Second-Party Opinion

CEMEX Green Financing Framework

SUSTAINALYTICS
a Morningstar company
SECOND-PARTY OPINION

Evaluation Summary

Evaluation Date	June 2, 2022
Issuer Location	Monterrey, Mexico

Use of Proceeds Instruments

Green Bond Principles 2021, and Green Loan Principles 2021

Sustainalytics is of the opinion that the CEMEX Green Financing Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 and the Green Loan Principles 2021. The project categories for the use of proceeds – Pollution Prevention & Control, Renewable Energy, Energy Efficiency, Clean Transportation, and Sustainable Water and Wastewater Management – are aligned with those recognized by the Green Bond Principles 2021 and the Green Loan Principles 2021. Sustainalytics considers that investments in the project categories will lead to positive environmental impacts and considers the activities under the use of proceeds project categories to be credible from a transition perspective.

The Use of Proceeds contribute to the following SDGs:

Climate Transition Finance Handbook

Sustainalytics has evaluated CEMEX's transition governance, strategy, decarbonization targets, and intentions to report on transition progress and finds the Company to be aligned with the recommendations of the Climate Transition Finance Handbook 2020. As a cement producer, CEMEX is involved in an energy intensive sector and has established CO_2 emissions intensity reduction targets validated to be in line with the "Well-Below 2 Degree Scenario" of the SBTi. CEMEX has outlined an implementation plan and capital investment plans for its "Future in Action" programme designed to reduce its carbon emissions.

Table of Contents

Scope of Work and Limitations

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent[1] opinion on the alignment of the CEMEX Green Financing Framework with current market standards. As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework's alignment with the Green Bond Principles 2021[2], and the Green Loan Principles 2021[3] (the "Principles");
- The credibility and anticipated positive impacts of the use of proceeds;
- The Issuer's sustainability strategy, performance and sustainability risk management; and
- The alignment with the recommendations of the Climate Transition Finance (CTF) Handbook 2020[4];

As part of this engagement, Sustainalytics held conversations with various members of CEMEX's management team to understand the sustainability impact of CEMEX's business processes and the core components of the Framework. CEMEX representatives have confirmed that:

(1) They understand it is the sole responsibility of CEMEX to ensure that the information provided is complete, accurate or up to date;

(2) They have provided Sustainalytics with all relevant information; and

(3) Any provided material information has been duly disclosed in a timely manner.

Sustainalytics also reviewed relevant public documents and non-public information. This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework. Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and CEMEX.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Upon twenty-four (24) months following the evaluation date set stated herein, CEMEX is encouraged to update the associated sections within the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

For use of proceeds instruments, Sustainalytics relied on its internal taxonomy, version 1.11, which is informed by market practice and Sustainalytics' expertise as an ESG research provider. The Second-Party Opinion:

- addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.
- opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that CEMEX has made available to Sustainalytics for the purpose of this Second-Party Opinion.

[1] When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.
[2] The bond Principles, Guidelines and Handbooks are administered by the International Capital Market Association and are available at: https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/
[3] The loan Principles and Guidelines are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association and are available at: https://www.lsta.org/content/?_industry_sector=guidelines-memos-primary-market
[4] The Climate Transition Finance Handbook is administered by the International Capital Market Association and is available at: https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Climate-Transition-Finance-Handbook-December-2020-091220.pdf

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Introduction

CEMEX, S.A.B. de C.V. ("CEMEX", or the "Company") is a construction materials company headquartered in Monterrey, Mexico. The Company produces, distributes, and markets cement, ready-mix concrete, aggregates, related building materials and urbanization solutions. CEMEX maintains business relationships in more than 50 countries throughout the Americas, Europe, Africa, the Middle East, and Asia.

CEMEX has developed the CEMEX Green Financing Framework (the "Framework") under which it intends to issue bonds (notes), private placements [5], commercial papers, loans, working capital and other debt-like instruments ("Green Financing Instruments"). CEMEX engaged Sustainalytics to review the Framework, dated June 2022, and provide a Second-Party Opinion on the Framework's alignment with the Green Bond Principles 2021, and Green Loan Principles 2021, (the "Principles"), and the recommendations of the Climate Transition Finance (CTF) Handbook 2020. This Framework has been published in a separate document.[6]

Under Green Financing Instruments, the net proceeds will finance or refinance, in whole or in part, existing or future projects. The Framework defines eligibility criteria in five areas:

1. Pollution Prevention & Control
2. Renewable Energy
3. Energy Efficiency
4. Clean Transportation
5. Sustainable Water and Wastewater Management

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Alignment of the Framework with Relevant Market Standards

Alignment with Use of Proceeds Principles

Sustainalytics is of the opinion that the CEMEX Green Financing Framework is credible, impactful and aligns with the Green Bond Principles 2021, and Green Loan Principles 2021. For detailed information please refer to Appendix 1: Green Bond Programme External Review Form. Sustainalytics highlights the following elements of CEMEX's Green Financing Framework:

Use of Proceeds

Overall Assessment of Use of Proceeds

Use of Proceeds	Activity	Classification	Description and Sustainalytics' Assessment
Pollution Prevention & Control	Monitoring and control of emissions	Transition	- Financing components related to reducing air emissions, including through the installation of emissions control and monitoring systems, waste heat recovery and waste to energy conversion. - Sustainalytics considers the monitoring and mitigation of pollutants such as NOx, SOx and dust emissions to be a baseline expectation and encourages CEMEX to report on how its expenditures in this area will go beyond business-as-usual activities. - Regarding waste heat recovery, Sustainalytics notes that such expenditures are expected to

