; whereas effective capacity is a plant's actual optimal annual production capacity, which can be 10–20% less than installed capacity.

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.

Fly ash

is a combustion residue from coal-fired power plants that can be used as a non-clinker cementitious material.

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.

Ready-mix concrete

is a mixture of cement, aggregates, and water.

Petroleum coke

(petcoke) is a by-product of the oil refining cooking process.

Slag

is the by-product of smelting ore to purify metals.

Pozzolana

is a fine, sandy volcanic ash.

Metric ton

is the equivalent of 1.102 short tons. In this report we refer to metric tons as tons.

Cautionary Statement Regarding Forward-Looking Statements

This integrated report contains forward-looking statements within the meaning of applicable securities laws. CEMEX Latam Holdings, S.A. (“CEMEX Latam”) intends for these forward-looking statements to be covered by applicable securities laws. In some cases, these statements can be identified by the use of forward-looking words such as, but not limited to, “may,” “should,” “could,” “anticipate,” “estimate,” “expect,” “plan,” “believe,” “predict,” “potential” and “intend” or other similar words. These forward-looking statements reflect CEMEX Latam’s current expectations and projections about future events based on CEMEX Latam’s 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 CEMEX Latam’s expectations. Some

of the risks, uncertainties and other important factors that could cause results to differ, or that otherwise could have an impact on CEMEX Latam or CEMEX Latam’s subsidiaries, include: the cyclical activity of the construction sector; competition; general political, economic and business conditions; the regulatory environment, including environmental, tax and acquisition-related rules and regulations; the ability of CEMEX, S.A.B. de C.V. (“CEMEX”) to satisfy its obligations under the Facilities Agreement as well as under the indentures that govern its high yield notes; CEMEX Latam’s ability to service its debt; CEMEX’s or CEMEX Latam’s ability to consummate asset sales, asset acquisitions and/or to achieve cost-savings from CEMEX and CEMEX Latam’s cost-reduction initiatives; weather conditions; natural disasters and other unforeseen events; and other risks and uncertainties associated with CEMEX and/or CEMEX Latam’s business and the countries in which CEMEX and CEMEX

Latam operates. Readers are urged to read this integrated report and carefully consider the risks, uncertainties and other factors that affect CEMEX Latam’s business. The information contained in this integrated report is subject to change without notice, and CEMEX Latam is not obligated to publicly update or revise forward-looking statements. Readers should review future reports filed by CEMEX Latam with the Superintendencia Financiera de Colombia. This integrated report also includes statistical data regarding the production, distribution, marketing and sale of cement, ready-mix concrete, clinker and aggregates, CEMEX Latam generated some of this data internally, and some was obtained from independent industry publications and reports that CEMEX Latam believes to be reliable sources. CEMEX Latam has not independently verified this data nor sought the consent of any organizations to refer to their reports in this integrated report. Copyright CEMEX Latam Holdings, S.A. and its subsidiaries.

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Exchange listing

Bolsa de Valores de Colombia

Ticker symbol: CLH

Website

www.cemexlatam.com

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. 7, Our operations p. 23-33, Portfolio of high-quality products, services, and solutions p. 50-51, Markets 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. 7, Our operations p. 183, 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 (sociedad anónima). Corporate Structure: http://www.cemexlatam.com/InvestorCenter/CorporateStructure.aspx		
	102-6 Markets served	p. 7, Our operations p. 23-33, Portfolio of high-quality products, services, and solutions p. 50-51, Markets		
Organizational profile	102-7 Scale of the organization	p. 7, Our operations p. 43, The best talent p. 52-53, Consolidated operational results p. 105, Financial Statements http://www.cemexlatam.com/InvestorCenter/ReportsArchive.aspx		
	102-8 Information on employees and other workers	p. 43, The best talent to implement our strategy p. 185, 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. 85, We hire 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: http://www.cemexnicaragua.com/ProductosServicios/ComoHacemosCemento.aspx		3
	102-10 Significant changes to the organization and its supply chain	There are no significant changes.		

