



Europe Payment Terms Policy for Suppliers

Version 1.3
01.02.2023

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1. SCOPE

This policy applies to all in CEMEX European companies using SAP.

This Payment Terms Policy will not be retroactive, meaning current payment terms with suppliers agreed prior to this Policy are not affected.

2. OBJECTIVE

Establishing guidelines and procedures to set up the payment period for a new or existing supplier in the SAP ERP system.

3. DEFINITIONS

Payment Terms: Days elapsed from the date of the supplier invoice and the schedule of payment considering the supplier payment term.

Types of Provider

Energy/Fuels: Suppliers that supply fuel (Gasoline, Diesel, IFO, BSF), Coal and Pet Coke.

Goods: Providers that supply spare parts and / or consumables (bag sacs, tonner bags, personal Protective Equipment, etc.)

Raw Materials: Suppliers that supply raw materials (Aggregates, Clay, Limestone, etc.) for the different businesses, including cement and concrete additives.

Services: Providers that provide a service such as Labor, Maintenance, etc.

Haulers: Suppliers that provide the service of transportation of materials and / or finished products

Vessels: Providers that rent ships and vessels to us or provide services of movement of raw materials, clinker and finished products using vessels.

Rail: Suppliers who provide rail services.

Projects (Goods): Suppliers that supply goods for investments or IFRS components.

IHC: Independent Haulage Contractor used in Ready mix, external vendor who works primarily for CEMEX. The IHC is paid a periodical minimum amount and they are made certain deductions from their pay (union fees, leases of vehicles that we arranged for their use, etc.).

4. GENERAL POLICY

4.1 Minimum Payment Terms

CEMEX defines minimum payment term conditions for suppliers that supply goods and / or services to the Company mentioned above. These conditions are defined based on the types of general suppliers:

	Minimum Payment Terms Europe						
Type of Supplier	Germany	Spain	Poland	United Kingdom	France	Czech R.	Croatia
Services	30 Days Net	60 Days Net	60 Days Net	90 Days End of Month of Invoice	60 days net or 45 days end of month of Invoice	60 Days Net	90 Days Net
Goods						60 Days Net	60 Days Net
Raw Materials							
Projects (goods)					60 Days Net	30 Days Net	60 Days Net
Vessels							
Rail							
Haulers /IHC's				45 Days Net (UK Only)			
Haulers				60 Days Net (UK Only)	60 Days Net		
Energy / Fuels				30 Days Net			

Note: Local practices that comply with this policy will continue to apply.

4.2 Set up Payment Terms Condition in SAP

All requests for creation of new supplier and modification of the payment terms conditions in SAP, will be made by the applicant through GES. The applicant is a CEMEX employee in charge for buying goods or services from a Vendor. GES is the only authorized department to register and update the payment terms of the suppliers in the SAP system.

5. EXCEPTIONS

5.1 Exception approvals

In case the Payment Terms requested for a supplier is shorter than those established in this policy (4.1) and are not an exception (5.2), whoever requests the new supplier must have an authorization as follows:

- For Procurement Area it must be approved by the Procurement Regional Director (or equivalent level)
- Rest of the areas by their corresponding Vice President or equivalent level (which reports to the Regional President or Executive VP)
- Companies based in Europe but out of Europe Regional Scope by the Corresponding Corporate VP or Director.

This authorization must be provided via email and shared with GES in order to set up the payment terms in SAP and for audit requirements.

5.2 Exceptions not requiring additional approvals.

5.2.1 List of concepts where payment terms can be managed as exception and that can eventually be paid immediately

CONCEPT
Bank fees and interests
Courier Services
Donations
Governmental
Group (Inter-companies)
Insurance
Leases / Rental
Costs incurred in legal lawsuits (i.e. fines, courts/trials, etc.)
Meetings, Training and other Personnel Expenses
Membership and education fees
Free-lance individual expert (i.e. doctors, architects, lawyers, accountants, etc.)
Public Relations and Advertising
State Companies
Taxes and Fees
Travel Expenses
Utilities (Electricity, natural gas, water, etc.)
LCC purchases to China
Ferry tickets

5.2.2 Composite Payment Terms

The composite payment terms in SAP, e.g. 30 days full amount payable or 2% discount if paid within 10 days, are considered an exception if the original payment terms (without discount) is equal to or greater than the minimum payment term established in section 4.1.

