



2009 SUSTAINABLE
DEVELOPMENT REPORT
Full version



**BUILDING
A SMART
WORLD
TOGETHER**



about our REPORT

Welcome to our full 2009 sustainable development report. This report covers our global cement, ready-mix concrete, and aggregates operations. With this report, we start publishing annually a full report disclosing our sustainability strategy, programs, and performance. Before, we published a full report every two years and an interim in the intervening years. This report follows our 2008 full report and is accompanied by a summary report published in print and as a PDF posted on our website.

Unless otherwise indicated, the information provided in this report is for the company as a whole. We have restated certain data sets from previous years because of improvements to our data-collection systems or changes to our business; each case is clearly marked. All monetary amounts are reported in US dollars. Tons are metric tons.

The information for this report came from several sources, including internal management systems, performance databases and questionnaires, and our Sustainability Outlook, a global questionnaire conducted for the second time. This approach has enabled us to report against our key performance indicators for the whole company.

We aim to improve the transparency and completeness of each report we produce. We include statements from PricewaterhouseCoopers, which verified our data on greenhouse gas emissions, alternative fossil and biomass fuels rates, environmental incidents, and safety for our cement operations. We engaged throughout the year with our Sustainability Advisory Panel, which provides feedback on our reporting.

We have published this report in a web-based format to better communicate our performance and improve our ability to engage our stakeholders.



We applied the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines to produce the full report, which meets an application level of A+ for the second consecutive year. We provide indices of the GRI and the UN Global Compact at cemex.com/sustainability/reports.

In addition, this report constitutes our communication on progress against the commitments of the United Nations Global Compact, to which CEMEX is a signatory. We provide indices of GRI indicators and Global Compact principles as part of this report.

We welcome your feedback on our sustainability reporting and performance. Please send your comments and suggestions to sd@cemex.com, or write to us at

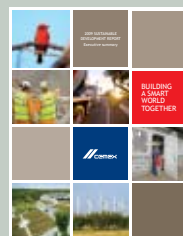
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OUR COVER



1. One of the 289 species of birds in our El Carmen reserve, photo by Santiago Gibert. 2. Part of our operations team at one of our quarries in the UK. 3. Ready-mix delivery at sunrise in the U.S. 4. *Patrimonio Hoy* participant in Nicaragua. 5. CEMEX International Building Awards' sustainable construction project, photo by Pedro Truyol. 6. Eurus wind farm in Mexico.

about CEMEX

CEMEX is a global building materials company that provides high quality products and reliable service to customers and communities throughout the Americas, Europe, Africa, the Middle East, and Asia. Our operations network produces, distributes, and markets cement, ready-mix concrete, aggregates, and related building materials in more than 50 countries, and we maintain trade relationships with more than 100 nations.

CEMEX has a rich history of improving the well-being of those it serves through its efforts to pursue innovative industry solutions and efficiency advancements and to promote a sustainable future. Our mission is to serve the global building needs of our customers and build value for our stakeholders by becoming the world's most efficient and profitable building materials company.

Our values guide our every day actions and uphold our commitment to society. They are:

- **Collaboration:** to work with others in a collective pursuit of excellence
- **Integrity:** to act with honesty, responsibility and respect at all times
- **Leadership:** to envision the future and focus our efforts on service, excellence, and competitiveness.

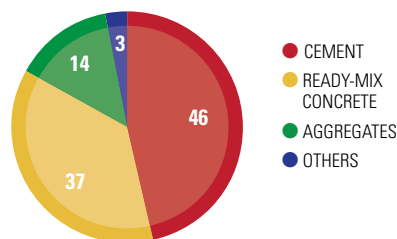
QUICK FACTS

- Founded in Mexico in 1906
- Presence in more than 50 countries
- Close to 47,000 employees worldwide
- Net sales of US\$14.5 billion in 2009
- Leading position in the building materials industry, including the world's largest ready-mix concrete supplier
- Ranked No. 421 on the Fortune Global 500

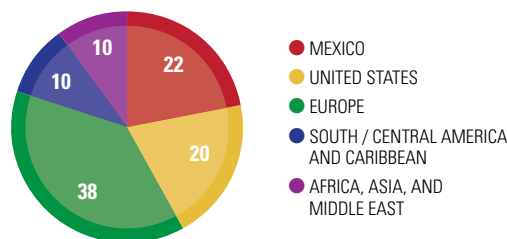
GLOBAL OPERATIONS (as of December 31, 2009)

Cement sales (million tons)	65
Cement plants controlled	63
Cement plants minority participation	12
Ready-mix concrete sales (million cubic meters)	54
Ready-mix concrete plants	2,016
Aggregates sales (million cubic meters)	168
Aggregates quarries	391
Land distribution centers	223
Marine terminals	72

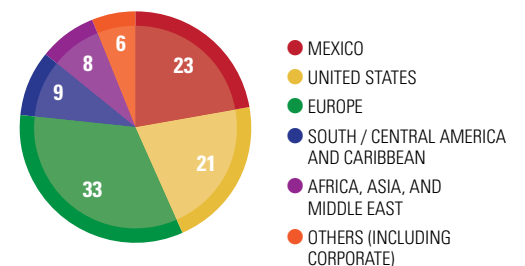
SALES DISTRIBUTION BY PRODUCT
percentage



SALES GEOGRAPHIC DISTRIBUTION
percentage



WORKFORCE GEOGRAPHIC DISTRIBUTION
percentage



OUR PRIORITIES

As a global company, we face a broad array of issues. We focus on those issues of highest relevance to our business and of significant concern to our stakeholders so that we can make the greatest positive impact. The following priorities—which are not listed in order of importance—are highlighted in our report. While these priorities affect some stakeholders more than others, ultimately, our ability to address them is relevant for all of them.

- Corporate Governance
- Economic Impacts
- Stakeholder Engagement
- Health and Safety
- Local Environmental Impacts
- Climate Change
- Sustainable Construction
- Access to Housing and Infrastructure

MESSAGE from our Chairman and CEO

We took important and decisive steps to strengthen not only our business model, but also our commitment to sustainable development.

To our stakeholders:

In 2009, as we coped with the worst crisis to hit the global economy, our industry, and our company in 75 years, we took important and decisive steps to strengthen not only our business model, but also our commitment to sustainable development. As a result, we are a stronger company, well positioned to take advantage of the recovery of the global economy. That is testimony to the quality of our employees, to our company's core values of collaboration, integrity, and leadership, and to the disciplined execution of sound strategies.

We made several difficult decisions during the year to adjust to a rapidly evolving and extraordinarily challenging market environment. For example, we sold assets, most notably our Australian operations, and reorganized our business to improve efficiency and productivity. Together, these measures brought about an unfortunate, but necessary, reduction in our workforce. However, these steps enabled us to weather the crisis and will position our company for long-term success.

Even as the economic crisis unfolded, we deepened our commitment to our stakeholders. We continued our efforts to ensure the safety of our employees, and many of our country operations recorded solid improvements in their safety performance. However, despite our ongoing efforts, I am deeply saddened to report that 33 people—including employees, contractors, and third parties—died in



incidents related to our operations during 2009. This is tragic and unacceptable. We are working harder than ever to identify and address the root causes of all fatalities and serious injuries in order to prevent their recurrence. For example, we are expanding and strengthening our efforts in key areas such as safety training for drivers and contractors. Above all, we remain committed to our global long-term goal of zero incidents.

On the environmental front, we continued to reduce our carbon footprint by improving the energy efficiency of our operations and expanding our use of alternative fuels. As a result, in 2009 we increased our use of alternative fuels to 16.4%, exceeding our target for 2015 ahead of time. In addition, Eurus, the wind farm project developed by ACCIONA Energía, became fully operational during the year and can supply 25% of our plants' electricity needs in Mexico.

Finally, we engaged the communities in which we operate through open and ongoing dialogue, social initiatives, and volunteer efforts. We continued to find ways to promote access to housing and community infrastructure. For example, we launched our most successful low-income housing solution, Patrimonio Hoy, in the Dominican Republic.

As a global company, we are deeply aware of our responsibility to address complex sustainability chal-

lenges. We are committed to further reducing our impact on the environment and recognize that we have many opportunities to improve. We reconfirm our commitment to address climate change and to the development of a low-carbon economy.

We actively engage with our global panel of sustainability experts, who provide important and valuable advice. On a personal note, I thank them for their feedback and for continuously challenging us to make further progress.

We present our 2009 sustainable development report within the framework of our overall sustainability website to better communicate our sustainability performance. We have provided an executive summary that highlights our performance on our key sustainability issues. We hope that you find the report engaging, transparent, and comprehensive, and we welcome your feedback.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Lorenzo H. Zambrano', with a stylized flourish at the end.

Lorenzo H. Zambrano

Chairman of the Board and Chief Executive Officer

PERFORMANCE

summary

The following tables provide an overview of our performance indicators and progress toward our company-wide sustainability targets. We are committed to improving our performance in all areas and will continue to disclose our achievements and challenges. Unless otherwise specified, the information provided is for the company as a whole. The full list of indicators, broken down by business segments where available, can be found in the Performance section.


PROGRESS IN RELATION TO TARGETS

KEY PERFORMANCE INDICATORS	TARGETS	PROGRESS
HEALTH AND SAFETY		
Lost-time injury (LTI) frequency rate for employees ⁽¹⁾	2.5 by 2010	▲
Operations with safety training programs for drivers	100% by 2010	▲
Employees participating in annual medical exams	100% by 2015 ⁽²⁾	▼
LOCAL ENVIRONMENTAL IMPACTS		
Active sites with quarry rehabilitation plans	82% by 2010 100% by 2015	✓
Clinker produced with continuous monitoring of major emissions ^(4,5)	50% by 2010 100% by 2015	✓
Reduction in specific emissions per ton of clinker from 2005 baseline ^(3,5)	By 2015 50% for Dust to 155 gr/ton clinker 15% for NOx to 1,667 gr/ton clinker 10% for SOx to 519 gr/ton clinker	✓
CLIMATE CHANGE		
Reduction in CO ₂ emissions per ton of cementitious product from 1990 baseline ^(3,5)	25% by 2015 to 602 kg	▲
Alternative fuels rate ⁽⁵⁾ > Alternative fossil fuels rate (AFF) > Biomass fuels rate (BF)	15% by 2015 (AFF 10%, BF 5%) 23% by 2020 (AFF 15%, BF 8%)	✓
Alternative raw materials rate ⁽⁵⁾	12% by 2015 15% by 2020	✓

1. Per million hours worked. 2. The deadline for this target has been extended. 3. Progress affected by market conditions. 4. Major emissions: Dust, NOx, and SOx. 5. Only cement operations.


✓ Target achieved ▲ Progress ▼ No progress

PERFORMANCE INDICATORS

The indicators marked with  were subject to an external limited assurance process by PricewaterhouseCoopers. The assurance statement detailing the review work and conclusions can be found on page 60.

HEALTH AND SAFETY	2007	2008	2009	
Total fatalities, employees, contractors, and third parties (#)	38	45	33	
Fatality rate, employees (per 10,000 employees)	1.29	1.16	1.56	
Lost-Time Injuries (LTI), employees (#)	672	654	360	
Lost-Time Injuries (LTI), contractors (#)	129	165	154	
Lost-Time Injury (LTI) frequency rate, employees (per million hours worked)	5.2	4.8	3.2	
Operations with safety training programs for drivers employed directly (%)	NA	81 ⁽¹⁾	97	
Employees participating in annual medical exams (%)	65 ⁽²⁾	47	44	
Operations with a Safety Management System implemented (%)	NA	80	98	
Operations with a Health Management System implemented (%)	NA	52 ⁽¹⁾	76	

LOCAL ENVIRONMENTAL IMPACTS

Active sites with quarry rehabilitation plans (%)	94 ⁽²⁾	46	82 ⁽³⁾	
Active quarries within or adjacent to high biodiversity value areas (#) ⁽⁴⁾	NA	NA	112	
Active sites with high biodiversity value where biodiversity plans are implemented (%) ⁽⁴⁾	NA	NA	29	
Clinker produced with continuous monitoring of major emissions: Dust, NOx and SOx (%) ⁽²⁾	44	44	60	
Specific Dust emissions (g/ton clinker) ⁽²⁾	166	162	106	
Specific NOx emissions (g/ton clinker) ⁽²⁾	1,773	1,742	1,063	
Specific SOx emissions (g/ton clinker) ⁽²⁾	524	484	410	
Operations with water recycling systems (%)	NA	82	79 ⁽³⁾	
Environmental investment (U.S. million) ⁽⁵⁾	\$80	\$62	\$77	
Major environmental incidents (#) ⁽⁶⁾	NA	19 ⁽¹⁾	8	
Environmental non-compliance cases (#)	NA	67	67	
Associated fines (U.S. million)	NA	\$4.1	\$1.3	
Operations with an Environmental Management System implemented (%)	NA	52 ⁽¹⁾	59	

CLIMATE CHANGE

Absolute net CO ₂ emissions (million tons) ⁽²⁾	53.9	48.2	39.7	
Specific net CO ₂ emissions (kg CO ₂ /ton of cementitious product) ^(1,2)	684	654	627	
Thermal energy efficiency of clinker production (MJ/ton clinker) ^(2,7)	3,770	3,741	3,693	
Specific energy consumption by unit of ready-mix (KWh/cubic meter)	NA	NA	5.6	
Specific energy consumption by unit of aggregates (KWh/ton)	NA	NA	3.0	
Indirect energy consumption (GWh) ^(1,2)	8,568	8,000	6,887	
Alternative fuels rate (%) ^(2,8)	7.6	10.3	16.4	
> Alternative fossil fuels rate (%)	5.8	8.6	13.2	
> Biomass fuels rate (%)	1.7	1.7	3.2	
Alternative raw materials rate (%) ⁽²⁾	10.3	12	12.2	
Clinker / cement factor (%) ⁽²⁾	78	75	75	

1. Historic figures recalculated due to an improvement in measurement, as well as changes in the consolidation perimeter. 2. Only cement operations. 3. The change from 2008 to 2009 reflects an increase in the number of sites reporting. 4. Indicator changed in 2009 by the Cement Sustainability Initiative; was previously: "% of active sites operating in environmentally sensitive areas" and "% of active sites where biodiversity issues are addressed" due to this, 2009 data cannot be compared with previous years. 5. In 2009 we recalculated the historic figures to include environmental investments in alternative fuels and cementitious materials, hence the increase. 6. Refers to incidents—either internal or external to site boundaries—reportable under country legislation and resulting in a significant emission release to air, land or water. 7. Before 2009, this indicator was "specific heat consumption of clinker production". 8. Historic data recalculated by change in the classification of certain fuels. NA = Data not available.