[5] CEMEX has confirmed to Sustainalytics that private placements are limited to established debt instruments.
[6] The Framework is available on CEMEX's website at: https://www.cemex.com/investors/debt-information/sustainable-finance#navigate

			increase the efficiency of the thermal processes and will be limited to facilities that are expected to result in a carbon intensity below 0.546 tCO_2e/t of cementitious product. [7] In this context Sustainalytics considers this to be a credible transition expenditure. - CEMEX has confirmed to Sustainalytics that waste to energy projects will be limited to those with Municipal Solid Waste ("MSW") as feedstock. Sustainalytics recognizes that energy from waste could take out of circulation potentially recyclable materials and undermine two of the main objectives of a zero-waste circular economy, i.e. waste prevention and recycling. Additionally, for such projects to have low emissions intensities, the composition of residual waste, particularly fossil carbon content, is a crucial consideration. However, Sustainalytics also notes that due to constraints on recycling in many parts of the world, energy from waste can offer a better residual waste management option than landfills in many cases. Nonetheless, Sustainalytics notes that CEMEX promotes the removal of recyclables, especially plastics, and monitors the thermal efficiency of the financed facilities.
	Switching to alternative fuels	Transition	- Investments aimed at increasing the share of alternative fuels in CEMEX's fuel mix. Intended examples include the construction of facilities for the dosing of alternative fuels such as biomass fuels (crop residues, nut hulls, wood waste), refuse-derived fuel (shredded or pelletized municipal solid waste), tire-derived fuel (tire waste, processed tire chips), and alternative liquids (waste oils) to the kilns and multichannel burners. Sustainalytics notes that RDFs and tired-derived fuel offer relatively low emission reduction potential compared to hydrogen and biofuels. CEMEX has stated that it intends to prioritize alternative fuels with high-biomass content. - Sustainalytics notes that investments under this category will be limited to facilities that are expected to result in a carbon intensity below 0.546 tCO_2e/t of cementitious product.[8] - Sustainalytics acknowledges that currently the fuel mix of cement facilities is primarily comprised of fossil fuels, therefore, the financing of activities aimed to increase the use of alternative fuels is expected to lead to emissions reductions and is considered a credible transition activity.
	Hydrogen Production	Transition	- Investment in hydrogen production through electrolysis powered by a mix of renewable and grid electricity for use in CEMEX's kilns, as per all of the following eligibility thresholds: (1) direct $C0_2$ emissions from manufacturing of hydrogen: 0.95 tCO_2e/t hydrogen or less; (2) Electricity use for hydrogen produced by electrolysis is at or lower than 50 MWh/t

[7] 0.546 tCO2e/t of cementitious product is the Transition Pathway Initiatives' 2025 below 2-degree scenario benchmark value for the cement sector.
[8] 0.546 tCO2e/t of cementitious product is the Transition Pathway Initiatives' 2025 below 2-degree scenario benchmark value for the cement sector.

			hydrogen; (3) the average carbon intensity of the electricity produced that is used for hydrogen manufacturing is at or below 100 gCO_2e/kWh. - The expenditures are aimed at optimizing the combustion process enabling the Company to further increase the use of alternative fuels. - Sustainalytics views positively the use of the 100 gCO_2e/kWh threshold for the sourcing of electricity for the production of hydrogen through electrolysis. - Sustainalytics notes that investments under this category will be limited to facilities that are expected to result in a carbon intensity below 0.546 tCO_2e/t of cementitious product.[9]
	Waste facilities	Transition	- Investments aimed at reducing and diverting waste from landfill, including through the operation and expansion of CEMEX's recycling and waste management programmes. CEMEX has clarified to Sustainalytics that investments under this category may include the acquisition of waste management companies dedicated to the separation, recovery and treatment of mixed residual waste and the acquisition of construction and demolition waste recycling yards. - This is aligned with market practice.
	Reducing clinker-to-cement ratio	Transition	- Investments towards the substitution of clinker with other cementitious materials including waste-derived additions such as slag and fly ash, pozzolans and calcined clays. Intended examples include the installation of hoppers and silos to (i) dose cementitious materials or (ii) dose admixtures to increase the product strengths. - Sustainalytics notes that investments under this category will be limited to facilities that are expected to result in a carbon intensity below 0.546 tCO_2e/t of cementitious product.[10] - Sustainalytics recognizes that lowering the clinker-to-cement ratio is one of the most important decarbonization levers for the cement sector as CO_2 emissions are directly proportionate to the amount of clinker used in cement production. Therefore, Sustainalytics considers the activities under this category to be credible transition activities that are expected to support the decarbonization of CEMEX's assets.
	Improving thermal efficiency	Transition	- Investments towards improving the thermal efficiency of kilns through (i) the installation of hoppers and silos for the dosage of new materials to raw mill and (ii) kiln technology updates. - Sustainalytics notes that investments under this category will be limited to facilities that are expected to result in a carbon intensity below 0.546 tCO_2e/t of cementitious product.[11]

[9] 0.546 tCO2e/t of cementitious product is the Transition Pathway Initiatives' 2025 below 2-degree scenario benchmark value for the cement sector.
[10] 0.546 tCO2e/t of cementitious product is the Transition Pathway Initiatives' 2025 below 2-degree scenario benchmark value for the cement sector.
[11] 0.546 tCO2e/t of cementitious product is the Transition Pathway Initiatives' 2025 below 2-degree scenario benchmark value for the cement sector.

			- As kilns are responsible for a significant portion of total energy consumption, efficiency measures for the improvement of the thermal process under this category are considered credible transition activities.
	Reusing cement kiln dust	Transition	- Investments aimed at increasing the recycling rate and reuse of cement kiln dust and bypass dust in CEMEX's production cycle to avoid disposal in landfill. CEMEX has communicated to Sustainalytics that intended examples may include the acquisition of equipment to support the recycling of cement kiln dust and bypass product. - Sustainalytics notes that investments under this category will be limited to facilities that are expected to result in a carbon intensity below 0.546 tCO_2e/t of cementitious product.[12] - Sustainalytics further notes that activities under this category are expected to decrease raw material usage and considers them to be credible transition activities.
Renewable Energy	Solar	Transition	- Investment in solar PV and concentrated solar power plants (CSP). For CSP plants at least 85% of electricity generated from the facility will be derived from solar energy resources. - Sustainalytics notes that the deployment of renewable energy addresses primarily scope 2 emissions and therefore has relatively low mitigation potential for cement production as it does not address the emissions inherent to the production process. - Sustainalytics understands that expenditures in this category involve assets that support multiple production units, and that they will be made in the context of a broader set of initiatives to reduce emissions from the Company's cement production activities in line with well-below 2-degree targets. Nonetheless, in Sustainalytics' opinion, expenditures that support any given production unit, whether directly or indirectly, should be considered eligible for transition finance only if there is a transition plan in place that includes that production unit and addresses its most carbon-intensive aspects. Sustainalytics encourages CEMEX to ensure that its transition plan addresses all production units that will be supported by expenditures in this category.
	Wind	Transition	- Investment in onshore and offshore wind energy generation projects. - Sustainalytics notes that the deployment of renewable energy addresses primarily scope 2 emissions and therefore has relatively low mitigation potential for cement production as it does not address the emissions inherent to the production process. - Sustainalytics understands that expenditures in this category involve assets that support multiple production units, and that they will be made in the context of a broader set of initiatives to reduce emissions from the Company's cement production activities in line with well-below 2-degree targets. Nonetheless,