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) AND/OR URL(S)	SDG	UNGC
Organizational profile	102-11 Precautionary Principle or approach	p. 14-18, Risk management p. 75, Carbon neutral vehicle fleet p. 76, Optimizing our carbon footprint p. 78, We value waste as an alternative fuel p. 79, Contribution to the circular economy p. 80, We invest in technology to minimize emissions p. 82, Optimize our water consumption p. 84, Protect and improve biodiversity We apply the precautionary principle in our environmental management for example with the implementation of Biodiversity Action Plans, the operation of water recycling plants that allow us to reuse water in our operations, the investment in technology to minimize emissions, promoting the circular economy, neutralizing the CO ₂ emissions from our vehicle fleet and working to reduce the intensity of our carbon footprint.		
	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 and adheres to the Cement Sustainability Initiative's protocol for measuring emissions. For more information see www.wbcscement.org		
	102-13 Membership of associations	Inter-American Cement Federation (FICEM). To take part in associations is a task implemented at the local level in each of the countries where we operate.		
Strategy	102-14 Statement from senior decision-maker	p. 4-6, Letter to our stakeholders		
	102-15 Key impacts, risks, and opportunities	p. 14-18, Risk management p. 59-60, Our sustainability priorities p. 61, Understanding the net value we generate for society		
Ethics and integrity	102-16 Values, principles, standards, and norms of behavior	p. 9, Our vision, purpose, values, and mission p. 88, Our values Read online our Code of Ethics and Business Conduct: https://www.cemex.com/sustainability/policies-and-positions/policies	16	10
Governance	102-18 Governance structure	p. 57, CEMEX Sustainability Committee p. 91-93, Board of Directors and Management Team Commissions: http://www.cemexlatam.com/InvestorCenter/Committees.aspx		
Stakeholder engagement	102-40 List of stakeholder groups	Employees, customers, suppliers, analysts, investors, shareholders, community, opinion leaders, government, management, civil society organizations, associations, foundations, universities.		
	102-42 Identifying and selecting stakeholders	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.		
	102-43 Approach to stakeholder engagement	p. 10, Our value creation model p. 57, Building long-term relationships with communities around the world p. 59-60, Our sustainability priorities p. 64, Actions key to multiplying the results of our Social Strategy p. 74, Committed to operating in a sustainable way		

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) AND/OR URL(S)	SDG	UNGC
Stakeholder engagement	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 higher 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.		
Reporting practice	102-45 Entities included in the consolidated financial statements	p. 112, Notes to the Consolidated Financial Statements p. 191-192, Reporting scope p. 183, Main subsidiaries		
	102-46 Defining report content and topic Boundaries	p. 10, Our value creation model p. 59-60, Our sustainability priorities p. 191-192, Reporting scope		
	102-47 List of material topics	p. 59-60, Our sustainability priorities p. 61, Understanding the net value we generate for society		
	102-48 Restatements of information	P. 185-189, Footnotes p. 191-192, Reporting scope		
	102-49 Changes in reporting	P. 185-189, Footnotes p. 191-192, Reporting scope		
	102-50 Reporting period	2017		
	102-51 Date of most recent report	August 2017		
	102-52 Reporting cycle	Annual		
	102-53 Contact point for questions regarding the report	p. 195, Investor, media and sustainability information		
	102-54 Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option		
	102-55 GRI content index	p. 196, Content Index, GRI Standards		
	102-56 External assurance	p. 100, Financial information: Independent auditor's report in accordance with international standards on auditing. No relation between CEMEX and KPMG. Neither our highest governance body nor senior executives are involved in seeking assurance for the organization's sustainability report.		
MATERIAL DISCLOSURES				
Economic performance				
GRI 201: Economic Performance Management approach	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 20, We place our customers at the center of everything we do p. 10, Our value creation model p. 56-58, Sustainability management / p. 59-60, Our sustainability priorities p. 61, Understanding the net value we generate for society / p. 88, Our values		7

