



CARIBBEAN CEMENT COMPANY LIMITED
Annual General Meeting – December 7, 2021

ADDENDUM TO SUPPLEMENTAL INFORMATION

Reference is made to the Supplemental Information (“the Supplemental Information”) included with the shareholder’s package for the Annual General Meeting of Caribbean Cement Company Limited (“CCCL” or “the Company”) scheduled for December 7, 2021, wherein the Company *inter-alia* set forth its proposal to enter into certain agreements (“the Proposed Agreements”) with CEMEX, S.A.B. de C.V. and its affiliated companies (collectively referred to as “CEMEX”), to establish the general framework for the corporate services provided by CEMEX to CCCL as well as for the payment of royalties for the use of trademarks, names, and intellectual property owned by CEMEX and licensed to CCCL.

The Company hereby issues an Addendum to the Supplemental Information as follows:

General Background

Worldwide, CEMEX is recognised as one of the largest companies in the business of cement production; ready-mix concrete; and aggregates. CEMEX is also one of the world's largest traders of cement and clinker.

Since 2017, CEMEX has transferred its best practices and proven expertise to CCCL, resulting in operational efficiencies and alignment with CEMEX’s international standards. Throughout the period, CEMEX’s executives from several countries, with expertise in different areas such as Commercial, Operations, Procurement, Supply Chain, Energy, Health and Safety, have been working with CCCL and assessing the business of CCCL to identify and transfer best practices from CEMEX to CCCL. Some examples of these practices are:

- **Commercial practices:** CEMEX’s commercial model and micro market strategies. Optimization of pricing structures and discounts per segment and market.
- **Operational practices:** analysis and optimization of cement production process to increase plant reliability, annual output and general efficiency. Improved preventive maintenance and renegotiation of services and hired manpower.
- **Energy management:** negotiation of a new electricity supply contract. Implementation of power hedge schemes with relevant savings for CCCL.
- **Financial practices:** optimized working capital management. In house financial support on optimal and timely conditions on financial arrangements.
- **Procurement practices:** renegotiation of different key supply agreements on extended payment terms and access to CEMEX legacy suppliers and procurement models.

By having access to CEMEX’s best practices and expertise, CCCL has achieved cost savings. In addition, CCCL has achieved improvements in its operational efficiencies, commercial value, and sustainability. CCCL has also aligned its environmental focus on reducing its CO₂ footprint.

CCCL is also committed to achieving exemplary corporate governance standards and accordingly, in August 2021, by written resolution, the Board of Directors of CCCL approved the formation of a committee to design a dividend policy to direct the administration, declaration and payment of dividends to shareholders of CCCL, in accordance with statutory and regulatory compliance. Prior to implementation, the dividend policy shall be submitted to the shareholders of CCCL for approval.

Timing of Implementation of the Proposed Agreement

Although CCCL has been able to access and benefit from the best practices and expertise since 2017, CEMEX decided to delay the formal implementation of the Proposed Agreements until January 2022, mainly due to the following reasons:

- The strategic focus during the Post Merger Exercise was to navigate through a very complex financial and operational situation and improve the CCCL's financial position. In part, due to the expertise shared by CEMEX, CCCL has progressed in its financial and operational performances in recent years.
- The opportunity was taken to evaluate the results of the best practices implemented, to ensure that the models provided real benefits and savings before entering into formal agreements.
- In principle, the Proposed Agreements should have been implemented by CEMEX in 2020 or 2021. However, due to the COVID-19 Global Pandemic, the proposed implementation was delayed until January 2022.

Background of the Proposed Agreements

CEMEX has entered into similar agreements with its affiliated companies in other regions with comparable fees, including companies that are publicly listed in Colombia and in the Philippines. Additionally, Trinidad Cement Limited ("TCL"), the parent company of CCCL received approval for implementation of equivalent agreements at its last Annual General Meeting held on September 23, 2021.

The Proposed Agreements will provide the general framework that regulates three fundamental elements that have benefited and should continue to benefit CCCL:

i. License of Intellectual Property

CEMEX has developed a portfolio of Intellectual Property ("IP") that is licensed to all operations of CEMEX around the world. The IP portfolio is constituted of a set of standardized technologies, procedures, systems, and processes that are uniformly applied across all of CEMEX's global operations. These initiatives and best practices have been selected as CEMEX's standard because their value has been demonstrated in certain of CEMEX's global operations, including in CCCL since 2017, primarily in the form of increased efficiencies and other cost savings.