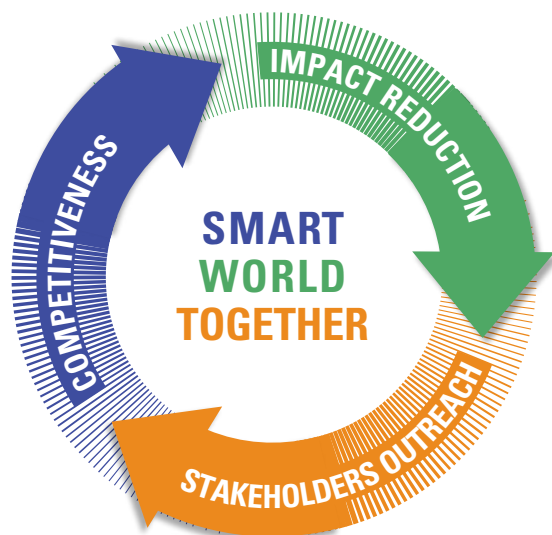
our COMMITMENT

We want to build a smart world, together: that is, we seek to create a successful, competitive company that collaborates with other stakeholders to make an overall positive impact in the world. This approach, which emphasizes innovation, continuous improvement, and collaboration, will enable us to sustain our company's success and contribute to our planet's ability to sustain our society for generations to come. This is the heart of our approach to sustainable development.

Our approach to building a more sustainable CEMEX—and thus contributing to a more sustainable world—is driven by the following three commitments:

Competitiveness: The smart way to do business is to increase our competitiveness by improving operational efficiency, adhering to high ethical standards, and developing and delivering the innovative products and services that our resource-constrained society demands.

Impact Reduction: While the building materials industry satisfies essential shelter and infrastructure needs, we strive to minimize the negative local and global impacts of our operations on people and the world, such as workplace-related fatalities and incidents, air emissions, noise and vibration, and impacts on the land from the extraction of raw materials.



Greenhouse for quarry rehabilitation efforts, Colombia.

Stakeholder Outreach: We seek to foster positive, long-term relationships with key stakeholders and, in doing so, address the challenges of sustainability together with them. We engage and collaborate with a range of stakeholder groups—our employees; neighbors; business partners such as suppliers, clients, and investors; and society at large—in order to understand their perspectives and concerns.

OUR STAKEHOLDERS

We believe that if our stakeholders prosper, our company will prosper. This philosophy forms the basis for our vision to be the company of choice for our stakeholders. This means being:

Our people

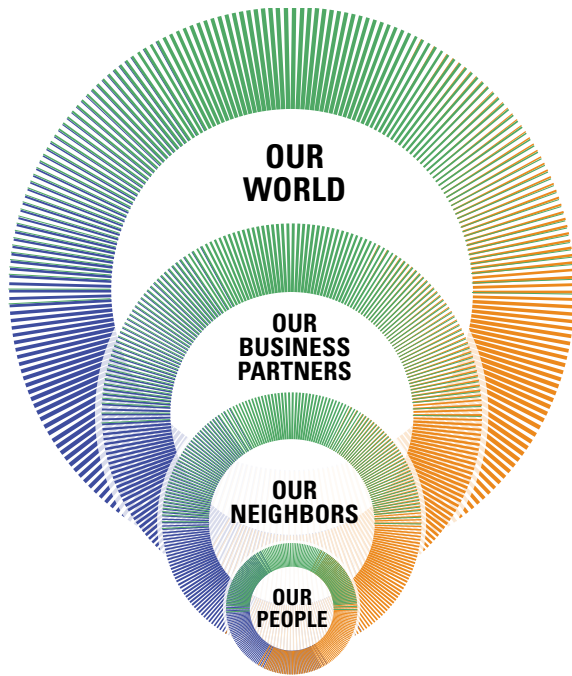
The employer of choice in our markets. We seek to provide the most attractive opportunities for employees' personal and professional development. We support employee volunteering initiatives and working arrangements that allow them to balance work with other commitments. We engage our employees through leadership engagement and communications; surveys; an internal magazine and newsletters; CEMEX Plaza, our intranet site; training programs; site visits by top management; and dialogue sessions.

Our neighbors

A good neighbor. We participate with communities openly and directly in order to build trust and address their concerns. We engage community members through a variety of means, including open house days, site visits, community meetings, advisory panels, local partnerships, dialogue sessions, social programs, and volunteering.

Our business partners

The business partner of choice. We seek to help our suppliers and customers build their businesses and to create enduring value for our shareholders. We engage our business partners through negotiations, meetings, commercial events, customer satisfaction surveys, customer-service centers, capacity-building



programs, our website, our supplier portal, CEMEX Day events for investors and analysts, our annual and quarterly financial reports, and press releases.

Our world

A good global citizen. As a global company, we work to contribute to international efforts to address some of the world’s most complex challenges, including climate change, access to housing and community infrastructure, and the conservation of biodiversity. As part of these ongoing actions, we interact with policy makers to communicate our positions on public policy issues. We also sponsor and actively participate in a number of educational programs with universities and schools and conduct biodiversity awareness-raising efforts such as the publication of our conservation book series. Overall, we have established more than 250 partnerships and memberships globally.

By building strong long-term relationships with our key stakeholders, we increase our responsiveness to their needs and concerns, find new ways to reduce our impacts, contribute to sustainable development worldwide, and, ultimately, make CEMEX a more competitive and profitable enterprise.

CORPORATE GOVERNANCE

Our Board of Directors is responsible for supervising the company’s senior management team, which in turn oversees the overall operations of CEMEX. Our Chief Executive Officer chairs the Board, which comprises 15 directors, nine of whom qualify as independent.

Risk Management

Our risk management systems help us identify, prevent, and manage risks that can affect our company, assets, employees, and neighbors.

These include risks related to the environment and the health and safety of employees and other stakeholders. We gather and analyze information from a range of sources to help us map potential issues. Our ability to anticipate these issues helps us reduce uncertainty and places us in a better position to turn risk into opportunity.

We provide compliance training and periodically review our policies and procedures on main risk areas, such as antitrust, anti-bribery, and information retention. We also conduct regular internal audits to test the robustness of our risk management processes and evaluate compliance across all business units. This helps us to promote a standard approach and encourage continuous improvement by identifying best practices. These audits have included environmental, health, and safety risks since 2007.

Ethics

In all of our interactions, and in every part of the world in which we work, we must act lawfully and with integrity. Our Code of Ethics and Business Conduct —inspired by our core values of collaboration, integrity, and leadership—is designed to ensure that all employees abide by the same high standards of conduct in their daily interactions. The code governs our relationships with all of our stakeholders and encompasses such areas as workplace safety, environmental responsibility, confidentiality, conflicts of interest, financial controls, and preservation of assets.

We are dedicated to ensuring we have an ethical workplace. To ensure an ethical work environment, we have established a local ethics committee in each country in which we operate. In addition, we assess employee perceptions through surveys, and we conduct campaigns to promote the ethical and professional behavior that we expect from all employees.

“Each of us is responsible for observing our Code of Ethics, not only to guarantee our compliance with applicable laws and regulations in every country, but also to ensure our adherence to the highest principles of corporate responsibility.”

*Lorenzo H. Zambrano,
CEMEX Chairman and CEO*

In 2008 we launched ETHOS, a company-wide effort to raise awareness of ethics and compliance issues and to improve and better integrate procedures for detecting, managing, and reducing ethical and compliance risks. Conducted through our intranet's policy center, ETHOS allows our employees to access all company policies, receive training on ethics and compliance, learn about important laws, identify channels for questions and complaints, and obtain information about our corporate governance. For example, we have available one-on-one and online courses to reinforce our culture of ethics and compliance on topics such as antitrust, anti-bribery, conflicts of interest, Sarbanes-Oxley, confidential information, and workplace harassment. In addition, we have 30 "ETHOS Clips", mini-courses that exemplify and reinforce how we expect our employees to conduct and abide by our Code of Ethics and our policies, as well as applicable laws.

An important element of this global effort is the ETHOS*line*, a confidential and secure communications channel through which any employee can seek advice or report a possible violation of CEMEX's Code of Ethics and Business Conduct. Employees may choose to submit their reports anonymously through this channel. Depending on the issue, specific cases may be reviewed by the audit committee, the local ethics committee, or the process assessment (internal audit) department.

CEMEX has also implemented mechanisms through which suppliers and customers may make their voices heard. Suppliers can send comments, suggestions, and complaints to CEMEX through a website dedicated to addressing their needs. Customers can share their opinions also at the country level through customer service centers, customer satisfaction surveys, and help lines.

The following are some of the actions we have taken to address cases of breaches to our Code of Ethics and to protect our employees:

- *A report related to sexual harassment involving an executive.* After the local ethics committee conducted an investigation, and evidence certified the claim, the executive was immediately dismissed.
- *A report about an employee harassing a coworker by calling him names.* The investigation produced evidence of disrespectful treatment on the part of the employee, who was issued a written warning regarding the behavior. The situation is being monitored to ensure that the offending behavior does not recur.
- *A report regarding preservation of assets.* An employee was discovered stealing diesel fuel from company trucks; the employee was dismissed.

SUSTAINABILITY GOVERNANCE AND MANAGEMENT

Sustainable development is integral to our business and, as such, is integrated and embedded into our vision and management approach. The Executive Vice President of Planning and Finance, who reports directly to our Chairman of the Board and Chief Executive Officer, is responsible for coordinating CEMEX's sustainability strategy on a worldwide basis through the Energy and Sustainability Vice President.

Our effort to establish systems that effectively integrate sustainability within our operations is ongoing. We focus our management systems on the key issues we have identified for each stakeholder group in order to minimize our impacts on them, address their concerns, and help them achieve their goals.

Key to this effort is our Sustainability Steering Committee, which defines priorities and targets, evaluates and approves sustainability initiatives, and monitors progress globally. The committee comprises members from all areas of the company and includes the Executive Vice President of Planning and Finance, who represents the Executive Committee, and the Senior Vice President of Energy and Sustainability, who serves as the chair. The Steering Committee also interacts regularly with our external sustainability advisory panel of experts in various areas of sustainability to ensure that we remain aware of and responsive to external perspectives.

In each of our cement plants and in each of our ready-mix concrete and aggregates clusters, we have appointed employees responsible for health, safety, and environmental management. In addition, all managers are expected to integrate sustainability priorities into day-to-day operations and to undertake measures to make our business more sustainable. Increasingly, we are including sustainability-related metrics in evaluating executive performance and potential and in our variable compensation schemes.

Our internal councils for safety, health, environmental, and social issues comprise experts on key issues and are responsible for coordinating the development of the global initiatives described in this report. These councils look for opportunities to coordinate and standardize our approach across the regions. Regional representatives ensure that these initiatives are integrated companywide. For example, our environmental council aligns local, regional, and global environmental activities, and we recently created a carbon emissions council to address our climate change policy and analyze relevant regulations around the world. Other specialized groups, such as the environmental technical ready-mix task force and the biodiversity committee, coordinate with the environmental council as needed. In addition, each region and many of our country

“I commend CEMEX for its efforts to raise visibility and transparency around sustainability. I hope the company maintains and even increases its level of commitment to its stakeholders in coming years.”

Claude Mandil, member of CEMEX's Sustainability Advisory Panel and former Executive Director of the International Energy Agency

operations have established committees to address sustainability issues. Country operations that have not established committees address sustainability issues as part of the local agenda.

In addition, all managers are expected to communicate our sustainability strategy and integrate it into day-to-day operations. We seek to ensure that our managers and employees understand what sustainability means to CEMEX so they are better equipped to identify and implement actions that will make our business more sustainable in all its dimensions, locally and globally.

OUR PRIORITIES

As a global company, we have many stakeholders with varying interests and, consequently, face a broad array of issues concerning the sustainability of our business and of our world. We focus on those areas of highest concern to our company and our stakeholders so that we can appropriately address their concerns and make the most significant positive impact. In conjunction with our reporting process, we undertake a materiality assessment to identify and prioritize issues. This process helps us to ensure that our reporting scope and overall strategy are appropriately aligned.

Our approach to determining our priorities includes the following:

- An evaluation of publicly available external sources, as well as information gathered internally, to approximate the level of concern for specific sustainability issues
- Direct internal and external feedback from CEMEX's sustainability team, internal stakeholders at the local level, and the advisory panel members to verify that we have properly assessed the level of concern

- A framework through which material issues define online and printed report content. Through this process we have determined the following to be our priorities (these are not listed in order of importance):

- Corporate governance
- Economic impacts
- Stakeholder engagement
- Health and safety
- Local environmental impacts
- Climate change
- Sustainable construction
- Access to housing and infrastructure

In future years, we expect to further refine our materiality process by incorporating more input from external stakeholders through research in key countries of operation.

PUBLIC POLICY

We engage with governments and regulators to communicate our positions on public-policy issues that can affect our company and stakeholders. We are increasingly focused on achieving our sustainability objectives, particularly within the context of more stringent legislation and the development of economic policies that promote environmental protection and a move toward a low-carbon economy. As such, our participation in policy development and discussions focuses primarily on climate change and related issues such as sustainable construction.

We manage public affairs on a regional basis as regulation varies from country to country. For example, the European Union emissions trading scheme is a priority in that region. And as the largest building materials supplier in North America, CEMEX leads regional public-policy discussions about the importance of cement and concrete products in building a sustainable future.

We communicate directly with regulators to make our positions on key topics known, as well as through our memberships in national and regional trade associations such as the European Cement Association (CEMBUREAU) and industry forums such as the World Business Council for Sustainable Development (WBCSD) and the Portland Cement Association. We also publish position papers, speak at external conferences and engage with non-governmental organizations, think tanks, and academic institutions to support our public policy aims.

our PEOPLE

OUR APPROACH

At CEMEX, our people are at the core of our business and our success. With the contributions, energy, and vision of our employees we continue to build our future and to be highly competitive in the building materials industry. Therefore, we have an ongoing interest in continuing to improve our work environment and to be surrounded by engaged employees who lead our company through a high-performance and sustainable culture.

In addition to our goal to be a company of choice, and for whom employees are proud to work, we aim to nurture and empower our employees by providing safe and healthy working environments as well as interesting, challenging, and continuous development opportunities. We do our best to make CEMEX not only a successful business but also a great place to work.

Governance and management

To ensure that we attract and have the best talent in the right role at the right time, we:

- design organizational structures that maximize effectiveness and efficiency and help employees reach their potential
- ensure consistency in our talent processes through global policies, guidelines, and services
- develop our people so they can execute our strategy, grow individually, and contribute to the constant reinvention of our business
- provide the right incentives and rewards schemes that recognize performance and motivate our people to continuously exceed their performance targets.

Our people management approach drives our efforts to develop organizational structures that maximize effectiveness and efficiency and help employees reach their potential. We seek to develop leaders that have a vision, aspirations, and values that align with those of our company, a deep understanding and belief in our mission, and the knowledge and skills to keep us competitive.

Our global policies, guidelines, and services are designed to assist our local business units in finding the right people and to ensure consistency in structures and employment criteria throughout the organization. Through organizational design and by establishing organization and incentive structures that drive sustainable high performance, we develop our people so that they can execute our strategy, grow individually, and contribute to the constant reinvention of our business.

We provide attractive reward packages that recognize performance and motivate our people to continuously exceed their performance targets. Among the incentives and benefits that we provide is a stock-ownership plan for executives, which seeks to better align their interests with those of our stockholders by awarding long-term restricted stock, life insurance, scholarships, bonuses, grocery allowances, uniforms, overtime pay, and savings accounts. These benefits vary among our different sites and business units.

