

## APPOINTMENTS AND REMUNERATION COMMITTEE

### Annual Report on the Compensation of Directors and Senior Executives for the year ended December 31, 2017.

#### 1. Introduction

The Appointments and Remuneration Committee has prepared this *Report on the Compensation of Directors and Senior Executives* of CEMEX LATAM HOLDINGS, S.A. (the “**Company**” or “**Cemex Latam**”) for the year ended December 31, 2017 (hereinafter the “**Report**”) in compliance with Article 44 of the Regulations of the Board of Directors.

This Report, which precedes the Annual Corporate Governance Report and must be approved by the Board of Directors, provides the Board of Directors with the information that the Appointments and Remuneration Committee (the “**Committee**”) deems necessary with regard to the compensation of the Directors and senior executives of the Company and its corporate group (the “**Cemex Latam Group**”).

#### 2. The Board of Directors

##### A. Composition of the Board of Directors

Pursuant to article 36 of the Bylaws and article 7 of its Regulations, Cemex Latam's Board of Directors shall consist of a minimum of five and a maximum of nine members, and its composition shall be such that the Non-executive Directors shall be in the majority with respect to the Executive Directors and such that at least one-third of the Board members shall be Independent Directors. At December 31, 2017, the composition of the Board of Directors was as follows:

- |                                |  |
|--------------------------------|--|
| ▪ Juan Pablo San Agustín Rubio | Chairman and Proprietary Director      |
| ▪ Jaime Gerardo Elizondo Chapa | Vice-Chairman and Proprietary Director |
| ▪ Jaime Muguiro Domínguez      | CEO                                    |
| ▪ José Luis Orti García        | Proprietary Director                   |
| ▪ Carmen Burgos Casas          | Proprietary Director                   |
| ▪ Coloma Armero Montes         | Independent Director                   |
| ▪ Rafael Santos Calderón       | Coordinating Independent Director      |
| ▪ Gabriel Jaramillo Sanint     | Independent Director                   |
| ▪ Juan Pelegrí y Girón         | Secretary and Proprietary Director     |

The composition of the Board of Directors has not changed in the period from January 1, 2017 to the date of this Report. However, at its meeting held on December 18, 2017, the

Board of Directors resolved to appoint Ms. Sandra Vizcaíno Cantón as Non-director Vice Secretary of the Company, after receiving a favorable report from the Appointments and Remuneration Committee.

## **B. Committees of the Board of Directors**

At January 1, 2017 and at the date of this Report, the Board of Directors has the following Committees:

### **D) Audit Committee**

Article 25 of the Regulations of the Board of Directors, read expressly in conjunction with article 43 of the Bylaws, governs the composition and operation of the Audit Committee. In accordance with these Internal Regulations, this Committee shall comprise a minimum of three and a maximum of five Non-executive Directors, and the majority of the Independent Directors must serve on this Committee, at least one of whom shall be appointed on the basis of his knowledge and experience in accounting, audit or both. The Committee's President must be an Independent Director.

At January 1, 2017, the composition of the Audit Committee was as follows:

- Gabriel Jaramillo Sanint (President)
- Rafael Santos Calderón (Member)
- Coloma Armero Montes (Secretary)

Between January 1, 2017 and the date of this Report, the above composition of the Audit Committee has undergone the changes listed below, all of them by resolution of the Board of Directors of January 24, 2017:

- The appointment of José Luis Orti García as a member of the Audit Committee, at the proposal of the Appointments and Remuneration Committee.
- The appointment of Coloma Armero Montes as President of the Audit Committee, to replace Gabriel Jaramillo Sanint, whose mandate expired on January 16, 2017, in accordance with the four-year mandatory rotation requirement.
- The appointment of José Luis Orti García as Secretary of the Audit Committee, to replace Coloma Armero Montes.

As a result of the foregoing changes, the composition of the Audit Committee at the date of this Report is as follows:

- Coloma Armero Montes (President)
- José Luis Orti García (Secretary)
- Gabriel Jaramillo Sanint (Member)

- Rafael Santos Calderón (Member)

## **II) Appointments and Remuneration Committee**

Article 26 of the Regulations of the Board of Directors, read expressly in conjunction with article 44 of the Bylaws, governs the composition and operation of the Appointments and Remuneration Committee. This Committee shall comprise a minimum of three and a maximum of five Non-executive Directors, and the majority of the Independent Directors must serve on this Committee. The Committee's President must be an Independent Director.