[12] 0.546 tCO2e/t of cementitious product is the Transition Pathway Initiatives' 2025 below 2-degree scenario benchmark value for the cement sector.

			in Sustainalytics opinion, expenditures that support any given production unit, whether directly or indirectly, should be considered eligible for transition finance only if there is a transition plan in place that includes that production unit and addresses its most carbon-intensive aspects. Sustainalytics encourages CEMEX to ensure that its transition plan addresses all production units that will be supported by expenditures in this category.
	Hydropower	Transition	- Investment in hydropower projects with a capacity below 25 MW. The Framework specifies that projects will have a power density of over 5 W/m^2 or lifecycle emissions below 100g CO_2e/kWh if operational prior to 2020. Projects becoming operational after 2020 will have a power density of over 10 W/m2 or lifecycle emissions below 50g CO2e/kWh. In addition, CEMEX has confirmed to Sustainalytics that all hydropower projects will be required to undertake assessments of environmental and social risks with no controversies identified. - Sustainalytics notes that the deployment of renewable energy addresses primarily scope 2 emissions and therefore has relatively low mitigation potential for cement production as it does not address the emissions inherent to the production process. - Sustainalytics understands that expenditures in this category involve assets that support multiple production units, and that they will be made in the context of a broader set of initiatives to reduce emissions from the Company's cement production activities in line with well-below 2-degree targets. Nonetheless, in Sustainalytics' opinion, expenditures that support any given production unit, whether directly or indirectly, should be considered eligible for transition finance only if there is a transition plan in place that includes that production unit and addresses its most carbon-intensive aspects. Sustainalytics encourages CEMEX to ensure that its transition plan addresses all production units that will be supported by expenditures in this category.
	Renewable Energy Procurement	Transition	- Investment in the procurement of renewable energy via long-term power purchase agreements (PPA) limited to those with a minimum tenor of five years. Sustainalytics considers the long-term nature of the PPAs as providing greater assurance of positive impacts. - Sustainalytics notes that the deployment of renewable energy addresses primarily scope 2 emissions, and such technologies have a low mitigation potential, as they do not address the emissions inherent to the cement production process. - Sustainalytics understands that expenditures in this category involve assets that support multiple production units, and that they will be made in the context of a broader set of initiatives to reduce emissions from the Company's cement production activities in line

			with well-below 2-degree targets. Nonetheless, in Sustainalytics' opinion, expenditures that support any given production unit, whether directly or indirectly, should be considered eligible for transition finance only if there is a transition plan in place that includes that production unit and addresses its most carbon-intensive aspects. Sustainalytics encourages CEMEX to ensure that its transition plan addresses all production units that will be supported by expenditures in this category.
Energy Efficiency	Energy Efficiency	Transition	- Financing of technologies and operational improvements that result in an energy efficiency improvement of at least 30% compared to baseline. Intended technologies include the installation of energy management systems, control systems, energy efficient lighting, heating, ventilation, air conditioning (HVAC), electric powered machinery and equipment, high efficiency material separators, variable speed drives, vertical roller mills, energy storage systems and smart grids.[13] - Sustainalytics notes that that fossil fuel-powered HVAC/refrigeration and other equipment powered by fossil fuel will be excluded from financing. - Sustainalytics views positively the inclusion of a defined energy efficiency threshold for the installations of energy-efficient systems, equipment and technologies. - Sustainalytics notes that expenditures in this category related to industrial buildings will be limited to facilities that are expected to result in a carbon intensity below 0.546 tCO2e/t of cementitious product.[14]
Clean Transportation	Land Transport and infrastructure	Green	- Passenger and freight vehicles which are either electric, use biofuels or are hybrid. In the case of hybrid, the threshold for passenger transport will be less than 50gCO_2/p-km and for freight transport less than 25gCO_2/t-km until 2025 and not eligible thereafter. - Investment in electromobility solutions for mobile construction equipment and trucks and activities aimed at increasing the use of biofuel in CEMEX's fleet. - Development of infrastructure for zero direct emission transport such as electric charging points - This is in line with market practice.
Sustainable Water and Waste Management	Water optimization	Transition	- Investments targeted towards increasing water efficiency and reducing freshwater use in CEMEX's cement, concrete and aggregates operations. - Investments towards wastewater treatment and management including the installation of technologies and systems to improve the quality of treated water and effluent. - Sustainalytics understands that expenditures in this category involve assets that support multiple production units, and that they will be

[13] Despite the variety of definitions and applications of smart grid technology, Sustainalytics views positively investments that are designed to improve grid efficiency and encourages CEMEX to select projects that are clearly anticipated to deliver tangible efficiency improvements.
[14] 0.546 tCO2e/t of cementitious product is the Transition Pathway Initiatives' 2025 below 2-degree scenario benchmark value for the cement sector

			made in the context of a broader set of initiatives for increasing sustainable water use. - Nonetheless, in Sustainalytics' opinion, expenditures that support any given production unit, whether directly or indirectly, should be considered eligible for transition finance only if there is a transition plan in place that includes that production unit and addresses its most carbon-intensive aspects. Sustainalytics encourages CEMEX to ensure that its transition plan addresses all production units that will be supported by expenditures in this category.

