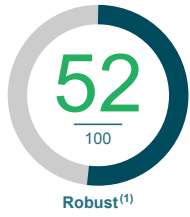


## Company and Sector Performance

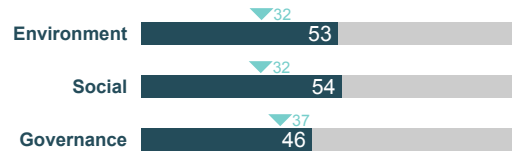
Company performance    Sector average performance    Sector performance

### ESG OVERALL SCORE

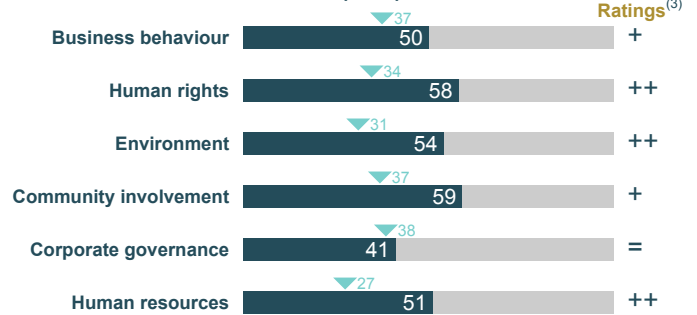


Information rate	81%
sector average	61%
Cooperation level <sup>(2)</sup>	Not responsive
High severity controversies	Yes
Rank in Sector	1/24
Rank in Region	8/890
Rank in Universe	199/4453

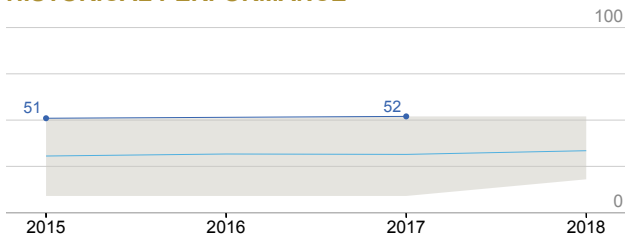
### ESG PERFORMANCE (/100)



### 6 DOMAINS PERFORMANCE (/100)



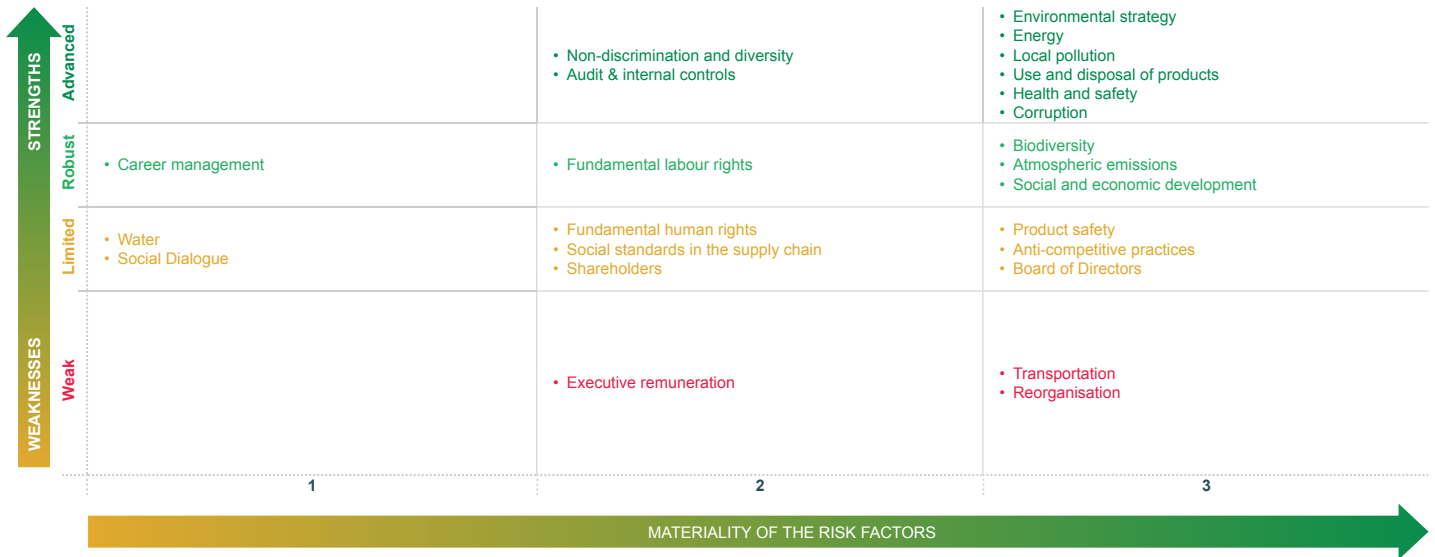
### HISTORICAL PERFORMANCE



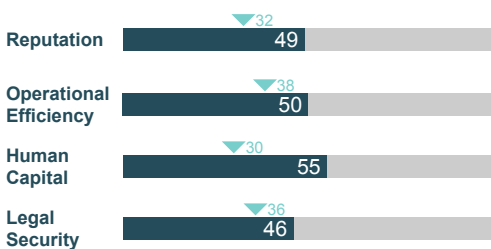
Company inclusion in Vigeo Eiris indices<sup>(4)</sup>: No

## Management of risks and opportunities

### MATERIALITY & PERFORMANCE MATRIX



### RISK MITIGATION INDEX (/100)



### ANALYST FOCUS

Analyst Focus is not available at this time

## Carbon Footprint and Energy Transition\*

"The Carbon Footprint & Energy Transition research provides an assessment of a company's carbon footprint combined with the strategy to manage risks and opportunities related to the transition to a low carbon economy. NI (No Info) is used to indicate that the information is not available."

### CARBON FOOTPRINT



SCALE	EMISSIONS (T CO2 EQ)	CATEGORIES
A	<100 000	Moderate
B	>= 100 000 and <1 000 000	Significant
C	>= 1 000 000 and <10 000 000	High
D	>= 10 000 000	Intense

### ENERGY TRANSITION SCORE



ENERGY TRANSITION SCORE	CATEGORIES
60-100	Advanced
50-59	Robust
30-49	Limited
0-29	Weak

## Goods and services contributing to sustainable development\*

"Sustainable Goods & Services research provides a positive screening on companies to identify business activities devoted to sustainable solutions."



INVOLVEMENT	CATEGORIES
>=50%	Major
20-49%	Significant
0-19%	Minor
0%	None

## Involvement in controversial activities\*

"The Controversial Activities research provides screening on companies to identify involvement in business activities that are subject to philosophical or moral beliefs."

Involvement in controversial activities: Not available in this version

### Screened Areas:

- Alcohol
- Animal welfare
- Chemicals of concern
- Civilian firearms
- Fossil fuels
- Gambling
- Genetic engineering
- High interest rate lending
- Military
- Nuclear power
- Pornography
- Reproductive medicine
- Tobacco

For more information please contact us at [customer.service@vigeo-eiris.com](mailto:customer.service@vigeo-eiris.com)

(1) Performance level: weak (0-29/100), limited (30-49/100), robust (50-59/100), advanced (60-100/100)  
 (2) Cooperation level on a 4-level scale: proactive, responsive, partially responsive, not responsive  
 (3) Ratings outline companies' benchmarked domain performance within a sector, on a 5-level scale: "-", "=", "+", "+", "+"  
 (4) Indices: based on the most recent indices at the date of publication. More details on vigeo-eiris.com.

## Company performance in all the Sustainability Drivers

			Overall score 52/100				Trend	Score	Leadership	Implementation	Results
Weight											
<b>Environment</b>			→	54	60	58	34				
E	ENV1.1	3	Environmental strategy	→	76	93	58	N/A			
E	ENV1.4	3	Biodiversity	↘	52	30	74	51			
E	ENV2.2	3	Energy	→	64	48	79	65			
E	ENV2.4	3	Atmospheric emissions	↘	53	65	79	15			
E	ENV2.6	3	Local pollution	↗	65	100	51	44			
E	ENV2.7	3	Transportation	→	10	30	0	0			
E	ENV3.1	3	Use and disposal of products	→	65	65	65	65			
E	ENV2.1	1	Water	↗	33	30	51	18			
<b>Human Resources</b>			→	51	53	47	54				
S	HRS2.3	3	Reorganisation	↘	27	18	15	49			
S	HRS3.2	3	Health and safety	↗	79	90	79	69			
S	HRS1.1	1	Social Dialogue	↗	33	39	19	42			
S	HRS2.4	1	Career management	↗	58	62	74	39			
<b>Human Rights</b>			↗	58	51	77	45				
S	HRT1.1	2	Fundamental human rights	↗	44	37	79	15			
S	HRT2.1	2	Fundamental labour rights	→	56	51	51	65			
S	HRT2.4	2	Non-discrimination and diversity	↗	74	65	100	56			
<b>Community Involvement</b>			↘	59	65	74	39				
S	CIN1.1	3	Social and economic development	↘	59	65	74	39			
<b>Business Behaviour (C&amp;S)</b>			→	50	64	47	39				
E	C&S1.1	3	Product safety	→	48	37	41	65			
G	C&S3.1	3	Corruption	↘	62	69	63	53			
G	C&S3.2	3	Anti-competitive practices	→	43	86	42	0			
S	C&S2.4	2	Social standards in the supply chain	↘	47	65	40	35			
<b>Corporate Governance</b>			↗	41	34	33	57				
G	CGV1.1	3	Board of Directors	↗	44	50	26	57			
G	CGV2.1	2	Audit & internal controls	↗	75	60	100	65			
G	CGV3.1	2	Shareholders	↗	38	20	9	86			
G	CGV4.1	2	Executive remuneration	↗	7	0	0	22			

■ Weak (0-29/100)    
 ■ Limited (30-49/100)    
 ■ Robust (50-59/100)    
 ■ Advanced (60-100/100)



Involvement in allegations



Involvement in allegations with evidence of corrective measures

## Benchmark

### Position versus sector peers

Position versus sector peers		Environment	Human resources	Human rights	Community involvement	Business behaviour (C&S)	Corporate governance	Overall Score
<b>MXP225611567</b>	<b>CEMEX</b>	<b>++</b>	<b>++</b>	<b>++</b>	<b>+</b>	<b>+</b>	<b>=</b>	<b>52</b>
GRS074083007	Titan Cement	++	+	+	=	+	+	50
COD38PA00046	Cementos Argos S.A.	+	+	+	+	+	+	49
MA0000012122	LafargeHolcim Maroc	+	+	+	=	+	=	45
BRDTEXACNOR3	Duratex	=	=	+	=	++	=	41
INE012A01025	ACC	+	=	-	+	+	+	40
ID1000061302	Indocement	+	=	=	+	=	-	39
MYL3794OO004	Lafarge Malaysia	=	=	+	=	=	=	38
INE079A01024	Ambuja Cements	+	=	=	+	=	=	37
INE070A01015	Shree Cement	=	=	=	=	=	+	37
INE481G01011	UltraTech Cement Ltd.	=	+	=	+	-	+	35
TH0003010R12	Siam Cement	=	+	=	=	=	=	33
CNE1000002N9	China National Building Materials	=	-	-	-	=	=	31
TRASISEW91Q3	T Sise Ve Cam Fabrikalari	-	=	=	-	=	=	31
TW0001102002	Asia Cement Corp	=	=	-	-	-	-	29
USP98088AA83	Votorantim Cimentos	=	-	=	+	=	--	29
PEP239501005	Cementos Pacasmayo	-	-	=	=	=	=	28
COT09PA00043	Grupo Argos	-	=	=	=	-	=	27
ID1000106800	Semen Indonesia	-	=	-	-	-	=	26
TW0001101004	Taiwan Cement	-	-	-	-	-	=	24
CNE1000001W2	Anhui Conch Cement	-	-	-	-	-	=	22
KR7002380004	KCC	-	-	-	-	-	-	22
MA0000010506	Ciments du Maroc	-	-	=	=	-	--	20
KYG2116J1085	China Conch Venture Holdings	--	-	-	-	-	=	18

## General information

CEMEX SAB de CV (CEMEX) engages in the construction industry through the production, distribution, marketing, and sale of cement, ready-mix concrete and aggregates. The Company's products include blended cement, gravel, sand, recycled concrete, asphalt,

concrete block, and roof tiles. The Company also provides services such as construction financing, mobile solutions, technical support, and customer-oriented educational and training services. CEMEX was founded in 1906 and is headquartered in San Pedro Garza Garcia, Mexico.