At January 1, 2017, the composition of the Appointments and Remuneration Committee was as follows:

- Rafael Santos Calderón (President)
- Coloma Armero Montes (Member)
- Carmen Burgos Casas (Secretary)

There were no changes in the composition of the Appointments and Remuneration Committee between January 1, 2017 and the date of this Report.

## **III) Corporate Governance Committee**

Article 27 of the Regulations of the Board of Directors, read expressly in conjunction with article 45 of the Bylaws, governs the composition and operation of the Corporate Governance Committee. This Committee shall comprise a minimum of three and a maximum of five Non-executive Directors, and the majority of the Independent Directors must serve on this Committee. The Committee's President must be an Independent Director.

At January 1, 2017, the composition of the Corporate Governance Committee was as follows:

- Coloma Armero Montes (President)
- Gabriel Jaramillo Sanint (Member)
- Juan Pelegrí y Girón (Secretary)

Between January 1, 2017 and the date of this Report, the foregoing composition of the Corporate Governance Committee has changed as a result of the appointment of Gabriel Jaramillo Sanint as President of the Corporate Governance Committee, by resolution of the Board of Directors of January 24, 2017, to replace Coloma Armero Montes who vacated her office as a result of her appointment as President of the aforementioned Audit Committee.

As a result of the above change, the composition of the Corporate Governance Committee at the date of this Report is as follows:

- Gabriel Jaramillo Sanint (President)
- Coloma Armero Montes (Member)
- Juan Pelegrí y Girón (Secretary)

### **3. Director compensation policy**

Pursuant to the Bylaws and Regulations of the Board of Directors, Board members are entitled to receive compensation from the Company, comprising (i) a fixed amount and, as the case may be, (ii) fees for attendance at meetings of the Board of Directors and the Committees.

Moreover, Executive Directors shall receive compensation in respect of each and every one of the following items:

- (i) a fixed component, commensurate with the services performed and responsibilities assumed;
- (ii) a variable component, linked to an indicator of the performance of the Director or of the Company;
- (iii) a welfare benefit comprising pension or insurance contributions; and
- (iv) severance in the event of dismissal or any other type of termination of the legal relationship with the Company not attributable to a breach by the Director.

The total compensation payable by the Company to the Directors as a whole shall not exceed the amount stipulated at the Shareholders' General Meeting. The exact consideration payable shall be set by the Board of Directors, pursuant to the proposal of the Appointments and Remuneration Committee, within the limit established by the shareholders at the Shareholders' General Meeting. The Board shall also be responsible for determining the allocation among the various Directors, the criteria to be followed, the timing of payment, and other issues not expressly considered by the shareholders at the Shareholders' General Meeting.

The compensation policy at the date of this Report is defined in section A.2. below.

### **4. Director compensation**

#### **A.1. Director compensation for 2016**

As indicated in the Report on the Compensation of Directors and Senior Executives for the year ended December 31, 2016, and as a result of the entry into force of Law 31/2014 of December 3, 2014, amending the Spanish Companies Act to improve Corporate Governance and, specifically, in view of the provisions of section two, letter a of the transitional provision, the Board of Directors resolved to submit for approval the Report on the Compensation of Directors and Senior Executives for the year ended December 31,

2014 to the Shareholders' General Meeting held on June 16, 2015, in its consultative capacity. In line with the aforementioned provision, the Shareholders' General Meeting approved the director compensation policy for a period of three years as from the date of the Meeting. In 2016, the Committee did not therefore submit to the Board of Directors the proposal referred to in article 48.3 of the Company's Bylaws, which provides that the exact amount to be paid, subject to the limit set by the Shareholders' General Meeting, and its distribution among the Directors is determined by the Board of Directors after receiving a proposal from the Appointments and Remuneration Committee. Therefore, the proposed director compensation for 2016 was the same as that set in the Report for 2015, which consisted of:

- (i) A total fixed (gross) annual compensation of Euros 194,400, or the equivalent amount in US Dollars at the official exchange rate established by the European Central Bank (ECB) on the accrual date.
- (ii) Euros 2,000 in individual fees (gross) for attending the meetings of the Board of Directors and its Committees, in accordance with the terms set forth above.

Each of the Company's three Independent Directors and Jaime Muguiro Domínguez therefore received the following fixed compensation in 2016:

<b>Director</b>	<b>Total compensation for 2016 (gross)</b>
Jaime Muguiro Domínguez	Euros 48,600.
Coloma Armero Montes	Euros 48,600.
Gabriel Jaramillo Sanint	Euros 48,600.
Rafael Santos Calderón	Euros 48,600.