5.2.3 Settlement agreements via legal

Legal agreements settlement with vendors are to be paid immediately











Europe Payment Terms Policy for Suppliers Update

Final Audit Report

2023-03-01

Created:	2023-02-22
By:	Luisa Garay (luisa.garay@cemex.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAOzTSYkFBj4Ry9K0K-xjX-8GNEm2XPLJ

"Europe Payment Terms Policy for Suppliers Update" History

-  Document created by Luisa Garay (luisa.garay@cemex.com)
2023-02-22 - 8:57:55 AM GMT- IP address: 165.225.92.153
-  Document emailed to Irina Chakirova (irina.chakirova@cemex.com) for signature
2023-02-22 - 9:52:01 AM GMT
-  Email viewed by Irina Chakirova (irina.chakirova@cemex.com)
2023-02-22 - 10:16:15 AM GMT- IP address: 165.225.92.172
-  Document e-signed by Irina Chakirova (irina.chakirova@cemex.com)
Signature Date: 2023-02-22 - 2:26:57 PM GMT - Time Source: server- IP address: 165.225.92.163
-  Document emailed to marialisset.espinosa@cemex.com for signature
2023-02-22 - 2:27:00 PM GMT
-  Email viewed by marialisset.espinosa@cemex.com
2023-02-22 - 3:30:34 PM GMT- IP address: 165.225.92.165
-  Signer marialisset.espinosa@cemex.com entered name at signing as Maria Espinosa
2023-02-22 - 3:34:03 PM GMT- IP address: 165.225.92.165
-  Document e-signed by Maria Espinosa (marialisset.espinosa@cemex.com)
Signature Date: 2023-02-22 - 3:34:05 PM GMT - Time Source: server- IP address: 165.225.92.165
-  Document emailed to antonio.desmay@cemex.com for signature
2023-02-22 - 3:34:07 PM GMT
-  Email viewed by antonio.desmay@cemex.com
2023-02-23 - 8:19:38 AM GMT- IP address: 165.225.92.167

 Signer antonio.desmay@cemex.com entered name at signing as ANTONIO DESMAY

2023-02-23 - 8:20:03 AM GMT- IP address: 165.225.92.167

 Document e-signed by ANTONIO DESMAY (antonio.desmay@cemex.com)

Signature Date: 2023-02-23 - 8:20:05 AM GMT - Time Source: server- IP address: 165.225.92.167

 Document emailed to javier.garcia@cemex.com for signature

2023-02-23 - 8:20:06 AM GMT

 Email viewed by javier.garcia@cemex.com

2023-02-23 - 4:50:59 PM GMT- IP address: 104.47.73.254

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2023-03-01 - 10:05:47 AM GMT- IP address: 165.225.92.146

 Document e-signed by Javier Garcia RdM (javier.garcia@cemex.com)


Signature Date: 2023-03-01 - 10:05:49 AM GMT - Time Source: server- IP address: 165.225.92.146

 Document emailed to matthewjames.wild@cemex.com for signature

2023-03-01 - 10:05:52 AM GMT

 Email viewed by matthewjames.wild@cemex.com

2023-03-01 - 10:12:39 AM GMT- IP address: 165.225.198.168

 Signer matthewjames.wild@cemex.com entered name at signing as MatthewJWild

2023-03-01 - 10:13:03 AM GMT- IP address: 165.225.198.168

 Document e-signed by MatthewJWild (matthewjames.wild@cemex.com)


Signature Date: 2023-03-01 - 10:13:05 AM GMT - Time Source: server- IP address: 165.225.198.168

 Document emailed to sergio.menendez@cemex.com for signature

2023-03-01 - 10:13:07 AM GMT

 Email viewed by sergio.menendez@cemex.com

2023-03-01 - 12:04:26 PM GMT- IP address: 104.47.74.126

 Signer sergio.menendez@cemex.com entered name at signing as Sergio Menendez

2023-03-01 - 12:05:16 PM GMT- IP address: 165.225.92.177

 Document e-signed by Sergio Menendez (sergio.menendez@cemex.com)

Signature Date: 2023-03-01 - 12:05:18 PM GMT - Time Source: server- IP address: 165.225.92.177

 Agreement completed.

2023-03-01 - 12:05:18 PM GMT