Ensuring a fair and diverse workplace

At CEMEX, we strive to build a workforce that is rich in diversity and that reflects the local population in the areas in which we operate. We believe that a variety of minds working together—spurring new ways of thinking and unique perspectives—enriches our working teams and allows us to significantly increase our competitiveness by better serving our customers.

We are dedicated to ensuring we have an ethical workplace. Therefore, we assess employees' perceptions through surveys and annually deliver a campaign to promote ethical and expected professional behaviors. In addition, we work to uphold the principles of the United Nations Global Compact, a voluntary standard that covers human rights and labor standards. A diverse workforce brings with it new ways of thinking, unique perspectives, and valuable ideas, all of which contribute to our culture at CEMEX. Providing a safe, positive, and ethical work environment allows individuals to do their best and promotes a high-performance culture.

We guarantee the right to freedom of association and collective bargaining in all of our operations. We comply with local employment laws regarding minimum notice periods for any operational changes that affect employees' jobs or working agreements.

HEALTH AND SAFETY

The safety, health, and well-being of our people are of paramount importance to us and our stakeholders and are critical to our ability to conduct our business. We provide industry-leading safety programs to minimize hazards in the workplace and continually monitor our safety progress to ensure that our programs are working as effectively as possible.

In the building materials industry, the major causes of work-related fatal incidents continue to occur in two major areas: driving/traffic and falls from heights. Consequently, we have focused our health and safety strategy on programs related to driving safety, safety training for contractors and managers, and other initiatives that can contribute to minimizing hazards related to our work activities.

We manage our health and safety performance through our comprehensive health and safety management systems. These systems outline leadership and management responsibilities and provide the tools necessary to implement our health and safety strategies, including audits, inspections, and performance monitoring and tracking; health and safety training, including driving and contractor safety training; emergency preparedness; and incident investigation.

Our health management system enables us to monitor our global health performance indicators, integrate best health practices, and develop a strategic plan to improve our health results. Supporting our safety management system is our web-based electronic monitoring and tracking platform, which allows plant supervisors to access safety performance data in real time, share best practices, and alert others to potential safety concerns.

Our global health and safety councils, established in 2008, promote safety and preventive and occupational health in all of our operations. For example, the health council has established key performance indicators for measuring our progress based on our health objectives.

GLOBAL INITIATIVES

Safety leadership

Employee safety is of utmost importance at CEMEX. We are committed to identifying and reducing any safety risks associated with our operations by improving how we reinforce safe behaviors with our employees and strengthening the accountability of management for ensuring safe behavior. A flagship safety leadership program called LEGACY was designed and developed in 2009 to equip managers at all levels within CEMEX with the tools, skills, and behaviors they need to lead safer, more efficient operations. The objective of LEGACY is to promote a cultural change in the way we currently operate, moving from “production” to “safe production” to help us achieve our global, long-term goal of zero incidents.

LEGACY is the foundation for a new global safety leadership course, which all leaders, from executives to front-line supervisors, are required to complete. The two-day course, designed and developed by CEMEX, is based on seven behaviors of effective safety leadership and covers themes such as leading



Employees reviewing safety practices before a day of work, UK.

by example, understanding processes and people, communication, and motivation and accountability. The global safety course complements behavior-based safety programs previously established in some of our countries of operation.

In addition to LEGACY, we have developed a root-cause investigation tool to improve the quality of incident investigations in the company. This process enables us to better understand the true root causes of safety incidents and those aspects of our safety management system that we must strengthen in order to prevent injuries. In addition, we have developed a root-cause analysis training course to improve the quality of incident investigation.

“LEGACY, one of the best courses I’ve attended, will make a huge improvement in the way we deal with safety at all levels, provided that we believe in it with our hearts.”

*Mohamed Abdel-hameed El-dagashy
Ready-Mix Concrete and Aggregates
Director, CEMEX in Egypt*

Driver and contractor safety

Driving is the activity that leads to the majority of fatalities in our industry. In addition, approximately 60 percent of all fatalities in the CSI database are related to contractor activities. At CEMEX, we believe that greater industry collaboration on driving- and contractor-safety initiatives that address the causes of these fatalities is necessary to prevent additional loss of life. That is why we led the Driving Safety Working Group in developing consistent, industry-wide practices for reporting safety performance and evaluating progress in reducing incidents and injuries over time. The CSI document, entitled Recommended Good Practice for Driving Safety, outlines practices for drivers, their managers, and transport management contractors. A similarly titled document, Recommended Good Practice for Contractor Safety, outlines safety practices for both contractors and subcontractors.

The CEOs of all 21 CSI member companies approved these practices in October 2009, and all CSI companies are expected to implement the practices in their operations within 5 years. CEMEX is committed to implementing these practices and to prioritizing actions to improve performance. Ultimately, these efforts will help to eliminate driving- and contractor-related injuries and fatalities.

In addition to our CSI-related efforts, we at CEMEX are developing internal driving safety and contractor safety plans to demonstrate our continued leadership in these areas.

Health essentials

Based on the work of our global health council and other feedback, we have established Health Essentials, a global health campaign designed to reduce the prevalence of health risks associated with our operations and encourage employees to live a healthy lifestyle both inside and outside the workplace. The campaign's objectives are to unify all of our health efforts worldwide and to align all occupational and preventive health programs, both current and developing, at all levels of the company. The program formalizes and strengthens

our knowledge base for the different aspects of CEMEX's Health Management System. The program also establishes guidelines to guarantee that all business units act upon the same health standards, reducing cost and minimizing employee health risk and inefficiencies.

The Health Essentials initiative aligns all current and developing CEMEX health programs, occupational as well as preventive, at the local, national, and regional levels. It is divided into twelve different health promotion topics and aims to cover the most important issues our people face every day in both occupational and preventative health. Topics such as Lung Power and Safeguard Your Back directly touch upon the occupational risks our employees may face on the job. Topics including Healthy Heart and Vaccines aim to promote a healthier culture within CEMEX, increase our employees' quality of life, and reduce the number of days lost due to illness. This campaign has built awareness of health issues, encouraged employees to undertake preventive healthcare, and ultimately helped to create a healthier culture within CEMEX. In addition, the program builds trust, motivates employees, and reduces healthcare costs.

The campaign features easy-to-understand materials that are distributed to CEMEX employees worldwide, as well as a system for global knowledge-sharing and standardized guidelines to promote health and safety within operations around the world. Materials such as presentations, brochures, flyers, bilingual posters, and self-evaluation tests, as well as activities related to the prevention issues, are ready for use.

CEMEX safety awards

Since 2000, the annual CEMEX Safety Award has promoted excellence in safety and health at our operations worldwide. Sites are judged on performance, safety leadership, risk management, incident investigation, analysis, and follow-up. The award is given to the best performing and most improved facility in each business segment.

The 2008 CEMEX Safety Award Winners were:

BUSINESS SEGMENT	BEST SAFETY PERFORMANCE	PROGRESS
Cement	Costa Rica - Colorado	Egypt - Assiut
Concrete	Poland - Cluster South	Mexico - Tijuana
Aggregates	USA - Northern California	Costa Rica - Guapiles
Logistics	UK - Western Region	UK - Cement Logistics
Other	UK - Building Products	Ireland - Concrete Products
Country	Poland	Ireland

EMPLOYEE ENGAGEMENT

Employee engagement is a critical component of our business strategy and performance. By engaging with our employees we build trust and create a working environment in which employees know their contribution is valued. Engaged people want to continue to be a part of the company, to go above and beyond to satisfy customers and achieve performance targets. As a consequence, they deliver better business results.

At CEMEX, we engage our employees on topics ranging from ethics to innovation to operations in order to earn their trust, foster the exchange of ideas, and improve our performance. In addition, we continually focus on improving our work environment. To effectively target our efforts, we conduct our CEMEX survey worldwide.

Because CEMEX is a global and diverse company, our engagement efforts are vital to increasing our understanding of sustainability challenges and opportunities within our business, and we use these insights in our ongoing effort to be an employer of choice.

Our CEMEX Survey provides a forum for employees to share their opinions, and its results give us a representative view of what matters the most to our people. Our goal is to achieve high engagement levels in each country in which we operate, compared with industry benchmarks. In addition to our internal employee survey, our employees share their ideas and perceptions through regular “town-hall” style meetings and ongoing team briefings. More importantly, this feedback guides our actions to continuously improve our workplace.

As part of the ongoing efforts to support our employees, we have in place arrangements that allow them to balance work with other commitments, and we encourage employee volunteering opportunities.

GLOBAL INITIATIVES

Employee survey

At CEMEX, we want to be the world’s most efficient and profitable building materials company. While we know we have a solid business strategy, the ultimate determinant of our company’s success is our people. As such, their opinions on a range of issues, from their individual likes and dislikes to the direction of our company as a whole, are important to our ability to achieve our business goals.

Since 2006, we have conducted our CEMEX employee survey globally. The survey measures the degree to which employees feel motivated by their job, supervisors, team, and organization to stay with the company and contribute to its success. Guided by the results, segmented by business unit and functional areas, our business leaders and

department heads have developed action plans and implemented initiatives that improve the work life and performance of our employees.

Among the additional improvements noticed from 2007 to 2009, people have:

- acknowledged CEMEX is acting as a more socially responsible company
- appreciated that they have been receiving better communication and feedback, and recognized that top management is actively providing direction that enables them to better understand our mission
- expressed confidence that we will outperform our competitors in the future and in the decisions made by top management

Even though we showed slight improvement in the area of job opportunities, employees would like to see us offer additional, highly interesting growth and development opportunities. Respondents also expect management to act in response to employee feedback. These highlights require us to work harder and take specific actions that better respond to employee expectations and needs.

We plan to continue conducting the survey and to use the results to refine our engagement efforts, incorporating the ideas that we gather to improve our work environment and our company competitiveness.

Leadership communications

Our Leadership Communication Process is an excellent example of how we are listening to our employees and responding to their needs. The needs identified in our 2007 employee survey included the improvement of internal communication practices and having CEMEX managers in leadership roles closer to the line. In response, a multicultural and multifunctional team worked together to create a Leadership Communication Process that defines the key role that our leaders play in employee communication and engagement.

The Leadership Communication Process has three main components:

- minimum core requirements for actively communicating with employees at each level within the organization to better inform and engage our people
- processes for timely communication of relevant strategic business topics
- mechanisms that ensure employees are given multiple opportunities to provide feedback or address questions to management, ensuring dynamic, two-way communications with our people

To equip all CEMEX managers to better manage communication, we have an online and easy-to-use tool kit that allows managers to review best practices, tools, and tips for communicating with employees.

Sustainability communications

We believe that from our headquarters to the front-lines, all employees can create sustainable value for the company regardless of their position. For our sustainability strategy to be effective, however, employees must understand how and why sustainability matters so that they can incorporate it into their daily activities. Towards these ends, we have developed a suite of internal communications materials to help managers and employees understand what sustainability means at CEMEX and their role in identifying and implementing plans for us become more sustainable both locally and globally.

Executives across business units and regions actively participated in the sustainability communications rollout by holding their teams accountable for completing team sustainability discussions, sending a clear message that sustainability is a process of continuous improvement and is vital to our business success.

TALENT DEVELOPMENT

At CEMEX, we promote a culture of consistent high performance worldwide. We know that, in order for our employees to perform, they need tools and opportunities to increase their productivity and help them develop new skills. We seek to develop employees so they can execute our strategy, grow individually, and contribute to the constant reinvention of our business.

In addition, we work hard to attract and retain talent and to place our employees in the right role at the right time. That includes making sure that our employees are compensated fairly and competitively for their efforts and that they receive ongoing training to remain competitive and effective.

Our commitment to employee development is multifaceted. From our global leadership and management programs to our scholarships and online training courses, we work to foster our employees' growth at each stage of their career. We also encourage our employees to take international assignments, which enhance the participant's growth, facilitate the exchange of best practices, and strengthen our shared corporate culture.

GLOBAL INITIATIVES

Talent review

Talent Review is a dialogue-based employee development process, based on the employee's performance, potential, and personal interest. Performance and potential are assessed in consensus with the employee's direct supervisor and peers, as well as with the area leader.

The process opens a forum for discussions about our people, builds a common "language" to evaluate and identify talent, outlines talent gaps, and empowers the organization to actively participate in development. Since its launch in 2007, more than 3,000 individuals worldwide have been assessed across all regions and most corporate areas.

Training

We provide continuous training and development opportunities so employees can work smartly, safely, and effectively. We seek to develop employees' skills using a variety of learning initiatives and on-the-job training on a wide variety of subjects. We have developed specific programs aimed at strengthening the skills and competencies of people in leadership positions and in building those same competencies in those rising to these levels. These programs give our future leaders the opportunity to learn about decision-making models, business trends, and strategy; strengthen interpersonal skills; build a strong international network that promotes knowledge and best-practice sharing; and experience working in virtual and multicultural teams.

To complement our onsite training efforts, we have developed a state-of-the-art online learning management system, CEMEX Learning, through which our employees are able to design their Individual Development Plans.

These plans guide each employee to deliver his or her best. One of the main purposes of CEMEX Learning is to serve as a course library. Our online courses include, among many others, subjects such as interpersonal skills, process and project management, our CO₂ emissions challenge, our use of alternative components in products, our technology strategy, retaining talent, and situational leadership.

As part of our ETHOS ethics training initiative, we offer one-on-one and online courses to reinforce our culture, including such subjects as antitrust, avoiding conflicts of interest, code of ethics and business conduct, Sarbanes-Oxley, protecting confidential information, and workplace harassment. In addition, we have 30 ethics clips, mini-courses that exemplify and reinforce how we expect our employees to conduct themselves and abide by our code of ethics.

our NEIGHBORS

OUR APPROACH

At CEMEX, we seek to ensure that we are a good neighbor and an active and positive part of every community in which we operate. To meet this objective, and to move closer to our vision to build a **smart world together** with our stakeholders, we seek to minimize our local impacts, develop strong long-term relationships with local community members, and contribute to socio-economic development wherever we operate.

Governance and management

A key aspect of our sustainability strategy is to create social value in a manner that is aligned with our core business strategy and values. Toward that end, we often conduct social and environmental impact assessments and seek to minimize the possible negative impacts of our operations while providing communities with opportunities to improve their quality of life.

To better manage environmental impacts, the majority of our operations have local environmental management systems in place. In addition, we are continuing to develop and implement a global Environmental Management System (EMS), consistent with ISO14000, to provide a clear set of guidelines and standards that business units and supporting functions can use in our cement, ready-mix, and aggregates businesses. The global EMS addresses the environmental essentials of climate change, biodiversity, air quality, water, and disturbances and emphasizes the ability of facilities and functions to leverage existing systems and processes to ensure continual operational improvement.

Our environmental council coordinates the alignment of local, regional, and global activities. It comprises regional representatives responsible for environmental performance and invites additional members for technical support when required. Among the council's focus areas is the adoption of the company's environmental strategy, the environmental governance framework, and the global EMS.



Castillejo Quarry restored into a vineyard, Spain.

