

**BYLAWS OF  
CEMEX LATAM HOLDINGS, S.A.**



# **BYLAWS OF CEMEX LATAM HOLDINGS, S.A.**

## **PART I**

### **THE COMPANY AND ITS SHARE CAPITAL**

#### **CHAPTER I**

##### **GENERAL PROVISIONS**

###### **Article 1.-Corporate name and applicable rules**

1. The name of the company is Cemex Latam Holdings, S.A. (the “**Company**”).
2. The Company shall be governed by the provisions of legislation relating to limited liability companies and other applicable laws and regulations, and by its own Internal Regulations.
3. The Company’s internal regulations are made up of its Bylaws, the Regulations of the Shareholders’ General Meeting, the Regulations of the Board of Directors, and other Internal Corporate Governance Rules approved by competent decision-making bodies of the Company (the “**Internal Regulation**”).
4. The Company shall pursue the corporate interest, which is understood to be the common interest of all shareholders of an independent corporation engaged in the business comprising its corporate purpose, in accordance with the provisions of applicable legislation and the Internal Regulations.

###### **Article 2.-Corporate purpose**

1. The corporate purpose of the Company shall consist of:
  - (a) subscription, derivative acquisition, holding, use, management and disposal of securities and shares in other companies, except those whose business is subject to special legislation;
  - (b) management and administration of securities representing the equity of companies which are not resident in Spain by means of the pertinent organisation of material and human resources, in accordance with article 107 of the Spanish Corporate Income Tax Act (Law 27/2014, of 27 November) and related secondary legislation, and/or by any other legislation which may replace the same from time to time;
  - (c) the execution of transactions involving financial derivative instruments relating to exchange rates, interest rates, securities or any other underlying asset, whether financial or otherwise, and the execution of financial transactions granting credit to or assuming indebtedness with companies belonging to same group, for which purpose the same may be granted the necessary guarantees and security;
  - (d) ownership, licensing, operation, management, development, administration, holding and protection of intellectual and industrial property rights, and of the assets underlying such rights;

- (e) research and development activities in the field of building materials;
  - (f) provision of technical assistance, business management and support services to companies forming part of the same group;
  - (g) structuring, issue, offering, whether publicly or privately, and placement of shares and fixed or variable rate securities in capital markets in Spain and abroad;
  - (h) manufacture, production, purchase, sale distribution, transport, marketing, export and import of cement, aggregates, concrete, mortar and any other buildings materials ad any other product or business related with the cement industry and building materials, whether directly or indirectly, as well as prospecting and the operation of mines;
  - (i) conduct of agricultural, forestry and livestock activities, including both operation and marketing or distribution;
  - (j) management of all kinds of by-products and/or waste in the broadest sense of the term, including collection, road transport, selection, processing, marketing, treatment, conversion into fuel or any other raw material, and elimination;
  - (k) purchase, acquisition, transfer, lease or rental, whether as tenant or landlord, and active or passive enjoyment under any title of urban and rural properties of all kinds, including plots and buildings.
  - (l) development and construction, whether directly or using contractors, of industrial, residential or other buildings of all kinds.
2. The aforementioned activities may be carried out directly by the Company, whether in whole or in part, or through the ownership of shares or equity interests in other companies whose purpose is identical or analogous to such activities, subject to all applicable provisions of sector legislation.
  3. The Company may assume the management of a group of companies, even if their corporate purpose differs from the Company's corporate purpose, including management and business advisory services in all areas provided by the appropriate professionals where required.
  4. Activities requiring any kind of official authorisation which the Company has not obtained shall be deemed as not comprised in its corporate purpose.

### **Article 3.-Duration and commencement of operations**

1. The duration of the Company shall be indefinite.
2. The Company commenced its operations on the date of execution of the deed of incorporation.

### **Article 4.-Registered office and branches**

1. The Company has its registered office in Madrid (Spain), at Calle Hernández de Tejada 1, and it may establish branches, agencies, local offices and delegations in Spain and abroad pursuant to the provisions of applicable legislation.
2. The registered office may be transferred to another location within the municipal

bounds of Madrid by resolution of the Board of Directors, which may also decide on the creation, elimination or transfer of the branches, agencies, local offices and delegations mentioned in the preceding paragraph anywhere in Spain and abroad.

## **CHAPTER II**

### **SHARE CAPITAL AND SHARES**

#### **Article 5.-Share capital**

Share capital is five hundred and seventy-eight million two hundred and seventy-eight thousand three hundred and forty-two euros (€578,278,342). It is represented by five hundred and seventy-eight million two hundred and seventy-eight thousand three hundred and forty-two (578,278,342) ordinary shares with a par value of one (1) euro each, all belonging to the same class, and fully subscribed and paid up.

#### **Article 6.-Representation of the shares**

1. The shares are registered shares and are represented by book entries. Given that the Company is a Spanish entity listed on the Colombian Stock Exchange and subject to the applicable Colombian legislation, its shares are deposited in the book entries register kept by the Colombian Central Securities Depository Institution, (*Depósito Centralizado de Valores de Colombia*), Deceval, S.A. (“**Deceval**”), in accordance with the requirements established for the listing of the Company’s shares on the Colombian Stock Exchange. Accordingly, any transfers of ownership shall be made by means of accounting transfer reflected in the pertinent entries and records in the holders’ Deceval deposit accounts or sub-accounts.
2. In order to deposit all of the Company’s outstanding shares in Deceval, the Company has issued a document containing (i) the Company’s name and registered office, (ii) the total amount of the outstanding shares deposited, and (iii) the law applicable to trading in the shares. All shares issued by the Company in the future shall also be deposited in Deceval following the same procedure.
3. The person whose name appears as the holder in Deceval’s records shall be deemed the legitimate holder of the Company’s shares. Where any persons or entities formally act as shareholders under any fiduciary agreement, trust or other similar arrangements, the Company may require such persons or entities to provide the particulars of the beneficial owners of the shares, as well information regarding all acts entailing the transfer of such shares or the creation of liens thereon. The Company may at any time obtain the particulars of its shareholders from Deceval, or such other entity as may keep the register of the Company’s shares, including their addresses and the contact arrangements established.

#### **Article 7.-Unpaid subscriptions**

1. If any shares have not been entirely paid up, this circumstance shall be reflected in the pertinent book entry.
2. Unpaid subscriptions shall be paid at the time fixed by the Board of Directors within a period of five (5) years from the date of the resolution approving the capital increase. The form and other circumstances of the payment shall be

governed by the provisions of the resolution approving the capital increase, which may provide for cash or in-kind contributions.

3. Notwithstanding the legal consequences of default, any late payment of unpaid subscriptions shall bear arrears interest at the rate provided by Law for the benefit of the Company, accruing as from the when the payment fell due and without the need for any prior demand made either in or out of court.

#### **Article 8.-Shareholder status**

1. Each share of the Company confers upon its legitimate holder the status of shareholder and vests such holder with the rights and obligations established by Law and the Company's Internal Regulations, in particular as follows:

##### A. Shareholders' rights:

- (a) to share in the distribution of the Company's profits and in the assets resulting from liquidation;
- (b) preferential subscription rights in the issue of new shares or convertible debentures;
- (c) to attend and vote at General Meetings and to challenge corporate resolutions, in accordance with the requirements established by Law;
- (d) to receive information in accordance with the provisions of applicable legislation;
- (e) to request authorisation from the Board of Directors to engage experts at the cost and under the responsibility of the requesting shareholders, to prepare specialised reports on matters other than those related to the audit of the financial statements referred to in article 53 of the Bylaws ("**Specialised Audits**"), provided that the conditions established in the Bylaws are complied with;
- (f) to make recommendations to the Board of Directors or to the body designated by it; and
- (g) to access the Company's public information in an integral and appropriate manner under the terms established by Law and in these Bylaws.

##### B. Shareholders' obligations:

- (a) to provide all necessary information to comply with regulations governing the control of money laundering and other illegal activities;
- (b) to register their corporate or personal address, or that of their legal representatives or attorneys to facilitate mailing of all notices required to the address so registered, as well as any other information required by Deceval; and
- (c) to bear the cost of the Specialised Audits referred to in article 53 of the Bylaws, where requested by them.

2. The shares indivisible. Co-owners of one or more shares shall designate a single person for the exercise of shareholder rights, whose identity shall be notified to

the Company, and they shall be jointly and severally liable to the Company for all obligations arising from their status as shareholders.