## Selected financial data

Key data	Revenues	EBIT	Employees
2016	MXN 250,909m	MXN 33,618m	41,853
2015	MXN 220,326m	MXN 23,446m	43,117
2014	MXN 199,942m	MXN 16,808m	44,241
2013	MXN 195,661m	MXN 14,601m	43,087
2012	MXN 197,036m	MXN 11,511m	43,905

Main shareholders	2016
BlackRock	7.4%
Dodge & Cox	6%

Geographical Breakdown	Turnover 2016	Employees
USA	28%	23.4%
Europe	25%	24.8%
Mexico	22%	23.6%
South, Central America and the Caribbean	13%	12.9%
Asia, Middle East and Africa & Others (including Corporate and Neoris)	12%	15.3%

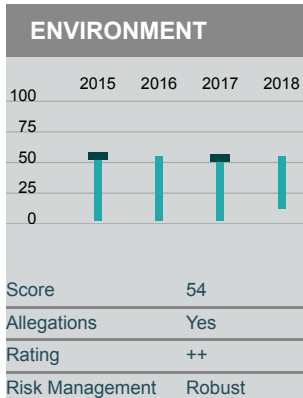
Main economic segment	Turnover 2016
CEMENT	45%
READY-MIX	39%
AGGREGATES	16%

## Selected ESG Indicators

	2016	2015
Non-executive Board member(s) responsible for CSR issues	Yes	Yes
Executive remuneration linked to CSR performance	No Info	No Info
3-year energy consumption trend (normalized to turnover)	↘	↘
Ratio of payments to employees vs. shareholders (3-year trend)	N/A	N/A
Percentage of independent Board members	26.7	30.8
Percentage of women on Board	0	0
Percentage of women in Executive team	0	0
Percentage of women in workforce	12	11
Percentage of employees covered by collective agreements on working conditions	40	N/A
3 year trend for safety at work	↘	↘
Involvement in armament	No	No
Transparency on payment of tax	Partial	Partial
Management of social risks in supply chain	Limited	Limited

## CSR performance per domain

■ Sector performance  
■ Company performance  
Rating : min- / max ++

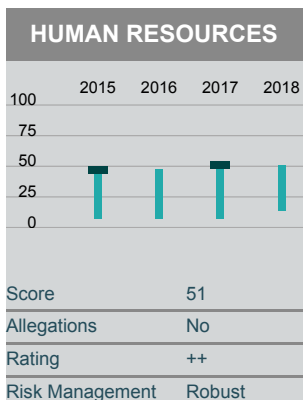


### Key issues

The cement, plaster, ceramic and glass production processes are well-known as energy intensive and high CO2 emitters due to their requirement for very high temperature. Companies therefore need to reduce those impacts as much as possible (ENV 2.2). The Building Materials industry is highly concerned by local emissions (ENV 2.6), since extraction and production processes release dust in the atmosphere and generate noise and vibration. They have health and safety impact on people living in proximity of quarries and production sites as well as for employees working within these facilities. It is also important for companies in the sector to improve environmental performance of buildings through environmentally friendly building materials for their customers (ENV 3.1) to access new markets and attract environmentally focused customers.

### Company performance

- The Company's performance in the Environment domain is robust in absolute terms which is consistent compared to the previous review.
- The Company has formalised commitments on environmental protection backed by quantified targets to increase alternative fuel rates and to reduce atmospheric emissions. The Company has allocated highly efficient measures to reduce atmospheric emissions, and to manage impacts from energy use and on biodiversity.
- The Company has faced a controversy related to biodiversity and local pollution and has taken corrective actions.
- Overall, the Company ranks well above its peers.

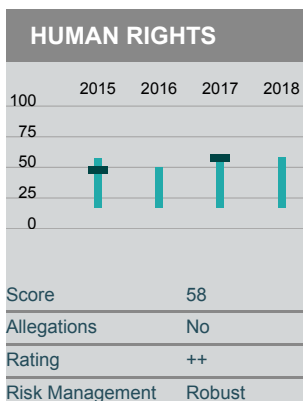


### Key issues

Health and Safety (HRS 3.2) has been identified as a major issue for the Building Materials sector, with high risks at production process, especially for subcontracted employees. Workers are exposed to common physical risks in heavy industries including harmful substances (such as solvents) and to fine dust (such as crystalline silica). Together with noise, both elements (gaseous compounds and dust) may generate occupational diseases.

### Company performance

- The Company's performance in the Human Resources domain is robust in absolute terms which is an improvement compared to the previous review.
- The Company has made a formalised commitment to health and safety issues. This commitment is supported by highly efficient measures and all performance indicators show a positive trend. However, a weak performance is observed in the responsible management of reorganizations.
- As of 12/2017, the Company did not appear to be involved in any controversy related to this domain.
- Overall, the Company ranks well above its peers.



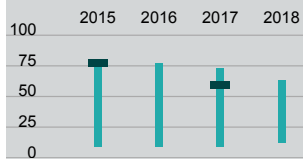
### Key issues

The increasing internationalization of building materials companies, notably in countries with sensitive labour rights at stake such as China, exposes such companies to complicity in labour rights violations (HRT2.1). Companies that exploit quarries should also take into consideration fundamental human rights related to land property and indigenous communities and put in place adequate measures (such as grievance mechanisms, compensation plans, etc). (HRT 1.1)

### Company performance

- The Company's performance in the Human Rights domain is robust in absolute terms which is an improvement compared to the previous review.
- The Company has issued a formalised commitment to respect and promote human rights in society, to respect freedom of association and the right to collective bargaining, and to prevent discrimination. The Company adopts highly efficient measures to ensure the respect and promotion of human rights in society and to prevent discrimination.
- The Company has faced controversies related to human rights on which it reports transparently.
- Overall, the Company ranks well above its peers.

## COMMUNITY INVOLVEMENT



Score	59
Allegations	No
Rating	+
Risk Management	Robust

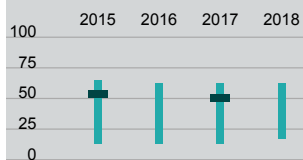
## Key issues

The building materials sector can foster the creation/development of local businesses, and train and employ socially disadvantaged people (long-term unemployed people, young with no educational background,...). Companies with quarrying activities (and related production plants) in remote areas can contribute to social and economic development of communities through taxes but also through investments such as provision of local infrastructure, training and other support. However, new quarries and plant production opening as well as closure of production sites can lead to social and economic damages when major community development stakes are not well identified and investments not carefully planned.

## Company performance

- The Company's performance in the Community Involvement domain is robust in absolute terms.
- This represents a deterioration compared to the previous review mainly due to new questioning of tax transparency on which the Company reports only partially.
- The Company is committed to promote social and economic development and has allocated significant means to address such commitment.
- As of 12/2017, the Company did not appear to be involved in any controversy related to this domain.
- Overall, the Company ranks above its peers.

## BUSINESS BEHAVIOUR (C&amp;S)



Score	50
Allegations	Yes
Rating	+
Risk Management	Robust

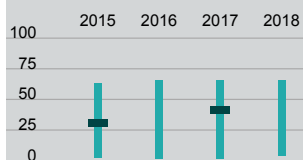
## Key issues

The Building Materials sector is highly concentrated, notably in the cement and plaster industry. Sector consolidation has given companies more control over market conditions by reducing competition and exerting greater control over prices. It is therefore important to ensure that no monopolies and abuse of dominant positions are taking over and that all players are given equal and transparent access to markets (C&S 3.2). Besides, building materials contain substances that may be harmful during implementation or use of buildings. Therefore it is important to assess initiatives by companies to manage product safety risks (C&S 1.1).

## Company performance

- The Company's performance in the Business Behaviour domain is robust in absolute terms which is consistent compared to the previous review.
- The Company has issued a formalised commitment to include social factors in supply chain management, prevent anti-competitive practices and corruption. However, the company performance on product safety is limited.
- The Company has faced controversies related to anti-competitive practices on which it does not report transparently.
- Overall, the company ranks above its peers.

## CORPORATE GOVERNANCE



Score	41
Allegations	No
Rating	=
Risk Management	Limited

## Key issues




Corporate governance is critical to ensuring that a well functioning system of checks and balances protects the interests of all of the company's stakeholders. The effectiveness of the Board of Directors is a key issue to be addressed: this can be gleaned from information on Board composition (independence and competencies) and its way of functioning (regularity of Board meetings, evaluation of performance). Other important corporate governance factors include the effectiveness of the Audit and Internal control system, the protection of Shareholders Rights and the establishment of Executive Remunerations which align executives' and company's interests.

## Company performance

- The Company's performance in the Corporate Governance domain is limited in absolute terms, however it has increased by 10 points compared to the previous review.
- Despite the Company still displays a low level of independent Board members, restrictions on shareholders rights and, overall, information disclosed on executive remuneration is insufficient, it has established a CSR Committee that is part of the Board and the internal control system covers also CSR risks that are managed through strong processes.
- As of 12/2017, the Company did not appear to be involved in any controversy related to this domain.
- Overall, the Company ranks in line with its peers.

## CSR performance per criterion

### Detailed Analysis

<b>Environment</b>		<b>10</b>
ENV1.1	Environmental strategy and eco-design	10
 ENV1.4	Protection of biodiversity	12
ENV2.1	Protection of water resources	14
ENV2.2	Minimising environmental impacts from energy use	16
ENV2.4	Management of atmospheric emissions	18
 ENV2.6	Management of local pollution	19
ENV2.7	Management of environmental impacts from transportation	21
ENV3.1	Management of environmental impacts from the use and disposal of products/services	22
<b>Human resources</b>		<b>23</b>
HRS1.1	Promotion of labour relations	23
HRS2.3	Responsible management of restructurings	25
HRS2.4	Career management and promotion of employability	27
HRS3.2	Improvement of health and safety conditions	29
<b>Human rights</b>		<b>32</b>
HRT1.1	Respect for human rights standards and prevention of violations	32
HRT2.1	Respect for freedom of association and the right to collective bargaining	34
HRT2.4	Non-discrimination	36
<b>Community involvement</b>		<b>39</b>
CIN1.1	Promotion of the social and economic development	39
<b>Business behaviour (C&amp;S)</b>		<b>42</b>
C&S1.1	Product Safety (process and use)	42
C&S2.4	Integration of social factors in the supply chain	44
C&S3.1	Prevention of corruption	46
 C&S3.2	Prevention of anti-competitive practices	48
<b>Corporate governance</b>		<b>50</b>
CGV1.1	Board of Directors	50



CGV2.1	Audit & Internal Controls	53
CGV3.1	Shareholders	55
CGV4.1	Executive Remuneration	57

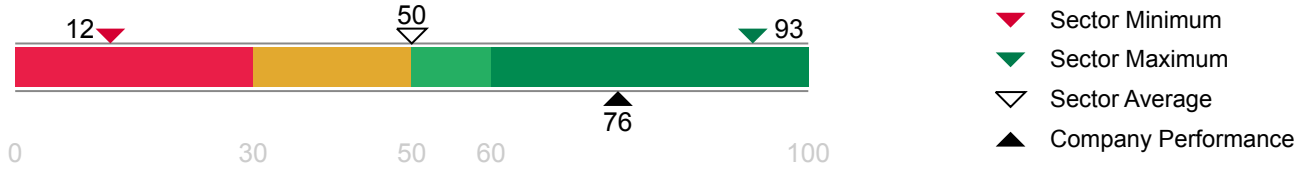
 Involvement in allegations    Involvement in allegations with evidence of corrective measures

Environment

Score: 54

ENV1.1 Environmental strategy and eco-design

(score: 76, weight: 3)



The company has issued a formalised commitment to environmental protection in its Code of Ethics and Business Conduct and in its Environmental Policy and set the following targets:

By 2020:

- 35% alternative fuels rate
- 25% reduction in CO2 emissions per ton of cementitious product from 1990 baseline
- 100% of clinker produced with continuous monitoring of major emissions: dust, NOx, SOx
- 100% active quarries with high biodiversity where BAPs are actively implemented

Visibility of commitment to environmental issues

Annual target:

- 50% or higher annual reduction in dust emissions per ton of clinker from 2005 baseline
- 30% or higher annual reduction in NOx emissions per ton of clinker from 2005 baseline
- 20% or higher annual reduction in SOx emissions per ton of clinker from 2005 baseline

In addition, the company is a signatory of the Global Compact and communicates on this principle.

The company commits to most of its responsibilities in terms of environmental protection:

- Eco-design
- Protection of biodiversity
- Protection of water resources
- Minimising environmental impacts from energy use
- Management of atmospheric emissions
- Management of local pollution
- Management of environmental impacts from transportation
- Management of environmental impacts from the use of products/services

Relevance of environmental strategy

- Eco-design: the company is committed to define a product development agenda that prioritizes environmentally responsible products and services.
- Protection of biodiversity: the company is committed to responsibly manage the land within its operations, to protect ecosystems and biodiversity and to maximize its contribution to nature conservation.
- Protection of water resources: the company is committed to make strategic efforts to managing its water consumption.
- Minimising environmental impacts from energy use: the company is committed to make strategic efforts to maximize its energy efficiency and managing its usage of energy.
- Management of atmospheric emissions: the company is committed to make strategic efforts to lower its carbon intensity and reduce emissions.
- Management of local pollution: the company is committed to minimizing disturbances such as noise, vibration, and traffic.
- Management of environmental impacts from transportation: the company is

*committed to mitigating the ecological impacts of its logistics operations.  
- Management of environmental impacts from the use of products/services: the company is committed to reducing and recycling waste.*

The commitment applies throughout the company, supported by senior management. In addition, there is a dedicated structure responsible for this issue.