Our land management activities, which include biodiversity conservation, are part and parcel of our overall long-term resource management strategy and are key to our continuing ability to access the raw materials we need to make our products. Within our environmental council we have established a biodiversity committee to ensure consistency between the various biodiversity initiatives within the company and to strengthen our biodiversity management performance. The role of the biodiversity committee is to identify, assess, and document best practices and to propose standards, guidelines, and tools for assessing and mitigating impacts, conducting rehabilitation, and measuring performance.

Where we operate in sensitive areas for biodiversity, we seek to have specific plans in place to ensure that the management of biodiversity is embedded throughout the lifecycle of the sites, from reserve development to site operation to rehabilitation and aftercare. This includes the appropriate assessment of the biodiversity context and the potential impacts of our operations, the definition of conservation actions and the implementation of a monitoring and reporting system.

We are continually working to minimize the number of environmental incidents, which are events related to our operations that occur outside of normal operating conditions and cause the significant release of pollutants to air, land, or water. We are implementing consistent incident reporting across countries and regions, which helps to identify the root causes of incidents, monitor corrective actions, analyze trends, and ultimately prevent them from occurring. We are reinforcing the integrity of our incident reporting procedures through training, analytical tools, the dissemination and adoption of best practices, and various cost identification techniques. With our standardized reporting tools, business unit leaders deliver a program that trains operations managers at the country level to train their own teams in these procedures.

our NEIGHBORS

Continuous community dialogue and action are critical to our ability to execute our sustainability strategy and operate our business. Therefore, we work with neighbors before we begin operations and maintain an ongoing conversation with them to improve mutual understanding of our business and impacts, as well as their views.

Because our operations often form a major part of our local communities—we often employ community members and work with local suppliers—we focus on building trust and open dialogue with our neighbors.

Our policy is to participate with communities openly and directly in order to build trust and address their concerns. Our strategy is to continually improve and standardize our approach to community engagement. We find what works and what is mutually beneficial for both the community and CEMEX, and we seek to systemize that practice across our operations. Most of our cement and aggregates sites have community engagement plans in place that include, for example, site visits, open days, and social investment projects. In addition, in some countries we have assembled community advisory councils to help us strengthen dialogue.

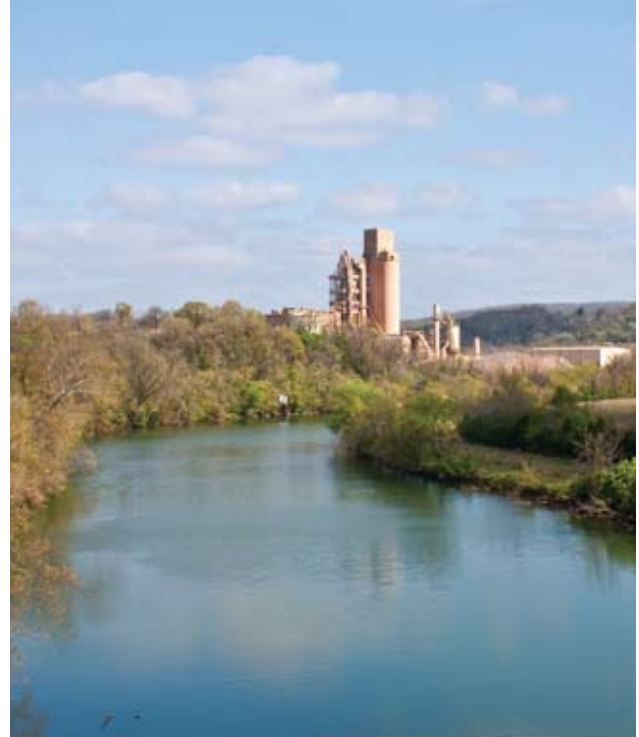
Our social investment initiatives are part of community engagement plans and are designed with a long-term perspective and in collaboration with neighbors. Our efforts also seek to leverage our core competencies and assets. Ultimately, they help to build trust and relationships and secure the growth of our business. We have developed specific social investment guidelines, which provide a common global framework designed to support the planning and execution of social investment strategies in all countries.

Our social council brings together managers responsible for social initiatives in each region of operation. The council is charged with consolidating and aligning our social investment guidelines to encourage a common approach among business units, countries, and regions.

LOCAL ENVIRONMENTAL IMPACTS

We are keenly aware of and are committed to mitigating the impacts that our plants, quarries, and logistics have on the surrounding communities. These include impacts associated with the building materials industry, such as traffic, air emissions, and noise, and land impacts related to the extraction of raw materials. By effectively managing these impacts, we are better positioned to gain access to raw materials, to obtain land-use permits, and to build relationships with communities. These are critical to our long-term success as a company and the long-term health of the communities and society as a whole.

Toward these ends, we have designed our global environmental strategy to manage our impacts re-



Knoxville plant designated as Certified Wildlife Habitat by The National Wildlife Federation in the United States.

sponsibly and to strengthen our relationships with the communities in which we operate. Our strategy includes the monitoring and control of air emissions; the management of land and conservation of biodiversity within and around sites; the minimization of disturbances such as noise, vibration and traffic; the optimization of water use; and the reduction and recycling of waste.

GLOBAL INITIATIVES

Air quality

Cement production releases different types of pollutants into the environment, mainly as airborne emissions, which must be strictly controlled. The major emissions our operations release are dust, nitrogen oxides, and sulfur compounds, which are often subject to national legislation and local regulation. Other pollutants, such as dioxins, furans, volatile organic compounds, and heavy metals, are usually found in very small quantities in emissions from our cement plants. We have comprehensive continuous and discontinuous systems in place to monitor the release of major and minor emissions.

We conform to the Cement Sustainability Initiative (CSI) reporting protocol for emissions and approved a five-year capital expenditure of US\$10 million, beginning in 2007, to achieve our target of continuous monitoring of major pollutants in all of our kilns by 2015. We have also invested in new equipment to reduce our air emissions at many of our sites. We believe that using residues from other industries as a fuel source helps to save resources while safely disposing of society's wastes.

In addition, we are working diligently to monitor, measure and reduce our carbon dioxide (CO₂) emissions as part of our broad-based effort to address

climate change. We are increasingly using alternative fuels and renewable energy sources to generate power for our operations. We invest in wind, hydro power, and waste-to-energy projects that power our operations and help us reduce our CO₂ emissions.

Reducing disturbances

Our quarrying and cement manufacturing activities give rise to emissions of noise and vibration that can have a negative impact on the health and well-being of workers as well as the surrounding community.

We work to mitigate the noise associated with our operations through operational controls and local measures such as noise suppressors, regulation of distance between noise sources and operators, isolation of noise sources, scheduling of blasting activities, and the provision of ear protectors to employees working in areas where noise levels exceed noise limits. These controls conform to the standards and requirements of our environmental management system and local regulations.

To minimize traffic congestion, and as part of our sustainable transport approach, we seek alternative ways to transport our raw materials and products. For example, many sites use conveyor belts to transport raw materials from the quarry, which reduces noise, congestion, and the likelihood of traffic accidents while also conserving fuel use. We seek alternative modes of transport—for example, multimodal systems comprising road, rail, and water transport—wherever feasible to reduce these impacts. The ultimate impact of these efforts is to reduce noise, vibration, energy use, CO₂ emissions, and costs.

Waste management and recycling

To minimize the amount of generated waste sent for disposal, we have integrated waste management into our operations in several respects. We reuse many of the by-products of our operations—for example, cement kiln dust (CKD)—in our production process. We commonly add CKD to finished products and use it to stabilize waste or for environmental remediation. We seek additional beneficial uses for any CKD produced and, through good operational practices, keep to a minimum the proportion that we send to landfills. The rest of our operations produce comparatively little waste.

We have put in place processes to record and report waste production volumes from operational sites. We record information as total hazardous and non-hazardous waste by volume as designated by local country waste regulations.

CEMEX continues to take ongoing actions to address the complex regulatory barriers that exist around the reuse of waste materials in its production processes—for example, the utilization of recycled concrete and other construction and demolition

wastes as a replacement for primary aggregates. In the 2009 report, we disclose, for the first time, indicators related to waste management and disposal for our operations.

Other waste-related initiatives in our operations include, for example, retrieval schemes in the UK for the recovery of the pallets used to transport cement bags, which are reconditioned and recycled, and recycling of concrete in large infrastructure projects as part of our sustainable construction approach.

In addition to our effort to manage the waste produced by our operations, we are increasingly using society's waste—chipped tires, sewage sludge, household waste, and biomass such as rice and coffee husks, sawdust, and palm residues—as alternative fuels in our cement kilns. In the process, we are diverting societal waste from landfills and using it to displace fossil fuels and reduce CO₂ emissions. We are also using by-products from the steel and power industries, such as fly ash and blast furnace slag, as alternative cementitious materials to reduce the percentage of clinker in our production process and help reduce energy consumption.

Water conservation

The availability, cost, and quality of water along our value chain has implications for the continuity and future success of our business. We utilize water throughout our operations. In cement production, water is used primarily for cooling or in preparing slurry in kilns that use a wet process, and in concrete and aggregates operations it is a part of the production process itself and is used for cleaning plants and equipment, in truck-wash systems, and for washing aggregates. Our quarrying, cement, and aggregates operations have potential impacts on water resources. For example, these activities can cause changes in groundwater levels and emissions to water. On the other hand, our quarry rehabilitation operations can result in the creation of wetlands to restore well-functioning river systems.

We must work constantly to optimize our water consumption and to conserve and preserve the quality of water resources and wetlands in the communities in which we operate. Most of our operations have water-recycling systems in place. Together with scientific and NGO partners, we have designed the first phase of a global water assessment project to establish a baseline of our global water use and impacts; identify key risks, opportunities, and best practices; develop management standards and operating guidelines for operations; and strengthen our involvement in watershed management. We are also involved in the World Business Council for Sustainable Development (WBCSD) Water Working Group, which shares best practices across sectors and produces frameworks and tools intended to integrate water issues in business strategic planning.

Land management and biodiversity

Our commitment to effective land management and biodiversity conservation is longstanding. We work diligently to responsibly manage the land within and around our operations to protect biodiversity and maximize our contribution to nature conservation. Because the opening, operation, and closing of our cement and aggregates sites, in particular, can potentially affect biodiversity, we work constantly to minimize their potential impacts. These can include habitat degradation, species disturbance, changes in groundwater levels, discharges to water bodies, and dust emissions.

We recognize that our access to raw materials and our ability to operate in a given locale depends to a large extent on our ability to effectively manage our land impacts and protect the biodiversity of the area. However, we also believe that our operations, especially cement and aggregates, can have positive impacts and actually contribute to biodiversity conservation. For instance, quarries provide valuable habitats for some protected species through site rehabilitation, but also during the operating period.

We have quarry rehabilitation plans in most of our operations and many examples of successful rehabilitation projects focused on biodiversity conservation. We also benefit from longstanding relationships with conservation organizations in various countries in Europe, the USA, and Mexico, among others. For example, to enhance our performance, in 2007 we signed a 10-year agreement with BirdLife International, one of the world's most important conservation organizations, building on our existing relationship with the organization in Europe dating back to 2003. This partnership is an important aspect of our biodiversity management strategy and includes two important tools:

Biodiversity scoping study. We have conducted a biodiversity scoping study that maps all of our cement and aggregates sites worldwide and assesses their proximity to areas of importance to biodiversity. The biodiversity scoping study provides our operational managers with useful tools to better understand the biodiversity context in which they operate and highlights those facilities that overlap with important biodiversity areas. Moving forward, we will establish priorities among the subset of overlapping sites, ensuring that the appropriate level of biodiversity management is in place, and developing collaborative on-ground works targeted to the development of operational best practices and effective site-based conservation.

Biodiversity database. We maintain an online database of information on the biodiversity management practices of each cement and aggregates site worldwide. It contains site descriptions and information regarding biodiversity attributes of each site,

relationships with stakeholders, and site management. The database is useful in calculating biodiversity KPIs, measuring the company's biodiversity performance, identifying best practices, developing management standards, and supporting continuous improvement.

We also actively contribute to several working groups related to local biodiversity impacts and the cement industry. Among these is the WBCSD Ecosystem Focus Area, which concentrates on exploring mechanisms and developing tools to support business decisions on biodiversity management, and the CSI Task Force 5—Biodiversity Working Group, which has as its main objectives to establish standards and performance indicators for biodiversity management for the industry and to promote members' best practices.

SOCIAL INVESTMENT

As a global company and building materials provider, we know that we can play a significant role in the communities in which we operate. We engage in ongoing community dialogue to understand the needs and concerns of the communities in which we operate, and provide market-based solutions through social enterprises that enable underserved communities to access housing and infrastructure.

We seek to leverage our core business strengths—institutional knowledge and experience, employees' talent and time, and social investments—to support the social and economic development of these communities. Specifically:

- We promote access to affordable housing and improved infrastructure for low-income families in developing countries by providing technical assistance and microcredit for building materials.
- We increase education and training opportunities in schools and universities, including funding cultural and sporting activities.
- We foster local environmental awareness projects.
- We contribute to disaster relief.
- We promote employee volunteering.

Our social investment guidelines provide a common global framework designed to support the planning and execution of social investment strategies in all countries in which we operate. The guidelines apply to programs run directly or through partnerships with stakeholders, to cash and in-kind donations, and to employee volunteer efforts. Our investments in local communities are aligned with our values and business objectives.

GLOBAL INITIATIVES

Access to housing and community infrastructure

As a global company, we understand that we can play a significant role in contributing to raising living standards in developing countries, many of which are our countries of operation. Key to this effort are our initiatives to help reduce global poverty by providing low-income customers access to our building materials. By increasing access to our building materials and services, we help strengthen the communities in which we operate as well as our business. Our approach aims to align the values and commercial objectives of our business with the needs of communities. Both community and company, in turn, contribute to the global economy.

Along these lines, since 1998 our award-winning Patrimonio Hoy initiative has offered low-income families access to services and building materials on credit in an effort to raise living standards, improve children's learning conditions, and promote local economic development. Patrimonio Hoy is a self-sustaining social enterprise with more than 100 offices in Latin America, 85 of which are located in Mexico. The overall objective of Patrimonio Hoy is to improve the quality of life of low-income families by empowering them through a market-based solution to address their housing needs.

In addition to low-income housing improvement, we collaborate with local governments and groups of neighbors to improve the conditions of community infrastructure more broadly, for instance by enhancing the state of unpaved roads, sidewalks, parks, public schools, hospitals, and other community spaces.



Participants of Patrimonio Hoy in Nicaragua.

Educational, cultural and sports activities

Our support for educational institutions and programs aligns with our business objective to attract and retain the best talent the world has to offer. Though our involvement is necessarily local, it has a global impact in that the talent developed through these organizations go on to serve the global economy in many different capacities. In Mexico, for example, our Chairman and CEO chairs the board of Tec de Monterrey, the largest not-for-profit private university system in Mexico. In addition, several of our country operations have launched Cátedras, or educational chairs, in partnership with universities in the areas of architecture, sustainable construction, and corporate responsibility. Our support for cultural and sports activities in local communities serves to strengthen our relationships and helps us better understand the communities in which we operate. In many of our countries of operation, we grant scholarships for community members to attend colleges, technical institutes, and universities.

