Pursuant to article 43 of the Mexican Securities Market Law (Ley del Mercado de Valores), we hereby submit through you, for consideration of CEMEX, S.A.B. de C.V.’s Board of Directors, the following activities report that corresponds to the financial year 2019:

i. The results of the internal audit procedures were reviewed and the main deficiencies in operational risks for 2018 were known.

ii. The annual program of operational risk assessments and internal audit procedure for 2019 was authorized.

iii. The consolidated Financial Statements of the Company and its subsidiaries, audited for the fiscal year 2018, those of the fourth quarter of 2018, as well as the individual ones of CEMEX, S.A.B. de C.V., for the same period, were reviewed, being authorized to be submitted for authorization by the Board of Directors and, as the case may be, the General Shareholders Meeting.

iv. The main disclosures included in the Company’s annual report presented before the Securities and Exchange Commission of the United States (the “SEC”) and before the National Banking and Securities Commission (Comisión Nacional Bancaria de Valores) in Mexico on April 24, 2019, were reviewed. Likewise, the external auditor also explained to the Committee the main critical accounting policies that were included in the annual report.

v. The impact that the accounting amendment, consisting in the adoption of International Financial Reporting Standards (“IFRS”) 16 will have on the consolidated financial statements of the Company, since most of the leases are considered as liabilities, were known.

vi. The implications that the adoption of dollars of the United States of America (“Dollars”) as the reporting currency of the Company starting 2019 will have regarding the communications and reports of the Company were known.
vii. The results obtained during the first three quarters of fiscal year 2019 were reviewed at the consolidated level, agreeing to present the corresponding Financial Statements for each quarter to the Board of Directors for approval.

viii. The most relevant transactions during 2019 were: (1) on March 19, 2019, we issued €400 million of our 3.125% Senior Secured Notes due 2026; (2) a cash dividend in an aggregate amount of U.S.$150 million, payable in Mexican Pesos in two equal installments on June 17, 2019 and December 17, 2019, approved at CEMEX, S.A.B. de C.V.’s general ordinary shareholders meeting held on March 28, 2019; (3) on March 29, 2019, we closed the sale of assets in the Baltics and Nordics to the German building materials group Schwenk, for a price equivalent to €340 million; (4) on March 29, 2019, we reached a binding agreement with with Çimsa Çimento Sanayi Ve Ticaret A.Ş. to divest some of our white cement businesses for U.S.$180 million; (5) on April 2, 2019, the Facilities Agreement dated July 17, 2017 was amended and restated through an amendment and restatement agreement (the “Facilities Agreement”) to among other things, (a) extend the term of 92% of the repayment installments due July 2020 and January 2021 by three years; (b) delay the consolidated financial leverage ratio limit by one year; and (c) make adjustments for the implementation of IFRS 16—Leases and to neutralize its effects on certain financial ratios under the Facilities Agreement; (6) on April 15, 2019, CEMEX, S.A.B. de C.V. partially redeemed €400 million of its 4.375% Senior Secured Notes due 2023; (7) on April 30, 2019, CEMEX, S.A.B. de C.V. redeemed €150 million aggregate principal amount of its 4.375% March 2023 Euro Notes due 2023; (8) on May 31, 2019, we concluded the sale of our aggregates and ready-mix business in the North and North-West regions of Germany to GP Günter Papenburg AG for €87 million; (9) on June 28, 2019 we closed with several counterparties the sale of our ready-mix and aggregates business in the central region of France for an aggregate price of €31.8 million; (10) on August 20, 2019 the share buy-back program, approved in the Ordinary General Shareholders Meeting held on March 28, 2019, was activated; (11) as of September 5, 2019 we reported a repurchase of 157,700,000 CPOs representing approximately 1.06% of the outstanding shares of the Company, at an average price of approximately $6.27 Mexican Pesos per CPO, for a total amount of U.S.$49 million; (12) on October 17, 2019 the forward agreements on shares of Grupo Cementos de Chihuahua, S.A.B. de C.V. with a notional value of approximately U.S.$73.6 million were amended, with the purpose of extending their original maturity for 12 additional months, the forward agreements now mature on March 2021; (13) On November 4, 2019, we amended and restated the Facilities Agreement, to: (a) provide an additional basket of up to U.S.$500 million exclusively for share repurchases; (b) allow disposals of minority positions in subsidiaries that are not obligors under the Facilities Agreement for up to U.S.$100 million per calendar year; (c) amendments relating to the implementation of corporate reorganizations in Mexico, Europe and for the Trinidad Cement Group; and (d) amendments to the consolidated leverage ratio and the consolidated coverage ratio; (14) on November 19, 2019, we issued U.S.$1 billion aggregate principal
amount of its 5.450% Senior Secured Notes due 2029; (15) on November 28, 2019, the conversion of the mandatory convertible notes issued on December 10, 2009 representing CEMEX’s share capital were converted delivering a total of 236,050,840 CPOs to holders of the notes; (16) on December 19, 2019, we partially redeemed U.S.$350,000,000 of the 6.000% Senior Secured Notes due 2024 issued by CEMEX Finance LLC; (17) during 2019, CEMEX Asia South East Corporation, an indirect subsidiary of CEMEX, S.A.B. de C.V., increased its interest in CHP from 55% to 66.78% by conducting open market purchases for a total of U.S.$31.3 million.