**Ownership of commitment**

*In addition to the Board-level Sustainability Committee, the company's Global Environmental Council - composed of the main environmental executives responsible for each of the company's regions - shares new trends, proposals, and best practices to identify, inform, and tackle key environmental management concerns.*

The company has allocated comprehensive resources to environmental management.

**Environmental Management System**

- Environmental manual specifying procedures and responsibilities
- Internal audits that assess the effectiveness of the EMS
- Management review of the EMS (at Executive Level)
- Environmental performance measured against targets
- External verification of reporting on environmental performance

*The company's Environmental Management System Framework is composed of the following elements: Leadership & Accountability; Aspects & Impacts; Legal & other requirements; Competency Training Awareness; Communication & Consultation; Document Control; Operational Control; Contractor Manager; Environmental Incident Reporting; Emergency Preparedness & Response; Internal audit; Management review.*

*Of note, in 2016, the company's Scope 1 and 2 and other emissions have been externally verified by KPMG.*

**Coverage of certified environmental management systems**

Between 25% and 49% of the company's sites/offices have a certified environmental management system.

*In 2016, 46% of production sites were covered by a certified environmental management system (ISO 14001).*

**Life cycle Analysis**

The company conducts occasional life-cycle analyses of its products.

*In 2013, the company began a productive collaboration with the Earth Engineering Center of Columbia University and The City College of New York to conduct a yearlong study on the life-cycle effects of alternative fuels in cement manufacturing.*

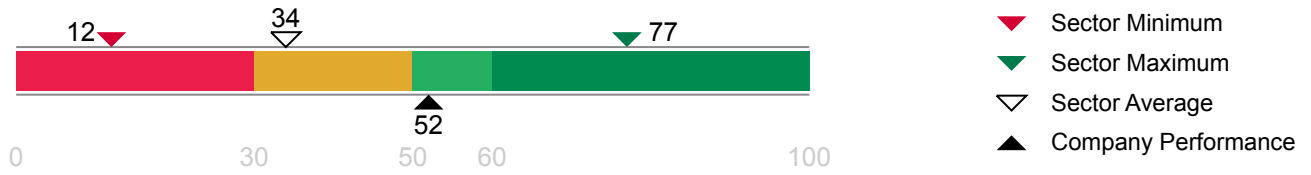
<b>Leadership</b>	<b>93</b>
Visibility	100
Relevance	100
Ownership	65

<b>Implementation</b>	<b>58</b>
Means & resources	100
Coverage	30

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ENV1.4 Protection of biodiversity

(score: 52, weight: 3)



Relevance of commitment to biodiversity protection.

The company's commitment towards biodiversity protection only addresses one of the relevant impacts of its activities:

- loss, degradation or fragmentation of ecosystems and habitats
- impact on populations' dynamics
- soil erosion
- impact on watercourses

- loss, degradation or fragmentation of ecosystems and habitats: the company recognizes the intrinsic value of nature and the importance of conserving biodiversity, ecosystems and ecosystem services to allow for a sustainable development of the society.

The company aims to minimize or mitigate its impact on biodiversity and will promote and encourage programs that conserve and, where possible, enhance biodiversity.

Ownership of commitment on biodiversity

The commitment applies throughout the company, supported by senior management.

Managerial tools allocated to biodiversity protection

The company has implemented some relevant measures to integrate biodiversity in the management of its operations, including:

- Environmental impact assessments
- Training relevant managers or employees on biodiversity
- Relevant biodiversity management guidelines
- Monitoring of biodiversity indicators

- Environmental impact assessments: The company has established Biodiversity Action Plans (BAPs) which are tools for achieving a net positive impact on biodiversity.

- Relevant biodiversity management guidelines: Quarry rehabilitation and closure plans are established according to the CSI's Guidelines on Quarry Rehabilitation.

- Monitoring of biodiversity indicators: the company reports on the percentage of quarries within or adjacent to high biodiversity value areas and on the percentage of active sites with high biodiversity value where biodiversity action plans are actively implemented.

Local measures taken to protect biodiversity on operation sites

The company has implemented some relevant measures to reduce the impacts of its operations on biodiversity, including:

- creation of new habitats, buffer areas for relocation of disturbed species
- adaptation of the operations schedule so as to minimise disturbance to wildlife
- land rehabilitation programmes during and/or after operations
- biodiversity offsets

- creation of new habitats, buffer areas for relocation of disturbed species: the company has established 'El Carmen' a private transboundary conservation area between Mexico and the U.S.  
- land rehabilitation programmes during and after operations: The company has developed a quarry rehabilitation, biodiversity enhancement and ecosystems management.

The company has taken such measures throughout the company.

**Coverage of means allocated to biodiversity protection**

As of 2016, 94% of the company's active quarries have a rehabilitation plan in place, with a significant percentage comprised of biodiversity-focused end-use plans, given their proximity to key biodiversity areas. Additionally, 63% of the 63 active quarries located within or adjacent to high biodiversity value areas have a Biodiversity Action Plan in place in conjunction with their rehabilitation plan.

**Results with regard to biodiversity protection**

Indicators on biodiversity are published and are on a positive trend

The rate of active sites with high biodiversity value where Biodiversity Action Plans are actively implemented have been increasing over the last three years by 8 percentage points, from 55% to 63%. Additionally, the number of active quarries within or adjacent to high biodiversity value areas has been decreasing in the last three years by 21%, from 80 in 2014 to 63 in 2016.

**Stakeholders' feedback**

As of 12/2017, CEMEX was involved in 1 controversy of significant severity.

- Case 1 (26/06/2017): Cemex reached agreement with authorities to close sand mine

A complete analysis of the severity of each case mentioned is available in Vigeo Controversy Product.

**Company's responsiveness**

Overall, the company is reactive

For each of the above mentioned cases, CEMEX's response is considered:  
- case 1: The company is reactive: the Company has agreed to settle the case

The analysis of CEMEX management of each case is available in Vigeo's controversy profile.

<b>Leadership</b>	<b>30</b>	<b>Implementation</b>	<b>74</b>	<b>Results</b>	<b>51</b>
Relevance	30	Means & resources	65	Performance	30
Ownership	30	Coverage	100	Trends	100

ENV2.1 Protection of water resources

(score: 33, weight: 1)



Relevance of the company's commitment in terms of reducing its water consumption.

The company's commitment to reduce its water consumption is general.

*The company issued a formalised commitment in its Water policy. The company is committed to minimizing pressure on water resources availability and to preserve ecosystem integrity.*

Relevance of the company's commitment in terms of reducing its water emissions.

The company's commitment to reduce its water emissions is general.

*The company is committed to actively pursue a policy of pollution prevention and reduce to a practical minimum the environmental impacts of discharges to water ecosystems from its operations.*

Means allocated

The company works to optimize its production processes to reduce water consumption and/or pollution.

*The company provides guidance to its operations through the creation of a holistic water management plan that prioritizes countries and sites where water-related risks are highest. The company has implemented a number of initiatives to increase its use of water, rate of recycling and control water emissions. For instance, the San Fermin and Vicalvaro III ready-mix plants utilizes a water canalization system with slopes that collect the water used during the washing and fabrication processes, accumulating it in a deposit for reuse. This initiative ensures 0% water waste during the concrete production process. Also, in Madrid's Corporate Offices, the cisterns for all water used inside the building were transformed into eco-cisterns. With this new measure, a 50% reduction in water consumption was achieved. The company Balcones quarry completed a new state-of-the-art water recycling system that will decrease the environmental impact and reduce its reliance on local water sources by using 90% less water annually than previously consumed by the quarry's wash plant. The fully automated system uses and recycles 12,000 gallons of water per minute to separate fine aggregate sands. The Bayano cement plant integrated an automated wireless communication system to pump water between the plant and a local creek to reduce this operation's liquid usage. The new system's benefits include: reduced water consumption of 35%.*

Coverage

The company has taken such measures in a minority of sites.

Water consumption

*The company's water consumption, normalised to sales, has decreased but not continuously over the past three years by 12%, from 5,649 m3/MUSD in 2014 to 4,999 m3/MUSD in 2016.*

Suspended solids discharged into water

The company does not disclose quantitative data on suspended solids discharged

into water.

**Heavy metals\* discharged into water**

The company does not disclose quantitative data on heavy metals discharges into water.

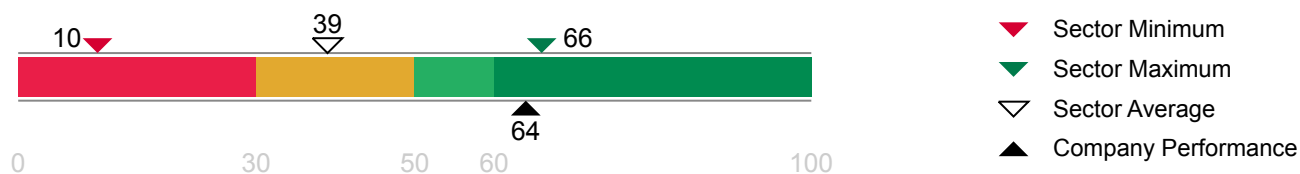
<b>Leadership</b>	<b>30</b>
Relevance	30

<b>Implementation</b>	<b>51</b>
Means & resources	65
Coverage	30

<b>Results</b>	<b>18</b>
Performance	18

ENV2.2 **Minimising environmental impacts from energy use**

(score: 64, weight: 3)



**Relevance of the company's commitment in terms of reducing its energy consumption.**

The company has set quantified targets with regard to its energy consumption, and these cover the entire group.

*The company is pursuing the goal to reach an alternative fuel rate of 35% by 2020. The rate in 2016 was 23.2%.*

**Relevance of the company's commitment in terms of reducing its GHG emissions.**

The company has set quantified targets with regard to its GHG emissions, but these do not cover the entire group.

*The company targets to reduce by 25% CO2 emissions per ton of cementitious product from 1990 baseline by 2020. The reduction in 2016 was 20%.*

**Means allocated.**

The company works to optimize its production processes, in order to reduce its energy consumption and/or its GHG emissions.

*The company is focused on using low-emission alternatives to traditional fossil fuels, decreasing its clinker factor, promoting clean energy, and increasing energy efficiency across its operations. The company is working on production of energy from waste and alternative fuels to fuel cement facilities and reduce its overall carbon footprint.*

*In 2016, 92% of the company's cement plants co-processed alternative fuels for a total fossil fuel substitution rate of 23.3%, avoiding the use of 1.6 million tons of coal. Moreover, eight of the company's cement plants that use alternative fuels surpassed a substitution rate of 50% in their fuel mix. Additionally, in 2016, 25% of the company's cement operations' power supply came from renewable sources. This percentage includes all electricity from renewable sources that the company has contracted directly, plus the renewable energy share of the grid power that its plants consume. The company also works on carbon offsets projects.*

**Coverage**

The company has taken such measures throughout the company or all over the production.

**Energy consumption**

*The company's energy consumption, normalised to sales, has decreased continuously over the past three years by 14% from 345 MWh/M MXN in 2010 to 295 MWh/M MXN in 2016.*

**GHG emissions (direct AND indirect\*, + from the process, when applicable)**

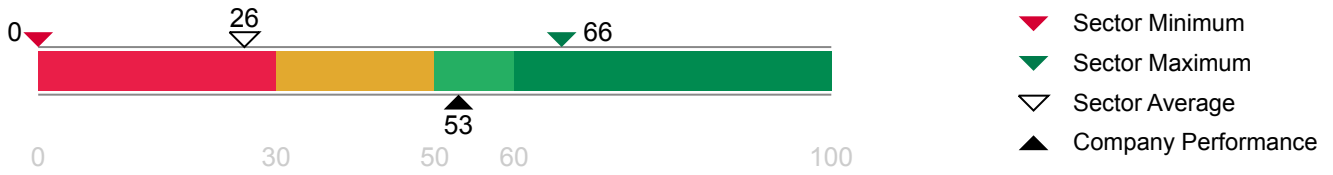
*The company's GHG emissions (direct and indirect), normalised to sales, have decreased continuously over the past three years by 18% from 214 (t/M MXN) in 2014 to 175 (t/M MXN) in 2016.*



<b>Leadership</b>	<b>48</b>	<b>Implementation</b>	<b>79</b>	<b>Results</b>	<b>65</b>
Relevance	48	Means & resources	65	Performance	65
		Coverage	100		

ENV2.4 Management of atmospheric emissions

(score: 53, weight: 3)



Relevance of the company's commitment in terms of reducing its atmospheric emissions.

The company has set quantified targets with regard to its atmospheric emissions, and these cover the entire group.

The company targets to reduce by more than 30% its NOx emissions per ton of clinker and by more than 20% its SOx emissions per ton of clinker by 2020 compared to its 2005 baselines.