3. In the case of beneficially-owned shares (*usufructo de acciones*), the bare owner (*nudo propietario*) shall be qualified as the designated shareholder, while the beneficial owner (*usufructuario*) having the right in all cases to the dividends agreed by the Company during the period of beneficial ownership.
4. In the event of a pledge of shares, the exercise of shareholder rights belongs to the owner thereof.
5. Ownership of shares entails compliance with the Company's Internal Regulations and submission to the lawfully-adopted decisions of the governing bodies and management of the Company.

#### **Article 9.-Shareholders' agreements**

Given that the Company's shares are listed and traded on one or more Spanish or foreign stock exchanges, the execution, extension or amendment of any shareholders' agreement referring to the exercise of voting rights at the General Meetings of the Shareholders or which restricts or affects shareholders' ability freely to transfer shares or convertible or exchangeable bonds shall be reported to the Company and shall be disseminated to the market through the offices of the competent authorities in accordance with the applicable legislation.

### **CHAPTER III**

#### **SHARE CAPITAL INCREASE AND REDUCTION**

#### **Article 10.-Share capital increase**

1. The share capital may be increased by resolution of the shareholders adopted at a General Meeting subject to the requirements established by Law and in accordance with the various legally authorised methods. The increase may be effected by issuing new shares or by increasing the par value of existing shares. The par of exchange for the increase may consist of cash or in-kind contributions to equity, including the set-off of loans payable by the Company or the conversion of reserves into share capital. The increase may be effected in part with a charge against new contributions and in part with a charge against reserves.
2. Unless expressly provided otherwise in the relevant corporate resolution, if a share capital increase is not fully subscribed within the period established for such purpose, the share capital shall be increased by the amount of the subscriptions made.
3. The price of the shares offered shall be freely determined by the shareholders acting at their General Meeting subject to applicable legislation.

#### **Article 11.-Authorised share capital**

1. The shareholders acting at a General meeting may delegate to the Board of Directors the power to increase share capital on one or more occasions, where appropriate, in accordance with the requirements established for the amendment

of the Bylaws and within the limits and conditions fixed by Law, with powers of substitution.

2. The Shareholders' General Meeting may also delegate to the Board of Directors the power to determine the date or dates on which the resolution to increase share capital will be executed, and to set the terms and conditions of any share capital increase agreed by the Shareholders insofar as such terms may not have been established at the General Meeting.

#### **Article 12.- Preferential subscription rights and exclusion thereof**

1. In share capital increases with the issue of new shares, whether ordinary or preferred, payable by cash contributions, the shareholders of the Company may exercise the right to subscribe a number of shares proportional to the par value of the shares they may already hold at the time, where permitted by Law and within the period allowed by the Board of Directors.
2. The shareholders at the General Meeting, or where applicable, the Board of Directors may, in the furtherance of the corporate interest, exclude preferential subscription rights in whole or in part in such cases and under such conditions as are provided by Law.
3. Preferential subscription rights shall not apply when the share capital increase is payable by means of contributions in kind or when it is due to the conversion of debentures in to shares or the exchange of shares as a result of the absorption of another company or part of the spun-off assets of another company, or of the takeover another company.

#### **Article 13.-Share capital reduction**

In accordance with the procedures provided by Law, share capital may be reduced by lowering the part value of shares, by redeeming shares, or by pooling shares for exchange. In all such cases, the purpose may be to return contributions, to cancel unpaid subscriptions, to create or increase reserves, to re-establish balance between the share capital and the equity of the Company where diminished by losses, or several such purposes simultaneously.

### **CHAPTER IV**

#### **ISSUE OF DEBENTURES AND OTHER SECURITIES**

#### **Article 14.-Issue of debentures**

1. The shareholders acting at their General Meeting may, as provided by Law, delegate to the Board of Directors the power to issue simple or convertible and/or exchangeable debentures. The Board of Directors may make use of such delegation on one or more occasions for a maximum period of five (5) years.
2. The shareholders acting at their General Meeting may also authorise the Board of Directors to determine the timing of the approved issue and to set other conditions not provided for in the shareholders' resolution.

**Article 15.-Convertible and/or exchangeable debentures**

1. Convertible and/or exchangeable debentures may be issued with a fixed (determined or determinable) or variable exchange ratio.
2. The General Meeting of the shareholders or the Board of Directors may exclude the preferential subscription rights of shareholders in relation to issues of convertible debentures, either in whole or in part, where so required in the corporate interest or under the conditions provided by Law.

**Article 16.-Other securities**

1. The Company may issue notes, warrants, preferred stock or other negotiable securities other than those described in the preceding articles.
2. The shareholders acting at a General Meeting may delegate to the Board of Directors the power to issue such securities up to the maximum amount established. The Board of Directors may make use of such delegation on one or more occasions for a maximum period of five (5) years.
3. The General Meeting may also authorise the Board of Directors to determine the timing of the approved issue and to set other conditions not provided for in the shareholders' resolution, under the terms provided by Law.
4. The Company may also guarantee securities issues carried out by its affiliates.

**PART II**

**GOVERNANCE OF THE COMPANY**

**CHAPTER I**

**SHAREHOLDERS' GENERAL MEETING**

**Article 17.-The Shareholders' General Meeting**

1. The shareholders, duly convened in a General Meeting, shall decide by the majorities required on each case on the matters within their authority, in accordance with the Law and the Company's Internal Regulations.
2. Resolutions duly adopted at the General Meeting of the Shareholders shall bind all shareholders, including any who are absent, dissent, abstain from voting or who lack the right to vote, without prejudice to any right they may have to challenge such resolutions.
3. The Company shall in any event ensure equal treatment of all shareholders under identical conditions with respect to information, participation and the exercise of voting rights at General Meetings.
4. The Shareholders' General Meeting is governed by the provisions of applicable legislation, these Bylaws, the Regulations of the Shareholders' General Meeting and other applicable provisions of the Internal Regulations.

**Article 18.-Powers of the Shareholders' General Meeting**

1. The Shareholders at their General Meeting shall decide on the matters assigned thereto by Law or the Internal Regulations, and in particular on the following:



- (a) approval of the annual financial statements, distribution of profits or losses, and approval of the conduct of the Company's affairs;
  - (b) appointment, re-election and removal of directors, as well as ratification of directors designated by interim appointment to fill vacancies;
  - (c) appointment, re-election and removal of the auditor;
  - (d) appointment and removal of liquidators;
  - (e) the exercise of corporate action to seek liability against any of the persons referred to in the preceding three paragraphs;
  - (f) amendment of the Bylaws;
  - (g) share capital increases or reductions, as well as delegation to the Board of Directors of the power to increase share capital, in which case the shareholders at the General meeting may also grant the Board the power to exclude or limit preferential subscription rights under the terms established by the Law;
  - (h) exclusion or limitation of preferential subscription rights;
  - (i) transformation, merger, spin-off or assignment *en bloc* of assets and liabilities, and transfer of the Company's registered office abroad, where the shareholders' approval is required by Law;
  - (j) winding-up of the Company;
  - (k) approval of the final liquidation balance sheet;
  - (l) approval of the remuneration policy for the Company's directors under the terms established by Law, and approval of the systems for the remuneration of directors consisting in the delivery of shares or rights over shares or referenced to the value of shares, where the shareholders' approval is required by Law;
  - (m) issue of debentures and other negotiable securities, and delegation of the power to authorise issues to the Board of Directors;
  - (n) authorisation for the derivative acquisition of the Company's own shares;
  - (o) approval and amendment of the Regulations for the Shareholders' General Meeting;
  - (p) assignment to dependent entities of core activities of the Company, even though it may maintain full ownership of such entities.
  - (q) acquisition, disposal or contribution of core assets to any other company;
  - (r) approval of transactions whose effect is equivalent to liquidation of the Company;
  - (s) the exercise of any other powers assigned to the General Meeting of the Shareholders which may not be delegated by Law;
2. The shareholders at their General Meeting shall also decide on any matter submitted to them by the Board of Directors or by the shareholders in the cases

provided by Law, or which fall within their purview under the Law or the Internal Regulations of the Company.

3. The shareholders acting at their General Meeting may also decide by way of a consultative vote on any reports or proposals submitted by the Board of Directors.