Fostering local environmental awareness

We invest in local environmental projects related to issues such as environmental awareness, conservation and biodiversity preservation, and reforestation. These projects improve our understanding of the environmental challenges of a particular locale and enable us to better address local environmental challenges.

Disaster relief

As a global building materials provider, we are uniquely positioned to assist in rebuilding communities following major disasters such as earthquakes or, to cite a specific example, the Tsunami in Southeast Asia in December of 2006. Our disaster relief efforts support the communities and our employees in times of great need and devastation and further strengthen our relationships in times of calm.

Employee volunteering

A key component of our social investment efforts is the time and energy that our employees contribute through volunteering. We encourage our employees and their families and friends to give their time and knowledge to support local communities. Many of the social projects we support depend on the active participation of our people.

our business PARTNERS

OUR APPROACH

At CEMEX, we seek to provide innovative, quality products that benefit society and make construction safer, more productive, and more sustainable. Our vision is to play a leading role in the sustainable construction industry. We recognize, however, that we cannot achieve this vision alone. We understand how our sustainability efforts depend on the support and participation of our business partners throughout our value chain, primarily our suppliers and customers, which include distributors and individuals building their own homes. We collaborate with them in order to create a more sustainable construction industry and build a **smart world together**.

Governance and management

Our ability to competitively source our inputs and offer our products and solutions for a more sustainable approach to construction is a key aspect of our strategy. Toward this end, we communicate with our suppliers and contractors to share our goals and challenges, engaging them in finding sourcing alternatives with lower impacts on people and the environment. We seek to partner with firms that have strong safety records, high labor standards, and strong environmental performance. In particular, we collaborate with our suppliers to reduce the impacts associated with raw material extraction and the production and transportation of building materials.

We work together with suppliers to ensure that they are selected fairly and transparently, that procurement decisions are made honestly and communicated clearly, and that our negotiations foster long-term, mutually beneficial relationships. At a minimum, we require that our suppliers comply with local regulations, and we seek to ensure that they work to our exacting standards. Together, we are constantly looking for opportunities and new ways to improve and innovate.

At the corporate level, we oversee procurement strategy and work to standardize our procurement practices by establishing processes, systems, and tools as well as monitoring compliance, promoting best



practices, and reporting performance. In addition, procurement teams in each of our business units follow a common strategic sourcing methodology, which increasingly integrates sustainability aspects.

As part of our effort to better understand and improve on our supply chain practices, as well as contribute to best practices, we actively participate in the United Nations Global Compact (UNGC) Advisory Group on Supply Chain Sustainability.

We seek to ensure customers' satisfaction and the best service experience across all business lines, no matter where our customers are located. Because customer needs vary across our global markets, the management of our customer relationships is decentralized. Our operations conduct regular customer satisfaction surveys at the local level to understand customers' needs.

We work hard to ensure that our products are safe to use, and we give customers the information they need to use them properly. All of our production processes are certified locally, and many of our cement plants are certified to ISO 9000, the internationally recognized quality management standard.

The materials that we offer are not end products in themselves but serve to construct buildings and infrastructure projects. Therefore, as part of our vision to build a smart world, we work to promote the use of our cement and concrete products as part of a more sustainable approach to construction. We collaborate with our customers, architects, and others to reduce the impacts associated with the design and construction of more sustainable buildings and structures, as well as the use, maintenance, and end-of-life treatment of the buildings and infrastructure made from our products.

SUPPLIERS

At CEMEX, we want to be the customer of choice for our suppliers. In turn, their loyalty, support, and collaboration enable us to compete more effectively, innovate, source our inputs more sustainably, and find new ways integrate sustainability into our value-chain and our industry.

We understand that our sustainability efforts depend on the support and participation of our supply chain partners. We actively collaborate with our global, multinational suppliers to achieve our mutual business and sustainability goals, and we benefit as we learn from their global perspective, expertise, and practices.

We also work to support smaller, local suppliers. Our relationships with these firms help to build local economies as well as our relationships with local communities.

GLOBAL INITIATIVES

Supply chain practices

Many of our country operations have made substantive efforts to enhance sustainability within their procurement practices. These include questionnaires for evaluating suppliers and our efforts to encourage more sustainable modes of travel and transport in our travel policies. In addition, we use environmental standards or criteria in the country-level selection of suppliers of our primary and secondary raw materials.

Whenever feasible, we support small and locally based suppliers in an effort to create jobs, broaden their skills, stimulate economic growth, and help them become more sustainable. In fact, the vast majority of our suppliers are locally based. Our country procurement teams participate in local events for identifying new locally-based and SME suppliers. We provide training and development programs that help these suppliers strengthen their business practices and embed sustainability principles within their systems.

We value our suppliers' feedback and provide them with an online mechanism for sending us their comments, suggestions, and complaints, which are consolidated and reviewed at the global level. Complaints in particular are reviewed at the highest level, and we do our best to address them in a timely and responsible manner.

CUSTOMERS

We want CEMEX to be the supplier of choice for our customers, whether global construction firms or individuals building their family's first home. We want to provide them with the most efficient and effective building solutions, no matter what their construction project or how big or small. We seek always to gain a clear understanding of what they need and to ensure that we have what it takes to meet their needs.

To help our customers achieve their goals more efficiently and effectively, we tailor our products and services to suit their diverse needs. As commercial needs and practices vary greatly from region to region and from customer to customer, we take a local and flexible approach to serving our clients to ensure that we meet their varied requirements. We actively collaborate with them and seek to offer products and solutions that foster a more sustainable approach to construction.

GLOBAL INITIATIVES

Delivering a superior customer experience

We seek innovative ways to help customers improve their businesses and operations, and we engage them regularly to elicit their feedback and learn how we can better serve them. For example, we have launched a number of novel initiatives for our many customers who demand cement in bulk, such as our 24-hour bulk-cement dispatch system, which enables customers to pick up cement at their convenience, shorten their loading times, and cut back on their paperwork.

Our online inventory-management system allows our customers to focus on their construction projects without worrying whether there is sufficient cement in their silos. This system automatically communicates and coordinates cement deliveries among our customers, our carriers, and our operations; enables us to monitor, replenish, and optimize cement-inventory levels at our customers' ready-mix plants; and keeps our customers apprised of the status of their cement deliveries.

In addition, our products are often sold through distributors, in which case we work closely with them to ensure that our customers receive a superior mix of building materials and services. We partner with our distributors to offer customers an extensive range of brand-name products at competitive prices. For example, through Construrama, our network of more than 2,000 independent retailers in Mexico, customers—many of them in the self-construction sector—can purchase our products as well as others. We train Construrama concession owners to manage all aspects of their business, including inventory control, product promotion, sales-force training, and transportation logistics.

More and more, our customers, in particular our large and multinational customers, are seeking to make their operations and buildings more sustainable, and that opens new markets and creates new opportunities for us to help them achieve their goals. Our building materials, ready-mix concrete in particular, can help customers reduce the environmental impacts of their buildings and meet the requirements of existing certifications, such as

Leadership in Energy and Environmental Design (LEED) in the United States, Haute Qualité Environnementale (HQE) in France, Energy Pass in Germany, and the Comisión Nacional de Vivienda (CONAVI) in Mexico. In addition, in emerging markets we can use our influence to promote sustainable building practices among our smaller, local customers.

Serving low income customers

We seek to provide superior service to all customers, no matter how large or small. Our work with low-income customers provides them with improved access to our products on favorable terms, promotes entrepreneurship, and enables them to raise their standard of living. For example, our local training programs help our smaller customers improve their construction skills and better manage their businesses. And our frequent-buyer programs enable qualifying customers to accumulate and later redeem points for computers and capital goods—such as forklifts and light trucks—to help their businesses grow.

Our signature Patrimonio Hoy program and local programs such as our Centros Productivos de Autoempleo (Community Blockers) program provide market-based solutions to address the housing needs of low-income families. In addition, we partner with local governments and groups of neighbors to improve the conditions of community infrastructure, for example by enhancing the state of unpaved roads, sidewalks, parks, schools, and hospitals, among other public spaces.

our WORLD

OUR APPROACH

As a global company and citizen, we at CEMEX understand and have embraced our responsibility to address some of society's largest and most complex challenges, including climate change and access to housing and community infrastructure. These require continuous and consistent engagement with civil society, environmental groups, governments and regulators, academic institutions, and the media. We listen to the concerns of stakeholders around the world to ensure that we are meeting new sustainability challenges as they arise.

By working to address these issues we move closer to our ultimate goal: to be the company and brand of choice for all of our stakeholders. By helping them to prosper, we create the conditions that ensure our company's long-term success.

Governance and management

Our strategy to address climate change focuses on reducing our carbon dioxide (CO₂) emissions, increasing energy efficiency through cutting-edge technologies and the use of alternative raw materials, using biomass and other alternative fuels, using renewable sources of electricity when feasible, researching new carbon capture and storage technologies; and the disclosure and audit of our emissions. A key part of our strategy is also to promote the use of our products in sustainable construction.

CLIMATE CHANGE

As part of our efforts to address environmental issues and climate change, we have implemented a systematic approach to ensure that biodiversity management is embedded in our decision-making processes, whether we are developing a nature preserve, conducting extractive operations, or building a new plant. This approach encompasses the entire lifecycle of any site, including development, operation, rehabilitation, and aftercare. We also seek to raise awareness of the importance of biodiversity to addressing climate change through our conservation efforts and partnerships.

We also work to reduce other local environmental impacts associated with our operations such as noise, air emissions, and water impacts.



Glacier in Norway, which stores water for later release. Photo from our book, *The Wealth of Nature*.

Climate change is considered to be one of the most critical global challenges of our time. Caused by increased concentrations of greenhouse gases—primarily CO₂—in the atmosphere, climate change is widely understood to be caused by human activity. We acknowledge the local and global challenges posed by climate change and are committed to applying our skills, technologies, and determination to reduce the contribution of our own operations and industry to climate change.

CO₂ emissions in the cement production process

The main ingredient of cement, clinker, is produced in large rotary kilns by processing limestone, clay, and other minerals under very high temperatures. In this step large amounts of CO₂ are set free – not only from the combustion of fuels that are required to achieve the necessary temperatures of some 1,400 °C (2500 °F), but also from the chemical decomposition of limestone into lime and CO₂. Other process steps, such as mining, grinding, or transportation, contribute only little to the overall CO₂ emissions of cement production

To place our contribution in context: the global cement industry produces approximately five percent of all man-made CO₂ emissions, from the chemical reactions in clinker production, fuel consumption, electricity use, and the transportation of raw materials and final products. To compare, the WBCSD’s EEB has found that while buildings contribute approximately 40 percent of global CO₂ emissions, only 12 percent of that is attributable to the manufacturing of building materials; the rest comes from construction and demolition and energy use for building operation and maintenance: heating, ventilation, water, and electricity.

Therefore, our strategy to address climate change and to operate successfully in the coming low-carbon economy includes responsibly manage and reduce carbon emissions from our operations by:

- increasing energy efficiency in plants
- include alternative cementitious raw materials to reduce clinker factor in cement production
- using alternative fuels and sourcing renewable energy

- disclosing and auditing our CO₂ emissions
- exploring new technologies, for example carbon capture and storage
- engaging in the sustainable transport of raw materials and product distribution

As part of our overall approach to addressing climate change, we have a longstanding commitment to protecting biodiversity, as ecosystems are critical for climate regulation and can also contribute to adaptation and mitigation.

We also promote the benefits of concrete for use in sustainable construction and help our customers and end users of our products reduce impacts related to the use of buildings by promoting a sustainable construction approach. With appropriate design, the savings attributable to the use of concrete during a building’s life cycle can more than outweigh energy consumption and CO₂ emissions during the production of the material.

A key aspect of our strategy to address climate change is our engagement with global organizations and governments to promote public policy to address climate change and other global issues while at the same time protecting our business interests and ability to thrive in an ever-changing geopolitical environment. These efforts include the following:

Emissions management

Given the expected growth of population and economic activity, it is clear that our society will be significantly challenged to achieve the magnitude of expected CO₂ reductions in the years and decades to come. It is in this context that the Cement Sustainability Initiative (CSI), of which CEMEX is a member company, has been exploring a sectoral approach to CO₂ emissions management, which consists of a combination of policies developed to enhance efficient, sector-by-sector, greenhouse gas mitigation within the UN Framework Convention on Climate Change. This approach offers greater speed and scale in climate mitigation without limiting economic growth in developing countries and has been designed to maintain a level playing field. In practice, the sectoral approach translates into the removal of barriers to further reducing CO₂ emissions by, for example, using more alternative fuels and cementitious products and developing carbon-capture and sequestration methodologies.

Emissions trading

CEMEX fully supports market-based mechanisms such as emissions trading as the most effective way to reduce emissions of GHG. As a company with operations around the world, however, we understand that only global action can prevent runaway climate change, and we are concerned that aggressive unilateral regulation needs to be complemented by measures that allow domestic producers to effectively integrate the cost of managing and reducing CO₂ in

their calculation. In particular, we support border adjustment mechanisms (BAM) for countries or areas operating cap-and-trade schemes, such as the European Union Emissions Trading Scheme (EU ETS). This would level the additional costs related to CO₂ regulation between domestic producers and importers, avoid undue competitive advantages, and therefore reduce carbon leakage, i.e. the mere transfer of CO₂-intensive production to less regulated regions without any real emission reduction at global scale.

Use of alternative fuels

While we safely and successfully use our cement kilns to dispose of some of society's waste in locations where we have completed the necessary trials and public consultations, local residents often have concerns about the use of tires and other waste as fuel. We work with our neighbors and local interest groups to help them understand the process and the safeguards we will put in place to allay their concerns.

Energy efficiency, land management, and other mitigation efforts

Another of our concerns is that current CO₂ regulation focuses heavily on big point sources. While these are easy to monitor, they typically have limited potential for emission reductions at reasonable cost. On the other hand, areas such as residential and office buildings or management of land use offer vast potential for mitigation of CO₂ at low or even negative costs. We therefore also advocate for mechanisms that effectively address these issues, e.g., the inclusion of grassland restoration in the Clean Development Mechanism or pragmatic concepts to credit improved energy efficiency in buildings. We remain attentive to policy approaches such as REDD (Reducing Emissions from Deforestation and Forest Degradation), which provides incentives for reducing deforestation, promotes biodiversity conservation, and generates credits to offset CO₂ emissions.

GLOBAL INITIATIVES

Energy efficiency

We have been working with our equipment suppliers and continue to implement cutting-edge technologies to improve the energy efficiency of our operations and the thermal energy efficiency of clinker production. In particular, we seek to improve the thermal energy efficiency of clinker production by substituting older equipment with state-of-the-art kilns. For example, our new dry kiln at our plant in Broceni, Latvia, requires almost half of the thermal energy to produce clinker compared to the previous technology. In the Port of Tilbury, our new cement grinding and blending plant has a vertical cement mill—the first of its kind in the UK—that uses up to 40% less energy than a conventional mill.