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) AND/OR URL(S)	SDG	UNGC
GRI 201: Economic Performance Topic-specific disclosures	201-1 Direct economic value generated and distributed	p. 8, Financial Results p. 10, Our value creation model p. 61, Understanding the net value we generate for society p. 52, Consolidated operational results p. 53-54, Review of local operations	5, 7, 8, 9	7
Customer experience and satisfaction [not covered in the GRI Standards]				
GRI 103: Management approach	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 20, We place our customers at the center of everything we do p. 21-33, We strive to be the best option for our customers p. 10, Our value creation model p. 56-58, Sustainability management / p. 59-60, Our sustainability priorities p. 61, Understanding the net value we generate for society p. 88, Our values		
Growth in existing markets and countries [not covered in the GRI Standards]				
GRI 103: Management approach	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 50-51, We do business in markets where we can add value p. 10, Our value creation model p. 56-58, Sustainability management / p. 59-60, Our sustainability priorities p. 61, Understanding the net value we generate for society / p. 88, Our values		
Return on capital employed [not covered in the GRI Standards]				
GRI 103: Management approach	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 50-51, We do business in markets where we can add value p. 10, Our value creation model p. 56-58, Sustainability management / p. 59-60, Our sustainability priorities p. 61, Understanding the net value we generate for society / p. 88, Our values		
Health and safety				
GRI 403: Occupational Health and Safety Management approach	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 36-42, Placing health and safety first p. 85, We hire responsible suppliers p. 10, Our value creation model p. 56-58, Sustainability management / p. 59-60, Our sustainability priorities p. 61, Understanding the net value we generate for society / p. 88, Our values 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 Topic-specific disclosures	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	p. 37, Employees lost time injuries, contractor lost time injuries p. 184, Non-financial information: Health and safety • Lost time injury frequency rate, by country: Brazil 0.0, Colombia 91.9, Costa Rica 0.0, El Salvador 0, Guatemala 0, Nicaragua 0.0, Panama 15.7. 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. • Absentee rate (AR), by country: Brazil 0.0, Colombia 2.2, Costa Rica 1.2, El Salvador 0.0, Guatemala 0.1, Nicaragua 0.8, Panama 0.7. System of rules applied: CSI reporting protocol and internal reporting guidelines. When calculating lost days, we register natural days starting from the first day of absence.	3, 8	
	403-4 Health and safety topics covered in formal agreements with trade unions	Some of the topics covered are: consultation over safe work practices, safety clothing and equipment, and safety training, among others.	8	

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) AND/OR URL(S)	SDG	UNGC
GRI 416: Client health and safety Management approach	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 36-42, Placing health and safety first p. 10, Our value creation model p. 56-58, Sustainability management / p. 59-60, Our sustainability priorities p. 61, Understanding the net value we generate for society / p. 88, Our values Health and Safety is considered in each and every phase of product development, from design to disposal. We abide by 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: Salud y seguridad de los clientes Contenidos temáticos	416-1 Evaluación de los impactos en la salud y seguridad de las categorías de productos o servicios	The health and safety aspects of our products are considered at the life cycle stages. We strive for our products to be 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 main hazards and precautions that should be taken when handling these products. For more information, local sales offices should be contacted.		
GRI 416: Client health and safety Topic-specific disclosures	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. 176-182, Legal proceedings	16	
Employee engagement and development				
GRI 401: Employment Management approach	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 43, The best talent to implement our strategy p. 44, We listen to our employees to enhance the work environment p. 85, We hire responsible suppliers p. 10, Our value creation model p. 56-58, Sustainability management / p. 59-60, Our sustainability priorities p. 61, Understanding the net value we generate for society / p. 88, Our values		
GRI 401: Employment Topic-specific disclosures	401-1 New employee hires and employee turnover	p. 185, 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 or 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.	5, 8	6
GRI 404: Training and education Management approach	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 43, The best talent to implement our strategy p. 44, We listen to our employees to enhance the work environment p. 10, Our value creation model p. 56-58, Sustainability management / p. 59-60, Our sustainability priorities p. 61, Understanding the net value we generate for society / p. 88, Our values 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 Topic-specific disclosures	404-1 Average hours of training per year per employee	p. 185, 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. 45, More effective in implementing our strategy p. 96, Training and communications	8	
	404-3 Percentage of employees receiving regular performance and career development reviews	p. 46, Develop leaders who achieve results p. 185, Non-financial information: Our people: Employees that received feedback and performance assessment	5, 8, 10	6