Means allocated

The company works to optimize its production processes to reduce its atmospheric emissions.

The company has expanded emissions monitoring at its cement plants. In 2016, 84% of its clinker was produced with continuous emissions monitoring systems in place. The company's 2020 target is 100% continuous monitoring of major emissions.

In 2016, the company invested USD 80 million in sustainability-related projects at its global operations, including more than 70 projects to monitor and reduce its air emissions.

Through its EMS, the company monitors major emissions to ensure compliance with local regulations. To improve these efforts, the company has set minimum performance levels for major emissions. Additionally, an external party verifies air emission KPIs annually.

Coverage

The company has taken such measures throughout the company.

Volatile Organic Compounds (VOC) emissions

The company does not disclose quantitative data on VOC emissions.

Emission of substances responsible for acid rain (SOx, NOx, NH3, and volatile acids (such as HF, HCl, ...))

The company's NOx emissions, normalised to sales, have increased over the past three years by 3% from 0.2970 t/M MXD in 2014 to 0.3051 t/M MXD in 2016.

The company's SOx emissions, normalised to sales, have decreased over the past three years by 18% from 0.0636 t/M MXD in 2014 to 0.0522 t/M MXD in 2016.

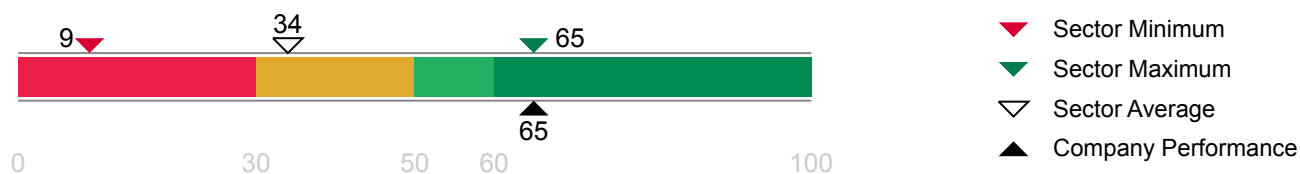
Persistent Organic Pollutant\* (POP) emissions (dioxins and furans)

The company does not disclose quantitative data on Persistent Organic Pollutant emissions.

Leadership	65	Implementation	79	Results	15
Relevance	65	Means & resources	65	Performance	15
		Coverage	100		

**ENV2.6 Management of local pollution**

(score: 65, weight: 3)



**Relevance of the company's commitment to reducing its local pollution**

The company's commitment relative to controlling its local pollution focuses on the main relevant nuisance sources of local pollution for the sector AND the company has set related quantitative targets:

- Noise/vibrations
- Dust
- Landscape aesthetics
- Odours

*The company targets to achieve 100% of clinker produced with continuous monitoring of major emissions (including dust) by 2020. In 2016 this ratio was at 84%.*

**Means allocated**

The company works to optimize its production processes to reduce its local pollution.

*The company often reuses cement kiln dust in its cement production and other processes in order to avoid sending it to landfill.*

**Coverage**

*There is no evidence that the company has taken such measures in the majority of its sites.*

**Dust emissions (and related metal emissions into the air)**

*The company's dust emissions, normalised to sales, have decreased continuously over the past three years by 65% from 0.0307 t/M MXD in 2014 to 0.0108 t/M MXD in 2016.*

**Stakeholders' feedback**

*As of 12/2017, CEMEX was involved in 1 controversy of significant severity.*

*- Case 1 (26/06/2017): Cemex reached agreement with authorities to close sand mine*

*A complete analysis of the severity of each case mentioned is available in Vigeo Controversy Product.*

**Company's responsiveness**

Overall, the company is reactive

*For each of the above mentioned cases, CEMEX's response is considered:  
- case 1: The company is reactive: the Company has agreed to settle the case*

*The analysis of CEMEX management of each case is available in Vigeo's controversy profile.*

<b>Leadership</b>	<b>100</b>	<b>Implementation</b>	<b>51</b>	<b>Results</b>	<b>44</b>
Relevance	100	Means & resources	65	Performance	44
		Coverage	30		

**ENV2.7 Management of environmental impacts from transportation**

(score: 10, weight: 3)



**Relevance of the company's commitment with regard to the environmental impacts related to the transport of its products**

The company's commitment to reduce the environmental impacts related to the transport of its products is general.

*The company is committed to mitigating the ecological impacts of its logistics operations.*

**Means allocated to minimising the environmental impacts**

Information obtained from company and public sources regarding means allocated to minimising the environmental impacts related to the transport of its products is insufficient.

- Measures to reduce pollution (car maintenance, alternative fuels, driver training, etc.)
- Rationalisation of transport flows
- Improvement of production transport mix (alternatives to road transport)
- External evaluation of the impacts of product transportation and logistics supply chain

**Coverage**

Information obtained from company and public sources regarding the percentage of products covered by such actions is insufficient.

**Energy consumption or CO2 emissions related to transportation**

Information obtained from company and public sources regarding CO2 emissions or energy consumption from transportation is insufficient.

**Trend in transport mix**

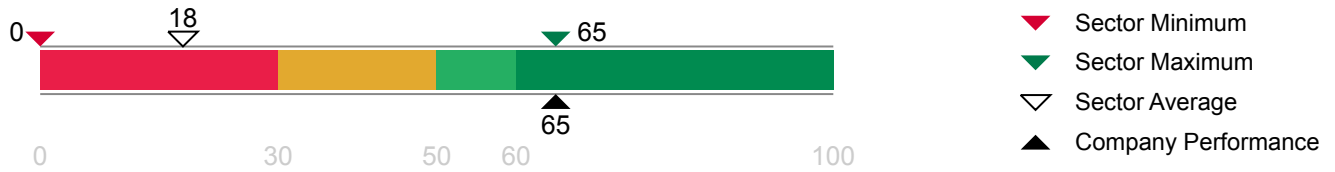
Information obtained from company and public sources regarding the company's transport mix is insufficient to determine a trend.

<b>Leadership</b>	30	<b>Implementation</b>	0	<b>Results</b>	0
Relevance	30	Means & resources	0	Performance	0
		Coverage	0	Trends	0

ENV3.1

Management of environmental impacts from the use and disposal of products/services

(score: 65, weight: 3)



Relevance of commitments related to the use of products/services.

The company issues quantified targets to limiting impacts from the use of its products/services.

The company is committed to develop customized energy-efficient building solutions, bioclimatic architecture and engineering services, modeling of buildings' energy performance services and international green building certifications services.

The company targets to maintain an annual ready-mix sales derived from products considered as having outstanding sustainable attributes equal or higher than 25% by 2020. This value in 2016 was 33.7%.

Materiality of means on the use of products/services

The company developed several concrete technologies, value-added aggregates, improved construction systems and provided novel building and paving solutions having in mind how its products can affect the environment.

Coverage with regard to measures affecting the use of the product

There is no evidence that the company has taken such measures in the majority of its sites.

Share of products/services sold for which the company can demonstrate an environmental benefit at the use phase

The share of products/services that helps reducing environmental impacts has increased slightly.

The percentage of annual ready-mix sales derived from products considered as having outstanding sustainable attributes has increased by 4 percentage points from 29.7% in 2014 to 33.7% in 2016.

Additionally, the surface of Green building projects under certification where the company is involved has increased but not constantly by 37% from 7.08Mm2 in 2014 to 9.73Mm2 in 2016.

Leadership	65
Relevance	65

Implementation	65
Means & resources	65
Coverage	65

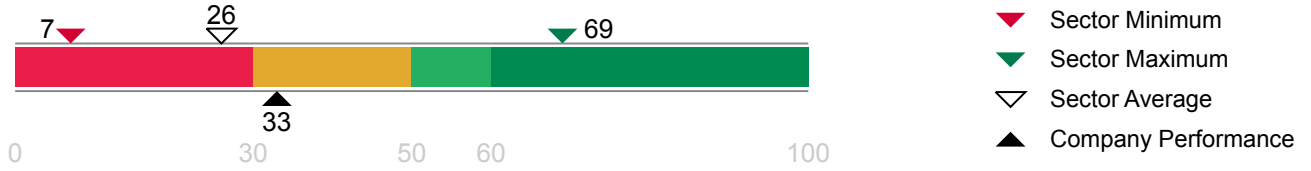
Results	65
Trends	65

Human resources

Score: 51

HRS1.1 Promotion of labour relations

(score: 33, weight: 1)



Visibility of commitment

The company has made references to labour relations in its:  
*Integrated Report.*

Relevance of commitment

The company commits to consulting employee representatives.  
*The company encourages employees to participate in employee councils, company meetings, and projects initiated by employee groups and it recognizes, supports, and respects the right of its employees to exercise freedom of association within the company's operations.  
To encourage open communications, the company declares to provide different avenues for listening to employees' opinions and involving them in decision-making processes.*

Ownership of commitment

It is unclear who is responsible for the company's commitment or to which parts of the company it applies.

Coverage of employee representative bodies

Information obtained from company and public sources regarding the percentage of sites where employee representation structures are in place is insufficient.

Subjects covered by collective bargaining

Collective bargaining between the company and employee representatives deals with subjects related to the employment conditions, including:

- health & safety
- CSR issues
- remuneration
- working hours
- training
- career development
- work time flexibility
- employability/life long learning
- stress management
- equal opportunities

*In 60% of the countries in which the company operates, employees are represented by a union or covered under a collective bargaining agreement that deals with topics such as:*  
- health and safety: life insurance, health care, disability and invalidity coverage  
- remuneration: payment, overtime and retirement provisions  
- work time flexibility: parental leave

**Employee representative bodies in countries with restrictive legislation**

*The company has employees in countries with restrictive legislation such as Mexico, United Kingdom, Spain, Colombia, Egypt and Philippines. In these countries, the company's employees partially or entirely entered into collective bargaining agreements or are represented by local unions.*

**Stakeholders' feedback**

*As of 12/2017, CEMEX did not appear to be involved in any controversy related to this sustainability driver.*

**Coverage of collective agreements on working conditions**

Collective agreements on working conditions cover between 26 and 50% of its employees.

*40% of the company's employees are represented by an independent union or covered by a collective bargaining agreement.*

<b>Leadership</b>	<b>39</b>
Visibility	30
Relevance	65
Ownership	0

<b>Implementation</b>	<b>19</b>
Means & resources	30
Scope	65
Coverage	0

<b>Results</b>	<b>42</b>
Performance	42



**HRS2.3 Responsible management of restructurings**

(score: 27, weight: 3)



**Relevance of commitment to manage reorganisations responsibly**

The company declares that, in those situations where the staff reductions are required (by decision of the company), it looks to provide a reasonable time for transition. The average notice period regarding operational changes is of 4 weeks.

**Involvement with employee representatives**

The company does not disclose any commitment to inform and consult employee representatives on reorganisations.

**Means allocated to prevent and manage reorganisations**

The company has allocated significant measures to limit the impacts of reorganisations, following a conflict with employees:

- significant financial compensation
- early retirement
- reduction of labour time
- internal mobility programme
- outplacement services
- individualised follow-up of employees
- re-training

- significant financial compensation: the company declares to provide better severance package than the ones established by the law  
 - outplacement services: in some countries and at certain levels, the company supports employees with head hunting (relocation) services.

**Coverage**

Information obtained from company and public sources regarding the percentage of sites where such measures are taken is insufficient.

**Stakeholders' feedback**

As of 12/2017, CEMEX did not appear to be involved in any controversy related to this sustainability driver.

**Result of the company's commitment to manage reorganisations responsibly**

The company has limited the impacts of reorganisations but has not been able to avoid layoffs.

The company has not conducted any reorganisations recently. However, its workforce has decreased since 2014.

Leadership	18	Implementation	15	Results	49
Relevance	30	Means & resources	30	Performance	49
Ownership	0	Coverage	0		

**HRS2.4 Career management and promotion of employability**

(score: 58, weight: 1)



**Visibility of commitment**

The company has issued a largely publicised, formal commitment to promote career management and training which is publicly available in its:

*Code of Ethics and Business Conduct.*

**Relevance of commitment**

The company's commitment to promoting career management and training addresses its main responsibilities:

- Ensure training, life-long learning and employability
- Promote career development
- Anticipate long-term employment needs and skill requirements (ageing workforce)
- Put in place a concerted career management framework, which is transparent and individualized

**Ownership of commitment**

The Head of HR is part of the company's Board or Executive Committee. However line managers do not appear to be evaluated on their performance in terms of HR management.

*Mr Luis Hernández is the Executive Vice President for global Organization and Human Resources and he is part of the Executive Committee.*

**Career management systems**

The company has set up an internal job opportunity marketplace and/or has formalised the skill requirements for the various job positions. Moreover employees have regular performance assessment and career counselling interviews.