#### **Article 19.-Types of General Meetings of the Shareholders**

1. The shareholders may hold ordinary or extraordinary General Meetings.
2. The ordinary Annual General Meeting of the Shareholders shall be convened and held within the first six (6) months of each fiscal year to approve the annual financial statements for the prior year, if appropriate, resolve upon the distribution of profits or losses and review the conduct of the Company's affairs. The Annual General Meeting may also debate and resolve on any other matter falling within its competence, provided that such matter is included in the agenda or that it is legally procedure, and that the quorum required by these Bylaws and applicable legislation is present. The Annual General Meeting shall still be valid even if it convened or held outside the applicable time period.
3. Any General Meeting of the Shareholders not referred to in the preceding subsection shall be deemed an Extraordinary General Meeting.

#### **Article 20.-Call of the Shareholders' General Meeting**

1. The Shareholders' General Meeting shall be formally called by the Board of Directors through an announcement published as far in advance as required by Law.

The announcement to call the General Meeting shall be published at least in the following media:

- (a) the Official Bulletin of the Commercial Registry (*Boletín Oficial del Registro Mercantil*) or one of the more widely circulating national newspapers in Spain;
  - (b) the website of the Colombian Financial Supervisory Agency (*Superintendencia Financiera de Colombia*), or that of such body as may discharge its functions in the future; and
  - (c) the Company's corporate website.
2. The Board of Directors shall call the Shareholders' General Meeting (i) in the cases established by Law, and (ii) if a meeting is requested in the manner provided by Law by shareholders who hold or represent at least three per cent (3%) of the share capital, provided such request sets forth the matters to be dealt with.
  3. The announcement of the call to the meeting shall contain all mentions required by Law in the circumstances, and it shall also set forth:
    - (a) the day, place and time of the Shareholders' General Meeting upon first call, indicating the agenda and all matters to be dealt with, as well as the name of the person or persons convening the meeting. The announcement may also, where appropriate, include the date and place on which the Shareholders' General Meeting shall be held upon second call;

- (b) a clear and specific description of the procedures that the shareholders must follow in order (i) to request the publication of a supplement to the call for the Annual General Meeting of the Shareholders, (ii) to submit proposals for resolutions on any matters already included or to be included in the agenda, and (iii) to exercise their rights to information and to vote under the terms provided by law;
  - (c) the date by which the Company's shareholders must enter their names in the pertinent book-entry registers to be able to attend and vote at the Shareholders' General Meeting called; and
  - (d) where and how the shareholders may obtain the complete text of the documents to be submitted at the Shareholders' General Meeting, including in particular the reports of the directors, auditors and other independent experts and the full text of the proposed resolutions.
4. The notice and all documents required by Law shall be published on the Company's website and shall be accessible on an uninterrupted basis at least until the date on which the Shareholders' General Meeting is to be held.
  5. Shareholders representing at least three per cent (3%) of the share capital may request the publication of a supplement to the call for the Annual General Meeting including one or more of the items in the agenda included in the call to the Meeting, provided the new items are accompanied by a rationale or, if applicable, by a duly supported proposal for a resolution, and they may likewise present any grounded proposal for resolutions concerning matters already included, or to be included, in the agenda forming part of the call to the Shareholders' General Meeting convened.
  6. The shareholders' rights mentioned in paragraphs 2 and 5 above shall be exercised by duly authenticated notice delivered at the Company's registered office and received within five (5) days of the publication of the call to the meeting in the case mentioned in paragraph 5. The supplement to the call to the meeting and any of the proposals mentioned in the aforementioned paragraph shall be published within the deadline provided by Law and the Regulations of the Shareholders' General Meeting.
  7. The Shareholders' General Meeting shall not debate or decide on any matters which are not included in the agenda included in the call to the meeting, unless otherwise provided by Law.
  8. The Board of Directors may require that a notary public attend the Shareholders' General Meeting to take the minutes of the meeting. In any event, the Board shall require the presence of a notary in the circumstances provided by Law.

#### **Article 21.-Shareholders' right to receive information**

1. From the date of publication of the call to the Shareholders' General Meeting until and including the fifth day prior to the date set for the first call to meeting, the shareholders may apply in writing for any information or clarifications they may deem appropriate, or ask any written questions that they deem pertinent regarding the items included on the agenda of the call to the meeting, the publicly accessible information furnished by the Company to the Colombian Financial Supervisory

Agency and the auditor's report, as well as the documentation made available upon the publication of the call to the meeting, even where the matter in question is not included in the agenda.

2. While the Shareholders' General Meeting is being held, the shareholders may verbally request any information or clarifications regarding the matters and information mentioned in the preceding paragraph. The Board of Directors shall be required to provide the information requested pursuant to the two preceding paragraphs in the form and within the period provided by Law and the Internal Regulations, except in cases where it may be unnecessary to protect the shareholders' rights, or where any objective reasons may exist to consider that the information could be used for purposes outside the corporate interest, or that disclosure could prejudice the Company or its related companies. This exception shall not apply when the request is supported by shareholders representing at least twenty-five per cent (25%) of share capital. Valid requests for information or clarification, and questions made in writing and the responses provided shall be published on the Company's website.
3. When the Shareholders are to deal with an amendment to the Bylaws, the notice to the call shall include not only the mentions required by Law in each case, but shall also establish the right of all shareholders to examine the full text of the proposed amendment and the report thereon at the Company's registered office, and to request that the relevant documents be delivered or sent to them without charge.
4. In all cases in which the Law so requires, such information and supplemental documentation as is mandatory shall be made available to the shareholders.

#### **Article 22.-Establishment of a quorum for the Shareholders' General Meeting**

1. The Shareholders' General Meeting shall be validly established with the minimum quorum required by Law, taking into account the matters included in the agenda for the call to the meeting.

If the General Meeting is called upon to deliberate on any share capital increase or reduction, or on any other amendment to the Bylaws, on the issue of debentures, on the exclusion or limitation of preferential subscription rights, or on the transformation, merger, spin-off, assignment *en bloc* of the Company's assets and liabilities, or the removal of the registered office abroad, the required quorum on first call shall be met by the attendance of shareholders representing at least fifty per cent (50%) of the share capital with the right to vote. At the second call, it shall be sufficient for a quorum of twenty-five per cent (25%) of share capital to attend.

2. The absence of shareholders occurring once a quorum for the Shareholders' General Meeting has been established shall not affect the validity of the meeting.
3. If the attendance of shareholders representing a certain percentage of share capital or the consent of specific interested shareholders is required pursuant to applicable legal or provisions or these Bylaws in order validly to adopt any resolution regarding one or more items on the agenda of the call to the General Meeting of the Shareholders, and such percentage is not reached or such shareholders are not present in person or by proxy, the shareholders shall be limited to deliberation and

decision regarding those items on the agenda which do not require to be approved by such percentage of share capital or the presence of such shareholders.

**Article 23.-Right of attendance**

1. The holders of voting shares may attend the Shareholders' General Meeting and take part in its deliberations with the right to be heard and to vote.
2. In order to exercise the right of attendance, shareholders shall cause their shares to be registered in their name in Deceval, either directly or through their direct depository, at least five (5) days before the day on which the Shareholders' General Meeting is to be held. This circumstance shall be evidenced with the appropriate attendance, proxy and distance voting card, deposit certificate issued by Deceval or other valid accreditation acceptable to the Company.
3. The members of the Board of Directors shall attend the Shareholders' General Meeting. The absence of any of them shall not affect the quorum for the Shareholders' General Meeting.
4. The Chairman of the General Meeting may authorise the attendance of managers, employees and other persons related to the Company. The Chairman may also grant access to any other person where deemed appropriate, although the shareholders present at the General Meeting may revoke such authorisation.