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) AND/OR URL(S)	SDG	UNGC
GRI 405: Diversity and equal opportunity Management approach	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 43, The best talent to implement our strategy p. 48, Building a diverse and inclusive company p. 98, Promoting diversity p. 10, Our value creation model p. 56-58, Sustainability management / p. 59-60, Our sustainability priorities p. 61, Understanding the net value we generate for society / p. 88, Our values		
GRI 405: Diversity and equal opportunity Topic-specific disclosures	405-1 Diversity of governance bodies and employees 405-2 Ratio of basic salary and remuneration of women to men	p. 90, Board of Directors p. 91-93, Board of Directors and Management Team p. 185, Non-financial information: Our people: Workforce p. 185, Non-financial information: Our people: Male to female wage ratio	5, 8	6
Product quality and innovation [not covered in the GRI Standards]				
GRI 103: Management approach	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 20, We place our customers at the center of everything we do p. 24, State-of-the-art concrete p. 21-33, We strive to be the best option for our customers p. 10, Our value creation model p. 56-58, Sustainability management / p. 59-60, Our sustainability priorities p. 61, Understanding the net value we generate for society / p. 88, Our values		
Business ethics and transparency				
GRI 205: Anti-corruption Management approach	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 89, Reinforcing the internal audit function p. 89, Policies p. 94, ETHOSline Reporting p. 94-96, Ethics and transparency p. 10, Our value creation model p. 56-58, Sustainability management / p. 59-60, Our sustainability priorities p. 88, Our values Find online the (1) Anti-Bribery / Anti-Corruption Policy and (2) 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 2017, different CEMEX operations were classified as medium to high risk countries for perceived corruption based on Transparency International. They were assessed for risks related to corruption and no incidents were found. In addition, supplier contracts include not only anti-bribery clauses, but also antibribery certification letter. Moreover, CEMEX makes its best effort to analyze suppliers' historical corruption behavior prior to signing a contract.	16	10
GRI 205: Anti-corruption Topic-specific disclosures	205-2 Communication and training about anti-corruption policies and procedures	CEMEX 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 employees. Additionally, employees have access to the Code of Ethics which contains a compliance chapter related to anti-bribery manners were forms of corruption are explicitly rejected by CEMEX. Supplier contracts include not only anti-bribery clauses, but also anti-bribery certification letter.	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 STANDARD	DISCLOSURE	PAGE NUMBER(S) AND/OR URL(S)	SDG	UNGC
GRI 206: Anti-competitive Behavior Management approach	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 89, Reinforcing the internal audit function p. 89, Policies p. 94, ETHOSline Reporting p. 94-96, Ethics and transparency p. 10, Our value creation model p. 56-58, Sustainability management / p. 59-60, Our sustainability priorities p. 88, Our values Find online the (1) Anti-Bribery / Anti-Corruption Policy and (2) Code of Ethics and Business Conduct: https://www.cemex.com/sustainability/policies-and-positions/policies		
GRI 206: Anti-competitive Behavior Topic-specific disclosures	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. 176-182, Legal proceedings	16	
GRI 419: Socioeconomic Compliance Management approach	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 89, Reinforcing the internal audit function p. 89, Policies p. 94, ETHOSline Reporting p. 94-96, Ethics and transparency p. 10, Our value creation model p. 56-58, Sustainability management / p. 59-60, Our sustainability priorities p. 88, Our values Find online the (1) Anti-Bribery / Anti-Corruption Policy and (2) Code of Ethics and Business Conduct: https://www.cemex.com/sustainability/policies-and-positions/policies		
GRI 419: Socioeconomic Compliance Topic-specific disclosures	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. 176-182, Legal proceedings	16	
Products and solutions for sustainable construction [not covered in the GRI Standards]				
GRI 103: Management approach	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 24, Our concrete solutions p. 24, State-of-the-art concrete p. 28-29, Concrete pavements—a better solution p. 30, Comprehensive solutions for building infrastructure p. 32, Advanced comprehensive solutions for building housing p. 10, Our value creation model p. 56-58, Sustainability management / p. 59-60, Our sustainability priorities p. 61, Understanding the net value we generate for society / p. 88, Our values p. 184, Non-financial information: Building solutions Find online the CEMEX Building Management and Certification Policy: https://www.cemex.com/sustainability/policies-and-positions/policies		
Environmental and air emissions				
GRI 307: Environmental Compliance Management approach	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 74, Committed to operating in a sustainable way p. 74, Environmental Management System p. 80, We invest in technology to minimize emissions p. 81, State-of-the-art technology at Caracolito plant p. 10, Our value creation model p. 56-58, Sustainability management / p. 59-60, Our sustainability priorities p. 61, Understanding the net value we generate for society / p. 88, Our values Find online the CEMEX Environmental Policy: https://www.cemex.com/sustainability/policies-and-positions/policies		