- *The company indicates that all its employees are evaluated and expected to receive feedback regarding their performance and goals.*
- *The company offers a Job Posting Program to give its employees opportunities to apply for open positions before or concurrent with the consideration of external candidates for employment.*

**Coverage of career management systems**

These career management systems cover all of the company's employees.

*The company declares that 9,064 of executives and employees have access to the company's Intuitional Tool of Performance and Career development reviews. 7,212 (80%) of them set goals and had feedback. Other employees and operators also receive regular performance and career development reviews but are not registered in a global tool; in these cases, managers are responsible for holding feedback and performance review sessions.*

**Types of training provided to non-managers**

The training programmes are aimed at adapting employees' skills to the requirements of their current position and also enable them to develop additional skills.

*The company targeted its training efforts on health and safety, customer-centric capabilities, environmental conservation and awareness, leadership development, stakeholder engagement, human rights, ethics and compliance.*

#### Means allocated to training for all employees

*The average number of training hours per employee has decreased, although not continuously, by 17% over the past three years, from 16.6 hours per employee in 2014 to 13.7 hours per employee in 2016.*

*The company discloses training budget per employee only for the past two years, which has increased by 28% from 2015 to 2016.*

#### Mobility / turnover

*The employee turnover rate has increased by 2.8 percentage points over the last five years, from 6.6% in 2012 to 9.4% in 2016.*

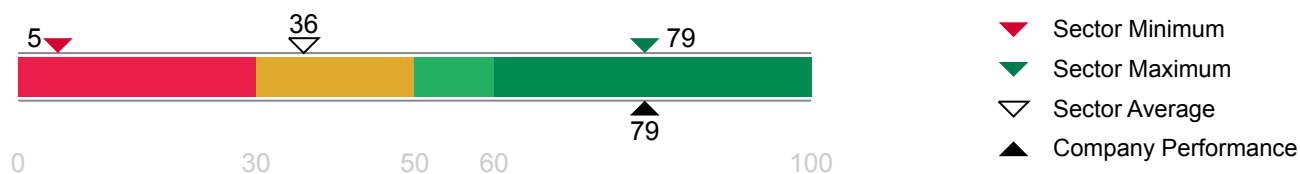
#### Coverage of training programmes

The majority of the company's employees receive training.

<b>Leadership</b>	<b>62</b>	<b>Implementation</b>	<b>74</b>	<b>Results</b>	<b>39</b>
Visibility	100	Means & resources	65	Performance	39
Relevance	65	Scope	65		
Ownership	30	Coverage	100		

**HRS3.2 Improvement of health and safety conditions**

(score: 79, weight: 3)



The company has made a formalised commitment to health and safety issues, and has set up quantitative targets in this regard.

**Visibility of health & safety commitments**

The company has set the following targets to be achieved by 2020:  
 - 0 fatalities, compared to 20 in 2016.  
 - Lost Time Injury Frequency Rate (LTI FR) of 0.3, compared to 0.6 in 2016.

**Relevance of commitment**

The company's commitment addresses its main responsibilities:

- ensure awareness about health and safety issues
- reduce the number of work accidents and their severity
- prevent occupational disease
- reduce stress/promote well-being
- road safety

**Ownership of commitment**

The commitment applies throughout the company, supported by senior management. In addition, employee representatives are involved at group level.

The company has set up:  
 - a H&S Functional Network, comprised of all of national H&S specialists;  
 - the Global H&S Council, composed of corporate and regional representatives who interact with the extended global H&S networks and main sector Global Networks;  
 - six Global Taskforces, consisting of senior operational people supported by at least one member of the corporate H&S team;  
 - a Global Health Forum of experts who work on various initiatives and materials to help employees and contractors lead a healthy lifestyle  
 Managers are held accountable for the health and safety of their operations and are expected to visibly demonstrate leadership and commitment to ensure that health and safety is given high priority.

**Means allocated to health and safety**

The company has allocated means to address these issues, including a certified health and safety system:

- training/awareness raising programmes
- internal monitoring
- risk assessments
- internal H&S audits
- H&S competitions
- remuneration based on H&S performance
- OHSAS 18001 certifications

- training/awareness raising programmes: in 2016 the company launched the H&S Academy in order to ensure that H&S is a top priority. Executives and supervisors must complete the H&S Academy. Employees must complete the E-Legacy

training, a non-technical, interactive program that helps front-line employees assess risks and integrate safe and healthy practices into their day-to-day activities, promoting a strong H&S culture within the organization.

- internal monitoring: the company monitors H&S KPIs such as fatalities, injuries, lost time injury frequency rates and lost time injury severity rates.
- risk assessments: the company adopts a Safety Management System and includes health and safety among its risk factors.
- internal H&S audits: OHSAS 18001 certified sites must have an audit plan in place to obtain the certification.
- OHSAS 18001 certifications: 15% of company's sites are OHSAS 18001 certified (65% of cement, 13% of ready-mix and 14% of aggregates sites). However 100% of sites have implemented a Safety Management System.

### Coverage of health and safety system

The health and safety measures cover most of the company's employees.

### Means allocated to reduce stress at work

The company has allocated significant means to address stress at work, including:

- employee assistance programme / hotline (stress only)/counselling
- job redesign (work organisation)
- monitoring of absenteeism/rate of occupational disease; assessment of stress through analysis of internal H&S data
- stress management training
- awareness campaigns and information
- measures to improve ergonomics
- detection of stress: Identification of stress sources/risks assessments
- avoidance of overtime
- employee oriented flexibility (work/life balance)
- employee participation tools (opinion surveys, dedicated teams, workshops)

- monitoring of absenteeism: the company monitors sickness absence rate and overtime hours.
- employee oriented flexibility (work/life balance): Approximately 100 initiatives to improve work-life balance were implemented across the company business units in 2016. Examples include programs that support child and/or elderly care, allow sabbaticals, and offer parental leave and other benefits such as flex-time, home office, work time reduction on Fridays, sports club memberships or discounts, and activities for families' integration, among others.
- employee participation tools (opinion surveys, dedicated teams, workshops): the company has established channels for employees to communicate their needs and concerns regarding work-life balance and have implemented initiatives to encourage an appropriate work-life balance based on this feedback.

### Coverage of means allocated to address mental health

The measures allocated to address mental health cover most of the company's employees.

Monitoring of absenteeism and overtime and overtime policies are applied in all countries of operation.  
Work-life balance initiatives reached almost 90% of total employees.  
Communication channels for employees to raise their concerns on work-life balance have been implemented in more than 80% of the countries in which the company operates.

### Accident frequency rate

The lost-time injury frequency rate of employees has continuously decreased in the last 5 years by 70% from 0.4 LTI/200,000 hours worked in 2012 to 0.12 LTI/200,000 hours worked in 2016. In particular, it has decreased by 50% from 2014 to 2016 and remained stable in 2016 compared to 2015.

**Accident severity rate**

*The lost time injury severity rate of employees has decreased continuously by 24% in the last 3 years, from 12.6 days/200,000 hours worked in 2014 to 9.58 days/200,000 hours worked in 2016. Rates are available for the cement business only. Rates for contractors are not available.*

**Other health and safety indicators**

*The rate of absenteeism has decreased continuously by 0.7 percentage point over the last 5 years, from 2.5% in 2012 to 1.8 % in 2016.*

**Fatality rate**

*The number of fatalities, normalised by the number of employees, has decreased but not continuously by 17% over the last three years, from 0.0006 in 2014 to 0.0005 in 2016.*

**Stakeholders' feedback**

*As of 12/2017, CEMEX did not appear to be involved in any controversy related to this sustainability driver.*

<b>Leadership</b>	<b>90</b>
Visibility	100
Relevance	65
Ownership	100

<b>Implementation</b>	<b>79</b>
Means & resources	65
Coverage	100

<b>Results</b>	<b>69</b>
Performance	69

Human rights

Score: 58

HRT1.1 Respect for human rights standards and prevention of violations

(score: 44, weight: 2)



Visibility of commitment

The company has issued a formalised commitment to respect and promote human rights in society in its Human Rights Policy. In addition, the company is a signatory of the Global Compact and communicates on this principle.

Relevance of commitment

The company's commitment to respect and promote human rights in society is general.

- respect the right to personal security
- respect property rights and resettlement
- prevent cruel, inhuman, or degrading treatment
- prevent complicity in human rights violations
- respect of indigenous rights
- use of security forces

The company respects all human rights, including those set forth in the International Bill of Human Rights, as well as the principles concerning fundamental labor rights set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. It also embraces the UN Guiding Principles on Business and Human Rights, and is a signatory member of the UN Global Compact and annually submits an Advanced Communication of Progress (COP) to the Global Compact.

Ownership of commitment

The commitment applies throughout the company, supported by senior management.

Means allocated

The company has allocated significant measures to ensure the respect and promotion of human rights in society that includes:

- awareness-raising programmes for employees or contractors
- external investigation of allegations
- training programmes for employees or contractors
- grievance mechanisms
- human rights impact assessments
- internal audits
- consult local independent and representative stakeholders
- facilitate free, prior and informed consent (FPIC)
- human rights capacity building for local communities
- external audits/verification

- awareness-raising programmes for employees or contractors: communications



*campaigns to strengthen employees' awareness of business ethics and human rights issues are deployed across all of the company's business units.*

- *grievance mechanisms: in case of concerns or suspected human rights violation, employees, stakeholders and other third parties are encouraged to contact ETHOS line, an online portal and phone line for sending comments, requesting advice, and submitting complaints on these topics.*
- *human rights impact assessments: the company execute human rights due diligence across the countries in which it operates and defines a monitoring plan and a set of mitigation and remediation actions to prevent and address adverse impacts on human rights.*

**Coverage**

The company has set up such systems throughout the company.

**Stakeholders' feedback**

*As of 12/2017, CEMEX was involved in 2 controversies of high severity:*

- *Case 1 (01/09/2015): KLP divests from Cemex and Heidelberg Cement over operations in the Occupied Territories*
- *Case 2 (17/11/2017): More than 200 Latin American organisations and high-profile personalities ask Cemex to end alleged complicity with Israeli illegal occupation*

*A complete analysis of the severity of each case mentioned is available in Vigeo Controversy Product.*

**Company's responsiveness**

Overall, the company is reactive

*For each of the above mentioned cases, CEMEX's response is considered:*

- *case 1: The company is reactive: the Company reports in a detailed way on its position to the case*
- *case 2: The company is reactive: the Company reports in a detailed way on its position to the case*

*The analysis of CEMEX management of each case is available in Vigeo's controversy profile.*

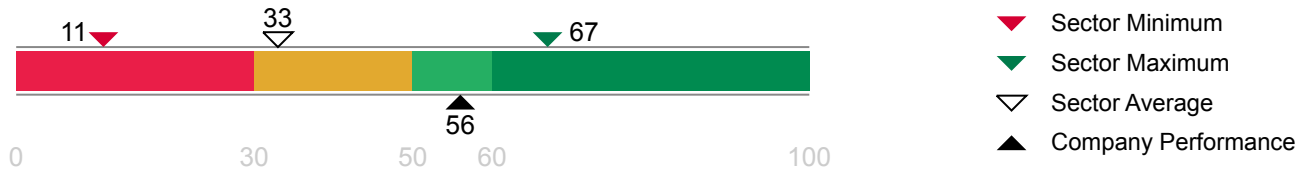
<b>Leadership</b>	<b>37</b>
Visibility	65
Relevance	30
Ownership	30

<b>Implementation</b>	<b>79</b>
Means & resources	65
Coverage	100

<b>Results</b>	<b>15</b>
Performance	15

**HRT2.1 Respect for freedom of association and the right to collective bargaining**

(score: 56, weight: 2)



**Visibility of commitment**

The company has issued a formalised commitment to freedom of association and the right to collective bargaining in its Code of Ethics and Business Conduct. In addition, the company is a signatory of the Global Compact and communicates on this principle.

**Relevance of commitment**

The company's commitment addresses its main responsibilities:

- protection of freedom of association and the right to organize
- respect of the right to collective bargaining
- respect and protection of workers' representatives
- explicit support for ILO Conventions C87, C98, C135 ,or similar international texts on union rights
- prevent employee representative discrimination
- guarantee the effective exercise of the trade unions rights in the workplace
- prevent violations of the freedom of association and the right to organize

**Ownership of commitment**

The commitment applies throughout the company, supported by senior management.

**Monitoring**

The company has implemented limited measures to monitor the respect of freedom of association within its operations:

- occasional risk mapping
- occasional internal audits
- on-going monitoring of labour rights risks
- regular internal audits
- systematic risk mapping
- external audits/verification
- external investigation of allegations
- cooperation with unions: joint audits, joint grievance procedures etc.

- *systematic risk mapping: The company engages with employees through collective bargaining processes, quarterly meetings of the board of directors with workers, monthly meetings by specific departments, and individual meetings within departments. No risks to freedom of association or collective bargaining were identified.*

**Promotion of collective bargaining**

The company has provided employees with some information on their trade union rights through introductory training, contracts, as part of human rights training, etc.