Additional Considerations and commentary on Transition Use of Proceeds

- Sustainalytics recognizes the cement sector as well-suited for transition finance, as it is carbon-intensive, important for the economy and human needs, and faces technological barriers to decarbonization.
- Sustainalytics notes that expenditures directly tied to cement production will be limited to facilities that are expected to result in a carbon intensity below 0.546 tCO_2e/t of cementitious product, which is the Transition Pathway Initiatives' 2025 below 2-degree scenario benchmark value for the cement sector. By limiting use of proceeds tied to cement production to these assets, the financing is expected to contribute to substantial climate change mitigation and is likely to avoid a lock-in of carbon-intensive assets. It is recognized that, while CEMEX restricts financing of activities tied to cement production to assets aligned with credible decarbonization pathways, Eligible Green Projects under the Renewable Energy and Sustainable Water and Wastewater Project Categories are likely to support CEMEX' overall decarbonization targets in line with the "Well-Below 2 Degree Scenario" of the SBTi. Nonetheless, in Sustainalytics' opinion, expenditures that support any given production unit, whether directly or indirectly, should be considered eligible for transition finance only if there is a transition plan in place that includes that production unit and addresses its most carbon-intensive aspects. Sustainalytics encourages CEMEX to ensure that its transition plan addresses all production units that will be supported by expenditures in this category.

Project Evaluation and Selection

- CEMEX has established a process under which the Corporate Operations and Technology, Sustainability and Planning departments will be collectively responsible for the evaluation of and proposal of allocation of funds to all Eligible Green Projects under the Framework. The proposed allocation of funds for Eligible Green Projects would then be reviewed and approved by the Chief Executive Officer. These same Departments will jointly review the approved projects against the Eligibility Criteria on an annual basis to ensure the projects are aligned with the Eligibility Criteria.
- CEMEX's Sustainability Committee of CEMEX's Board of Directors, identify potential sustainability risks and opportunities and ensure that they are integrated in the Company's "Sustainability Risk & Opportunity Agenda", which are applicable to all allocation decisions made under this Framework. Sustainalytics considers these environmental and social risk management systems to be adequate and aligned with market expectations. For additional detail see Section 2.
- Based on the defined roles and responsibilities and risk management system, Sustainalytics considers this process to be in line with market practice.

Management of Proceeds

- CEMEX's CAPEX Committee will be responsible for tracking the net proceeds of green financing instruments and their allocation to eligible projects. Pending full allocation, unallocated net proceeds will be used for payment of outstanding debts, capital management activities or will be held in cash, cash equivalents or liquid instruments. Sustainalytics considers this to be in line with market practice.
- CEMEX intends to fully allocate the proceeds within 48 months starting from the last annual reporting reference date of a Green Financing Instrument. Sustainalytics considers market expectation to be allocation within 36 months, and notes that CEMEX may allocate until the Green Financing Instrument's maturity. Sustainalytics notes that CEMEX has indicated that it intends to temporarily allocate proceeds to repurchasing debt and considers market expectation to exclude the refinancing of debt associated with carbon-intense assets or activities. This is particularly noteworthy given that CEMEX is involved in carbon-intensive activities. Sustainalytics notes that all financing operations carried out by CEMEX are subject to the Company's overall SBTi-validated decarbonization commitment. While such temporary allocation is not prohibited under ICMA's Green Bond Principles, Sustainalytics considers this to be a deviation from market expectation and a limitation of the Framework.

Reporting

- CEMEX intends to report annually on the allocation and impact of Green Financing Instruments net proceeds in a stand-alone report ("Green Financing Instrument Report") available on its website, until full allocation of net proceeds has been achieved.
- Allocation reporting will start within 12 months of the first Green Financing Instrument issuance. It will include: (i) the amount of net proceeds assigned to each Eligible Green Project individually or by category, subject to confidentiality considerations (ii) the share of financing compared to refinancing, (iii) impact metrics, where feasible, (iv) a selection of brief project descriptions, and (iv) the balance of unallocated net proceeds.
- Additionally, CEMEX is committed to reporting on relevant impact metrics such as annual GHG emissions reduced/avoided, annual energy savings in MWh and reduction in water consumption.
- Based on the commitment to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment against the Climate Transition Finance Handbook 2020

Sustainalytics has assessed CEMEX's alignment with the recommendations of the Climate Transition Finance (CTF) Handbook and considers the Company's transition strategy to be adequate overall. Sustainalytics highlights the following key elements of the assessment:

Key Elements	ICMA Recommendation	Sustainalytics' Assessment	
Issuer's climate transition strategy and governance	- Transition strategy to address climate-related risks and contribute to alignment with the goals of the Paris Agreement - Relevant interim targets on the trajectory towards long-term goal - Governance of transition strategy	- CEMEX's climate change strategy is overseen by the Sustainability Committee of its Board of Directors, which was established in 2014 and is comprised of members of the Board of Directors.[15] The members of the Sustainability Committee are elected at CEMEX's general ordinary shareholders' meeting and are responsible for defining, endorsing, and evaluating the emissions reduction targets	Aligned

[15] CEMEX, "Corporate Governance", at: https://www.cemex.com/investors/corporate-governance/committees#navigate.com/investors/corporate-governance/committees#navigate

		and sustainability priorities. CEMEX's Executive Vice President of Sustainability, Commercial, and Operations Development, is responsible for executing the sustainability strategy.[16] Additionally, the Vice president of Sustainability and the Corporate Sustainability Group are responsible for ensuring consistency in sustainability operations and progress.[17] - CEMEX has developed a CO_2 Reduction Roadmap describing the deployment of technological innovations as well as operational decisions which will support its decarbonization objectives. See detailed assessment of decarbonization pathway and implementation plan in Section 2.	
Business model environmental materiality	- Transition trajectory should be relevant to the environmentally-material parts of the issuer's business model	- CEMEX's transition strategy directly addresses the environmental impact of the core part of its business.	Aligned
Climate transition strategy to be 'science-based' including targets and pathways	- Transition strategy should reference science-based targets and transition pathways	- CEMEX has established medium-term emissions intensity targets aligned with SBTI's well-below two-degree pathway and aims to achieve net-zero by 2050. - See detailed assessment of emissions targets in Section 2.	Aligned
Implementation transparency	- Disclosure of CAPEX and OPEX plans - Climate-related outcomes and impacts those expenditures are intended to result in	- CEMEX intends to report on the progress of decarbonization and overall transition strategy through its annual Integrated Report and sustainability website.[18] Until full allocation of net proceeds has been achieved, information regarding CEMEX's use of proceeds will be published as a stand-alone Green Financing Instrument Report on its website to reflect: (i) the amount of proceeds assigned to each Eligible Green Project individually or by category, subject to confidentiality considerations, (ii) the share of financing compared to refinancing, (iii) impact metrics, where feasible (iv) a selection of brief project descriptions, and (iv) the balance of unallocated proceeds. - Additionally, CEMEX expects to invest approximately US$60 million annually to support its transition Program.[19] - The Company adheres to the reporting guidelines of the following carbon disclosure platforms: (i) CDP (Climate Change Response submission), (ii) Transition Pathway Initiative (TPI), and (iii) Task Force on Climate-Related Financial Disclosures (TCFD). Details and additional information of the Company's annual CDP Climate Change Response submissions are accessible on CDP's website.	Aligned

