

Compliance

Internal Policy Statement

Urgent Payment Policy

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Section I.- Background

1. Scope

This policy applies to all companies controlled by CEMEX S.A.B. de C.V. and its direct and indirect subsidiaries and supersedes any other existing policy or guideline related to this topic at the corporate and local levels.

2. Objective

Establish approval routes for urgent payments.

3. Definitions

It is considered an urgent payment when:

1. A payment is executed prior to its due date, which is comparing the date of the invoice and the payment terms established for the supplier in the master data.

$$\text{Urgent payment} = \text{Payment day} < (\text{Invoice day} + \text{payment terms established})$$

It is **not** considered an urgent payment when:

1. Payments that are paid with a maximum of 5 days before their due date.
2. Payments related to:
 - a. Intercompany transactions
 - b. Fixed funds and petty cash
 - c. Payments to employees (employee termination settlements, cash in advance, etc.)
 - d. Reimbursements to clients
 - e. Advance payments to suppliers

Section II.- Policy

1. Authorization routes for Urgent Payments

Regardless of the means of payment and the amount, urgent payments should follow the authorization route below:

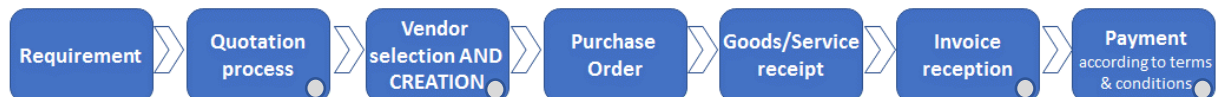
Urgent payments	Authorizers*
<US\$0.5M	<ul style="list-style-type: none"> - In Mexico and USA, authorization required from VPs** and country Business Relationship Director - In SCA&C, authorization required from Country President and Business Relationship Director for SCAC - In EMEA, authorization required from direct report of Regional President and Business Relationship Director for EMEA - In Central, authorization required from VPs and VP GES or Virtual Center of Excellence Director for Americas & Corporate
>US\$0.5M	ADDITIONALLY <ul style="list-style-type: none"> - In Mexico and USA, authorization required from Country President and CEMEX Regional Treasurer - In SCA&C and EMEA, authorization required from Regional President and CEMEX Regional Treasurer - In Central, ExCo member responsible of the VP area and CEMEX Corporate Treasurer
>US\$3M	- ADDITIONALLY, require the approval from CEMEX CFO
>US\$5M	- ADDITIONALLY, require the approval from CEMEX CEO

****Special cases must be documented as an attachment of this policy and with the authorization of Corporate Internal Control (Ej. Sinergia Deportiva, CEMEX Ventures, etc.)***

*****VP refers to the direct reports of the Country President***

2. Compliance with CEMEX policies

Under any circumstances, payments should not be executed if they don't follow the below process established by CEMEX to procure or obtain goods and services.



○ ***Applicable for payments made through the “Direct Payment” process or any other payment method different from a Purchase Order.***

Processing an urgent payment does not exempt the areas involved from the responsibility of complying with the current controls implemented.

3. Suppliers payment terms

Establish proper payment terms for each supplier is a key element for the compliance of this policy.

Every Country or Regional Procurement team must have a documented policy on Payments Terms by type of supplier and/or specific goods or services by supplier. This policy must be validated by Country Business Relationship Director and authorized by the Country President in the cases of Mexico and USA, and the Regional President for the rest of the countries.

The policy must clearly specify an authorization route for exceptions. It is expected that exceptions must be authorized at least by:

- a. In SCA&C and EMEA region, from direct reports of Regional President
- b. In Mexico and USA from VPs*
- c. In Central, from VPs

**VP refers to the direct reports of the Country President*

Payment terms for suppliers could be updated in the Master Data when agreed conditions change and pass through the above authorization routes. The negotiation responsible may request Accounts Payable team to process the pending registered invoices with the new established conditions without additional urgent payment authorizations, otherwise, pending invoices will be paid following the prior terms.

4. Monitoring of urgent payments to the same supplier

During the end of the month, Country Accounts Payable team validates that there was not more than one urgent payment to the same supplier during the month. In case the situation described above is identified, and the aggregate amount would have required additional authorizations based on Authorization routes for Urgent Payments described, the Country Accounts Payable team must inform the situation to all executives on the authorization route and the Country or Regional Procurement team, as applicable.

Section III.- Internal Controls

Control 1: Urgent payments Approval

Country Accounts Payable and/or Treasury Team is responsible for collecting the corresponding authorizations according to the authorization route described in this document before executing any urgent payment.

Additionally, they must ensure that the transaction is registered in the ERP system before executing the urgent payment.

This control aims to mitigate the risk of conflict of interest.

Audit support evidence	
1	Accounts Payable should ensure that executives in the authorization route explicitly accept the individual urgent payment through electronic "ok" by email or an institutional application tool.
2	Maintain evidence related to the Purchase Order, Direct Payment, supplier number, etc. from the ERP system.

Control 2: Suppliers payment terms policy

During the first quarter of each year, Country or Regional Procurement Team is responsible for documenting and ensuring the policy is updated with the correct payment terms for each type of supplier and the corresponding goods or services.

This control aims to mitigate the risk of avoiding urgent payments authorizations through the modification of payment terms.

Audit support evidence	
1	Updated policy authorized by the Country or Regional President.
2	For previous suppliers, an authorization for less payment days terms than those established in the policy is required. To facilitate the authorization process, it's possible to obtain one single authorization for all exceptions.

Control 3: Monitoring of urgent payments to the same supplier

During the end of the month, Country Accounts Payable team should ensure that there is no more than one urgent payment to the same supplier. If the previous case is identified, the Country AP team should communicate the situation to the executives in the urgent payment authorization route considering the aggregated amount and the Country or Regional Procurement team, as applicable.

Audit support evidence	
1	Report from the ERP system with the information and analysis.
2	Evidence of communications in case "urgent payments to the same supplier" are found.