Alternative raw materials

Another way in which we seek to reduce energy consumption in our cement operations is by using

alternative cementitious materials to reduce the ratio of clinker to cement (clinker factor). For example, we are increasingly using fly ash, a by-product of coal-fired power stations, and blast furnace slag, a by-product of the steel industry to reduce the ratio of clinker to cement.

Alternative fuels and renewable energy

We are increasing our use of alternative fuels, such as chipped tires, household waste, and biomass such as animal meal, sewage sludge and agricultural waste. Because temperatures in cement kilns are very high, virtually all organic hazardous compounds are converted to harmless substances, meaning they are ideal for safely disposing of these kinds of waste and recovering energy in the process. Our kilns enable us to provide a suitable and necessary alternative to landfill while reducing our reliance on fossil fuels and our resulting CO₂ emissions and protecting our business from energy-price volatility.

The extent of our use of alternative fuels depends largely on local regulations, specifically whether landfill legislation is mature and well implemented.

In addition, we are increasingly using renewable energy to generate power for our operations. We contract in wind, hydro power, and waste-to-energy projects that power our operations and help reduce CO₂ emissions. An example is the Eurus wind farm project, located in Oaxaca, Mexico, which generates around 25 percent of our power needs in Mexico, and is currently powering our company headquarters in Monterrey, Mexico. We will continue to seek out new opportunities to generate and use renewable energy in our operations.

Some of our alternative fuels and renewable electricity projects qualify as Clean Development Mechanism (CDM) projects. The CDM is a market-based mechanism under the United Nations Framework Convention on Climate Change, which allows emission reduction or removal projects in developing countries to earn certified emission reduction credits. These credits can then be sold on the open market. The CDM is an important mechanism for driving technology transfer and supporting industry efforts to addressing climate change. CDM projects promote industrial improvement in developing countries and add flexibility to the supply curve for allowances under the European Union Emissions Trading System, in which CEMEX participates.

We have undertaken and registered several CDM projects over the past years. In addition to our Eurus wind farm project, we registered two biomass projects at our Caracolito and Colorado cement plants in Colombia and Costa Rica, respectively, in which we are substituting fossil fuels with rice and coffee husks, sawdust and palm residues. We expect to register additional CDM projects in the coming years.



Carbon capture and storage

We are collaborating with other companies, research institutes, and international organizations to explore the potential of carbon capture and storage (CCS) technologies as a possible long-term option to help us control our CO₂ emissions. Since 2003 CEMEX has been involved in the development of the so-called calcium looping process for capturing CO₂ from flue gases, for example, as partners in the EU-funded C3-Capture project, together with other participants from both academia and industry.

A recent grant by the US Department of Energy is allowing us to explore the commercial application of CO₂ capture using solid sorbent technologies and geological storage in one of our cement plants in the United States. If the project goes commercial, after its feasibility stage, it could remove up to 300,000 tons of CO₂ emissions annually.

As both a member of the CSI and individually, we have participated in a research project by the European Cement Research Academy to better understand technical options for capturing CO₂ from cement kilns. In addition, we are a member of the CCS working group of the International Emissions Trading Association.

Disclosure and audit of CO₂ emissions

We track and audit global carbon emissions annually, in line with the Greenhouse Gas Protocol developed by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute and used by WBCSD CSI members. CEMEX also participates in the following initiatives in order to measure and better manage CO₂ emissions:

Carbon Disclosure Project, a voluntary initiative that requests annual information on climate-change risk management and performance.

Our reporting of our greenhouse-gas emissions is subject to an external limited assurance process undertaken by PricewaterhouseCoopers.

Getting the Numbers Right (GNR), a sector-wide global information database developed through the WBCSD CSI, covers more than 800 cement facilities in more than 100 countries and provides accurate, verified data on the cement industry's CO₂ emissions and energy performance. We have provided data to GNR since 2007. The first report summarizing the industry's CO₂ emissions was released in June of 2008. Cement production by companies participating in the GNR initiative increased by 53 percent from 1990 to 2006, whereas absolute net CO₂ emissions increased by only 35 percent, demonstrating a decoupling of production and related emissions.

Sustainable transport

We are redefining our logistics networks and processes to optimize our transport methods and reduce energy use. Wherever feasible, we locate our cement kilns near quarries to reduce the distance that raw materials must travel. In addition, we purchase from locally based suppliers and use rail, sea, and inland waterways whenever feasible to deliver our products and reduce transport-related energy needs.

Conservation

Climate change is likely to become the key driver of global biodiversity loss and ecosystem degradation. At the same time, biodiversity and ecosystems are critical for climate regulation and contribute to climate change adaptation and mitigation. Such contributions include the removal of carbon from the atmosphere (carbon capture), regulation of water flows, and mitigation of extreme weather events. As such, we consider our longstanding commitment to biodiversity conservation to be an important component of our overall approach to addressing climate change and vice versa.

For instance, deforestation contributes nearly 20 percent of the overall greenhouse gas emissions. CEMEX is attentive to policy approaches such as REDD (Reducing Emissions from Deforestation and Forest Degradation), which provides incentives for reducing deforestation, promotes biodiversity conservation, and generates credits to offset CO₂ emissions.

In addition to the responsible land management related to our extractive operations, we are engaged in several initiatives for the broader conservation of the environment. As part of these efforts, we have built relationships with leading global conservation organizations, universities, governments, and communities. These partnerships provide strategic guidance, improve our understanding of biodiversity issues, and help us better address them on a global and local level.

Two of our key initiatives in this area, our conservation book series and the El Carmen nature reserve, help raise awareness of and advance biodiversity conservation among a broad cross-section of stakeholders.

Conservation book series. This series, which we have published since 1993, is part of our commitment to promote among our stakeholders a culture of biodiversity awareness and conservation, as well as to raise awareness of the interconnected nature of biodiversity and climate change. We publish a new book each year that illustrates strategies and diverse approaches to foster the protection of our natural world and is complemented by powerful images from the world's best nature photographers. We have distributed these books through public and private sectors as well as universities, where they are used as a reference tool by experts in several fields. We have donated thousands of the books to conservation organizations to help them fund their projects.

In 2008, for example, we published *A Climate for Life: Meeting the Global Challenge*, which is at once a celebration of Earth's biodiversity and a call to action to preserve it. Ten chapters written by Conservation International scientists cover the most critical issues concerning biodiversity and climate change and cogently present solutions in chapters on renewable energies, biofuels, and increasing energy efficiencies. The book contains powerful images by some of the world's most recognized photographers.

El Carmen. Established in 2000, our El Carmen Initiative helps protect and conserve approximately 200,000 hectares of ecologically significant land along the border of the United States and Mexico.

Owned by CEMEX and other private landowners, El Carmen is home to more than 500 species of plants, 289 species of birds, 78 species of mammals, and 79 kinds of reptiles and amphibians. The initiative uses scientific research and proven habitat and wildlife management practices to restore and protect the landscape, native grasslands, and wildlife species. El Carmen staff also provide guidance on habitat and wildlife restoration to our partners and interested adjacent landowners. Solar and wind-power generator systems are used to provide renewable energy to the facilities at El Carmen.

Desert Bighorn Sheep Restoration Program.

For more than 10 years CEMEX has been working to protect and recover the Desert Bighorn Sheep populations in Northeast Mexico. The return of this big-mammal species, extirpated from the region over 50 years ago became a reality in 2000, with the first transplant of sheep from Sonora to Coahuila. With the purpose of maximizing bighorn reproduction in the most natural conditions possible, CEMEX built a large breeding reserve (5,000 hectares) located near the Maderas Del Carmen Protected Area for Flora and Fauna in Coahuila, Mexico. Currently the reserve has a growing population of over 250 bighorns, allowing the first free ranging release from this facility in 2009, putting 30 bighorns back to their former range in El Carmen Mountains. In the near future more bighorns will be released in sites that meet their

habitat requirements. Furthermore, CEMEX works in partnership with other private landowners, NGOs, government agencies, and universities in Mexico and United States to help ensure a bright future for the return of the desert bighorn sheep to their historic distribution range in North America.

SUSTAINABLE CONSTRUCTION

Through intelligent use, concrete can be leveraged to reduce key environmental impacts that contribute to climate change, as well as other environmental impacts. Concrete's inherent properties—extreme durability, rigidity, thermal mass, and high reflectivity—make it ideal for building structures that

- contribute to the energy efficiency of buildings
- reduce the heat-island effect in urban areas and minimize temperature fluctuations throughout the course of the day
- withstand extreme weather conditions
- for highways, reduce rolling resistance and contribute to better gas mileage than asphalt
- require little or no maintenance throughout the building's life cycle

In addition, we are constantly improving the suitability of our products for sustainable construction by both reducing the environmental impact of the production process and enhancing the qualities of our portfolio of products.

We seek to promote and develop sustainable construction through our involvement with several organizations and associations. For example, we chair the CSI task force on concrete sustainability, which is seeking ways to maximize the sustainability attributes and benefits of concrete and related products. And we work with the Portland Cement Association and the Ready Mixed Concrete Research and Education Foundation, which focuses research on concrete materials science, building technology and the econometrics of sustainable development.

While the production of cement releases substantial amounts of CO₂, the initial emissions from the manufacture of our products are more than offset by the CO₂ reductions effected by their proper use over their life cycle. These features mean that concrete and cement are increasingly seen by scientists and other climate-change experts as an important tool in addressing climate change.

We are continuously working to improve on these properties while reducing the indirect impacts of our products such as emissions, energy consumption, and waste. We are also evaluating and improving the life-cycle analysis of our products to enhance our understanding of, and ultimately to reduce, their environmental footprint.

We work in collaboration with others in our industry to promote sustainable construction.



Researchers working at our Global Center for Technology and Innovation, Switzerland.

GLOBAL INITIATIVES

Sustainable building materials

We are continuously working to improve on the properties of cement and concrete that make it a key component of sustainable construction and to develop innovative materials that advance the sustainability of the structures made with them.

Led by our Global Center for Technology and Innovation in Switzerland, our laboratories work to develop more efficient and sustainable products and processes that meet customer needs for more sustainable building materials. As a result of our research and development efforts, we produce a range of innovative products that can be used to design and construct more energy efficient, sustainable, and accessible buildings.

The following product innovations help to improve the sustainability of buildings and other structures:

CEMEX currently chairs the Cement Sustainability Initiative (CSI) task force on concrete sustainability, which is seeking ways to maximize the sustainability attributes and benefits of concrete and related products.

- We participate in other initiatives of the WBCSD. For example, CEMEX is a Core Group member of the WBCSD Energy Efficiency in Buildings initiative, a four-year project that envisions a world in which buildings consume zero net energy.
- CEMEX also serves as co-chair of the WBCSD Urban Infrastructure Initiative (UII), which envisions “a world where cities provide a sustainable environment to live, work, and play”.
- We are member of the United Nations Environment Programme Sustainable Building and Climate Initiative, which works to promote Sustainable Building Practices Worldwide.

Insulating concrete forms, made primarily from polystyrene and filled with concrete to help keep heat out in hot climates and to retain it in cold weather.

Self-compacting concrete, which has a dense formulation, improves the strength, durability, and life of a structure, while reducing labor costs, energy use, and health risks during construction and maintenance costs throughout its life.

Pervious concrete, which allows rainwater to filter through, reduces flooding and heat concentration by up to 4°C, and helps to prevent skidding on wet roads.

To address the sustainability and environmental implications of the use of concrete in housing, schools, hospitals, and other built infrastructure, we worked with the Portland Cement Association (PCA) and the Ready Mixed Concrete (RMC) Research and Education Foundation to establish the Concrete Sustainability Hub (CSH) at the Massachusetts Institute of Technology. CSH research will be organized around three focus areas: concrete materials science, building technology and the econometrics of sustainable development.

Rapid-setting concrete, which contains up to 80% fly ash, is a low-carbon alternative to conventional concrete. Concrete with high acid resistance is robust and durable for uses such as cooling towers or for storing silage on livestock farms.

In addition, through educational initiatives and programs such as the CEMEX International Building Awards, we encourage our customers to use our products to make their buildings more sustainable and accessible. Through these efforts we raise awareness of the benefits of sustainable construction and how our products can promote energy efficiency and reduce operating costs.

Antibacterial concrete, which controls bacteria growth, is used to help maintain clean environments in structures such as hospitals, laboratories, and farms.

We are exploring ways to combine our existing products to deliver new solutions that meet client needs. We are looking beyond the traditional technical properties of concrete to develop “next generation” ready-mix concrete products that incorporate labor considerations such as time savings, health, and safety, as well as other environmental impacts such as noise reduction. These innovations will enable us to make new products and solutions more accessible to our clients.

Locally, we seek to raise customer awareness of sustainable construction and the sustainable use of our products. Our efforts in this regard are tailored to the particular market conditions in each country of operation.

In addition, we are evaluating and improving the life-cycle analysis of our products to enhance our understanding of and ultimately reduce their environmental footprint. A specific example is the LCA of concrete pavements vs. asphalt pavements that

demonstrate the reduction of CO₂ emissions during the life utility of the pavement by several factors, for example: less maintenance, less power consumption in illumination during its use, and less fuel consumption due the reduction or rolling resistance.

Our building materials, ready-mix concrete in particular, can help customers reduce the environmental impacts of their buildings and meet the requirements of existing certifications, such as Leadership in Energy and Environmental Design (LEED) in the United States, Haute Qualité Environnementale (HQE) in France, Energy Pass in Germany, and the Comisión Nacional de Vivienda (CONAVI) in Mexico.

Energy efficiency in buildings

While approximately 40 percent of most countries' energy consumption comes from buildings—more than either transport or industry—research shows that currently 84 percent of a building's energy use during its lifespan comes from demolition and construction and, once construction is complete, the heating, electricity, ventilation, and hot water used in its operations.

By working collaboratively with others in the construction industry to make buildings more energy efficient, we can contribute significantly to a reduction in global energy use. Toward this end, World Business Council for Sustainable Development (WBCSD) member companies are working collectively, through the WBCSD's Energy Efficiency in Buildings (EEB) project. The EEB's vision is for a future in which buildings use zero net energy, and the project's mandate is to develop a roadmap that outlines, from a business perspective, the critical steps needed to transform buildings' energy consumption.

Concrete recycling

When separated from the other building materials, old concrete can be crushed and re-used as aggregates. This is a costly and energy intensive process, however, that is dependent on local building codes.

We are continuing to explore ways to recycle concrete, however, and to incorporate it into our products and promote its use in sustainable construction where feasible and allowed by law. As part of the WBCSD Cement Sustainability Initiative, the cement industry has been looking to recycling concrete as a component of sustainable business practice.

In July 2009, the CSI published Recycling Concrete in an effort to promote concrete recycling and support the long-term "zero landfill" goal for concrete. The findings underline the many challenges of the practice, including cost and the fact that the cement and demolition industries are in different sectors.

The benefits of recycling concrete include reduced waste, landfill, or dumping and associated site degradation; substitution for virgin resources; reduced

transportation and disposal costs; and the creation of new employment opportunities in the recycling industry that would not otherwise exist.

