



## 3.2 Integrity and compliance

Our governance and management practices are guided by our relentless commitment to creating long-term shareholder value.

### STRENGTHENING BUSINESS ETHICS AND TRANSPARENCY

Acting with Integrity is key to our long-term success. That is why it is one of the five core values driving our company forward.

A culture of integrity is critical to achieving our sustainable growth. High levels of trust, together with a strong business reputation, make it easier to operate; help attract and retain our people, customers, and suppliers; contribute to good relationships in our local communities; and pave the way to confidently enter new markets. Compliance is an essential element of our company's culture of integrity—requiring responsible conduct from all of our employees, directors, and third-party business partners in accordance with all applicable laws, internal codes, and policies.

#### CEMEX's Code of Ethics

We established our Code of Ethics and Business Conduct so that all of our employees abide by the same high standards of conduct. The Code governs our relationships with all of our stakeholders and addresses anti-bribery, antitrust compliance, prevention of money laundering, related-person transactions, workplace health and safety, environmental responsibility, confidentiality terms, conflicts of interest, financial controls and records, and preservation of assets. Through our local ethics committees, training programs, global integrity campaigns, and secure internal communications channels, we create awareness and enforcement of the Code. Moreover, we periodically evaluate its provisions and update it as needed.

#### Our reporting mechanism – ETHOSline

If there are concerns or suspected violations pertaining to ethics, governance or compliance, it's important that our employees, our stakeholders, and the general public have a trusted place to which they can turn. Managed by an autonomous third party, our ETHOSline provides an online portal and phone line for sending comments, requesting advice, and submitting complaints on these topics. Accessible through our company website, this secure, confidential, and independent portal is available 24 hours a day, seven days a week. It is open and free for all to use.

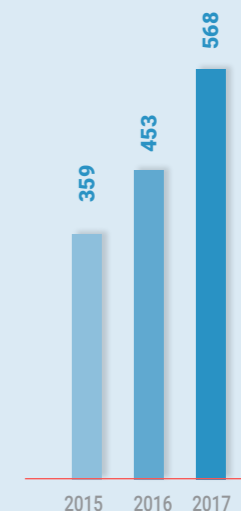
Our main goal is to get to the bottom of every report; all cases are investigated without exceptions. We carry out the investigation, handle it according to our ETHOS Manual, and if applicable, apply consequences if our Code of Ethics is violated.

Overall, from a total of 568 cases reported through our official reporting channels in 2017, 432 were closed, of which 213 were found to be true and 185 disciplinary actions were taken. From the true cases reported, 73 employees were dismissed as a result of investigations.

#### Business ethics training and communication

Our employees are informed of CEMEX business ethics principles in various ways, including our Code of Ethics, internal communications and displays, face-to-face and online legal training through our intranet Policy Center, legal audits, relevant global policies, and other related activities. In 2017, close to 550 communications campaigns to strengthen employees' awareness of business ethics and human rights issues were deployed across our business units, including our corporate headquarters, with each of them reaching

### ETHOSLINE REPORT STATISTICS



OUR ETHOSLINE PROVIDES AN ONLINE PORTAL AND PHONE LINE FOR SENDING COMMENTS, REQUESTING ADVICE, AND SUBMITTING COMPLAINTS.

### ETHICS-RELATED REPORTED CASES

	TOTAL REPORTED CASES
Human Resources, Diversity, and Workplace Respect	244
Business Integrity	221
Misuse/Misappropriation of Corporate Assets	56
Health & Safety issues	47
<b>TOTAL</b>	<b>568</b>



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#### 2017 BUSINESS ETHICS AND HUMAN RIGHTS RELATED TRAINING

	TOTAL TRAINING HOURS
Competition and Antitrust	7,614
ETHOS Awareness	1,302
Conflict of interest	1,282
Corruption and Bribery	750
Code of Ethics and Business Conduct	514
Workplace behavior, harassment and discrimination	390
Other	464
<b>TOTAL</b>	<b>12,316</b>



our online and offline audiences employees. These campaigns also help to promote our company values and to inform our employees about unacceptable behavior such as discrimination, improper treatment, mobbing, theft, and workplace harassment, as well as to reinforce our institutional reporting mechanisms.

During 2017, our employees received training related to business ethics, dedicating more than 12,300 hours to subjects related to Business Ethics and Human Rights.

In addition, more than 600 employees, including top management, participated in our ETHOS Awareness sessions, designed and launched in 2017 to create awareness about our ethics program and its composition, the expected way in which each employee should daily embrace integrity, as well as discuss possible scenarios. Participants from different organizational levels and backgrounds were able to have an open conversation about ethical topics.