**Article 24.-Right to be represented at General Meetings**

1. All shareholders having the right to attend may be represented by proxy at the Shareholders' General Meeting, whether or not such person is a shareholder, complying with the requirements established by Law and the Internal Regulations. Proxies shall be conferred in writing for each General Meeting of the Shareholders, and the attendance, proxy and distance voting card, or any other due accreditation of representation acceptable to the Company shall be delivered in advance to the proxy at the venues established by the Company for such purpose, or they shall be remitted by post or by e-mail, or by any other means allowing remote communication, providing the Company considers the authenticity of the communication and the identity of the shareholder concerned to be assured. The form of the attendance, proxy and voting card will be found on the Company's website as required by Law, and it shall contain the necessary instructions for delivery and communications.
2. The proxy's representational authority is understood as being without prejudice to legal provisions governing cases of family representation and the granting of general powers of attorney.
3. Proxies may always be revoked, and the personal attendance of the principal at the General Meeting shall have the effect of revocation.
4. The Chairman and the Secretary to the Board of Directors, or the Chairman and Secretary of the Shareholders' General Meeting, from the constitution thereof, and the persons delegated by them, shall have the widest powers to verify the identity of the shareholders and their proxies, to verify the ownership and status of their rights, and to recognise the validity of the attendance, proxy and distance voting card or document, or any other accreditation of attendance or representation by proxy.

5. Prior to their appointment, proxies must provide the shareholder with detailed information on any conflicts of interest. If a conflict of interests arises subsequent to appointment and the shareholder represented was not already apprised of the possibility, the matter shall be reported to said principal forthwith. In either case, the proxy shall abstain from voting if no specific new instructions are received for each of the matters on which the proxy is vote on behalf of the shareholder represented.
6. If a proxy has been validly granted in accordance with the Law, these Bylaws and the Regulations of the Shareholders' General Meeting but it does not include voting instructions, or any questions arise as to the intended proxy-holder or the scope of the representation, it shall be deemed, unless otherwise expressly indicated by the shareholder concerned, that the proxy is granted in favour of the Chairman of the Board of Directors, refers to all items included in the agenda for the Shareholders' General Meeting, contains the instruction to vote in favour of all proposals submitted by the Board of Directors in connection with the items included in the agenda, and extends to matters which, although not included in the agenda published in the call to the General Meeting, may be debated and approved by the Shareholders at the same in accordance with applicable legislation, in respect of which the proxy vote in the manner deemed most favourable to the interest of the principal within the framework of the corporate interest.
7. Any public request for proxies issued by the Board of Directors or any of its members shall be governed by the provisions of applicable legislation and by the terms of the Board's resolution approving such request, if any.

#### **Article 25.-Venue and time of the meeting**

1. The Shareholders' General Meeting shall be held at the venue in the Autonomous Region of Madrid indicated in the call to the meeting.
2. The Shareholders' General Meeting may be attended by going to the venue at which the meeting is to be held or, where applicable, by going to such other place or places provided by the Company as indicated in the call to the meeting, which shall be connected with the main venue by any valid systems allowing: (i) recognition and identification of the parties attending; (ii) permanent communication between the attendees, regardless of their location; and (iii) participation and voting all on a real time basis. Attendees at any of the ancillary venues shall be deemed for all purposes to be attendees at a single Shareholders' General Meeting.
3. The Shareholders' General Meeting may, upon just cause, agree to its extension for one or more consecutive days at the proposal of the Chairman of the General Meeting, a majority of the directors attending the Meeting or shareholders representing at least twenty-five per cent (25%) of the share capital attending the Meeting. Regardless of the number of sessions held during the Meeting, it shall be considered one Meeting and shall be recorded in a single set of minutes covering all sessions.

## **Article 26.-Shareholders' Office**

1. From the publication of the announcement of the call to the Shareholders' General Meeting, the Company shall establish a Shareholders' Office at a physical location and/or online, which shall be the communication channel between the Company and its shareholders. The aforementioned functions may be delegated to a third party where deemed appropriate.
2. In a visible place at the venue where the Shareholders' General Meeting is convened and, where applicable, at any place indicated in the call to the meeting which is connected with the venue by means of any valid system allowing identification and recognition of the attendees, the Company shall install a physical Shareholders' Office from the moments preceding the start of the Shareholders' General Meeting. Such Shareholders' Office shall remain throughout the General Meeting and its functions be as follows:
  - (a) to address any issues raised by the attendees at the meeting in connection with the proceedings before the start of the session, notwithstanding the shareholders' right to intervene in the meeting, to include new points in the agenda and to vote, as provided by Law and these Bylaws;
  - (b) to help and inform attendees at the meeting willing to intervene in the session, preparing a list of the shareholders who have expressed their wish to be heard and compiling the text of such shareholders' interventions, where they may be available in writing; and
  - (c) to provide any attendees at the meeting who may so request with the full text of the proposals for resolutions prepared by the Board of Directors or other shareholders for consideration by the Shareholders' General Meeting in relation to each of the items on the agenda for the meeting. The Shareholders' Office shall also provide the attendees at the meeting with copies of the directors' reports and other documentation made available to the shareholders, in accordance with the Law and to these Bylaws.

## **Article 27.- Presiding Committee of the Shareholders' General Meeting**

1. The Chairman of the Board of Directors, or the Deputy Chairman in the absence of the same, shall act as the Chairman of the Shareholders' General Meeting. If the Board of Directors has appointed more than one Deputy Chairman, the order in which they were appointed shall be considered (first Deputy Chairman, second Deputy Chairman, etc.). In the absence of all of the foregoing, the person appointed by the Presiding Committee shall act as the Chairman of the Shareholders' General Meeting.
2. The Secretary to the Board of Directors, or the Deputy Secretary to the Board of Directors in the absence of the same, shall act as the Secretary to the Shareholders' General Meeting. If more than one Deputy Secretary has been appointed, the order of appointment shall be taken into consideration (first Deputy Secretary, second Deputy Secretary, etc.). In the absence of all of the foregoing, the person appointed by the Presiding Committee shall act as the Secretary to the Shareholders' General Meeting.

3. The Presiding Committee shall be made up of the Chairman and the Secretary to the Shareholders' General Meeting, and the other members of the Board of Directors present at the meeting.

**Article 28.-List of attendees**

1. Once the Presiding Committee has been formed, but before beginning with the agenda for the Meeting, a list of attendees shall be prepared, which shall include the number of shareholders present in person or by proxy, as well as the amount of share capital held by each, specifying the share capital owned by the shareholders holding voting rights, the number of shares present or represented with an indication of the relevant percentage of share capital in each case, and the total number of shareholders and share present at the meeting with an indication of the percentage of capital represented by the shares present. The list of attendees shall include any shareholders voting from a distance in accordance with the provisions of the Internal Regulations as attendees present at the meeting.
2. Any queries or claims arising in connection with the preparation of the list of attendees and compliance with the requirements established for the Shareholders' General Meeting to be validly convened and quorate shall be resolved by the Chairman.

**Article 29.-Deliberations and voting**

1. Once the list of attendees has been prepared, the Chairman shall, where appropriate, declare the Shareholders' General Meeting validly convened and shall determine whether the shareholders at the meeting may address all of the matters included in the agenda, or should instead limit themselves to addressing some of them.
2. The Chairman shall call the meeting to order, submit to debate the matters included in the agenda, and direct the debate in a manner such that the meeting progresses in an orderly fashion, pursuant to the provisions of the Regulations of the Shareholders' General Meeting and other applicable regulations.
3. Once a matter has been sufficiently debated, the Chairman shall submit it to a vote. Each substantially independent item shall be submitted to a separate vote.
4. Voting on the proposed resolutions shall be carried out in accordance with the procedure provided in the Regulations of the Shareholders' General Meeting and other applicable regulations.

**Article 30.- Distance voting**

1. Shareholders entitled to attend and to vote may cast their vote on proposals relating to the items on the agenda by prior delivery of the attendance, proxy and distance voting card, or any other due accreditation of representation acceptable to the Company at the venues established by the Company for such purpose, or by remitting the same by post or by e-mail, or by any other means allowing remote communication, providing the Company considers the authenticity of the communication and the identity of the shareholder concerned to be assured. The form of the attendance, proxy and voting card will be found on the Company's website as required by Law, and it shall contain the necessary instructions for delivery and communications. In all cases, the shareholder shall be considered



present for the purposes of establishing the quorum for the Shareholders' General Meeting.

2. In order to be valid, a vote cast by any of the aforementioned means shall be received by the Company by midnight (00:00) on the third day prior to the date on which the General Meeting is due to be held on first or second call, as applicable. Otherwise, the vote shall be deemed not to have been cast.
3. The Board of Directors may expand the foregoing provisions, establishing instructions, rules, means and procedures for the appointment of proxies and distance voting, taking into consideration the state of technology and in conformity with the applicable provisions of these Bylaws.
4. Distance votes cast shall be revoked either by the physical attendance of the shareholder at the Shareholders' General Meeting or by express revocation thereof by the same means used to cast the vote before the deadline established for that purpose, or if the shareholder validly grants a proxy after the date on which the distance vote was cast.