Our concrete recycling effort is currently conducted on a case-by-case basis, depending on client needs and local laws and regulations. We will continue to seek new ways to expand these efforts and develop new products made from recycled concrete.

Sustainable urban development

The rapid increase in the world's population and the high GDP in developing countries will demand huge infrastructure investments. To cope with this expansion and, at the same time, deal with its potential impact on the environment demands new thinking and new solutions. We must work not in "silos" but through integrated solutions based on systems thinking. And while technology can help, our society must employ systems that are both cross-sectoral and multiorganizational. We see huge business opportunity—but also a great political challenge—in this approach. Business should get involved because it has a mindset for sustainability and an understanding of its interconnectedness. It also has a combination of technical, financial, and managerial expertise. Business can deliver competitive and effective solutions.

With this antecedent, the WBCSD created the "Urban Infrastructure Initiative" with the vision to create "A world where cities provide a sustainable environment to live, work, and play". The WBCSD's objective for the project is to play the following roles:

Trusted advisor on urban sustainability issues.

To lend our unique combination of private-sector expertise and understanding, which complements the objectives of urban planning, in particular through cost-effective implementation and return on investment.

Transformer. To create a vision and roadmap on sustainable urban development based on combined expertise and a benefits-based approach that addresses the interconnected sustainability challenges of cities through a methodology for integrating cross-sectoral solutions.

Activator. To apply research and analysis, business processes, interaction, and dialogue to address urban sustainability challenges by getting business involved in strategic urban planning.

Access to housing and community infrastructure

As a global building materials provider, we have the ability, and a tremendous opportunity, to help raise living standards in developing countries. We contribute directly to the economies in which we operate through the creation of jobs, investments, and local procurement.

We seek to leverage our core business strengths—institutional knowledge and experience, employees’ talent and time, and social contributions to the communities in which we live and work. In keeping with our vision to build a **smart world together** with our stakeholders, we seek to develop strong and enduring partnerships that strengthen both these communities and our business prospects.

As a building materials company, the most effective and appropriate way for us to contribute to the global effort to eradicate poverty is to increase access to our building materials and services among disadvantaged groups. Our initiatives seek to promote affordable housing and better community construction infrastructure.

We do so through innovative programs that provide microfinance, training, equipment, technologies, and our expertise to help low-income customers build homes, businesses, and stronger communities. We also partner with local governments and groups of neighbors to improve the conditions of community infrastructure such as unpaved roads, sidewalks, parks, schools, hospitals, and other public spaces. A key example is our award-winning Patrimonio Hoy program, which, for over a decade, has been dedicated to helping to reduce the housing deficit by providing access to building materials for low-income customers.

GLOBAL INITIATIVES

Improving housing

We began developing our signature social enterprise, Patrimonio Hoy, in 1998 with the objective of providing a market-based solution to address the housing needs of low-income families and thereby empower them to improve the quality of their lives. At its most basic, Patrimonio Hoy provides low-income families living in urban and semi-urban areas with access to building materials such as cement, concrete blocks, and steel. Patrimonio Hoy provides these products at average market prices as well as microfinancing, technical advice, and logistical support to assist participants in building their own homes. The program accomplishes this through a collaborative network of local CEMEX distributors; community-based promoters, mainly women trained and empowered through the program who build trust and secure participation of community members; and the families themselves.

In addition to housing, Patrimonio Hoy contributes to the improvement of local public school infrastructure, including classrooms, bathrooms, and sports facilities, with the active participation of the program participants.

Program benefits. The benefits of Patrimonio Hoy accrue not only to the participants but to the community at large and our company. For example,

indicators of the success of the program in Mexico alone include the following:

- Participants are able to build their homes or additions three times faster and at a third of the average cost to build a home in Mexico.
- Participants gain access to the credit markets. Since inception, Patrimonio Hoy has advanced USD135 million in microcredit, and 60 percent of participants say they would not have been able to build their house without the program.
- The market value of homes built through Patrimonio Hoy is approximately 20 percent higher as a result of the higher quality and functionality of the structures.
- The program creates jobs mainly among local masons and those trained as promoters; 95 percent of promoters are women, 51% of whom had no previous working experience.
- Twenty-nine percent of participants use their homes, or extra rooms that they have built through their participation in Patrimonio Hoy, to build their own businesses.

In addition, Patrimonio Hoy contributes to the improvement of local public-school infrastructure, including classrooms, bathrooms, and sports facilities, with the active participation of the program participants. In all, Patrimonio Hoy helps us build long-term relationships and trust within underserved communities and increases our competitiveness within the low-income market segment.

Since the program first began operating in 2000, Patrimonio Hoy has provided affordable solutions to more than 1.3 million people throughout Latin America and has enabled more than 265,000 families—251,000 in Mexico and 15,000 in other countries—to build their own homes. Patrimonio Hoy operates through more than 100 centers in Mexico, Colombia, Costa Rica, Nicaragua, and the Dominican Republic. Of these offices, 85 are in Mexico, and 93 of those are completely self-sustaining.

The Patrimonio Hoy program has been recognized with multiple awards. In 2006 it received the World Business Award from the International Chamber of Commerce, the Prince of Wales International Business Leader’s Forum, and the United Nations Development Program for its support to the Millennium Development Goals. In 2007, it was chosen for the Corporate Citizen of the Americas Award from the Trust for the Americas. More recently, in 2009, it was recognized with the United Nations HABITAT Business Award in the category of accessible housing solutions.

Challenges. Patrimonio Hoy faces two key challenges. The first, which is also a primary goal, is to replicate the model in other developing countries. The second is to integrate social and environmental

features. To address these challenges, we have undertaken the following:

- A pilot program to introduce energy-efficient appliances to raise awareness of climate change while helping participants reduce energy usage and costs.
- Research to analyze and update the business model for more effective scalability and to develop a plan to enter new geographic regions at full scale.
- An initiative to provide additional business training and new microfinance products
- Feasibility studies for launching Patrimonio Hoy in other developing countries

Our success with Patrimonio Hoy has spurred the development of other social enterprises that provide market-based solutions to help low-income families to sustain themselves and contribute to the development of their communities.

Community infrastructure

We see our low-income customers and their communities as important stakeholders and our relationships with them as mutually beneficial. As a result of our work on Patrimonio Hoy, we have undertaken the development of several other local initiatives to address their needs and build relationships within their communities.

For example, in developing countries, we also partner with local governments and groups of neighbors to improve the conditions of community infrastructure such as unpaved roads, sidewalks, parks, schools, hospitals, and other public spaces.

featured CASES

Promoting Road Safety for All

Driving and contractor related incidents are two of the most significant causes of fatalities in the construction and cement industries. At CEMEX, we believe that greater industry collaboration on safety initiatives is essential to prevent additional loss of life. As a result, we participated in the Cement Sustainability Initiative (CSI) safety task force to develop consistent, industry-wide practices that address the root causes of fatal incidents. The task force's work resulted in two practice reports:

- Recommended Good Practice for Driving Safety, which includes guidelines for drivers, their managers, and transport management contractors; and
- Recommended Good Practice for Contractor Safety, which outlines safety guidelines for both contractors and subcontractors.

CEMEX joined the other CSI member companies in approving these Practices in October 2009, and we are committed to fully implementing them in all of our operations within the next five years.

We have made it a top priority to implement recommended actions and systems to minimize driving and contractor related injuries and fatalities. We have undertaken a number of measures to improve the safety practices of our drivers and contractors and also to raise awareness of safety issues among those with whom we share the road.

Fleet Visibility Program in the Philippines

In addition to new processes and training, we are using technology to promote safety and security. TrackMe is a fleet management tool that integrates various technologies, including global positioning system (GPS), global system for mobile communications, and geographical information system. We are using this technology, which allows CEMEX to review route assignments, speed, and distance traveled so as to ensure the safe and appropriate use of CEMEX vehicles, in our Philippines operations.

The initial phase of the program is focused on equipping all time-chartered transport units in Luzon with GPS transceivers. The next phase will install TrackMe units on CEMEX transportation units in the Visayas and Mindanao regions of the country.

Taking a Leading Role in Promoting Safety for Cyclists

Our commitment to road safety extends to everyone CEMEX vehicles share the road with, including bicycle riders.

We conducted an investigation to assess the dangers that large vehicles pose to cyclists. This study identified a particular risk of incidents at road junctions where cyclists are on the curb side of turning vehicles, partly because they are often in a vehicle blind spot when they turn. To combat this danger, in Europe, the Middle East, Africa, and Asia, we have introduced new safety features on all company and liveried contract vehicles, including the following:

- an additional mirror on the front corner of the vehicle cab to eliminate the blind spot on the curb side and along the front of the vehicle, and
- a warning sign on the rear of the vehicle that alerts cyclists to the danger of passing along the curb side.
- In London, where there is a particularly high concentration of cyclists, we have outfitted vehicles with side-mounted warning boards and sensors, which give an audible warning to cyclists and the driver.

The campaign is proving to be so successful in improving cyclist safety that a number of the initiatives have been adopted as best practices by the British Freight Association and other companies.

In addition, in the UK CEMEX supported the Metropolitan Police cyclist safety event held at Trafalgar Square in central London on February 16, 2010, by providing one of our logistics fleet vehicles to dem-



onstrate the driver's potential 'blind area' and the extra safety features on the vehicle. Cyclists were encouraged to enter the CEMEX cab and learn about the area of visibility around a large vehicle from the driver's perspective.

We have been publicly recognized for our leadership in this area. We were recognized by the British Institute of Occupational Safety and Health Awards in 2008, and the UK Construction Products Association's 2009 edition of Construction Products Innovation commended CEMEX for its efforts in the category of health, safety, and security.



Teaching Rules of the Road in Poland

In October 2009 CEMEX organized a fair in the municipality of Redziny to teach the youngest citizens the rules of proper movement on the roads. The fair, entitled "I can be seen!—I am safe," was held at the municipal sports hall in Redziny and was developed mainly for primary school students, many of whom must walk from home to school and back on their own each day. The fair's events were designed to teach children the correct way to cross the road, to walk on the right side of the road, wear reflectors, and provide first aid.

During the fair the children had an opportunity to participate in a traffic quiz and art classes and to win valuable prizes. Each participant was given a reflective vest, bag, and band to improve their visibility to drivers.

Seeking innovations for more sustainable construction

At CEMEX, we are constantly seeking ways to help our customers build more sustainable structures and, in doing so, reduce their—and our—environmental impacts. While concrete’s properties make it a good choice for building more energy-efficient structures that need little or no maintenance over their useful lives, we work through our Global Center for Technology and Innovation to develop new and innovative products that contribute to more sustainable built environments and reduce greenhouse gas emissions in the process.

Eco-labeled Rizal Green Cement Aids Sustainable Construction in the Philippines

We recently launched our Rizal Green cement, an all-purpose masonry cement that can be used for both masonry works and semi-structural projects such as driveways, fences, and ground-floor slabs for residential construction. The result of more than two years of laboratory and market research, Rizal Green has a patented formulation that reduces CO₂ emissions by up to 32% when used as a substitute for ordinary Portland cement in masonry works.

In the short time it has been on the market, Rizal Green has become the brand of choice among contractors and builders in the Philippines; it facilitates construction through excellent workability and reduced application times. Rizal Green is among several CEMEX products that bear the Green Choice eco-label seal in the Philippines, which means that we manufacture our products in a manner that avoids detrimental effects on the environment ensuring that every step in our production process complies with the standards set by The Philippine Center for Environmental Protection and Sustainable Development, Inc. (PCEPSDI).

“Our eco-labeled Rizal Green cement, saves 30 trees per house built and reduces carbon emissions by up to 32% per our computations”

*Sergio Menendez,
CEO of CEMEX Philippines*

In the UK, our products offer a certification on carbon labeling and responsible sourcing

CEMEX UK is the first cement company in the world to provide certified carbon labels for its cement. The carbon label, which incorporates the Carbon Trust’s Carbon Reduction Label, shows that, depending on product composition, CEMEX cements generate between 17 to 24kg of CO₂ per 25kg bag.

The carbon footprint is the amount of CO₂ and other greenhouse gases (CO₂e) generated by our cement throughout its life cycle: from the extraction of the raw materials, to manufacturing, distribution, use by customers, and disposal at the end of life. The carbon footprint of our cement is certified to the PAS2050, the first international standard for companies to measure the carbon footprint of their products and services. The development of the PAS2050 standard was overseen by an independent steering group comprising NGOs, academics, business, and government representatives.

In addition, CEMEX UK’s cement division has also been certified to the Building Research Establishment (BRE) Framework Standard for the Responsible Sourcing of Construction Products—BES6001 with a score of ‘Very Good’. CEMEX is among the first in the industry to meet the standard, which covers all of the company’s three UK cement plants as part of its efforts to meet the requirements of the Government’s Strategy for Sustainable Construction.

This certification means that all cement supplied by CEMEX UK is certified as responsibly sourced to an independently verified standard that addresses the social, economic and environmental impacts across the entire supply chain.

To meet the standard, CEMEX’s cement products were assessed in accordance with quality, organizational governance, supply chain management, and environmental and social impact. The certification also allows for traceability of the product to ensure that all areas within the supply chain are operating to high standards. CEMEX plans to extend the Responsible Sourcing certification to its entire business.

In this country, we are pioneering the use of recycled materials to produce blended cement which, in turn, is used to produce concrete. Designated CEM2 to distinguish it from CEM1 products that are made only with clinker, this innovative product is a factory blended Portland composite cement that reduces landfill by reusing fly ash, a by-product of coal-fired power plants in its production process. CEM2 avoids CO₂ emissions by 25% per metric ton of cement produced.

The CEM2 logo indicates that the product contains recycled materials.



Managing biodiversity: Our Partnership with BirdLife International

The presence of diverse and abundant birdlife is one of the most visible signs of a healthy ecosystem

Biodiversity is the Earth's natural wealth. The planet's rich tapestry of plant and animal life provides us with food, fuel, medicines and other essential natural resources. Ecological systems made up of a myriad species clean our water, purify our air and restore soil to productivity.

Recognizing the vital importance of biodiversity to all life, including human life, the United Nations designated 2010 as the international year of biodiversity. More than simply celebrating biodiversity, this designation draws attention to the impacts of human activity on plant and animal life and how, in recent decades, many habitats have been increasingly degraded and destroyed.

At CEMEX, we take seriously our responsibility to preserve existing habitats and restore degraded ones. A key partner in these efforts is BirdLife International, the largest global partnership of local conservation organizations, active in more than 120 countries, and the leading authority on the status and conservation of birds and their habitats. In December 2007, we signed a 10-year global agreement with BirdLife. As part of this collaboration, we are working to refine biodiversity-related strategies, policies, and practices and are also advising on how to implement conservation projects at operational sites. The relationship helps raise awareness among our employees and local communities about the importance of biodiversity. It also strengthens the links between our operations and the national BirdLife partner organizations, as in France with the Ligue pour la Protection des Oiseaux and in the UK with the Royal Society for the Protection of Birds.