Likewise, in relation to the attendance fees to which each of the Company's three Independent Directors are entitled for attending the meetings held in 2016, as stated in the Report for that year, it is placed on record that, as a result of the irregularities identified in the acquisition of the properties at the plant in Maceo (Antioquía, Colombia), which have been reported to the market as Relevant Information, the Appointments and Remuneration Committee, the Audit Committee and the Board of Directors have held a significant number of extraordinary meetings that were not scheduled in the meeting calendars approved by such bodies at the beginning of the year, all of them to deal with matters relating to Maceo. The additional meetings held in 2016 were as follows:

- Audit Committee: September 23, October 4, October 19, November 25 and December 16.
- Appointments and Remuneration Committee: October 4
- Board of Directors: October 4

The aforementioned fees limit, set at Euros 72,000 (gross) was therefore exceeded by Euros 26,294 (gross), i.e. fees in 2016 stood at 36.5% above the amount provided for in the aforementioned compensation policy.

In light of the above, the Shareholders' General Meeting held on June 29, 2017, at the proposal of the Board of Directors which, in turn, acted on the proposal of the Appointments and Remuneration Committee, resolved to approve the excess fees, i.e. Euros 26,294 (gross), in respect of the meetings held by the Audit Committee on September 23, October 4, October 19, November 25 and December 16.

Accordingly, the amount of attendance fees received by the Independent Directors in 2016 was as follows:

<b>Director</b>	<b>Total fees for meeting attendance (gross)</b>
Coloma Armero Montes (13)	Euros 34,102.
Gabriel Jaramillo Sanint (11)	Euros 30,090.
Rafael Santos Calderón (13)	Euros 34,102.

## **A.2. Director compensation for 2017**

Pursuant to article 529 *novodecies* of Law 31/2014 of December 3, 2014 amending the Spanish Companies Act, which provides that the director compensation policy must be approved by the Shareholders' General Meeting at least every three years and that the proposal submitted by the Board of Directors in this regard must be based on and accompanied by a specific report of the Appointments and Remuneration Committee, at their meeting held on May 8, 2017, the Committee resolved to draft this report as a result of the proposal for a new director compensation policy for 2017, 2018 and 2019 submitted by the Board of Directors to the shareholders at the Shareholders' General Meeting on June 29, 2017.

The aforementioned policy, which was approved by the Shareholders' General Meeting held on June 29, 2017, provides for a maximum amount of annual compensation (fixed amount plus fees) totaling Euros 350,000 (gross) per year for 2017, 2018 and 2019, to be paid to all of the Directors in their capacity as such<sup>1</sup>. The main reasons for the increase in this limit, as indicated in the report prepared by the Committee and provided to the

<sup>1</sup> The compensation of Mr Muguero as CEO of the Company, i.e. Euros 48,600 (gross), is not included within the maximum compensation limit.

shareholders upon notice of the aforementioned Shareholders' General Meeting, are as follows:

- a) to update and adapt the distribution of the director compensation scheme after four full years since the incorporation of the Company, and as the improvement of certain fee allocation criteria for attending meetings of corporate bodies was considered to be appropriate;
- b) due to the extraordinary workload of the corporate bodies, mainly the Audit Committee in 2016. This additional work led to the submission of the ratification of the excess fees incurred, as indicated in section A.2 above, for approval by the shareholders at the Shareholders' General Meeting on June 29, 2017. Although the fixed compensation of the Directors was the same as that approved by the Board of Directors for the past three years, this increase in the limit for fees prevents the agreed limit being exceeded in the event that corporate bodies have to hold meetings more often than planned; and
- c) as it is considered good corporate governance and transparency practice to allow shareholders to vote individually and separately on the policy of the Annual Report on the Compensation of Directors.