The following are examples of the best practice models based on the IP owned and developed by CEMEX:

- **Health & Safety** => Zero Incidents through CEMEX Health and Safety Management System.
- **Customer Focus** => Increased Customer Satisfaction through One Commercial Model; Net Promoting Score Methodology; and CEMEX Global Superior Customer Experience.
- **Services Offering to its Customers** => Real time access by customers to view the status of deliveries and the location of delivery vehicles.
- **Investment in Our People** => Deployment of a comprehensive training program that combines on site and virtual training sessions targeted to the specific needs and requirements for CEMEX's most valuable asset, its employees.
- **Operational Efficiencies** => Maximise efficiencies and reduce costs, improved end-to-end processes by leveraging on the implementation of CEMEX's Operational Model.
- **New Product Offering** => Access to more sustainable products, certified by the CEMEX Vertua, a family of products that includes low carbon cements.
- **Sustainability** => Best practices in alternative fuels; clinker factor; lower thermal intensity; and energy.
- **Smart Innovation Programs** => Health and Safety; Customer Centricity; EBITDA Growth; Sustainability; Climate Action; Circular Economy; and Environmental Responsibility.
- **Global Networks** => Distribution & Industrial Segment; Customer Centricity; Cement Operations; and Supply Chain.

The Proposed Agreements establish the framework that allows CCCL to access CEMEX's wealth of experience and global networks so as to permit CCCL to continue to benefit from best practices in health and safety, advanced technologies, and marketing and sales strategies. Such access should lead to maintaining or

increasing productivity levels and the implementation of new techniques such as the adoption of alternative fuel sources.

The IP property of CEMEX is subject to continuous improvements, enhancements and variations considering industry evolution and the specific needs of CEMEX and its licenced operations, which in turn generates certain costs to CEMEX.

ii. **Regional and Corporate Services**

This element will establish the framework to enable CEMEX providing support to CCCL in key areas including Operational, Technical and Administrative, Procurement, Human Resources, Communication, Legal, Finance and Treasury, Taxes and Accounting, Process and Information Technology.

The following are examples of services that accessed via CEMEX Regional and Corporate Departments:

- **Corporate Governance Models**=> in the areas of Internal Audit and Internal Control.
- **Robust Compliance Standard Models Aligned with CEMEX**=> in the areas of Information Technology, Legal, and Enterprise Risk Management.
- **Leveraging through CEMEX Global Position** => support during negotiations with local banks and access to lower financial rates. Access to CEMEX Programs for finance and consignment to facilitate better terms for procurement and energy purchases. Negotiations of certain type of agreements with third parties.

Access to these services allows CCCL to successfully implement and execute strategies and transactions by leveraging on CEMEX's world-class talent in different specialized areas.

iii. **License of Names and Trademarks**

The name "CEMEX" is recognised internationally as one of the top building materials companies in the world. CEMEX continually devotes substantial efforts to improve its image and reinforce the trust of its customers. Recently, Brand Finance ranked CEMEX as the seventh most valuable Mexican brand of 2020.

Through the Proposed Agreements, CCCL will receive from CEMEX the right to use different IP assets, as well as the name "CEMEX" and other related names and trademarks property of CEMEX. CCCL will also benefit from international best practices in processes, information technology, software, industrial models, procurement, and commercial and distribution systems.

Access to international best practices has already allowed CCCL to operate in a more efficient way and establishing the Proposed Agreements will allow CCCL to have a formal structure, at arm's length terms and conditions, that would allow it to continue to be supported by CEMEX.

It is important to note that the arm's length fee to be charged for the Proposed Agreements will not exceed four percent (4.0%) of CCCL's revenue and will include all three of the above elements: (i) the use of trademarks as well as access to valuable intangible assets; (ii) administrative services; and (iii) technical services.

An analysis performed by an independent Transfer Pricing & Business Valuation firm in the United States (Economic Partners LLC), based in Washington D.C., has confirmed that the methodology used to define the 4.0% fee, complies with market practices.

The terms and conditions of the Proposed Agreements are outlined in the Supplemental Information.