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*The company declares that employees are encouraged to participate in employee councils, company meetings, and projects initiated by employee groups. Additionally, in 2016 3,558 hours of training were dedicated to the Code of Ethics and Business Conduct, which includes the recognition of the right to freedom association.*

**Coverage**

The company has set up such systems/programmes throughout the company.

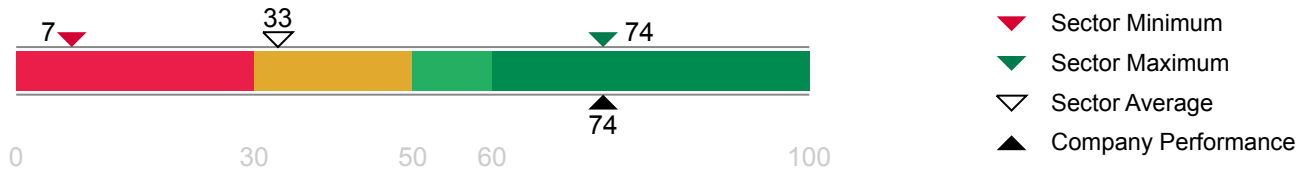
**Stakeholders' feedback**

*As of 12/2017, CEMEX did not appear to be involved in any controversy related to this sustainability driver.*

Leadership	51	Implementation	51	Results	65
Visibility	65	Means & resources	30	Performance	65
Relevance	65	Coverage	100		
Ownership	30				

HRT2.4 Non-discrimination

(score: 74, weight: 2)



Visibility of commitment

The company has issued a formalised commitment to non-discrimination in its Code of Ethics and Business Conduct. In addition, the company is a signatory of the Global Compact and communicates on this principle.

Relevance of commitment

The company's commitment to non-discrimination explicitly defines most of the categories and the management processes to which these apply:

- gender
- sensitive medical conditions (HIV)
- trade union membership or activities
- sensitive medical conditions (HIV)
- other
- discrimination in employment decisions (hiring / promoting / redundancies)
- discrimination in working conditions (working hours / training / remuneration / social security)
- race / ethnicity / nationality
- social background
- religion
- sexual orientation
- family responsibilities (including pregnancy)
- disabilities
- political opinion
- age

- discrimination in employment decisions (hiring / promoting / redundancies): the company's declares that its hiring decisions are made without regard to gender, race, color, age, religion, mental or physical disability, sexual orientation, political affiliation or national origin.

- discrimination in working conditions (working hours / training / remuneration / social security): the company is committed to offer appropriate assistance and facilities to employees with disabilities and has initiatives and programs for women in place in approximately half of its operating countries.

Ownership of commitment

The commitment applies throughout the company, supported by senior management.

Means allocated

The company has set up extensive measures to prevent discrimination and promote diversity:

- awareness raising
- maternity pay (greater than the statutory requirement)
- paternity pay (greater than the statutory requirement)

- job sharing initiatives
- monitoring of salary disparities
- training
- monitoring
- confidential reporting system / grievance procedures
- disciplinary procedures / corrective measures
- affirmative action programmes
- flexitime initiatives
- child care facilities/child care subsidies
- career break opportunities

- awareness raising: all employees are informed of the company's business ethics principles in various ways, including via the Code of Ethics, internal communications and displays, legal audits, global compliance policies, and other related activities. The company develops campaigns to strengthen employees' awareness of business ethics and human rights issues, including discrimination, across all of the company's business units.

- training: face-to-face and online legal training is provided through the Shift ETHOS Policy Center.

- monitoring: the company reports workforce breakdown by gender, age and the number of people with disabilities employed.

- confidential reporting system / grievance procedures: in the event of discriminatory behaviours, employees, stakeholders and other third parties are encouraged to contact ETHOS line, an online portal and phone line for sending comments, requesting advice, and submitting complaints on these topics.

- disciplinary procedures / corrective measures: disciplinary actions, including dismissal, are taken in case of discriminatory behaviours.

- affirmative action programmes: approximately 40% of the company's operating countries have specific programs to integrate disabled people into the workforce.

- flexitime initiatives: initiatives to improve work-life balance are implemented across the company's business units, reaching almost 90% of total employees.

Examples include programs that support child and/or elderly care and offer parental leave and other benefits such as flex-time, home office, work time reduction on Fridays.

- career break opportunities: sabbaticals are among the initiatives to improve work-life balance.

- monitoring of salary disparities: the company discloses the ratio of basic salary and remuneration of women to men for all countries in which the company operates.

**Coverage**

The company has set up programmes to promote diversity (eg: training, awareness-raising, etc.) throughout the company.

**Results in terms of gender distribution**

The share of women has been stable at 11% from 2012 to 2015 and increased by 1 percentage point to 12% in 2016.

The share of women in management positions has remained stable over the last 5 years at 13% and has increased by 1 percentage point over the last 3 years.

**Results in terms of employment of disabled persons**

The company only publishes indicators over the past two years, but the share of disabled employees in the total workforce has increased over that time.

The percentage of disabled employees has increased by 0.004 percentage points from 0.002% in 2015 to 0.006% 2016.

**Stakeholders' feedback**

As of 12/2017, CEMEX did not appear to be involved in any controversy related to this sustainability driver.

Leadership	65	Implementation	100	Results	56
Visibility	65	Means & resources	100	Performance	65
Relevance	100	Coverage	100	Trends	51
Ownership	30				

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Community involvement

Score: 59

CIN1.1 Promotion of the social and economic development

(score: 59, weight: 3)



The company has issued a formalised commitment to promote local social and economic development, and sets specific targets in this regard.

Visibility of the policy

The company issued its commitment in its Code of Ethics and Business Conduct and it has set the target to benefit more than 15 million individuals from its social initiatives by 2020.

The company's commitment to promote local social and economic development addresses the main relevant issues for the sector:

- Promote the creation and development of local businesses
- Promote the employment and training of local personnel
- Promote the transfer of technology and skills to developing countries
- Reduce the social impacts related to site closures, openings, and restructuring
- Implement a responsible tax strategy
- Engage with local communities

Relevance of commitment

- Promote the creation and development of local businesses: the company promotes local sourcing to stimulate local jobs and the economy near the areas of operation
- Promote the employment and training of local personnel: the company believes in hiring local employees as a way of contributing to regional development
- Promote the transfer of technology and skills to developing countries: the company declares to leverage its business capabilities, its network of employees, and strategic alliances to generate capacity building across different regions
- Engage with local communities: the company adopts a stakeholder engagement policy and is committed to open and constant engagement to identify business opportunities and reduce risks to its operations.

Ownership of commitment

The commitment applies throughout the company, supported by senior management.

Means allocated

The company has allocated significant means to address social and economic development, including:

- Social development initiatives (health, education,...)
- Economic development initiatives (support to local businesses/local suppliers/local workforce/infrastructure)
- Community engagement
- Other relevant measures to mitigate negative impacts of activities and/or site closure and restructurings

- Social development initiatives: the company created Community Centers that

serve as central locations for workshops and courses focused on developing skills that will help participants secure employment or start a small business; it also supports several initiatives aimed at developing skills and creating capacity building among local communities.

- Economic development initiatives: 95% of the company's purchases are from locally and nationally based suppliers. Additionally the company collaborates with ANSPAC to provide women who live near the cement plants with technical training to enable them to start their own business and contribute to their family's income. The company has established "Patrimonio Hoy" which is the company's flagship inclusive business that helps low-income families improve their quality of life through housing and savings program.

- Community engagement: the company adopts several communication channels to engage with local communities such as meeting with community leaders, community advisory panels, open house days at operating sites, local career events, volunteering.

The company has established a relevant community engagement plan for its production sites.

- Social impact assessment (before, during or after exploitation)
- Training and/or awareness raising
- Grievance mechanisms
- Community consultation

#### Scope of community engagement

- Social impact assessment: the company conducts social impact assessments at 72% of its sites. The company complies with the Cement Sustainability Initiative's (CSI) Guidelines for Environmental & Social Impact Assessment for all of its quarry developments.

- Community consultation: the company has community engagement plans in 98% of its sites and conducts ongoing one-to-one meetings with community leaders, government officials and organizations as well as quarterly community advisory panels and dialogue sessions and town hall meetings.

#### Geographical coverage

These means are allocated throughout the company.

#### Performance trend

- The percentage of countries with practices to promote local hiring has decreased in the last 3 years by 17 percentage points from 90% in 2014 to 73% in 2016.

- The number of total individuals benefited from high-impact social initiatives has constantly increased in the last 3 years by 82% from 6,937,176 in 2014 to 12,604,222 in 2016.

- The purchases sourced from locally-based suppliers have remained constant at 95% over the last 3 years.

#### Transparency of tax reporting

The Company reports partially on taxes paid. Reporting covers:

- taxes paid in some countries of operations
- taxes paid in some regions of operations
- taxes paid in key regions of operations
- taxes paid in key countries of operations
- sales per zone
- operating profit per zone
- number of employees per zone
- ratio between tax paid and headline corporate tax rate per zone
- explanation for significant differences between tax rate actually paid and expected tax rate

- taxes paid in some countries of operations: the company reports on income tax in



*Mexico where 22% of its operations are located*  
 - sales per zone: sales in key countries/regions are reported  
 - operating profit per zone: operating profit in key countries/regions is reported  
 - number of employees per zone: number of employees in key countries/regions is reported  
 Of note, the company discloses statutory tax rates in countries of main operations.

**Presence in IMF ‘offshore financial centers’ and/ or in jurisdictions considered by the OECD as not compliant enough with tax transparency rules**

The Company operates in IMF ‘offshore financial centres’ and/ or in jurisdictions considered by the OECD as not compliant enough on tax transparency rules, with no justification for this presence.

*The company operates in the Bahamas, Malaysia and Panama which are considered by the IMF as offshore financial centers. It also operates in Costa Rica, Dominican Republic and United Arab Emirates which are considered as partially compliant according to the OECD tax transparency report.*

**Stakeholders' feedback**

*As of 12/2017, CEMEX did not appear to be involved in any controversy related to this sustainability driver.*

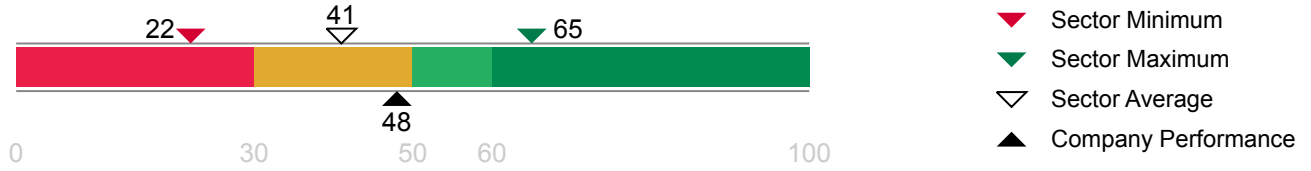
<b>Leadership</b>	<b>65</b>	<b>Implementation</b>	<b>74</b>	<b>Results</b>	<b>39</b>
Visibility	100	Means & resources	65	Performance	40
Relevance	65	Scope	65	Trends	30
Ownership	30	Coverage	100		

Business behaviour (C&S)

Score: 50

C&S1.1 Product Safety (process and use)

(score: 48, weight: 3)



Visibility of commitment

The company has made references to product safety in its:  
*Integrated Report.*

Relevance of commitment

The company makes a general reference to product safety.

- control of raw material / REACH compliance
- product stewardship / product certificate
- healthy indoor air for building occupants
- crisis management

*The company declares that health and safety aspects of all of its products are considered at all life cycle stages, from design to disposal. The company commits to constantly ensure that its products are safe to transport, store, handle, use and dispose of.*

Ownership of commitment

The commitment applies throughout the company, supported by senior management. In addition, other employees are directly involved.  
*Local sales offices are in charge of product safety.*

Product safety management systems

The company has allocated some resources to ensure product safety that include:

- quality management system (e.g. ISO 9001/ TQM 9002/9003/ Six Sigma)
- internal audits of production processes, in terms of product safety
- customer awareness-raising measures (e.g.: product notices, data safety sheets, training, etc.)
- R&D to improve product safety (e.g. on substitution of harmful substances by other ones)
- external audits of production processes, in terms of product safety
- sector-specific certification scheme on product safety

*- quality management system: the company adopts ISO 9001 certified quality management systems.  
- customer awareness-raising measures: the company has developed Material Safety Data Sheets that describe potential hazards and precautions to take when handling each of its products.*

Coverage

The company has set up such systems in a majority of company sites or for a majority of products.