Section 2: Assessment of CEMEX's Sustainability Strategy

Credibility of Climate Transition Strategy

Emission-Reduction Targets

In 2020, CEMEX established a new medium-term target of a 35% reduction in its net CO_2 emissions per ton of cementitious product (Scope 1 and 2 from cement operations) compared to 1990 levels, aligned with the 2-Degree Scenario Decarbonization Pathway

[16] CEMEX, "Governance, Joining forces for a more sustainable present and future", at: https://www.cemex.com/sustainability/sustainability-at-cemex/governance

[17] *Ibid*.

[18] Additionally, CEMEX reports details on its indebtedness in its annual report filed on form 20-F Report. All loans under CEMEX's main credit agreement entered into on October 29, 2021 bear interest at an interest rate subject to positive or negative adjustments in an aggregate amount up to 5 basis points based on certain sustainability-linked performance metrics from the prior annual period, see: CEMEX, "20-F Report 2021" (2021), at: https://www.cemex.com/documents/20143/57102208/2021-20F-EN.pdf/3acbadfb-7481-5690-b4e0-a5eaa9ea9432?t=1651268726792

[19] CEMEX, "CEMEX commits to lead the industry in climate action", at: https://www.cemex.com/-/cemex-commits-to-lead-the-industry-in-climate-action

("2DS Pathway"); the Company's targets have been validated by the Carbon Trust.[20] In 2021, CEMEX committed to further strengthen its goal and bring its 35% target to 2025 and the net CO_2 emissions per ton of cementitious product to below 475 kg by 2030, equivalent to at least 40% reduction from 1990 levels.[21] CEMEX's 2030 global carbon emission targets were validated to be in line with the well-below 2°C scenario of the SBTi in 2021.[22] In the long-term, CEMEX aims to deliver net-zero CO_2 concrete globally by 2050, and an intermediate target for concrete of 165 kg of CO_2 per cubic meter by 2030 has been announced by the Company.[23]

Sustainalytics considers the set targets to be consistent with CEMEX's goal to align with a well-below 2°C scenario decarbonization pathway.

Decarbonization Pathway and Implementation Plan

In 2018, CEMEX developed a CO_2 Reduction Roadmap (the "Roadmap") launched across all its cement sites to model and assess the carbon mitigation potential. Based on this review, CEMEX has disclosed that it has developed a detailed roadmap site by site with specific actions to achieve its 2030 target, by implementing different technical measures. The seven key levers identified by the Roadmap to decarbonize CEMEX's own operations are:

1. *New types of clinker and novel cements*
2. *Energy efficiency*
3. *Increasing the use of alternative fuels to substitute fossil fuels*
4. *Maximizing the use of renewable energy as power source*
5. *Clinker substitutes*
6. *Expanding and protecting natural carbon sinks*
7. *Implementing Carbon Capture, Utilization and Storage (CCUS) and other carbon innovative technologies*

The Roadmap recognizes that some of these activities can be rolled out globally as technological innovation progresses, such as novel cements, while others are dependent on local conditions. For example, clinker substitutes such as fly ash or blast furnace slag are not widely available in certain countries and alternative fuels from waste streams may not be viewed as a preferable waste management solution in some regulatory contexts. CEMEX also recognizes that carbon sinks and CCUS should not be a primary solution for operational decarbonization but can play a key role in mitigating the remaining share of hard-to-abate operational emissions. Finally, CEMEX aims to address emissions beyond its own operations, across the product lifecycle, through its Future in Action Program. This program focuses on improving energy and material efficiency, including optimizing thermal efficiency in cement kilns and reducing the clinker factor through blended cements.[24]

Sustainalytics recognizes that CEMEX has prioritized the development of credible options for decarbonization and has reported on steps taken to begin implementing its policy commitments. Sustainalytics encourages CEMEX to continue to refine its plan in the face of ongoing technological innovation and to continue to report on the timelines to deploy best available technologies.

CEMEX's Environmental and Social Risk Management

While Sustainalytics recognizes that the use of proceeds from the Framework will be directed towards eligible projects that are expected to have positive environmental impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental outcomes. Some key environmental risks associated with the eligible projects, include occupational health and safety, emissions, effluents and waste generated during operations, supply chain risks and land use, resource use and biodiversity issues.

Sustainalytics is of the opinion that CEMEX is able to manage or mitigate potential risks through implementation of the following:

- Regarding occupational health and safety risks, CEMEX has developed a Health and Safety Management System (HSMS), a risk-based management system which is used to implement, document, maintain and improve the safety

[20] Carbon Trust, "2-Degree Scenario Decarbonization Pathway – Validation Opinion Letter - CEMEX" (2020), at: https://www.cemex.com/documents/20143/160187/2020-sep-22-carbon-trust-validation-opinion-letter.pdf/436e9395-4c5d-1e4c-eaec-cdc7f06ef397?t=1611006248839.com/documents/20143/160187/2020-sep-22-carbon-trust-validation-opinion-letter.pdf/436e9395-4c5d-1e4c-eaec-cdc7f06ef397?t=1611006248839

[21] CEMEX, "Integrated Report 2021", (2021), at: https://www.cemex.com/documents/20143/57102208/IntegratedReport2021.pdf

[22] CEMEX, "CEMEX ambitious 2030 climate targets validated to be in line with the latest science", (2021), at: https://www.cemex.com/-/cemex-ambitious-2030-climate-targets-validated-to-be-in-line-with-the-latest-science

[23] CEMEX, "Integrated Report 2021", (2021), at: https://www.cemex.com/documents/20143/57102208/IntegratedReport2021.pdf

[24] *Ibid*.