#### **Article 31.-Approval of resolutions**

1. Corporate resolutions shall be adopted by the majority of the votes cast by the shareholders attending the General Meeting either in person or by proxy. Exceptions shall be made, however, in those cases where the Law, these Bylaws or the Regulations of the Shareholders' General Meeting require a larger majority.

The resolutions referred to in article 194 of the Spanish Limited Companies Act shall be adopted by the majorities established by Law.

As an exception to the above, amendments to article 39 of the By-Laws and the approval of the authorisation to the Board of Directors to issue simple or convertible and/or exchangeable bonds shall require the votes in favour of one half plus one shares of the shares representing the share capital of the Company.

2. The attendees at the Shareholders' General Meeting shall have the right to cast one (1) vote for each which they hold or represent. Non-voting shares shall confer the right to vote in the specific cases laid down in applicable legislation.

#### **Article 32.-Documentation of resolutions**

1. Documentation of the resolutions adopted by the shareholders at the General Meeting, formalisation in public instruments and recording thereof in the Commercial Registry shall be carried out in accordance with the provisions of applicable legislation.
2. Any total or partial certificates required to evidence resolutions adopted by the shareholders at the General Meeting shall be issued and signed by the Secretary to the Board of Directors, or by one of the Deputy Secretaries, where applicable, with the approval of the Chairman of the Board of Directors or of any of the Deputy Chairmen, where applicable.

**CHAPTER II**  
**MANAGEMENT OF THE COMPANY**

**Section I**  
**Board of Directors**

**Article 33.- Structure and regulation of management of the Company**

1. The Company shall be managed by a Board of Directors.
2. The Board of Directors shall be governed by the provisions of the Law, these Bylaws and the Regulations of the Board of Directors.

**Article 34.- Powers of the Board of Directors**

1. The Board of Directors has broad powers to manage the Company and, except for those matters falling exclusively within the purview of the Shareholders' General Meeting, it is the Company's highest decision-making body.
2. Notwithstanding the foregoing, the Board shall exercise such powers as are reserved for it by Law, as well as the following powers which are required for the responsible discharge of the general duty of supervision:
  - A. In connection with the General Meeting of the Shareholders:
    - (a) to call the Shareholders' General Meeting, to prepare the agenda for the same and to propose resolutions;
    - (b) to propose amendment of the Bylaws to the shareholders at the General Meeting;
    - (c) to propose amendment of the Regulations of the Shareholders' General Meeting to the shareholders at the General Meeting;
    - (d) to propose to the shareholders at their General Meeting the assignment of core activities of the Company to dependent entities, even though it may maintain full ownership of such entities.
    - (e) to propose to the shareholders at their General Meeting the approval of transactions involving the acquisition, disposal and contribution of core assets to other companies;
    - (f) to propose to the shareholders at the General Meeting the approval of transactions, the effect of which is equivalent to liquidating the Company; and
    - (g) to execution the resolutions approved by the shareholders at their General Meeting and perform any duties which the shareholders may entrust to the Board.
  - B. In connection with the organisation and functioning of the Board of Directors:
    - (a) to approve and amend the Regulations of the Board of Directors;

- (b) to define the structure of the general powers of attorney to be granted by the Board of Directors or by the representative management decision-making bodies;
  - (c) to prepare reports of any kind required of the management body by Law, wherever the operation referred to in the report cannot be delegated; and
  - (d) to exercise any other powers related with the Board's own organisation and functioning.
- C. In connection with the information to be provided by the Company:
- (a) to manage the provision of information regarding the Company to the shareholders and the markets in general in accordance with the standards of equal treatment, transparency and truthfulness;
  - (b) to prepare the Company's annual financial statements, management report and proposal for the distribution of profit or loss, as well as the consolidated annual financial statements and management report, and to submit the same to the General Meeting;
  - (c) to approve the financial information which the Company must periodically make publish due to its status as a listed company, ensuring that such documents provide a true and fair view of the assets and liabilities, the financial situation and results of the Company, in accordance with applicable legislation; and
  - (d) to prepare and approve the Company's Annual Corporate governance Report and Corporate Governance Survey (Country Code – Colombia), where the Board of Directors may voluntarily decide to participate in the same, and to prepare the annual report on directors' remuneration and any other considered necessary by the Board to enhance the information provided shareholders and investors, or which may be required by legislation applicable from time to time.
- D. In connection with the directors, senior executives and committees:
- (a) to designate directors to fill vacancies by interim appointment and to propose the appointment, ratification, re-election or removal of directors to the shareholders at their General Meeting;
  - (b) to designate and renew internal positions within the Board of Directors, and the members of and positions in the committees established within the Board of Directors;
  - (c) To supervise the effective functioning of the committees created and the actions of the Executive Committee, the chief executive officers and the executives appointed;
  - (d) to decide on the proposals submitted by the Executive Committee, the Chairman of the Board of Directors, the Chief Executive Officer, the coordinating director or the committees formed by the Board of Directors;

- (e) to propose policy with regard to the remuneration of directors to the shareholders at their General Meeting, in accordance with these Bylaws and within the limits established herein. In the case of executive directors, the Board of Directors shall establish the additional compensation payable in respect of executive duties, and other basic terms and conditions of their contracts, in accordance with the Law and the terms of the remuneration policy approved by the shareholders at their General Meeting.
- (f) to approve, upon the proposal of the Chairman of the Board of Directors or of the Chief Executive Officer, the determination and modification of the Company's organisational chart, the appointment and removal of senior managers of the Company, and the terms of contracts as well as any possible compensation or severance payable in the event of removal.

As an exception to the foregoing, based on the proposal made by the Chairman of the Board of Directors, the Audit Committee shall, where appropriate, submit to the Board a proposal supported by the pertinent report regarding the selection, appointment or removal of the Director of the Internal Audit Unit.

For these purposes, senior managers shall be those managers who report directly to the Board of Directors, to the Chairman thereof or to the Chief Executive Officer of the Company and, in all cases, the Director of the Internal Audit Unit, as well as any other manager whom the Board of Directors may regard as a senior manager.

- (g) to appoint and remove the chief executive officers of the Company and to establish the terms and conditions of their contracts;
- (h) to approve the senior management remuneration policy, as well as the basic terms and conditions of senior management contracts based on the proposals made by the Chairman of the Board of Directors or by the Chief Executive Officer to the Appointments and Remuneration Committee for the preparation of its report and submission thereof to the Board of Directors;
- (i) to authorise or waive obligations arising in connection with the duty of loyalty incumbent upon the directors in accordance with the Law, and in particular with legislation governing matters of competition; and
- (j) to regulate, review and decide on possible conflicts of interest between the Company and its directors, senior managers and major shareholders, as well as persons related thereto.

E. In connection with the Company's policies and strategies, and other powers

- (a) to prepare the dividend policy and submit the pertinent proposals to the shareholders at their Annual General Meeting with regard to the distribution of profit or loss and other forms of shareholder remuneration, and to decide upon the payment, where appropriate, of any amounts on account of dividends;

- (b) to determine the Company's general policies and strategies in accordance with the Law;
- (c) to set policy with regard to treasury shares;
- (d) to approve the strategic or business plan, management objectives and the annual budgets, investment and financing policies, and policy in matters of corporate social responsibility;
- (e) to determine policy for the control and management of risks, including tax risks, and to supervise the internal information and control systems;
- (f) to determine policy regarding the corporate governance of the Company and the group of which it is the parent, the policy concerning communication and contacts with shareholders, institutional investors and voting advisors, and the policy with regard to the selection of directors;
- (g) to define the structure of the group of companies of which the Company is the parent;
- (h) to approve investments and operations of all kinds which in view of the significant amounts involved or their special characteristics may be considered of a strategic nature or constitute special tax risks, unless approved by the shareholders at their General Meeting.
- (i) to approve the creation or acquisition of equity investments in special purpose vehicles and entities registered in countries or territories defined as tax havens, as well as any other transactions or operations of a similar nature which in view of their complexity could adversely affect the transparency of the Company or its group;
- (j) to decide, subject to a report from the Corporate Governance Committee, on the transactions carried out by the Company and its group companies with directors under the terms established by Law, or with shareholders owning significant shareholdings either individually or in concert, including shareholders represented on the Company's Board of Directors or shareholders of other companies forming part of the same group, or persons related with the same. Directors linked, representing or related to the shareholders affected shall abstain from participating in deliberations and voting on the resolution in question. The only exception shall be made in the event of approval of operations simultaneously meeting the following three conditions:
  1. - transactions carried out in accordance with contracts entered into under standard contracts applied *en masse* to large numbers of customers;
  - 2°. - transactions carried out at prices or rates established in general by the provider of the good or service in question, and

3°. - transactions carried out for amounts that do not exceed one per cent (1%) of the Company's annual revenues;

- (k) to determine the Company's tax strategy;
- (l) to express an opinion on all public offers to acquire securities issued by the Company; and
- (m) decide on any other matters within its authority which the Board of Directors believes to be in the interest of the Company, or which these Bylaws or the Regulations of the Board of Directors reserve for the full session of the Board, as well as any powers delegated by the shareholders at their General Meeting, unless the Board is expressly authorised by the same to sub-delegate.