Likewise, pursuant to article 48.3 of the Bylaws, at the proposal of the Committee and subject to approval by the shareholders at the Shareholders' General Meeting of June 29, 2017, on May 18, 2017 the Board of Directors approved the following proposal to amend the distribution of director compensation for 2017, 2018 and 2019, as follows:

- 1) A total fixed annual amount (gross) of ONE HUNDRED FORTY-FIVE THOUSAND EIGHT-HUNDRED EUROS (Euros 145,800), to be distributed solely among the following Directors in accordance with the amounts indicated:

Director		Gross amount in Euros
Coloma Armero Montes	Independent Director	48,600.00
Gabriel Jaramillo Sanint	Independent Director	48,600.00
Rafael Santos Calderón	Independent Director	48,600.00
Total fixed annual amount (gross)		145,800.00

- 2) A fee for attending the meetings of the Board of Directors and its Committees, for the amounts (gross) indicated below, of which the total aggregate annual amount

(gross) for all of the Directors must not exceed TWO HUNDRED FOUR THOUSAND TWO HUNDRED EUROS (Euros 204,200), on the following terms:

- i) A fee for attending all meetings of the Board of Directors, for a gross amount of TWO THOUSAND THIRTY-EIGHT EUROS (Euros 2,038).
- ii) A fee for attending all Committee meetings for the following gross amounts:
  - If the meeting lasts for one hour or less than one hour, the Director shall be entitled to receive SIX HUNDRED EUROS (Euros 600).
  - If the meeting lasts for three hours or less than three hours but more than one hour, the Director shall be entitled to receive ONE THOUSAND EIGHT HUNDRED EUROS (Euros 1,800).
  - If the meeting lasts for more than three hours, the Director shall be entitled to receive THREE THOUSAND EUROS (Euros 3,000).
- iii) The above attendance fee shall be paid exclusively to Independent Directors, at the proposal of the Chairman of the Board of Directors.
- iv) Compensation shall be paid for all meetings of the Board of Directors and/or its Committees, regardless of whether or not they are held on the same day.
- v) Compensation shall be paid for all meetings of the Board of Directors and/or its Committees, regardless of whether or not they are held face-to-face or by any means of long-distance communication.
- vi) Directors shall not be entitled to receive attendance fees where resolutions are adopted in writing without a meeting.

The above total amount of annual compensation of the Board of Directors is applicable as of January 1, 2017. However, the allocation criteria for the fees shall be applicable to the meetings held by the Board of Directors and its Committees as of the Shareholders' General Meeting at which, where applicable, the compensation policy for the Company's Directors is approved, i.e. the Shareholders' General Meeting held on June 29, 2017.

- 3) The Company shall also continue to cover Directors' travel expenses (transport to the venue location, accommodation, meals and local transportation) for attendance at meetings of the Board of Directors or its Committees. The Directors shall be entitled to reimbursements for these amounts as these items are not remunerative in nature.

Therefore, in accordance with the foregoing, each of the Company's three Independent Directors shall be entitled to receive the following fixed compensation for 2017, which is the same amount as for 2016:

<b>Director</b>	<b>Total compensation for 2017 (gross)</b>
Coloma Armero Montes	Euros 48,600.
Gabriel Jaramillo Sanint	Euros 48,600.
Rafael Santos Calderón	Euros 48,600.

Accordingly, the amount of attendance fees received by the Independent Directors in 2017 was as follows:

<b>Director</b>	<b>Total fees for meeting attendance (gross)</b>
Coloma Armero Montes (26)	Euros 51,322.
Gabriel Jaramillo Sanint (22)	Euros 43,408.
Rafael Santos Calderón (21)	Euros 44,246.

## **5. Senior executives**

According to the Regulations of the Board of Directors, senior management shall be deemed to be the top executives of the Company who report directly to the Board of Directors or to the CEO of the Company, as well as any other manager recognized as a senior executive by the Board of Directors.

Senior management is primarily responsible for implementing the strategy devised by the Board of Directors. Pursuant to the Bylaws and prevailing legislation, the Board of Directors shall grant powers to senior executives and their authority to represent the Company.

Notwithstanding, given that Cemex Latam is a "holding" company and parent of the Cemex Latam Group, its senior executives are the executives of the subsidiaries that form part of this Group. These senior executives of the Cemex Latam Group also report to the Company's Board of Directors or CEO and implement the strategy devised by this management body, which is also competent to establish their powers and authority to represent the Company, in line with the Bylaws and applicable legal provisions.

At the 2017 year end, the Cemex Latam Group's senior executives were as follows:

- **Jaime Muguiro Domínguez**

Managing Director (CEO) of the Cemex Latam Group

As Cemex Latam's CEO, Mr. Muguiro is responsible for managing the operations and business of the Cemex Latam Group. Mr. Muguiro's management team is formed by the following senior executives:

- **Josué R. González Rodríguez**

CFO of the Cemex Latam Group and of CEMEX Colombia

As head of Finance and Cash Management for the countries covered by the Cemex Latam Group, Mr. González manages, coordinates and supervises the finance and cash management teams of the various business and operating units in this region. Mr. González is also directly responsible for operations in Colombia.