measures across its operations.[25] The Company's commitment to ensuring health and safety across its operations is outlined in its Code of Ethics,[26] which all employees, suppliers and contractors are obligated to abide by including its stop-work policy and use of personal protective equipment during operations. CEMEX also requires its suppliers to abide by its Code of Ethics and the Supplier's Code of Conduct.[27]. The Company also has in place a Contractor Health and Safety Verification Program which certifies CEMEX's contractors' compliance with health and safety standards, proper training, and accreditations.[28]

- Considering the high emissions of CO_2 in cement production, CEMEX's exposure to GHG emissions and energy consumption risks is high. CEMEX has implemented a GHG reduction programme as well as robust environmental policy. In fact, CEMEX has drafted a CO_2 reduction roadmap in line with scientific benchmarks. Furthermore, the Company also has a detailed programme to improve the environmental performance of its logistics and fleet management, with a target to have a zero-emissions fleet.[29]
- The Company has achieved ISO 14001 certification in 82% of its the cement, while only 38% of its ready-mix sites and 48% of its aggregates sites are certified.[30] In terms of performance, its carbon emissions by sales are above the industry median, according to Sustainalytics' ESG Risk Rating assessment[31], and clean electricity represented 30% of the total energy consumed in 2021.[32] CEMEX established an ambitious target to reduce by 40% the carbon intensity of its production by 2030.[33]
- CEMEX's operations require the use of water for cooling cement kilns, produce concrete, as well as for mineral processing and dust suppression in its aggregates production.[34] As of 2021, 16% of CEMEX's sites (over 1,500) were in water-stressed areas and this percentage is expected to grow to 43% by 2040.[35] Excessive water use in high water-stressed regions can raise operational costs, promote business disruption, and provoke community opposition, mainly when competing with local communities for the resource. In this scenario, robust water drainage monitoring systems are imperative. CEMEX provides complete reporting on water indicators, in line with the GCCA Guidelines. The Company reported a total water withdrawal of 57.2 million m^3 in 2021, which is in line with the industry median and has remained roughly stable compared to the previous three-year average.[36] As of FY2021, 82% of the Company's sites were equipped with water recycling systems.[37] Using World Resources Institute Aqueduct tools, in 2019, CEMEX conducted a water stress study to identify the sites located in water-stressed zones and guide its water action plan. The Company has implemented Water Action Plans ("WAP") for 100% of the sites located in extremely high water-stressed zones and completed the first pilot for a site located in high water-stressed zones in 2021, in line with its target to have WAPs for all high-risk sites by 2030.

Based on these policies, standards and assessments, Sustainalytics is of the opinion that CEMEX has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of the Selected Use of Proceeds

The use of proceeds Project Categories are aligned with those recognized by GBP. Sustainalytics has focused on decarbonizing the cement industry below where the impact is specifically relevant in the local context.

[25] CEMEX, "Code of Ethics", at: https://www.cemex.com/documents/20143/160061/Code-of-ethics.pdf/78d61821-09fd-9622-e13d-465b6268f7bd?t=1557247414359
[26] CEMEX, "Code of Ethics", at: https://www.cemex.com/documents/20143/160061/Code-of-ethics.pdf/78d61821-09fd-9622-e13d-465b6268f7bd?t=1557247414359
[27] CEMEX, "Supplier's Code of Conduct" at: https://www.cemex.com/documents/20143/160133/supplier-code-of-conduct.pdf
[28] CEMEX, "2020 Integrated Report", (pg. 66) at: https://www.cemex.com/documents/20143/52528892/IntegratedReport2020.pdf/d7d4abda-2ddd-0809-8902-b09af5114bba
[29] CEMEX, "CEMEX aims to create first zero-emissions fleet", (2021), at: https://www.cemex.com/-/cemex-aims-to-create-first-zero-emissions-fleet
[30] CEMEX, "Integrated Report 2021", (2021), at: https://www.cemex.com/documents/20143/57102208/IntegratedReport2021.pdf
[31] The Sustainalytics's Carbon – Own Operations MEI refers to a company's management of risks related to its own operational energy use and GHG emissions (scope 1 and 2). It also includes parts of Scope 3 emissions, such as transport and logistics. It does not include emissions in the supply chain or during the use phase/end-of-life cycle of a product.
[32] CEMEX, "Integrated Report 2021", (2021), at: https://www.cemex.com/documents/20143/57102208/IntegratedReport2021.pdf
[33] *Ibid*.
[34] This assessment has been derived from Sustainalytics' ESG Risk Rating.
[35] CEMEX, "Integrated Report 2021", (2021), at: https://www.cemex.com/documents/20143/57102208/IntegratedReport2021.pdf
[36] *Ibid*.
[37] *Ibid*

Importance of contributing to the decarbonization of the cement industry through alternative fuels

The cement sector accounts for at least 8% of Co_2 emissions globally as of 2018.[38] Demand for concrete has tripled in the past 40 years and if current trends continue, global cement production is expected to increase by 12-23% from 2018 levels by 2050.[39] Cement production is a carbon-intensive process, and fossil fuels continue to provide the majority of the cement sector's energy. Alternative fuels such as bioenergy and biomass-derived wastes are an effective means of reducing fossil fuel share in the chemical and thermal combustion processes, yet they accounted for only 3% of thermal energy use in 2020.[40] According to the International Energy Agency (IEA), the direct CO_2 intensity of cement production increased by 1.8% annually between 2015-2020. However, in order to align with the IEA's Net Zero Emissions by 2050 Scenario, the emissions would need to decrease by 3% per year until 2030. Based on the Scenario, the share of bioenergy and renewable waste in the cement production process must increase from 3% to 15% by 2030 to achieve the Paris Agreement goal.[41]

Based on the above, Sustainalytics considers that the Framework is expected to contribute to the decarbonization of the cement industry by promoting the use of fossil-free and alternative fuels in the cement production process.