The Board of Directors shall make an annual evaluation of its functioning and that of the Board committees in accordance with the Board Regulations, and it shall propose a plan of action to correct any weaknesses observed based on its findings.

#### **Article 35.-Representation of the Company**

1. The power to represent the Company in court and out of court is vested in the Board of Directors acting collectively. The Chairman of the Board of Directors and, where appropriate, the Executive Committee and the Chief Executive Officer(s), where applicable, also have the power to represent the Company.
2. The Secretary to the Board and, where appropriate, the Deputy Secretary have the necessary powers of representation to formalise the resolutions of the Shareholders' General Meeting and the Board of Directors in public instruments and to apply for registration of the same.
3. The provisions of this article shall be understood without prejudice to any other powers of attorney that may be granted, whether general or special.

#### **Article 36.- Composition of the Board of Directors**

1. The Board of Directors shall be formed by a minimum of five (5) and maximum of nine (9) directors, who shall be appointed or ratified at the Shareholders' General Meeting in accordance with the Law and the requirements of the Company's Internal Regulations.
2. The determination of the number of directors shall be the purview of the shareholders acting at the General Meeting, for which purpose the shareholders may establish such number either by express resolution or indirectly, by filling or not filling vacancies, or by the appointment or non-appointment of new directors within the minimum and maximum numbers established pursuant to the Company's Internal Regulations.

The foregoing shall be deemed to be without prejudice to the systems of proportional representation to which the shareholders are entitled in accordance with the Law.

3. The Board of Directors shall be composed such that non-executive directors represent a majority of the executive directors, and at least one third (1/3) of the members of the Board of Directors are independent directors.

4. For the purposes of these Bylaws, those directors appointed for their personal or professional qualities who are in a position to discharge their duties without being influenced by any connection with the Company, its significant shareholders or its management, and who comply with the requirements established by Law and in the Regulations of the Board of Directors shall be deemed to be independent directors.

The terms proprietary director and executive director shall have the meanings defined by Law and reproduced in the Regulations of the Board of Directors.

5. The members of the Board of Directors shall be suitable professionals for the discharge of their duties and shall have broad experience in the industry in which the Company conducts its business.

#### **Article 37.- Designation of positions**

1. The Board of Directors shall elect from among its members, subject to a report from the Appointments and Remuneration Committee, a Chairman of the Board of Directors and, if so decided, one or more Deputy Chairmen, who shall substitute the Chairman in the sequential order established in the event of absence, illness or inability to act.
2. If the Chairman is an executive director, the Board of Directors shall necessarily appoint a coordinating director from among the independent directors at the proposal of the Appointments and Remuneration Committee and with the abstention of the executive directors. The coordinating director shall be especially authorised (i) to request that the Board of Directors be convened where said coordinating director deems it appropriate; (ii) to request the inclusion of items on the agenda for the meetings of the Board of Directors; (iii) to coordinate and meet with the non-executive directors; (iv) to direct the evaluation of performance by the Chairman of the Board of Directors; (v) to chair the Board of Directors in the absence of the Chairman and of the Deputy Chairman, if any; (vi) to voice the concerns of the non-executive directors; (vii) to maintain contacts with investors and shareholders at the request of the Board of Directors with a view to learning their points of view and forming an opinion as to their concerns, in particular with regard to the corporate governance of the Company; and (viii) to coordinate the succession plan for the Chairman in cooperation with the Appointments and Remuneration Committee.
3. The Board of Directors shall appoint a Secretary to the Board of Directors upon the proposal of the Chairman, subject to the report of the Appointments and Remuneration Committee, and where so decided one or more Deputy Secretaries to the Board, who need not be directors. In the absence of the Secretary and Deputy Secretaries to the Board of Directors, the director appointed by the Board of Directors from among the members attending the meeting shall act as secretary.
4. The Board of Directors may, acting upon a proposal of the Chairman, subject to the report of the Appointments and Remuneration Committee, and with the votes in favour of two thirds (2/3) of the directors, appoint one or more Chief Executive Officers act jointly or severally, with the powers it deems appropriate and which may be delegated pursuant to applicable legislation and the provisions of these Bylaws.

### **Article 38.- Meetings of the Board of Directors**

1. The Board of Directors shall meet with the frequency that the Chairman of the Board of Directors deems appropriate, and in any event at least as often as required by Law. One third (1/3) of the directors may also call a meeting of the Board, establishing the agenda thereof, to be held at the place with the registered office is located if a prior petition has been submitted to the Chairman of the Board of Directors and he has failed, without well-founded reasons, to call the meeting within one (1) month.

The call to a meeting of the Board of Directors shall be made by the Secretary to the Board of Directors or the person acting in his stead with the authorisation of the Chairman, by any means that allows for the receipt thereof. Notice of the call shall be given as much in advance as necessary for the directors to receive the same no later than the third day prior to the meeting, except in the case of emergency meetings.

2. Without prejudice to the foregoing, the Board of Directors shall be deemed to have validly met without the need for a call if all of the Directors are present in person or by proxy and unanimously agree to hold the meeting and to the items on the agenda.
3. Voting by the Board of Directors may occur in writing and without a meeting provided that no director objects. In this instance, the directors may deliver to the Secretary to the Board of Directors, or the person acting his behalf, their votes and any considerations they wish to appear in the minutes by any means allowing for receipt thereof. Resolutions adopted by this procedure shall be recorded in minutes prepared in accordance with the Law.

### **Article 39.- Quorum for meetings and majorities**

1. Meetings of the Board shall be validly held when more than one half of its members are present either in person or by proxy. All of the directors may cast their votes and confer proxies upon another director. However, a non-executive director shall only grant a proxy to another non-executive director. The proxy granted shall be a special proxy for the meeting of the Board in question, and it may be communicated by any means allowing for receipt thereof.
2. Resolutions shall be adopted by the absolute majority of votes cast in person or by proxy at the meeting, except in those cases where a larger majority is specifically required by any provision of the Law, these Bylaws or the Regulations of the Board of Directors. In the event of a tie, the Chairman shall have the casting vote.
3. Without prejudice to the provisions of these Bylaws, the Regulations of the Board of Directors or applicable legislation, the following resolutions shall require a majority of two thirds (2/3) of the directors for adoption by the Board of Directors:
  - (a) grant to the Company of loans, overdraft facilities or any other financing arrangements by virtue of which the Company will incur indebtedness for an aggregate amount per fiscal year of more than two hundred and fifty million euros (€250,000,000), or the equivalent in other currencies, taking into account any debt repayments made;



- (b) investments for an aggregate amount per fiscal year of more than two hundred and fifty million euros (€250,000,000) or the equivalent in other currencies;
- (c) exercise of the authority delegated by the shareholders acting at their General Meeting to issue simple or convertible and/or exchangeable debentures;
- (d) completion of asset purchase or sale transactions for an aggregate amount per fiscal year higher than two hundred and fifty million euros (€250,000,000) or the equivalent in other currencies;
- (e) completion of any transactions of any type with persons or entities from countries sanctioned by the United States of America or the European Union.
- (f) use of cash balances for any purpose other than the payment of debt (including debt incurred by other companies of the Cemex Group aside from the Company or its affiliates) for an aggregate amount per fiscal year higher than one hundred and fifty million euros (€150,000,000) or the equivalent in other currencies; and
- (g) grant of powers of attorney to carry out any of the foregoing transactions.