- **Fernando Enríquez Martell**

Vice President of Operations at the Cemex Latam Group and CEMEX Colombia

As head of Operations for the countries covered by the Cemex Latam Group, Mr. Enríquez manages, coordinates and oversees all matters related to the production of the materials that the various business and operating units manufacture, sell and distribute in this region. Mr. Enríquez is also directly responsible for operations in Colombia.

- **Francisco Aguilera Mendoza**

Vice President of Planning at the Cemex Latam Group

As head of Strategic Planning for the countries covered by the Cemex Latam Group, Mr. Aguilera manages, coordinates and oversees all matters related to the planning of operations performed by the various business and operating units in this region.

- **Ana María Gómez Montes**

General Legal Counsel at the Cemex Latam Group and Compliance Officer at the Cemex Latam Group.

As head of the Legal area for the countries covered by the Cemex Latam Group, Ms. Gómez manages, coordinates and oversees all legal matters related to the operations performed by the various business and operating units in this region.

- **Ricardo Naya Barba**

Director of CEMEX Colombia

As Country Director, Mr. Naya manages, coordinates and oversees operations and business in Colombia, and is also responsible for the Company's sales strategy in this geographic market.

▪ **Andrés Jiménez Uribe**

Director of CEMEX Panama

As Country Director, Mr. Jiménez manages, coordinates and oversees operations and business in Panama, and is also responsible for the Company's sales strategy in this geographic market.

▪ **Enrique Alberto García Morelos**

Director of CEMEX Costa Rica

As Country Director, Mr. García manages, coordinates and oversees operations and business in Costa Rica, and is also responsible for the Company's sales strategy in this geographic market.

▪ **Yuri de los Santos Llanas**

Director of CEMEX Nicaragua and CEMEX El Salvador

As Country Director, Mr. de los Santos manages, coordinates and oversees operations and business in Nicaragua and El Salvador, and is also responsible for the Company's sales strategy in both of these geographic markets.

▪ **Guillermo Rojo de Diego**

Director of CEMEX Guatemala

As Country Director, Mr. Rojo manages, coordinates and oversees operations and business in Guatemala, and is also responsible for the Company's sales strategy in this geographic market.

▪ **Guillermo García Clavier**

Director of CEMEX Brazil

As Country Director, Mr. García manages, coordinates and oversees operations and business in Brazil, and is also responsible for the Company's sales strategy in this geographic market.

## **6. Senior management compensation**

The 11 senior executives forming the senior management team of Cemex Latam and its subsidiaries at December 31, 2017 have received a total aggregate amount of US Dollars 6.5 million (Euros 5.3 million) from the Cemex Latam Group for all items of the theoretical compensation package.

Members of senior management of Cemex Latam are entitled to the following financial benefits and/or conditions:

- i) Fixed annual compensation or basic annual salary.
- ii) Performance-linked bonus or compensation; and
- iii) Long-term bonuses.

The Company assigned to nine senior executives a total of 293,113 treasury shares, which were charged to the Long-Term Incentive Plan for 2017 (“PILP 2017”). In order to determine the number of shares to be assigned under PILP 2017, the closing share price for April 17, 2017 was used in the case of the RS CLH ABR17 plan and that for June 30, 2017 in the case of the RS CLH JUN17 plan.

This number of shares shall be delivered to the senior executives in four annual blocks, each comprising 25% of the total, in accordance with the proportion determined for each of them individually.

The shares assigned to senior executives have been blocked off within the Company's treasury shares until their delivery thereto in accordance with the timetable set forth for PILP 2017. The first annual block of Company shares shall be transferred to the group of senior executives on May 1, 2018, in the case of the RS CLH ABR17 plan, and on July 1, 2018, in the case of the RS CLH JUN17 plan.

In 2017, two (2) of the eleven (11) senior executives received shares under the Long-Term Bonus Plan (common share certificates, or “CPOs” as per the Spanish acronym) of CEMEX, S.A.B. de C.V. (“CEMEX”) as they were at companies other than the Cemex Latam Group companies in that year. A total of 257,025 shares were assigned.

In addition to the aforementioned compensation package, Cemex Latam's senior management also receives:

- i) An international mobility package and a pension plan (for only nine of these Executives);
- ii) Medical insurance;
- iii) Life insurance; and
- iv) A company vehicle.

Madrid, March 9, 2018