*45% of the company's sites have an ISO 9001 certified quality management systems, including in 79% of its cement plants, representing the majority of the company's production capacity.*

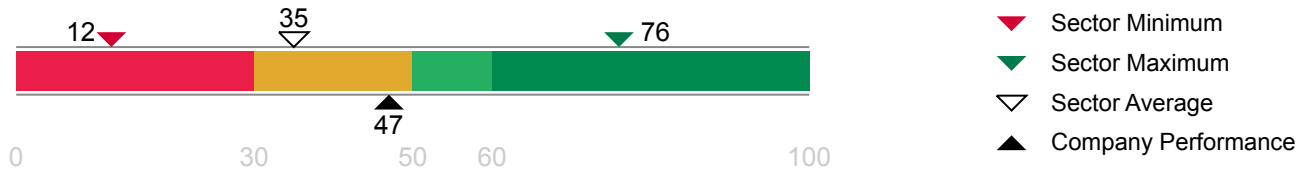
**Stakeholders' feedback**

*As of 12/2017, CEMEX did not appear to be involved in any controversy related to this sustainability driver.*

<b>Leadership</b>	<b>37</b>	<b>Implementation</b>	<b>41</b>	<b>Results</b>	<b>65</b>
Visibility	30	Means & resources	30	Performance	65
Relevance	30	Coverage	65		
Ownership	65				

C&S2.4 Integration of social factors in the supply chain

(score: 47, weight: 2)



Visibility of commitment

The company has issued a formalised commitment to including social factors in supply chain management, and set specific targets.

*The company's commitment is disclosed in the Code of Conduct when doing business with us - Supplier Sustainability. The company has set the target to achieve a percentage of global procurement spend assessed under the Supplier Sustainability Program of 55% or higher by 2020 (in 2016 the rate was of 17%).*

Relevance of commitment

The company's social requirements for suppliers address the main relevant issues in the sector:

- Freedom of association and right to collective bargaining
- Abolition of child labour
- Abolition of forced labour
- Non-discrimination
- Health and Safety
- Decent wages
- Working hours
- Other rights (e.g. prevention of cruel, degrading and inhuman behaviour, etc.)

*Of note, suppliers should not receive, nor promise or accept a promise to receive, a bribe or any other type of improper payment in violation of international anti-bribery laws.*

Ownership of commitment

The commitment applies throughout the company, supported by senior management.

*The Global Procurement Director and the Corporate Sustainability Director are responsible for the implementation of the Code of Conduct when doing business with us - Supplier Sustainability.*

Means allocated

The company has set up at least three measures to include social factors in supply chain management:

- integration of social issues into contractual clauses
- supplier questionnaires
- supplier support (training, technical assistance, etc.)
- training/awareness raising of employees in charge of purchasing
- non-compliance procedures for suppliers (re-auditing, re-training, eventual ending of contracts)
- risk assessments for suppliers

- integration of social issues into contractual clauses: the company includes Human Rights, Labor, Antitrust, and Sustainability clauses in contracts and purchase orders.

- supplier questionnaires: the company's Supplier Sustainability Programme is based on self-assessment questionnaires to identify potential actions for innovation, development and implementation of sustainable practices.

- supplier support: the company launched the Raw material suppliers development program consisting in providing consulting advice, specialised training and financial aid to SMEs which supply raw materials.

- risk assessments for suppliers: the company works with an external sustainability supply management firm to evaluate its suppliers in terms of their social, environmental, H&S, business ethics, stakeholder relationships, and financial performance. Suppliers undergo through sustainability assessment and a third party analyses. Suppliers are expected to improve their grade in future assessments.

**Reporting on suppliers' non-compliance with social standards**

The company does not disclose quantitative data on its suppliers' non-compliance of its suppliers with social standards.

**Stakeholders' feedback**

As of 12/2017, CEMEX did not appear to be involved in any controversy related to this sustainability driver.

**Coverage**

The coverage of measures implemented remains unclear.  
Of note, 83% of countries in which the company operates have a process to screen suppliers in relation to social and environmental

**Audits of suppliers/subcontractors**

Information obtained from company and public sources regarding social audits of suppliers/subcontractors is insufficient.

**Coverage of social audits**

Information obtained from company and public sources regarding social audits of suppliers/subcontractors is insufficient.

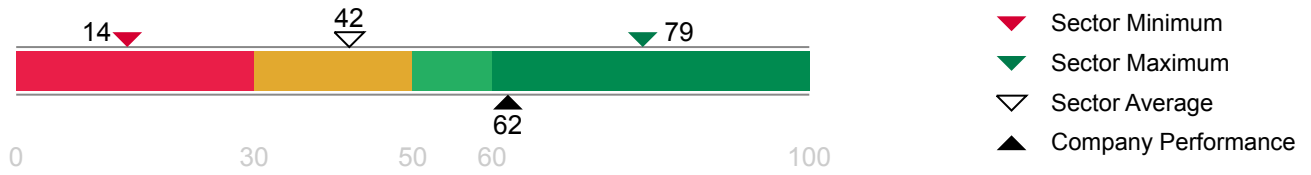
<b>Leadership</b>	<b>65</b>
Visibility	100
Relevance	65
Ownership	30

<b>Implementation</b>	<b>40</b>
Means & resources	50
Coverage	15

<b>Results</b>	<b>35</b>
Performance	35

C&S3.1 Prevention of corruption

(score: 62, weight: 3)



Visibility of commitment

The company has issued a formalised commitment in the Anti-bribery/ Anti-corruption Global Policy and in the Conflict of interest policy. The company has set an annual target to achieve the 90% of countries participating to the Global Compliance Program covering, among the others, anti-bribery issues. In addition, the company is a signatory of the Global Compact and communicates on this principle.

Relevance of commitment

The company's commitment to preventing corruption addresses its main responsibilities:

- giving / receiving bribes
- restriction of facilitation payments
- gifts and invitations
- extortion
- fraud
- embezzlement
- money laundering
- conflicts of interest
- financing of political parties
- prohibition of facilitation payments

Ownership of commitment

The commitment applies throughout the company, supported by senior management.

The company's commitment is supported by the Legal department and applies to all directors, officers and employees, regardless of where they reside or conduct business, subsidiaries, affiliates and third party relationships over which the company has control, including joint ventures, as well as all agents, consultants, business partners and other third-party representatives when they act on its behalf.

Involvement of employees

The company has instituted formal training programmes for relevant employees on corruption prevention.

Employees receive training related to business ethics, including conflict of interests, anti-corruption, anti-bribery and insider trading.

Means allocated

The company has set up internal controls to prevent corruption that include:

- approval procedures for gifts, etc. by an independent department
- external audits (by an independent, external specialised organisation)
- external investigations of allegations

- the possibility to contact internal audit, legal or compliance departments directly & confidentially
- a dedicated confidential hotline or email address
- internal audits (internal verification of compliance with the company's code of conduct etc.)
- risk assessment of company vulnerability
- due diligence on joint ventures
- due diligence in evaluating contracts/suppliers
- systems for appointment/remuneration of agents
- identify and black list known bribe payers

- approval procedures for gifts, etc. by an independent department: a completed Gifts, Travel & Entertainment Checklist and supporting documentation must be submitted to the local legal department for approval prior to providing or receiving business amenities valued over U.S. \$100.

- the possibility to contact internal audit, legal or compliance departments directly & confidentially: in the event an employee becomes aware of a potential or actual bribery/corruption problem, he/she shall immediately report the facts to the corporate legal department.

- a dedicated confidential hotline or email address: in case of concerns or suspected violations pertaining to ethics, governance or compliance, employees can contact ETHOS line, an online portal and phone line for sending comments, requesting advice, and submitting complaints on these topics.

- internal audits: internal legal audits have been conducted including, among the others, anti-bribery issues.

- systems for appointment/remuneration of agents: the company has instituted Due Diligence procedures for the selection and retention of third party representatives.

**Coverage**

The measures implemented cover all significant parts of the company as well as sales agents and business partners.

*Measures are implemented throughout the company and apply also to sales agents. Internal audits are conducted on a rotation basis. Of note, in 2016, 200 internal legal audits have been conducted in 15 countries including, among the others, anti-bribery issues.*

**Reporting**

The company discloses quantitative data on the corruption incidents reported internally:

*The company discloses the number of investigated incidents reported and found to be true related to fraud, kick-backs among other corruption incidents to government officials. From 2014 to 2016 no incidents were recorded.*

**Stakeholders' feedback**

*As of 12/2017, CEMEX did not appear to be involved in any controversy related to this sustainability driver.*

<b>Leadership</b>	<b>69</b>	<b>Implementation</b>	<b>63</b>	<b>Results</b>	<b>53</b>
Visibility	100	Means & resources	48	Performance	53
Relevance	65	Coverage	100		
Ownership	30				

C&S3.2 Prevention of anti-competitive practices

(score: 43, weight: 3)



Visibility of commitment

The company has issued a formalised commitment to prevent anti-competitive practices, and set specific targets.

*The company's commitment is formalised in the Global Antitrust Compliance Policy. The company has set an annual target to achieve the 90% of countries participating to the Global Compliance Program covering, among the others, antitrust issues.*

Relevance of commitment

The company's commitment to preventing anti-competitive practices addresses most of its responsibilities:

- Price fixing
- Collusion tenders
- Output restrictions or quotas
- Market sharing

Ownership of commitment

The commitment applies throughout the company, supported by senior management.

*The company's commitment is supported by the CEO and the Legal department and applies throughout the company.*

Involvement of employees

The company has instituted formal training programmes for relevant employees on the prevention of anti-competitive practices.

*Employees receive training related to business ethics, including competition and antitrust.*

Means allocated

The company has set up internal controls to prevent anti-competitive practices that include:

- approval procedures for contract prices etc. by an independent department
- the possibility to contact internal audit, legal or compliance departments directly & confidentially
- a dedicated confidential hotline or email address
- risk assessment of vulnerability areas within the company
- internal audits (internal verification of compliance with the company's code of conduct etc.)
- external audits (by an independent, external specialised organisation)
- external investigations of allegations

*- approval procedures for contract prices etc. by an independent department: any*



commercial agreement that involves a non-competitive clause must be reviewed and approved by the Legal Department.

- the possibility to contact internal audit, legal or compliance departments directly & confidentially: in the event an employee becomes aware of a potential or actual antitrust problem, he/she shall immediately report the facts to the corporate legal department.
- a dedicated confidential hotline or email address: in case of concerns or suspected violations pertaining to ethics, governance or compliance, employees can contact ETHOS line, an online portal and phone line for sending comments, requesting advice, and submitting complaints on these topics.
- internal audits: internal legal audits have been conducted including, among the others, antitrust issues.

**Coverage**

The measures implemented cover all significant parts of the company.

The approval procedures, corporate legal department and the hotline are available to all employees. 200 internal audits were conducted in 15 countries during 2016.

**Reporting**

The company does not disclose any quantitative data on the number or nature of antitrust incidents reported internally.

 **Stakeholders' feedback**

As of 12/2017, CEMEX was involved in 3 controversies of high severity:

- Case 1 (15/03/2014): European Commission launched an investigation in to cartel involving CEMEX
- Case 2 (08/07/2014): Cemex Hungaria Kft fined USD 2.83 million for involvement in cartel
- Case 3 (12/12/2017): Cemex fined USD 24.5 million for fixing cement prices between 2010 and 2012

A complete analysis of the severity of each case mentioned is available in Vigeo Controversy Product.

**Company's responsiveness**

Overall, the company is non-communicative

For each of the above mentioned cases, CEMEX's response is considered:

- case 1: The Company is non communicative: it denies the facts without further explanations or only provides vague and general statements.
- case 2: The Company is non communicative: it does not appear to react to the controversy.
- case 3: The company is non communicative: the company denies the facts without further explanations OR only provides vague and general statements on the case

The analysis of CEMEX management of each case is available in Vigeo's controversy profile.

<b>Leadership</b>	<b>86</b>	<b>Implementation</b>	<b>42</b>	<b>Results</b>	<b>0</b>
Visibility	100	Means & resources	48	Performance	0
Relevance	100	Coverage	30		
Ownership	30				

Corporate governance

Score: 41

CGV1.1 Board of Directors

(score: 44, weight: 3)



**[LISTED COMPANIES] Existence and independence of Nomination Committee** No specific committee is in charge of director nomination, which might raise concerns.

**Independence of the Board Chairman**

The roles of Chairman and CEO are separated, but the chairman is not considered independent.

**Responsibility allocated over CSR issues**

There is a CSR committee that is part of the Board. In addition the Head of CSR department makes regular reports to the committee.

*The company's Sustainability Committee is comprised of three board members reporting directly to the Board of Directors. The Committee is supported by a Corporate Sustainability function, which reports to a member of the Executive Committee. Of note, the company has coordinators representing each geographical region where the company operates. In parallel, the Global Sustainability Functional Network works to implement core sustainability initiatives across all of countries and business lines.*

**Share of independent shareholder-elected Board members**

*The Board is between 21 and 33% independent, which is less than the recommended level. 4 members of the 15-member Board are considered independent.*

**Diversity of the skills and backgrounds of the Board**

The Board of Directors diversity appears to be partial:

- At least 30% of directors are women
- At least 40% of directors are women
- Employee representative(s) sitting on the Board
- Board members with demonstrated professional experience in the company's sector of activities
- Board members with demonstrated expertise on CSR issues

*- Board members with demonstrated professional experience in the company's sector of activities: 7 Board members served on the Board of Directors for longer than 9 years and one of them is a former executive of the company.  
- Board members with demonstrated expertise on CSR issues: One Board member served as Executive Vice President for Technology, Energy and Sustainability and is member of the Board of directors of the World Environmental Center.*

**Training and expertise provided to board members**

Information obtained from company and public sources regarding training provided to board members is insufficient.