**Article 40.- Formalisation of resolutions**

1. Resolutions shall be recorded in minutes signed by the Chairman and the Secretary, or by the persons acting in their stead.
2. Total or partial certificates, which are required to record the resolutions of the Board of Directors, shall be issued and signed by the Secretary, or by one of the Deputy Secretaries, where applicable, with the approval of the Chairman or of any of the Deputy Chairmen, where applicable.

**Section II**

**Committees and Positions within the Board of Directors**

**Article 41.- Committees of the Board of Directors**

1. The Board of Directors shall constitute an Audit Committee, an Appointments and Remuneration Committee and a Corporate Governance Committee, and it may also create an Executive Committee.
2. In addition, the Board of Directors may create other purely internal committees or commissions with the powers determined by the Board of Directors.
3. To the extent not provided for in these Bylaws, the operation of the Board committees shall be governed by the Regulations of the Board of Directors.

**Article 42.- Executive Committee**

1. The Board of Directors, irrespective of the appointment of one or more Chief Executive Officers, may create an Executive Committee with all of the powers

inherent to the Board of Directors except for those powers which may not be delegated pursuant to legal or By-Law restrictions.

2. The Executive Committee shall be formed by three (3) directors, one (1) of whom shall be an independent director.
3. The appointment of members of the Executive Committee, subject to the report of the Appointments and Remuneration Committee, and the delegation of powers thereto shall be carried out by the Board with the votes in favour of two thirds (2/3) of the directors.

#### **Article 43.- Audit Committee**

1. The Board of Directors shall create a permanent Audit Committee as an internal informational and consultative body without executive duties, but vested with reporting, advisory and proposal-making powers in its area of activity.
2. The Audit Committee shall consist of a minimum of three (3) and a maximum of five (5) directors appointed by the Board of Directors from among the non-executive directors at the proposal of the Appointments and Remuneration Committee. The majority of the committee members shall be independent directors and one of the independent directors shall be appointed in view of his/her knowledge and expertise in matters of accountancy and audit, or both.
3. The Board of Directors shall appoint the Chairman of the Audit Committee from among the independent directors sitting on the Committee, as well as its Secretary, who need not be a director. The position of Chairman of the Audit Committee shall be held for a maximum term of four (4) years, after which period the outgoing Chairman shall not be re-elected until at least one (1) year has elapsed from the moment of his termination as Chairman, without prejudice to his continuation or re-election as a member of the Committee.
4. The Audit Committee shall have the powers established by Law, except for the power to review and report to the Board of Directors on related-party transactions, which is assigned to the Corporate Governance Committee, as well as any additional powers assigned to it by the Board of Directors. The Audit Committee's powers are enumerated in the Regulations of the Board of Directors.
5. The Regulations of the Board of Directors shall govern the functioning of the Audit Committee, and in any matters not specifically regulated with regard to the Committee, the rules and regulations applicable to the Board of Directors shall apply.

#### **Article 44.- Appointments and Remuneration Committee**

1. The Board of Directors shall create a permanent Appointments and Remuneration Committee as an internal informational and consultative body without executive duties, but vested with reporting, advisory and proposal-making powers in its area of activity.
2. The Appointments and Remuneration Committee shall be formed by a minimum of three (3) and a maximum of five (5) directors appointed by the Board of Directors from among the non-executive directors, the majority of whom shall be independents.

3. The Board of Directors shall appoint the Chairman of the Appointments and Remuneration Committee from among the independent directors sitting on the Committee, as well as its Secretary, who need not be a director.
4. The Appointments and Remuneration Committee shall have the powers established by Law and such additional powers as may be assigned to it by the Board of Directors. The Appointments and Remuneration Committee's powers are enumerated in the Regulations of the Board of Directors.
5. The Regulations of the Board of Directors shall govern the functioning of the Appointments and Remuneration Committee. In any matters not specifically regulated with regard to the Committee, the rules and regulations applicable to the Board of Directors shall apply.

#### **Article 45.- Corporate Governance Committee**

1. The Board of Directors shall create a permanent Corporate Governance Committee as an internal informational and consultative body without executive duties, but vested with reporting, advisory and proposal-making powers in its area of activity.
2. The Appointments and Remuneration Committee shall be formed by a minimum of three (3) and a maximum of five (5) directors appointed by the Board of Directors at the proposal of the Appointments and Remuneration Committee from among the non-executive directors, the majority of whom shall be independents.
3. The Board of Directors shall appoint the Chairman of the Corporate Governance Committee from among the independent directors sitting on the Committee, as well as its Secretary, who need not be a director.
4. The Corporate Governance Committee shall be vested with powers in matters of corporate governance, corporate social responsibility and any other matters attributed to it by the Board of Directors, as well as the power to review and report to the Board on related-party transactions. The Corporate Governance Committee's powers are enumerated in the Regulations of the Board of Directors.
5. The Regulations of the Board of Directors shall govern the functioning of the Corporate Governance Committee, and in any matters not specifically regulated with regard to the Committee, the rules and regulations applicable to the Board of Directors shall apply.

### **Section III**

#### **Rules applicable to directors**

#### **Article 46.- General duties of directors**

1. In the discharge of his duties, a director shall act in good faith and with the diligence of a prudent businessman and a faithful representative, and he shall comply with the duties prescribed by Law and by the Company's Internal Regulations, acting at all times in the furtherance of the corporate interest.
2. The Regulations of the Board of Directors shall enumerate the specific obligations of the directors stemming from the duties of confidentiality, no competition and faithfulness, with special focus on conflicts of interest and the rights of the

directors in such circumstances, including the obligations to report situations and to abstain.

**Article 47.- Term of office and filling of vacancies**

1. The directors shall serve in office for a term of three (3) years, provided the shareholders at their General Meeting do not resolve to remove them and they do not resign from their position. Directors may be re-elected for successive period of three (3) years.
2. Any vacancies which occur may, in accordance with the Law, be filled by the Board of Directors on an interim basis until the next General Meeting of the Shareholders, at which the shareholders shall confirm the appointments or elect the persons to replace any directors who are not ratified, or it shall withdraw the vacant seats.

**Article 48.- Directors' remuneration**

1. All members of the Board of Directors shall be entitled to receive compensation as such for the discharge of the duties of supervision and collegiate decision-making proper to said management body.
2. Said remuneration shall comprise (i) a fixed amount and, where applicable, (ii) fees for attendance at the meetings of the Board of Directors and the Committees existing from time to time.
3. The total remuneration which the Company may pay to its directors shall not exceed the amount established for that purpose by the shareholders at their General Meeting, which shall also approve the remuneration policy as a separate item on the agenda at least every three years and may establish the bases for period review and updating. The aforementioned amount, updated where appropriate, shall apply until such time as it may be amended by a new resolution adopted by the shareholders at their General Meeting.

The exact amount payable within the limit fixed by the Shareholders' General Meeting, its distribution among the directors and the criteria applicable for these purposes, the frequency of payments, as well as every point not expressly provided for by the shareholders at their General Meeting shall fall within the purview of the Board of Directors, subject to a proposal made by the Appointments and Remuneration Committee.

4. The executive directors shall also receive compensation in respect of all or some of the following items: (i) a fixed amount in line with the services provided and the responsibilities assumed; (ii) a variable amount related with any performance index applicable to the director or the Company; (iii) a part in respect of prudential benefits, including pension systems and insurance; and (iv) severance receivable in the event of dismissal or termination of legal relations with the Company for reasons not attributable to negligence or wrongdoing on the part of the director concerned.

## Section IV

### Annual Corporate Governance Report and Corporate Governance Survey, Annual Report on Directors' Remuneration and corporate website

#### **Article 49.- Annual Corporate Governance Report and Annual Report on Directors' Remuneration**

1. The Board of Directors shall annually approve the corporate governance report and the Corporate Governance Survey (Country Code – Colombia) for the Company, should it opt voluntarily to participate, which shall include all mentions provided for by Law, together with such other explanations as the Board of Directors may deem appropriate.
2. The annual Corporate Governance Report and, where applicable, the Corporate Governance Survey, shall be included in a separate section of the management report and shall therefore be approved simultaneously therewith, and they shall be made available to the shareholders together with the other documents relating to the Shareholders' General Meeting.
3. The Board of Directors shall prepare and publish an annual Report on Directors' Remuneration each year, which shall be submitted for approval on a consultative basis as a separate point on the agenda for the Annual General Meeting of the Shareholders.