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) AND/OR URL(S)	SDG	UNGC
GRI 307: Environmental Compliance Topic-specific disclosures	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. 176-182, Legal proceedings	16	8
GRI 305: Emissions Topic-specific disclosures	305-6 Emissions of ozone-depleting substances	Our business does not create significant emissions of ozone-depleting substances.	3, 12	7, 8
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	p. 188, Non-financial information: Air quality 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/index.php/key-issues/emissions-reduction/guidelines The standards used in the air emissions measurements, depend on the 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. Data reported in the stack emissions report is measured continuously or spot.	3, 12, 14, 15	7, 8
Energy sourcing, efficiency and cost				
GRI 302: Energy Management approach	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 74, Committed to operating in a sustainable way p. 74, Environmental Management System p. 77, We use electric power in a clean and efficient manner p. 10, Our value creation model p. 56-58, Sustainability management / p. 59-60, Our sustainability priorities p. 61, Understanding the net value we generate for society / p. 88, Our values Find online the CEMEX Environmental Policy: https://www.cemex.com/sustainability/policies-and-positions/policies		
GRI 302: Energy Topic-specific disclosures	302-1 Energy consumption within the organization	p. 187, 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 2017, we substituted 17.5% of primary fuels with alternative fuels, as a result avoiding the use of more than 1.8 million tons of coal. Please refer to the 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 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	7, 8
	302-2 Energy consumption outside of the organization	p. 187, 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. 187, 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	Regarding electricity, during 2017 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

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) AND/OR URL(S)	SDG	UNGC
GRI 302: Energy Topic-specific disclosures	302-5 Reduction in energy requirements of products and services	p. 24, Our concrete solutions p. 24, State-of-the-art concrete p. 28-29, Concrete pavements—a better solution p. 76, Carbon Footprint Tool 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
CO₂ management strategy				
GRI 305: Emissions Management approach	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 74, Committed to operating in a sustainable way p. 74, Environmental Management System p. 75, Carbon neutral vehicle fleet p. 76-78, Optimizing our carbon footprint p. 10, Our value creation model / p. 56-58, Sustainability management p. 59-60, Our sustainability priorities / p. 88, Our values Find online the CEMEX Environmental Policy: https://www.cemex.com/sustainability/policies-and-positions/policies		7, 8, 9
	305-1 Direct (Scope 1) GHG emissions	p. 187 - Non-financial information: Carbon strategy, Absolute emissions p. 191 - 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. 191 - 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
GRI 305: Emissions Topic-specific disclosures	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. 187 - Non-financial information: Carbon strategy, Specific emissions p. 191 - 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. 87 - Non-financial information: Carbon strategy, Specific emissions p. 191 - 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

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) AND/OR URL(S)	SDG	UNGC
Local community development				
GRI 413: Local communities Management approach	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 62, High impact social strategy p. 64, Actions key to multiplying the results of our Social Strategy p. 10, Our value creation model p. 56-58, Sustainability management / p. 59-60, Our sustainability priorities p. 61, Understanding the net value we generate for society / p. 88, Our values 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 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 Topic-specific disclosures	413-1 Operations with local community engagement, impact assessments, and development programs 413-2 Operations with significant actual and potential negative impacts on local communities	We have community investment programs in our operations in Colombia, Panama, Costa Rica, Nicaragua, Guatemala and El Salvador. p. 186, Non-financial information: Strengthen local communities There were no reports that we are aware of on significant negative impacts on communities.		1 1, 2
GRI 203: Indirect Economic Impacts Management approach	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 62, High impact social strategy p. 64, Actions key to multiplying the results of our Social Strategy p. 10, Our value creation model p. 56-58, Sustainability management / p. 59-60, Our sustainability priorities p. 61, Understanding the net value we generate for society / p. 88, Our values		
GRI 203: Indirect Economic Impacts Topic-specific disclosures	203-1 Infrastructure investments and services supported 203-2 Significant indirect economic impacts	p. 65-67, Proper housing and basic infrastructure p. 186, Non-financial information: Strengthen local communities p. 65-67, Proper housing and basic infrastructure p. 71, CEMEX Community Centers p. 186, Non-financial information: Strengthen local 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.	5, 7, 9, 11	9 1, 2, 3, 8, 10, 17
OTHER ISSUES				
Materials recycling and circular economy				
GRI 301: Materials Management approach	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 74, Committed to operating in a sustainable way p. 74, Environmental Management System p. 10, Our value creation model p. 56-58, Sustainability management / p. 59-60, Our sustainability priorities		
	301-1 Materials used by weight or volume	Proprietary information.	8, 12	7, 8
GRI 301: Materials Topic-specific disclosures	301-2 Recycled input materials used 301-3 Reclaimed products and their packaging materials	p. 77, We use other cementitious materials p. 78, We value waste as an alternative fuel p. 79, Contribution to the circular economy p. 188, Non-financial information: Waste management 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 packaging.	8, 12	8 8