#### CEMEX Global Compliance Program

CEMEX abides by fair trade and competition principles, and we do not tolerate price-fixing, market allocation, predatory pricing or other illegal market practices. Our Anti-Bribery/Anti-Corruption Global Policy, Global Anti-trust Policy, Global Conflict of Interest Policy, Related Person Transactions Policy, and Insider Trading Policy outline our strict procedures and commitment to global expectations and standards.

To further promote our employees act in a manner consistent with our values, CEMEX's Compliance Department permanently implements our Global Compliance Program (GCP). With a worldwide focus, our GCP is based on relevant policies such as insider trading, anticorruption, antitrust, conflicts of interest, information retention, and privacy, among others. While the scope of our GCP is global, special attention is given to the most sensitive countries related to corruption risks in our business system process. Through this program, internal legal audits and legal training for employees on these previously listed matters are conducted.

As part of the program, in 2017, we conducted 115 internal legal audits in 9 countries. Our Code of Ethics reflects the requirements of the Sarbanes-Oxley Act of 2002 (SOX). We are in compliance with the applicable sections of SOX, including section 404.

#### Our commitment to respect human rights

CEMEX 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.

We also embrace the UN Guiding Principles on Business and Human Rights, and as a signatory and active participant in the UN Global Compact, we align our operations and strategies with the 10 Principles established around Human Rights, Labor, Environment, and Anti-Corruption. In addition, we annually submit an Advanced Communication of Progress (COP) to the Global Compact, demonstrating our strong commitment to adherence with these principles.

These international standards and principles shaped our Corporate Human Rights Policy, signed by our CEO in 2014. During 2017 we undertook to enhance our Corporate Human Rights Policy, which is expected to be signed by our CEO during 2018. Our enhanced Human Rights Policy will reaffirm our commitment to the promotion of and respect for human rights across our worldwide operations, local communities in which we operate, and throughout our supply chain. Additional Corporate Policies that support our commitment to Human Rights include our Code of Ethics and Business Conduct, Suppliers Code of Conduct when Doing Business with Us, Health and Safety Policy, Stakeholder Engagement Policy, Environmental Policy, Water Policy, and Biodiversity Policy, among others. All our policies and procedures are applied consistently wherever we operate by employees, suppliers, contractors and business partners.

#### Human rights risks identification

We identify and assess compliance and integrity risks, including those related to human rights, through an integral due diligence approach that includes:



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- ▶ **ENTERPRISE RISK MANAGEMENT (ERM):** a process of risk detection and analysis is permanently executed through a dedicated corporate function at global, regional, and local levels, enabling the deployment of corresponding monitoring, mitigation, and reporting measures in a timely manner. A resulting Global Risk Agenda, including top identified risks, is periodically presented to the Risk Management Committee, comprised of all of the members of CEMEX Executive Committee. Additionally, key material risks are evaluated and tracked by the Corporate Practices and Finance Committee, composed of members of the Board of Directors. Moreover, other risk management processes within CEMEX, such as internal controls and audits, complement the ERM function.
- ▶ **GLOBAL COMPLIANCE PROGRAM (GCP):** legal compliance audits (“dawn raids”) are permanently conducted with a focus on antitrust, anti-bribery, and insider trading issues in all of the countries in which we operate, especially the most sensitive in terms of corruption risks in our business systems and processes.
- ▶ **ASSESSMENT OF SUPPLIERS:** we partner with specialized independent firms to perform sustainability assessments of our suppliers across all geographies, including the assurance and promotion of human rights compliance in their workforce and supply chain.
- ▶ **ASSESSMENT OF CONTRACTORS:** program created to ensure those contractors with which we engage are equally committed to respect human rights in relation to the health and safety of their employees, clients, and the communities in which they operate. To support CEMEX in this important program, we rely on leading global technology and applications development firms.
- ▶ **CEMEX ETHOS COMMITTEE, GLOBAL ETHICS COMMITTEE, AND LOCAL ETHICS COMMITTEES:** these dedicated taskforces are composed of representatives from different functions in each of the countries in which we operate. Their specific purpose is to ensure awareness and enforcement of CEMEX Code of Ethics. They also receive, investi-

gate, and resolve reported ethics breaches, including those related to human rights.

- ▶ **ETHOSLINE:** this is another of our communication and reporting mechanisms that enables the identification of human rights related risks not only in our operations, but also in the communities in which we work. CEMEX seeks to ensure that our values remain alive and our Code of Ethics is properly managed. Therefore, we encourage all of our employees, our stakeholders, and the general public to submit suggestions, inquiries, and possible violations through ETHOSline.