Impact of improving energy efficiency and electrification in the cement industry

The cement manufacturing process is estimated to represent about 7% of the industry's energy consumption in 2014.[42] Within the Energy Efficiency use of proceeds Project Category, CEMEX plans to invest in the electrification of cement production processes. Although at a fairly early stage of development, the electrification of cement production is expected to contribute to emissions reductions by stimulating the use of low-emission electricity and facilitating the capture of process CO_2 emissions (such as emissions from limestone decomposition during clinker production).[43] It is also estimated that energy efficiency management of raw materials, waste streams, and recycling could reduce the cost of decarbonization by about 40% in heavy industry, including the cement industry.[44] In September 2020, the Global Cement and Concrete Association (GCCA) with 40 member companies including CEMEX, which represents about 40% of global cement production, announced a commitment to achieve carbon neutral concrete production by 2050. In October 2021, the GCCA published its 2050 Net Zero Roadmap, which sets out a roadmap and implementation plan to achieve this goal. The roadmap targets a 20% reduction in CO_2 emissions per ton of cement over the next decade from the 2020 baseline. Key priorities outlined in the roadmap include reducing fossil fuels and increasing the use of alternative fuels, improving the efficiency of concrete production, improving the efficiency of concrete project design, and investing in technological innovations.[45]

Sustainalytics considers that the Framework is in line with the cement industry's international efforts to reduce energy use, and will contribute to driving the industry's transformation through investing in energy efficiency and electrification of cement production processes.

[38] Chatham House Report, "Making Concrete Change Innovation in Low-carbon Cement and Concrete " (2018), at: https://www.chathamhouse.org/sites/default/files/publications/2018-06-13-making-concrete-change-cement-lehne-preston-final.pdf
[39] IEA, "Cement technology roadmap plots path to cutting CO2 emissions 24% by 2050", (2018), at: https://www.iea.org/news/cement-technology-roadmap-plots-path-to-cutting-co2-emissions-24-by-2050
[40] Nature, "Concrete needs to lose its colossal carbon footprint", (2021), at: https://www.nature.com/articles/d41586-021-02612-5
[41] IEA, "Cement", (2021), at: https://www.iea.org/reports/cement
[42] Kermeli, K.; et al. (2019), "*The scope for better industry representation in long-term energy models: Modeling the cement industry*". Applied Energy, at: https://www.sciencedirect.com/science/article/abs/pii/S030626191930279X
[43] IEA, "Cement", (2021), at: https://www.iea.org/reports/cement
[44] Rightor, B.E. et al. (2020), "*Beneficial Electrification in Industry; ACEEE Research Report*", Industrial Electrification ACEE, at: https://www.aceee.org/sites/default/files/pdfs/ie2002.pdf
[45] GCCA, "Concrete Future – GCCA 2050 Cement and Concrete Industry Roadmap for Net Zero Concrete", (2021), at: https://gccassociation.org/concretefuture/wp-content/uploads/2021/10/GCCA-Concrete-Future-Roadmap-Overview.pdf

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. The Framework advances the following SDG goals and targets:

Use of Proceed	SDG	SDG Target
Pollution Prevention & Control	12. Responsible Consumption and Production	12.4 By 2030, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Energy Efficiency	7. Affordable and Clean Energy 9. Industry, innovation and infrastructure	7.3 By 2030, double the global rate of improvement in energy efficiency 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Sustainable Water and Wastewater Management	6. Clean Water and Sanitation	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally

Conclusion

CEMEX has developed the Framework under which it may issue Green Financing Instruments, and use the net proceeds to finance or refinance, in whole or in part, existing or future Green Eligible Projects. Green Eligible Projects are expected to support the decarbonization of CEMEX's operations, in line with its climate transition roadmap. Sustainalytics considers that the Green Eligible Projects funded by the net proceeds from Green Financing Instruments are expected to provide positive environmental impact.

The Framework outlines a process for tracking, allocating and managing proceeds of Green Financing Instruments, and makes commitments for CEMEX to report on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Framework is aligned with the overall sustainability strategy of the Company and is expected to contribute to the advancement of the UN Sustainable Development Goals 6, 7, 9, 11 and 12. Additionally, Sustainalytics is of the opinion that CEMEX has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with its operations.

Based on the above, Sustainalytics is of the opinion that the Framework aligns with the Principles. Sustainalytics has also assessed CEMEX's alignment with the recommendations of the Climate Transition Finance Handbook and considers the Company's transition strategy to be aligned.

Appendix 1 Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	CEMEX, S.A.B. de C.V.
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	CEMEX Green Financing Framework
Review provider's name:	Sustainalytics
Completion date of this form:	June 2, 2022

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

☒	Use of Proceeds	☒	Process for Project Evaluation and Selection
☒	Management of Proceeds	☒	Reporting

ROLE(S) OF REVIEW PROVIDER

☒	Consultancy (incl. 2nd opinion)	☐	Certification
☐	Verification	☐	Rating
☐	Other *(please specify)*:		

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

Sustainalytics is of the opinion that the CEMEX Green Financing Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 and the Green Loan Principles 2021. The project categories for the use of proceeds – Pollution Prevention & Control, Renewable Energy, Energy Efficiency, Clean Transportation, and Sustainable Water and Wastewater Management – are aligned with those recognized by the Green Bond Principles 2021 and the Green Loan Principles 2021. Sustainalytics considers that investments in the project categories will lead to positive environmental impacts and considers the activities under the use of proceeds project categories to be credible from a transition perspective.

Use of proceeds categories as per GBP:

☒	Renewable energy	☒	Energy efficiency
☒	Pollution prevention and control	☒	Environmentally sustainable management of living natural resources and land use
☐	Terrestrial and aquatic biodiversity conservation	☒	Clean transportation
☐	Sustainable water and wastewater management	☐	Climate change adaptation
☒	Eco-efficient and/or circular economy adapted products, production technologies and processes	☐	Green buildings
☐	Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP	☐	Other *(please specify)*:

If applicable please specify the environmental taxonomy, if other than GBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

• CEMEX has established a process under which the Corporate Operations and Technology, the Sustainability and Planning departments, will be collectively responsible for the evaluation of and proposal of allocation of funds to all Eligible Green Projects under the Framework. The proposed allocation of funds for Eligible Green Projects would then be reviewed and approved by the Chief Executive Officer. These same Departments will jointly review the approved projects against the Eligibility Criteria on an annual basis to ensure the projects are aligned with the Eligibility Criteria.
• CEMEX's Sustainability Committee of CEMEX's Board of Directors, identify potential sustainability risks and opportunities and ensure that they are integrated in the Company's "Sustainability Risk & Opportunity Agenda", which are applicable to all allocation decisions made under this Framework. Sustainalytics considers these environmental and social risk management systems to be adequate and aligned with market expectations. For additional detail see Section 2.