ix. The Committee periodically evaluated the operational risks, their potential economic impact and the deficiencies detected in the internal audits, as well as their relevance and the measures taken by Management to correct them.

x. The Committee was informed of (a) the results of the anonymous and confidential mechanisms for complaints and accusations, with details of the number of cases reported and resolved and distribution by department and regions in which the Company operates, (b) the various initiatives to foster an ethics culture in the Company, and (c) the disciplinary measures applied by the Company during 2019 to those employees in whom complaints found support.

xi. The Committee was informed of the internal testing plan of the Company in accordance with the SOX 404 regulation with respect to year 2018 and its degree of progress, as well as the Company’s internal testing plan and its scope for the 2019 fiscal year in accordance with the SOX 404 regulation, highlighting that no significant or material failures were detected in the so-called tests of recurrent controls and information technology controls.

xii. The Committee was aware of the remediation measures, as well as the current situation of the implementation of such measures focused on having a better practice to prevent violations of anti-corruption laws, including the Foreign Corruption Practices Act ("FCPA") of the United States of America, reviewing the policies related to this matter and requesting to send the Global Anti-Corruption Policy to the Board of Directors for its review and approval.

xiii. For the year ended December 31, 2016, a material weakness was detected related to significant unusual transactions in the process of generating financial information; as a result of this material weakness, in 2017 and 2018 a remediation plan was presented to the Committee to correct the deficiencies detected. In fiscal
year 2019, the Committee was informed that as of December 31, 2018, the aforementioned material weakness had been remedied recommending disclosing said update in the annual report of the Company. The Committee was also informed that in fiscal year 2019, efforts were made to reinforce the agreed remediation measures.

A report on the main lawsuits in which CEMEX, S.A.B. de C.V. or its subsidiaries are parties to, was presented at each Committee meeting, indicating the contingencies, possible economic effects and the state in which they are found.

The KPMG external auditor attended all the sessions of the Committee, reporting their review to the internal control systems and monitored the relevant events and their impact on the financial statements, as well as the main areas of significant risk and contingencies, the follow-up they were given during the year, and the deficiencies found, which were considered non-material. Likewise, the external auditor informed the Committee about (1) their opinion on the financial statements corresponding to the 2018 financial year, which was granted without qualifications, under IFRS accounting principles, and formulated according to the standards of the Public Company Accounting Oversight Board (“PCAOB”); (2) the progress of the main audits carried out during the 2018 and 2019 fiscal years and their findings, when applicable; (3) the analysis of the main issues and relevant transactions and their effect on the financial statements; (4) the effectiveness of the remediation plan established by the Company in September 2016, as of December 31, 2018; (5) the analysis of unusual transactions for fiscal year 2018; (6) the audit procedures and inquiries with internal and external lawyers of the Company in relation to the policies and procedures related to the FCPA law; (7) the critical accounting policies and the main accounting estimates made by the Company; (8) the responsibilities of the company and the external auditors; (9) the budget for the external audit firm with respect to the 2018-2019 and 2019-2020 periods; (10) inquiries related to the independence of the members of the Committee, in accordance with the applicable legislation in Mexico and the United States of America; (11) the services provided by the external auditor that are not audit related, which include corporate tax services, general advice on tax reforms and restructuring, services with regard to value added tax, transfer prices, Vendor Due Diligence services, witnessing services or previously agreed procedures, services that are provided based on hours incurred without being of contingent payment; and (12) the percentage of the fees accrued by the firm KPMG in fiscal year 2019. Based on the foregoing, the Committee issued a favorable recommendation for the authorization of (a) continue with the services of the External Audit firm KPMG Cárdenas Dosal, SC during the year 2019 and until the presentation of the annual report, and (b) the budget fee for the period April 2019 - April 2020.
xvi. The Committee was updated on the investigations conducted by the SEC and the Department of Justice of the United States of America on potential violations of the FCPA and other laws, and the steps taken to request the termination of such proceedings were discussed.

xvii. A presentation was made to the Committee, by a director of the KPMG Board Leadership Center in the United States of America, on the best practices of the audit committees, including the agenda that an audit committee should have, its culture, financial transformation, the so-called critical audit issues, non-accounting metrics and financial auditing.

xviii. The Committee was informed of the status of the Company regarding compliance with the Single External Auditors Circular (for its acronym in Spanish “CUAE”) issued by the National Banking and Securities Commission (for its acronym in Spanish “CNBV”) in 2018, the activities carried out to comply with the regulations established in said regulation, and, at the time, the confirmation of compliance with the provisions of the CUAE.

The Committee made sure that Management properly followed the recommendations and corrective actions suggested by the external auditors, with no irregularities or material flaws thereto, issuing their opinion on the various matters within its scope which were submitted to the Board of Directors, the compliance with the resolutions related to Shareholders’ Meetings and Board of Directors’ Meetings was also reviewed.

The opinion of the external auditors on the company’s financial statements both individual and consolidated, is that they reasonably reflect the financial situation and results of the Company and its subsidiaries, that material events have been properly revealed, and that application of the accounting principles and policies has been consistent and adequate.

Finally, it is stated that for the preparation of this report, the Committee has listened to the relevant executives of the Company, without any difference of opinion.

By the Audit Committee

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Everardo Elizondo Almaguer     Roger Saldaña Madero
Chairman       Secretary

Unofficial translation for informational purposes only, the documents available in Spanish are the official documents that will be presented during the Ordinary General Shareholders Meeting on March 26, 2020.