#### Assessing our human rights risks

Besides CEMEX due diligence efforts to identify human rights risks, in 2017, we proactively conducted an internal assessment to locate potential human rights issues across all of the countries in which we have cement, ready-mix concrete, and aggregates operations, maritime terminals and those countries where our largest corporate offices are located, including CEMEX Global Headquarters.

Structured on the basis of international standards, conventions, and agreements, the CEMEX Human Rights Compliance Assessment used as fundamental building blocks the Global Compact Self Assessment Tool, the Human Rights Compliance Assessment Quick Check of the Danish Institute for Human Rights, and the Human Rights & Business Project. Among the international standards and conventions, we reviewed the UN Guiding Principles on Business and Human Rights, as well as the OECD Guidelines for Multinational Enterprises (MNEs) Recommendations from governments to MNEs. We also took advantage of well known GRI Standards, ISO 26000 Social Responsibility Guidance Standard, and Social Accountability International 8000 Standard (SA 8000).

Coordinated by our Corporate Sustainability function, a global multidisciplinary team collaborated on the questionnaire’s construction, providing input from each area of expertise. Ultimately, CEMEX Human Rights Compliance Assessment was comprised of over 100 questions focused on six main dimensions, which were defined considering the potential human rights



WE PROACTIVELY CONDUCTED AN ASSESSMENT OF POTENTIAL HUMAN RIGHTS ISSUES ACROSS ALL OF OUR OPERATIONS.

impacts associated with our organization’s core business, as well as relationships linked to these activities. For this purpose, the vulnerable groups targeted not only included our employees, but also contractors, children, women, disabled individuals, indigenous people, migrant labor, and local communities surrounding our operations.

CEMEX Human Rights Compliance Assessment was deployed through our Country Heads, who assigned the execution of the task to our business units’ local Ethics Committees working together with a team of experts responsible for these local functions: Human Resources, Legal, Enterprise Risk Management, Procurement, Sustainability, Health & Safety, Communication, and Social Responsibility. The performed evaluation identified and assessed potential human rights issues according to their likelihood and impact severity.



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As a useful reference for the assessment, we consulted a series of international risk maps—compiled and published for consultation by globally recognized organizations—showing the level of vulnerability or the likelihood of human rights violations by country in areas such as working conditions, modern slavery, freedom of association, tolerance and inclusion, civil and political rights, and environmental quality.

CEMEX Human Rights Compliance Assessment led to the overall identification of the following salient human rights issues:

- › Health and safety
- › Work-life balance
- › Diversity and discrimination
- › Environmental footprint
- › Community impacts

Following the findings of the assessment, identified risks were discussed with our business units' dedicated response committees, and a basic prevention plan and mitigation actions were agreed on with each of the countries.

### Mitigation and remediation actions


Identifying the top five human rights risks that might result in the most severe impacts through our activities and business relationships is a fundamental starting point to control and mitigate their possible occurrence. CEMEX Human Rights Compliance Assessment enabled us to discuss and define a basic action plan by country to manage the detected risks. Nonetheless, we are working to further define a robust mitigation and remediation plan for salient human rights issues.

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## HEALTH AND SAFETY

CEMEX is committed to ensuring the health, safety, and well-being of all of its employees, customers, those who visit or work on our premises, and neighboring communities. Our ambitious goal is Zero4Life: zero injuries and zero fatalities.


To reach it, our company has put in place special health and safety precautions for pregnant women, employees with disabilities, night workers, young workers, and other vulnerable groups. We work to promote that all of our employees, contractors, and visitors are aware of the action protocol in case of workplace accidents and provide regular training for this purpose. During 2017, we dedicated more than 36,000 hours to health and safety training. Furthermore, we have an open-door policy for our employees, contractors, and community members to communicate health and safety complaints or suggestions.



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## WORK-LIFE BALANCE

CEMEX abides by the labor laws of each country in which we operate regarding employees' weekly work hours. Work hours exceeding legally stated norms are viewed as overtime, and they are respected and paid according to local law. In all of the countries in which we operate, we have time attendance systems and overtime policies.



Through our business units, we have established forums in which employees can submit suggestions and complaints regarding work-life balance. In 2017, more than 80% of the countries in which we operate had established channels for employees to communicate their needs and concerns regarding work-life balance and implemented initiatives to encourage an appropriate work-life balance based on this feedback.

More than 100 initiatives to improve work-life balance were implemented across our business units in 2017, reaching almost 90% of our total employees. 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.