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) AND/OR URL(S)	SDG	UNGC
Direct economic impact on stakeholders [not covered in the GRI Standards]				
GRI 103: Management approach	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 10, Our value creation model p. 56-58, Sustainability management / p. 59-60, Our sustainability priorities p. 61, Understanding the net value we generate for society / p. 88, Our values		
Water management				
GRI 303: Water Management approach	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 74, Committed to operating in a sustainable way p. 74, Environmental Management System p. 82, Optimize our water consumption p. 10, Our value creation model p. 56-58, Sustainability management / p. 59-60, Our sustainability priorities p. 61, Understanding the net value we generate for society / p. 88, Our values Find online the CEMEX Water Policy: https://www.cemex.com/sustainability/policies-and-positions/policies To report our water withdrawals by sources we follow the Water Management Methodology created in 2012 by CEMEX in collaboration with the IUCN, which contains a set of key performance indicators (which are in line with those agreed to within the Cement Sustainability Initiative), operational boundaries, four levels of accuracy for water measurement, guidance on how to report the information and recommendations for meter calibration and maintenance.		
GRI 303: Water Topic-specific disclosures	303-1 Water withdrawal by source	p. 189, Non-financial information, Water management	6	7, 8
	303-3 Water recycled and reused	p. 189, Non-financial information, Water management	6, 8, 12	8
Waste management				
GRI 306: Effluents and waste Management approach	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 74, Committed to operating in a sustainable way p. 74, Environmental Management System p. 79, Contribution to the circular economy p. 82, Optimize our water consumption p. 10, Our value creation model p. 56-58, Sustainability management / p. 59-60, Our sustainability priorities p. 61, Understanding the net value we generate for society / p. 88, Our values Find online the CEMEX Water Policy: https://www.cemex.com/sustainability/policies-and-positions/policies To report our water withdrawals by sources we follow the Water Management Methodology created in 2012 by CEMEX in collaboration with the IUCN, which contains a set of key performance indicators (which are in line with those agreed to within the Cement Sustainability Initiative), operational boundaries, four levels of accuracy for water measurement, guidance on how to report the information and recommendations for meter calibration and maintenance.		
GRI 306: Effluents and waste Topic-specific disclosures	306-1 Water discharge by quality and destination	p. 189, Non-financial information, Water management	3, 6, 12, 14	8
	306-2 Waste by type and disposal method	p. 188, Non-financial information, Waste management	3, 6, 12	8
	306-3 Significant spills	p. 186, Non-financial information, Environmental management We had zero Category 1 incidents in 2017. Category 1 incidents are significant environmental spills as defined by the CEMEX incident reporting procedure.	3, 6, 12, 14, 15	8

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) AND/OR URL(S)	SDG	UNGC
Biodiversity preservation				
GRI 304: Biodiversity Management approach	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 74, Committed to operating in a sustainable way p. 74, Environmental Management System p. 84, Protect and improve biodiversity p. 10, Our value creation model p. 56-58, Sustainability management / p. 59-60, Our sustainability priorities p. 61, Understanding the net value we generate for society / p. 88, Our values Find online the CEMEX Biodiversity Policy: https://www.cemex.com/sustainability/policies-and-positions/policies		
GRI 304: Biodiversity Topic-specific disclosures	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected area	p. 84, Protect and improve biodiversity p. 188, Biodiversity management	6, 14, 15	3, 8
Supplier management				
GRI 204: Procurement Practices Management approach	103-1 Explanation of the material topic 103-2 The management approach 103-3 Evaluation of the management approach	p. 68, Social entrepreneurship and local suppliers p. 85, We hire responsible suppliers p. 10, Our value creation model p. 56-58, Sustainability management / p. 59-60, Our sustainability priorities p. 61, Understanding the net value we generate for society / p. 88, Our values Find online the CEMEX Code of Conduct when doing Business with Us: https://www.cemex.com/sustainability/policies-and-positions/policies	1, 5	
GRI 204: Procurement Practices Topic-specific disclosures	204-1 Proportion of spending on local suppliers	At a global level, CEMEX estimates that 89% of purchases come from locally based suppliers.	8	