**Regular election of Board members**

[LISTED COMPANIES] Board members are elected every year.

**Evaluation of Board's functioning and performance**

Information obtained from company and public sources regarding the evaluation of board functioning and performance is insufficient.

**Review of CSR issues at Board meeting***The formal CSR reporting has been signed by CEO and Chairman, and sustainability-related concerns are reviewed at Board meetings.***Regularity of and attendance at Board meetings**

Regular meetings are held, and attendance rates are above 90%

*6 Board meeting were held in 2016 and the attendance rate was of approximately 92%.*

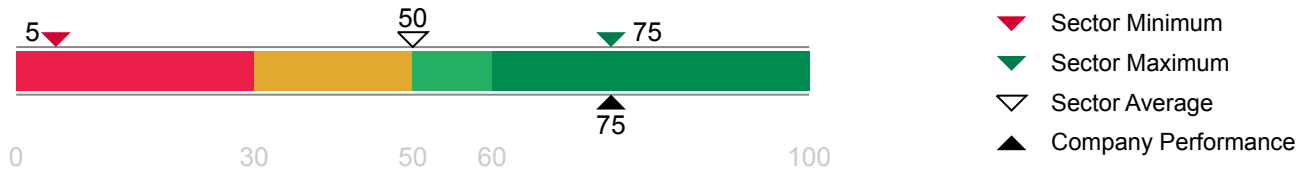
Name of Board member	Role	Executive	Non executive	Employee representative	Nomination	Audit	Remuneration	Former executive	> 9 years on Board	Stock options	Paid>1/2 executive salary	Represent>3% company's shares	Other	Independency
R. Zambrano L.	Executive Chairman	X							X				Non independent as stated by the company	
F. A. Gonzales O.	CEO	X						X					Non independent as stated by the company	
T. Milmo Santos			X						X				Non independent as stated by the company	
I. C. Armstrong Z.			X										Non independent as stated by the company	
M. Zambrano Lozano			X										Non independent as stated by the company	
R. G. Villarreal M.			X										Non independent as stated by the company	
A. J. Garcia Segovia	President of the Sustainability Committee		X					X	X					
R. Garcia Muriel			X			X			X					
R. L. Zambrano V.			X			X			X					
D. Garza Medina	President of the Corporate Practices and Finance Committee		X						X					
J. M. R. Gallardo P.	President of the Audit Committee		X			X			X					
F. J. Fernandez C.			X			X							Independent as stated by the company	X

Name of Board member	Role	Executive	Non executive	Employee representative	Nomination	Audit	Remuneration	Former executive	> 9 years on Board	Stock options	Paid>1/2 executive salary	Represent>3% company's shares	Other	Independency
A. Garza Sada			X										Independent as stated by the company	X
D. Martinez Guzman			X										Independent as stated by the company	X
E. Elizondo Almaguer			X										Independent as stated by the company	X

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CGV2.1 **Audit & Internal Controls**

(score: 75, weight: 2)



**[LISTED COMPANIES] Existence and independence of Audit Committee** No executive is a member of the committee, but half or fewer are independent.  
1 member of the 4-member Audit Committee is considered independent.

**Skills and backgrounds of Audit Committee members** Members appear to have financial and/or audit experience AND relevant operational experience.

**Operational and CSR risks covered by the company's internal controls system** The internal control system covers the standard issues related to financial, operational, and legal risks. In addition, the system covers most of the CSR risks inherent to the company's business operations.

- Corruption
- Community Issues
- Employee Safety
- Climate Change
- Environmental and/or social standards in the supply chain

- *Corruption: the company operates in countries where corruption is a sensitive issue*
- *Employee safety: the company's production facilities require individuals to work with chemicals, equipment, and other materials that may potentially cause harm, injury or fatalities when used without due care*
- *Climate Change: scarcity of natural resources, such as water and aggregates reserves, and severe adverse weather conditions occurring with unusual intensity are considered as risk factors by the company*

**Role of the Audit Committee in overseeing internal and external controls** There is a confidential reporting system in place for accounting issues. In addition, the Audit Committee has a comprehensive role that includes:

- Oversee internal audit and internal controls
- Review accounting policies and be responsible for updates
- Nominate the statutory auditor
- Oversee the work of the external auditor
- Approve the type of audit and non-audit services provided and fees paid to the external auditor

*The company provides an online portal and phone line (ETHOS line) for sending comments, requesting advice, and submitting complaints on ethics, governance or compliance, including accounting issues.*

**Management of the CSR risks** Strong processes dedicated to management of CSR risks are in place:

- Balanced scorecard

- Risk-related training
- Monitoring of key risk indicators
- Reporting system to the Board
- Risk mapping/materiality assessment
- A Board Risk Committee with no executive part of it

- *Risk-related training: the company provides training to its employees on business ethics, conflict of interest, competition and antitrust, anti-corruption, data privacy, discrimination, compliance, confidential information, insider training and health and safety*

- *Monitoring of key risk indicators: the company reports on health and safety, air emissions and governance and ethics indicators*

- *Reporting system to the Board: the Sustainability Committee reports directly to the Board on sustainability targets and risks and health and safety management*

- *Risk mapping/materiality assessment: the company has an enterprise risk management (ERM) system and conducted a materiality assessment that led to the definition of a materiality matrix*

- *A Board Risk Committee with no executive part of it: the Sustainability Committee is composed by 3 non-executive directors.*

#### Independence of the firm's external auditors

The audit firm receives non-audit fees, but these represent only 25% or less of total fees.

*Non-audit fees represented 12.37% of total fees paid to KPMG Cardenas Dosal, S.C. in Mexico and KPMG firms worldwide in the 2016 fiscal year.*

#### Inclusion of CSR issues in the company's reporting

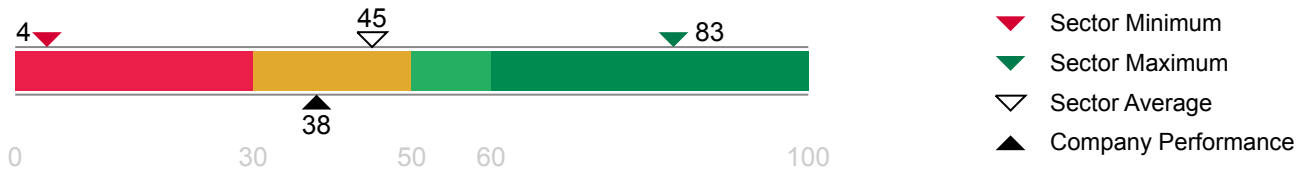
The company publishes significant CSR reporting on key material issues, with an independent third party assessment of the reliability of key performance indicators, with limited/moderate level of the assurance.

#### Stakeholders' feedback

*As of 12/2017, CEMEX did not appear to be involved in any controversy related to this sustainability driver.*

CGV3.1 Shareholders

(score: 38, weight: 2)



**Nonexistence of voting rights restrictions**

Minor voting rights restrictions have been identified.

*The company issues Class shares that carry no voting rights. Non-Mexican holders of ordinary shares (CPOs) and American Depositary Shares (ADSs) have no voting rights with respect to the A shares underlying those CPOs and ADSs. All ADSs are deemed to be held by non-Mexican nationals. At every shareholders' meeting, the A shares held in the CPO trust are voted in accordance with the vote cast by holders of the majority of A shares held by Mexican nationals and B shares voted at that meeting of shareholders.*

**Nonexistence of anti-takeover devices**

Anti-takeover devices have been identified.

*- Any transaction or encumbrance that may result or results in a possibility, directly or indirectly, to acquire or exercise the right to vote regarding the shares that represent a 2% or more of the capital stock of the company, shall be subject to the prior authorization of the Board of Directors.  
- Any transaction or encumbrance that results or may result in a participation equal or greater than 30% of the capital stock of the company, shall oblige, without taking into account whether the participants in the transaction or encumbrance wish or not to acquire control, the execution of a forced public offer for the acquisition for the total of the shares representing the company's capital stock*

**Ability to add items to the agenda of the AGM and to convene an EGM**

Major restrictions have been identified to add items to the agenda of the AGM and to convene an EGM.

*The company's Bylaw states that shareholders that are owners of shares with voting right, including in a limited or restrictive form, that represent at least 10% of the capital stock subscribed and paid, shall be able to request to the Chairman of the Board of Directors or of the Corporate Practices or Audit Committees, in any moment, that a General Shareholders Meeting takes place, in the terms of the applicable law.*

**Access to voting at General Meetings**

There are no major restrictions on shareholders' ability to vote, however there is no possibility of voting through online services.

**Ability to vote on relevant issues in separate resolutions at AGM**

Not all major items are put to a shareholder vote.

*The following items are not put to a shareholder vote:*  
- board fees  
- selection of external auditors  
- executive remuneration

**Presentation of CSR strategy to shareholders and investors**

The company has presented to shareholders and investors its CSR strategy and

this covers all the relevant CSR issues.

Climate change

Human capital

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**Stakeholders' feedback**

*As of 12/2017, CEMEX did not appear to be involved in any controversy related to this sustainability driver.*



**CGV4.1 Executive Remuneration**

(score: 7, weight: 2)



**[LISTED COMPANIES] Existence and independence of Remuneration Committee**

No specific committee is in charge of executive remuneration, which might raise concerns.

*The company indicated that under the company's bylaws and the Mexican Laws and Regulations, it is not required to have a compensation committee.*

**Disclosure of senior executives' individual remuneration**

[LISTED COMPANIES] Executive remuneration is disclosed, but on a collective rather than on an individual basis.

**Link between Short Term Incentive Plans and the performance of the company**

Bonuses are said to be linked to predetermined economic and/or operational performance indicators, but these are not disclosed.

**Link between the main Long Term Incentive Plan and the performance of the company**

Long-term incentives are linked to performance conditions, but quantified targets are not disclosed.

**Link between variable remuneration and CSR performance of the company**

There is no disclosure on the links between variable remuneration of executive and the CSR performance of the company.

- Human resources development
- Health and safety
- Compliance related to environmental regulations
- Efficient resource utilization

**Severance pay for senior executives**

*Most of restructuring costs for 2016 (Ps778 millions), 2015 (Ps845 millions) and 2014 (Ps544 millions) refer to severance payments. Of note, the company declares to provide better severance package than the ones established by the law.*

**Evolution of CEO-to-employee compensation ratio**

Information obtained from company and public sources regarding the compensation of CEO and the average employee salary is insufficient.

*The CEO compensation is not available.*

**Stakeholders' feedback**

*As of 12/2017, CEMEX did not appear to be involved in any controversy related to this sustainability driver.*

## Detailed Scores and Ratings

## CURRENT AND PREVIOUS RATINGS

Period	Environment	Human resources	Human rights	Community involvement	Business behaviour (C&S)	Corporate governance
2017/12	++	++	++	+	+	=
2015/12	++	++	+	++	+	=
2015/02	++	+	+	+	+	=

## SCORES PER DOMAIN

Domain	Average Score	Leadership	Implementation	Results
Environment	54	60	58	34
Human resources	51	53	47	54
Human rights	58	51	77	45
Community involvement	59	65	74	39
Business behaviour (C&S)	50	64	47	39
Corporate governance	41	34	33	57

## SCORES PER CRITERIA

Sub-domain	Criterion	Score
Environment 1	1	76
	4	52
Environment 2	1	33
	2	64
	4	53
	6	65
	7	10
Environment 3	1	65

Sub-domain	Criterion	Score
Human resources 1	1	33
Human resources 2	3	27
	4	58
Human resources 3	2	79

Sub-domain	Criterion	Score
Human rights 1	1	44
Human rights 2	1	56
	4	74

Sub-domain	Criterion	Score
Community involvement 1	1	59

Sub-domain	Criterion	Score
Business behaviour (C&S) 1	1	48
Business behaviour (C&S) 2	4	47
Business behaviour (C&S) 3	1	62
	2	43

Sub-domain	Criterion	Score
Corporate governance 1	1	44
Corporate governance 2	1	75
Corporate governance 3	1	38
Corporate governance 4	1	7

## Contacts

Analyst: Daniele Spagnoli • [daniele.spagnoli@vigeo.com](mailto:daniele.spagnoli@vigeo.com)  
Research Manager: May Hong Nguyen • [may-hong.nguyen@vigeo.com](mailto:may-hong.nguyen@vigeo.com)

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## Overview of the latest updates

Date of the latest update	Information updated
2018/07	Carbon & Energy Transition
2018/04	Controversy Risk Assessment
2017/12	<b>Full ESG profile</b>