• Based on the defined roles and responsibilities and risk management system, Sustainalytics considers this process to be in line with market practice.

Evaluation and selection

☒ Credentials on the issuer's environmental sustainability objectives

☒ Documented process to determine that projects fit within defined categories

☐ Defined and transparent criteria for projects eligible for Green Bond proceeds

☐ Documented process to identify and manage potential ESG risks associated with the project

☐ Summary criteria for project evaluation and selection publicly available

☐ Other *(please specify)*:

Information on Responsibilities and Accountability

☒ Evaluation / Selection criteria subject to external advice or verification

☐ In-house assessment

☐ Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section *(if applicable)*:

• CEMEX's CAPEX Committee will be responsible for tracking the net proceeds of green financing instruments and their allocation to eligible projects. Pending full allocation, unallocated net proceeds will be used for payment of outstanding debts, capital management activities or will be held in cash, cash equivalents or liquid instruments. Sustainalytics considers this to be in line with market practice.
• CEMEX intends to fully allocate the proceeds within 48 months starting from the last annual reporting reference date of a Green Financing Instrument. Sustainalytics considers market expectation to be allocation within 36 months, and notes that CEMEX may allocate until the Green Financing Instrument's maturity. Sustainalytics notes that CEMEX has indicated that it intends to temporary allocate proceeds to repurchasing debt and considers market expectation to exclude the refinancing of debt associated with carbon-intense assets or activities. This is particularly noteworthy given that CEMEX is involved in carbon-intensive activities. Sustainalytics notes that all financing operations carried out by CEMEX are subject to the Company's overall SBTi-validated decarbonization commitment. While such temporary allocation is not prohibited under ICMA's Green Bond Principles, Sustainalytics considers this to be a deviation from market expectation and a limitation of the Framework.

Tracking of proceeds:

☒ Green Bond proceeds segregated or tracked by the issuer in an appropriate manner

☐ Disclosure of intended types of temporary investment instruments for unallocated proceeds

☐ Other *(please specify)*:

Additional disclosure:

☐ Allocations to future investments only

☒ Allocations to both existing and future investments

☐ Allocation to individual disbursements

☐ Allocation to a portfolio of disbursements

☐ Disclosure of portfolio balance of unallocated proceeds

☐ Other *(please specify)*:

4. REPORTING

Overall comment on section (if applicable):

• CEMEX intends to report annually on the allocation and impact of Green Financing Instruments net proceeds in a stand-alone report ("Green Financing Instrument Report") available on its website, until full allocation of net proceeds has been achieved.
• Allocation reporting will start within 12 months of the first Green Financing Instrument issuance. It will include: (i) the amount of net proceeds assigned to each Eligible Green Project individually or by category, subject to confidentiality considerations (ii) the share of financing compared to refinancing, (iii) impact metrics, where feasible, (iv) a selection of brief project descriptions, and (iv) the balance of unallocated net proceeds.
• Additionally, CEMEX is committed to reporting on relevant impact metrics such as annual GHG emissions reduced/avoided, annual energy savings in MWh and reduction in water consumption.
• Based on the commitment to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Use of proceeds reporting:

☐ Project-by-project

☒ On a project portfolio basis

☐ Linkage to individual bond(s)

☐ Other *(please specify):*

Information reported:

☒ Allocated amounts

☐ Green Bond financed share of total investment

☐ Other *(please specify):*

Frequency:

☒ Annual

☐ Semi-annual

☐ Other (please specify):

Impact reporting:

☐ Project-by-project

☒ On a project portfolio basis

☐ Linkage to individual bond(s)

☐ Other (please specify):

Information reported (expected or ex-post):

☒ GHG Emissions / Savings ☒ Energy Savings

☒ Decrease in water use ☐ Other ESG indicators (please specify):

Green Project Category	Example Impact Metrics
Pollution Prevention & Control	• Reduction in CO_2 emissions (reduction in net CO_2 emissions per ton of cementitious vs. 1990 baseline) • Alternative Fuel consumption (% of total fuel consumption) • Clinker factor in cements (%) • Specific Heat Consumption • Avoided CO_2 emissions • Percentage of clean energy in our cement operations • Reduction of dust, NOx, and SOx emissions per ton of clinker vs. 2005 (%) • Total waste-derived sources managed (million tons) • Amount of waste managed by de company vs. waste sent to landfill
Renewable Energy	• Annual GHG emissions reduced/avoided in tonnes of CO_2 equivalent • Annual renewable energy generation in MWh (electricity) and GJ (other energy) • Capacity of renewable energy plant(s) to be served by transmission systems (MW)
Energy Efficiency	• Annual energy savings in MWh/GWh (electricity) and GJ/TJ (other energy savings) • Annual GHG emissions reduced/avoided in tonnes of CO_2 equivalent
Clean Transportation	• Annual GHG emissions reduced/avoided in tCO_2–e p.a. • Number of clean vehicles deployed (e.g. electric) • Estimated reduction in fuel consumption
Sustainable Water and Wastewater Management	• Reduction in water consumption of economic activities (e.g. industrial processes, agricultural activities including irrigation, buildings, etc.) • Water re-use and/or water use avoided by waterless solutions and equipment, (e.g. for sanitation, cooling systems , industrial processes, etc.) • Reduction in specific freshwater withdrawal in cement, aggregates and ready-mix operations • Implementation of Water Action Plans in sites located in water-stressed areas (%) • Sites with water recycling systems (%)

Frequency

☒ Annual ☐ Semi-annual

☐ Other (please specify):

Means of Disclosure

☐ Information published in financial report ☐ Information published in sustainability report

☒ Information published in ad hoc documents ☐ Other (please specify):

☐ Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

☐ Consultancy (incl. 2nd opinion)
☐ Certification
☐ Verification / Audit
☐ Rating
☐ Other *(please specify):*

Review provider(s): **Date of publication:**

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

i. Second-Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.

ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.

iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.

iv. Green Bond Scoring/Rating: An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

Disclaimer

About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 25 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. With 17 offices globally, Sustainalytics has more than 800 staff members, including more than 300 analysts with varied multidisciplinary expertise across more than 40 industry groups.

For more information, visit www.sustainalytics.com

Or contact us contact@sustainalytics.com