#### **Article 50.- Corporate website**

1. The Company shall maintain a corporate website to attend to the exercise by the shareholders of the right to receive information, which shall include the documents and information provided for by Law and the Company's Internal Regulations and any other information which it may be deemed appropriate to disclose to the shareholders and investors through this medium.

## **PART III**

### **ANNUAL FINANCIAL STATEMENTS, DISTRIBUTION OF PROFITS, DISSOLUTION AND LIQUIDATION**

#### CHAPTER I

#### FINANCIAL STATEMENTS

#### **Article 51.- Financial year and preparation of the financial statements**

1. The financial year shall commence on 1 January of each year and end on 31 December. The financial statements and the management report shall be prepared in compliance with the structure and in accordance with the accounting standards provided for in prevailing accounting regulations.
2. Within the first three (3) months of the year, the Board of Directors shall prepare the financial statements, the management report and the proposed distribution of profits or losses, as well as the consolidated financial statements and management report, where applicable. The financial statements and management report shall be signed by all of the directors. If the signature of any of them is missing, an indication of such circumstance shall be inserted into each of the documents affected, with an express explanation of the reasons.

The language of the financial statements and the management report shall be Spanish. An English version of such documents shall be drafted for informative purposes only. In the event of any inconsistency, the Spanish version shall prevail over the English version.

#### **Article 52.- Auditors**

1. The annual financial statements and the management report of the Company, as well as the consolidated financial statements and management report, shall be examined by external auditors.
2. The auditors shall be appointed by the shareholders acting at their General Meeting prior to the end of the financial year to be audited for a fixed initial period that shall not be less than three (3) years nor greater than nine (9), to be counted from the date of commencement of the first fiscal year to be audited. The auditors may be re-appointed by the Shareholders' General Meeting under the terms established by Law, once the initial period has expired.
3. The auditors' remuneration shall be established in accordance with Spanish auditing regulations.

#### **Article 53.- Right to request a specialised audit**

1. Shareholders representing at least ten per cent (10%) of the Company's share capital, or their representatives, may at their own cost and under their own responsibility request experts to perform special reviews and report on specific issues related to the Company other than the audit of the financial statements, herein referred to as Specialised Audits.

The market prices at which products marketed by the Company are bought or sold, the remuneration of the Company's directors, and any other kind of information deemed privileged in accordance with applicable legislation or as required in the corporate interest shall be automatically excluded from the specialised audit's objective scope.

2. In order to exercise this right, the minority shareholders shall submit a grounded request, in writing, addressed to the Company's Board of Directors.

The request shall be reasoned on the grounds of anomalies or serious risks in certain of the Company's activities or the actions of one or more of its directors, which could endanger their investment, and it shall be addressed to the Board of Directors in its next ordinary meeting.

3. The Board of Directors shall evaluate the reasonableness of the request and if it is accepted, the Board shall delegate to the Audit Committee the formation of a committee comprising experts with experience of the specific matter subject to review.

This Committee will prepare an analysis of the situation with respect to which the Specialised Audit was requested and will issue a document setting out as accurately as possible the situation analysed, the issues involved, the risks and the likelihood of their occurrence, and the corrective and remedial measures and improvements which could be implemented.

4. The results of Specialised Audits shall be communicated to the Audit Committee

and forwarded to the Board of Directors, which may request any clarifications deemed pertinent. If a possible infringement of prevailing regulations is detected, the competent authorities shall be notified accordingly.

5. Specialised Audits shall not substitute or impinge upon the autonomy of the Company's directors, nor shall they affect their legal and statutory duties.
6. The costs associated with the engagement of the experts forming the committee, and the expenses related with the preparation of the Specialised Audit shall be split proportionally between the shareholders who requested the review. The performance of Specialised Audits may be made conditional upon prepayment or appropriate payment guarantees in respect of the costs inherent in the work.
7. The number of Specialised Audits which may be carried out along a fiscal year shall be limited to three (3).
8. The experts carrying out such Specialised Audits shall sign a confidentiality agreement with the Company, in accordance with which they shall recognise that the information made available to them may not be disclosed to third parties for any reason or used for speculative purposes. The working papers shall remain confidential.
9. No confidential or privileged information or information regarding third parties shall be disclosed in the course of any Specialised Audit. The Company's rights and obligations shall not be infringed and its information (including contracts) shall not be disclosed when this could trigger a competitive disadvantage. These restrictions include the prohibition to disclose information about industrial secrets, intellectual property and, in general, all documents which are deemed privileged or confidential or the property of third parties in accordance with applicable legislation.

#### **Article 54.- Approval of financial statements and distribution of profit or loss**

1. The annual financial statements and, where applicable, the consolidated financial statements, shall be submitted to the shareholders for approval at the Annual General Meeting. Once the annual financial statements have been approved, the shareholders at the General Meeting shall resolve on the distribution profit or loss the year.
2. Once such payments as are provided for by these Bylaws or by Law have been made, dividends may only be distributed with a charge against the profit for the year or against unappropriated reserves if the book value of net assets is not less than the share capital, or does not become so as a result of the distribution.
3. If the General Meeting resolves to distribute dividends, the shareholders shall establish the timing and terms of payment thereof. The determination of these matters and any others that may be required or pertinent to execution the resolution may be delegated to the Board of Directors.
4. The shareholders may resolve at the General Shareholders' Meeting that the dividend be paid totally or partially in kind, provided that the assets or securities to be distributed are of the same kind and they are admitted to trading on an official exchange at the time the resolution is made effective, or the Company duly guarantees the liquidity thereof within a maximum period of one (1) year,

and they are not distributed for a lesser value than the value at which they are recognised in the balance sheet of the Company.

**Article 55.- Filing of the annual financial statements**

The Board of Directors shall file the financial statements and the management report of the Company, as well as the consolidated financial statements and management report where applicable, together with the corresponding reports prepared by the auditors and all other mandatory documents, in such manner and within such periods as are prescribed by Law.

**CHAPTER II**

**DISSOLUTION AND LIQUIDATION OF THE COMPANY**

**Articles 56.- Grounds for dissolution**

The Company shall be dissolved upon the occurrence of any of the events established by Law.

**Article 57.- Liquidation of the Company**

1. From the moment the Company declares itself to be in liquidation, the Board of Directors shall cease to hold office and the directors shall become liquidators of the Company, except when the shareholders at their General Meeting appoint other liquidators different from the directors. The liquidators shall form a collegiate body which shall necessarily have an odd number of members. If necessary for such purpose, the director having the shortest service since appointment shall cease to hold office.
2. If the Company is dissolved, each one of the liquidators shall joint and severally represent the Company.

**Article 58.- Supervening assets and liabilities**

1. If corporate property appears after the entries relating to the Company have been cancelled, the liquidators shall assign to the former shareholders the additional share to which they may be entitled, for which purpose such property shall be first converted into cash where necessary.

After the passage of six (6) months from the date on which the liquidators were required to comply with the provisions of the preceding paragraph, without the former shareholders having been assigned the additional share, or in the absence of liquidators, any interested party may file a petition with the Court of First Instance of the Company's last registered office for the appointment of a person to replace the liquidators in the performance of their duties.

2. The former shareholders shall be joint and severally liable for all unpaid corporate liabilities up to the limit of the share received in the liquidation, without prejudice to the liability of the liquidators in the event of fraud or gross negligence.



3. In order to comply with formal requirements relating to legal acts performed prior to the cancellation of the registry entries made in respect of the Company, or whenever necessary, the former liquidators may formalise legal acts in the name of the defunct Company following its cancellation in the Registry. In the absence of liquidators, any interested party may file a petition for formalisation by the Court of First Instance in the place where the last registered office of the Company was located.

#### **PART IV**

#### **FINAL PROVISIONS**

##### **Sole final provision. Jurisdiction for the resolution of disputes**

In connection with all litigious disputes that may arise between the Company and the shareholders, between the shareholders and the directors, or between the directors and the Company with regard to the corporate affairs, the Company, the shareholders and the directors waive the right to resort to their own jurisdiction and expressly submit to the jurisdiction of the courts of the place where the Company's registered office is located, except in those cases in which another jurisdiction is imposed by Law.