As a first step in assessing our biodiversity risks and opportunities, together with BirdLife we conducted a Biodiversity Scoping Study that mapped all of our quarry sites worldwide and their proximity to key biodiversity areas. The resulting maps and databases will help operational managers to understand potential site impacts on biodiversity. Following the initial mapping, we have identified high-priority sites based on their biological importance and on opportunities for improvement in their management practices. We are now developing plans to ensure an appropriate level of biodiversity management and oversight at these sites.

In addition to those associated with BirdLife International, we engage in a number of activities around the world to support biodiversity and the preservation of bird and other wildlife habitats, including the following:

“The Biodiversity Scoping Study is a great example of constructive collaboration between business and a conservation NGO. It will help to guide and inform conservation interventions across CEMEX’s operations, starting with the most important and sensitive sites, as well as forming the basis for promoting more widely the sustainable use of natural resources and strengthening our relationship still further.”

*Marco Lambertini,
Chief Executive, BirdLife International*

Bird-Watching Tower Opens in Latvia

One of the best places to observe birds in Latvia is Lake Kaniera in Kemeru National park. More than 200 bird species can be seen at the lake. Unfortunately, bird watchers in the past were often unable to secure an unobstructed view, due to the fact that the lake is heavily overgrown with reeds and other plants.

Working in partnership with the Latvian Ornithological Society (a member of BirdLife International) and Kemeru National Park, CEMEX Latvia sponsored the construction of a bird-watching tower on the shores of Lake Kaniera. With the opening of the tower on October 3, 2009, bird watchers now have access to a full view of the entire lake and the bird species living therein.

In the future, CEMEX Latvia will continue to collaborate with the Latvian Ornithological Society to promote additional bird conservation activities.

Ireland’s East Coast Nature Preserve benefits from CEMEX support

Ireland’s East Coast Nature Reserve at Blackditch Wood, Newcastle, County Wicklow, provides a key habitat for wetland plants and birds. The reserve constitutes one of the remaining fragments of the country’s once-abundant wetlands. The reserve’s grasslands and pools provide crucial nesting and feeding areas for birds.

CEMEX Ireland provides support to BirdWatch Ireland for the continued operation of the reserve, which is part of the European Natura 2000 network

of protected areas. CEMEX's contributions reflect the company's efforts to help preserve key habitats in order to secure a rich legacy of biodiversity for future generations to enjoy.

Quarries Form Ideal Habitats in Germany

At first glance, a working quarry may not seem to be an ideal habitat for many living creatures. The eagle owl, however, has found a comfortable home in CEMEX's Helmstadt quarry in Germany. The shell limestone wall of the quarry provides these birds with nesting habitat and shelter to live and raise their chicks.

CEMEX has taken several actions to preserve the living environment of the eagle owl. In cooperation with NABU (the German Society for Bird Conservation, which is the German branch of BirdLife International), CEMEX has published a brochure to inform quarry operators how to protect the eagle owl habitat. The current plan for quarry expansion also includes a restoration plan that specifically addresses eagle owl habitat preservation.

At the "Leese" gravel pit in Germany, CEMEX's efforts in bank improvement and cultivation have transformed the former quarrying area into habitat attractive to more than 90 bird species, 22 of which are registered on the German Red List of endangered species. This extraordinary level of biodiversity led to the declaration of the entire quarrying area as a natural reserve as well as a European Special Area of Conservation.

Biodiversity Database Raises Awareness in Costa Rican Community

CEMEX's Colorado site, located in northwestern Costa Rica, is within 20 kilometers of 11 different protected areas. The site—which comprises a 20-hectare limestone quarry, a 70-hectare clay quarry, and a cement plant—is populated by a number of birds, mammals, and plants listed on the International Union for Conservation of Nature (IUCN) Red List of threatened species.

In January 2008, CEMEX, BirdLife International, and local stakeholders designed a biodiversity action plan to conserve local biodiversity, raise awareness of the importance of biodiversity within surrounding communities, and implement a sustainable conservation model that provides regular funding for local conservation work.

As part of the plan, CEMEX undertook the development of a biodiversity database in collaboration with the Area de Conservación Arenal-Tempisque (ACAT). The database includes taxonomic descriptions, species prioritization in order of conservation importance, photographs, and sound records. The database now features more than 800 species of plants, birds, mammals, reptiles, and insects and is used to help develop learning materials for distribution to primary schools and villages in the surrounding areas.

Reducing climate impact through alternative fuels and renewable energy

To help address our own as well as some of society's climate impacts, we are continually seeking new ways to reduce the amount of energy that we use, whether the fuel necessary to produce cement or the energy needed to supply electricity for our operations. We do this for two reasons:

1. to decrease our consumption of virgin natural resources, either directly through burning fuels in our kilns, or indirectly through electricity purchases; and
2. to lower the amount of greenhouse gas emissions generated by burning and using energy sourced from fossil fuels.

Our alternative fuels and renewable energy programs are successful on both counts. Our alternative fuels program opens up opportunities for us to safely dispose of societal waste while decreasing the total carbon footprint of our plants. And our renewable energy projects enable us to secure clean energy to power our plants.

Alternative fuels

Because cement kilns require high temperatures to produce cement, they are ideal for safely incinerating waste—such as chipped tires, sewage sludge, household waste, and biomass such as rice and coffee husks, sawdust, and palm residues—while recovering energy in the process. Our kilns thus enable us to provide a safe, suitable alternative to landfilling while, at the same time, enabling us to reduce our reliance on fossil fuels and avoid related emissions of greenhouse gases.

We engage with communities and regulators to expand our use of alternative fuels in a way that is sensitive to potential community concerns and is fully compliant with all applicable local, regional, and national policies and regulations. We have put in place corporate guidelines for the introduction and handling of alternative fuels and raw materials in cement kilns to complement local regulation or to serve as a substitute where no regulation exists.

Climafuel® Powers CEMEX's Rugby Plant in the United Kingdom

Our use of alternative fuels is highest in Europe. In the United Kingdom, we have introduced alternative fuels at several facilities. Our Rugby plant has replaced 30% of fossil fuels with Climafuel®, a solid, non-hazardous fuel derived from household waste. Climafuel® looks like shredded paper and consists of treated paper, cardboard, wood, carpet, textiles, and plastics. This fuel source confers significant environmental benefits when used in place of fossil fuels, including a reduction

“Using alternative fuels is now commonplace in the industry. By having a locally based plant to supply us with Climafuel®, we will be able to double our use of alternative fuels and achieve significant environmental benefits. Equally important, a local RDF facility will help support and maintain the 700 jobs that rely directly on the success of this cement plant by improving our ability to operate more effectively in a very competitive sector.”

*Ian Southcott,
CEMEX UK Community Affairs Manager*

in emissions of nitrogen oxides. Thus the use of Climafuel® is expected to lead to improved local and regional air quality.

CEMEX sources Climafuel® from specialized waste-management facilities. Regulators recently granted us permission to work with joint-venture partner Waste Recycling Group to construct and operate a refuse-derived fuel (RDF) production facility near our Rugby plant. Once planning and construction is complete, the facility will have the capacity to receive approximately 300,000 tons of local waste per year and provide up to 65% of the Rugby plant's RDF needs. In 2009 we replaced up to 40% of fossil fuels with alternative fuels, including RDF, at our Rugby operation; benefits included a marked reduction of nitrogen oxide emissions and a reduction in carbon dioxide emissions.

Polish Cement Plants Adopt Alternative Fuels Best Practices from our German operations

For several years, our German operations have led the way in incorporating alternative fuels to meet a significant percentage of their plants' energy needs. For example, alternative fuels comprising 73% domestic refuse account for 48 percent of the total energy needs at our Rüdersdorf cement plant. The plant is located in an area that produces approximately 3 million metric tons of garbage each year.

Thanks to our shared best practices, alternative fuels account for nearly 70% of the fuel consumption in our Chelm cement plant in Poland. This plant primarily uses refuse-derived fuel (RDF), which is obtained from specialized waste management plants that collect, treat, and turn municipal and commercial waste into a solid, safe fuel that confers significant environmental benefits when used in place of fossil fuels.

ENERFUEL shows promise for plants in Spain and other European countries

Our cement plant in Buñol, Spain, is using a RDF known as ENERFUEL, and avoiding CO₂ emissions in the process. Thus far we have been able to obtain fuel substitution rates as high as 44% in a month using ENERFUEL at this plant while maintaining low rates of emissions. In particular, the use of ENERFUEL has resulted in a significant reduction in NO_x.

ENERFUEL is used with the approval of local authorities. We have been granted permission by Spain's government to test the fuel at our Buñol plant to determine the feasibility of manufacturing it closer to the site for its use in our cement kilns.

Projects registered under the Clean Development Mechanism

Another area in which we are taking a leadership role is with regard to registration of United Nations Clean Development Mechanism (CDM) projects. Industrialized countries can take advantage of CDM projects to gain flexibility in meeting their carbon reduction targets. Countries that invest in these projects can in essence gain credit for carbon reductions realized.

We recently registered three CDM projects. One, the Eurus wind farm (see below), is the second-largest CDM project in terms of emissions reduction in the world. And in 2008, CEMEX registered CDM projects in Colombia and Costa Rica, in which we are substituting fossil fuels with rice and coffee husks, sawdust and palm residues. These projects are expected to reduce direct CO₂ emissions by more than 120,000 tons per year. We expect to register additional CDM initiatives in the coming years.

Renewable energy

The Eurus Wind Farm in Oaxaca, Mexico

The largest wind power generator in Latin America and one of the largest wind farms in the world, the Eurus wind farm became fully operational in 2009. With 167 wind turbines generating up to 1.5 megawatts (MW) of power each, the Eurus wind farm in Oaxaca, southern Mexico, has a production capacity of 250 MW and can supply 25% of our energy needs in Mexico.

When registered, Eurus had the second-largest emissions reduction of any project under the United Nations' Clean Development Mechanism, and one of the largest emission-reduction indexes per installed capacity in the world.



The wind farm, which was developed jointly by CEMEX and the Spanish company ACCIONA Energía, represents an investment of US\$550 million by ACCIONA and created more than 850 jobs in the region during construction. Eurus brings other benefits to the local economy and community such as ongoing job creation. We estimate that the energy produced by Eurus could power a Mexican city of half a million people, reducing CO₂ emissions by approximately 600 thousand tons each year—that's approximately 25% of the total emissions generated by such a community.

The wind farm represents a major contribution to our global effort to reduce our environmental impacts and become a more sustainable enterprise.

“We are committed to becoming more sustainable by using alternative fuels and applying more efficient processes to save energy, reducing carbon dioxide emissions and contributing to a cleaner environment. We are determined to include renewable electricity sources in our energy mix, and feel very proud of the Eurus wind farm.”

*Lorenzo H. Zambrano,
Chairman of the Board and CEO of CEMEX*

Much more than a home

For more than a decade, Patrimonio Hoy has helped to address the housing deficit in Latin America and improve the lives of low-income families. By providing access to microcredit, building materials, and technical expertise, the program helps families build or add to their homes more quickly, more efficiently, and with better materials than would otherwise be possible for these customers.

Patrimonio Hoy's benefits reach far beyond housing to improve participants' self-esteem and learning environments, as well as to further local economic development and improve schools, sports facilities, and other public spaces.

The program creates jobs among local masons and, in particular, provides opportunities for meaningful work for women. Patrimonio Hoy program promoters, most of whom are women, are well-respected individuals who have developed strong relationships in their communities. Patrimonio Hoy trains them to market the program and to organize the groups of families that will collaborate to borrow and repay their construction loans. In addition to providing meaningful income, Patrimonio Hoy provides work training and experience helps to empower these women. In fact, more than half of the promoters hired in Mexico had no previous work experience.

Throughout its ten years in operation, Patrimonio Hoy has served 1.3 million people and 260,000 families in Latin America. The stories of María Diega and Rosa Magaña, two participants, illustrate the life-changing impact that Patrimonio Hoy can have on its participants.



Participants of Patrimonio Hoy in Mexico.

María Diega and her family of six lived in a single-room dwelling for eight years. In just five years after María became a Patrimonio Hoy participant—rather than the lifetime of work it may have taken otherwise—she and her family added seven rooms and a staircase to their home. “Without Patrimonio Hoy, we would still be crowded, uncomfortable, and angry. Since we became part of the program my husband and I are more united, as he stays home during the weekends to keep building our house. We see the Patrimonio Hoy team as part of our family,” Mrs. Diega explains.

Rosa Magaña also credits Patrimonio Hoy with changing her life. She and her husband built their 120-square-meter house after living with their two children in a 10-square-meter carton shed with no bathroom for six years. They are now completing two additional rooms and a soldering and welding workshop. Patrimonio Hoy has helped them build both a home and their own business. “Without the program,” Mrs. Magaña says, “I’m sure we would still be living in the same conditions.”

Patrimonio Hoy’s success has spurred us to develop other social enterprises in Latin America and other developing countries that deliver social and economic value to low-income communities.

Rebuilding Communities: ConstruApoyo

ConstruApoyo was developed to help communities respond to Hurricanes Stan and Wilma, which devastated much of Chiapas, Mexico, in 2005. In the wake of these and other disasters, a priority for governments, nongovernmental organizations, and the affected communities is to rebuild quickly, efficiently, and with minimal waste. ConstruApoyo addresses all of these needs, and more.

The program works as follows: Following a disaster, the regional government identifies beneficiaries and provides the funds. CEMEX distributes the funds in the form of debit cards, produces a catalogue of materials at fixed prices, manages the entire supply chain, and reports to the government the results of the program. ConstruApoyo serves as a model of efficiency and transparency in disaster relief: the program speeds the delivery of financial assistance, enables real-time tracking of materials delivery, and provides an audit trail showing how funds are spent.

ConstruApoyo has proved so successful that CEMEX has expanded the model beyond natural disaster relief to other government-subsidized housing and community infrastructure initiatives.

Strengthening Community Infrastructure: Lazos Familiares

Also begun in 2005, our Lazos Familiares program helps communities build and renovate community institutions and buildings, such as health centers, hospitals, orphanages, and schools. With the assis-

tance of the program’s 625 clients and distributors, as well as individuals in the communities, Lazos Familiares has completed 39 projects representing a total of 15,902 square meters of built or renovated community infrastructure and has benefitted more than 33,600 people.

In 2009 alone, the project was responsible for the completion of seven building projects in seven Mexico cities—Villahermosa, Los Cabos, Monterrey, Pachuca, Aguascalientes, San Felipe, and Cancún—serving 955 beneficiaries through 1,187 square meters built and 3,125 square meters rebuilt. In addition, five projects in five other cities, Oaxaca, Uruapan, Tlaxcala, Culiacán, and Reynosa, were initiated through this program during the year.

Improving Neighborhoods: Mejora tu Calle

Mejora tu Calle helps communities and governments work together to improve neighborhoods. Through this program, which unites public- and private-sector efforts to prove a market-based solution to address critical paving needs, we provide microloans to community residents. The residents use the funds to help pay for the paving of streets and sidewalks with cement. By combining community contributions with government funding, most projects are completed in just 70 weeks, rather than the up to 10 years that is more typical in low-income neighborhoods. These paved streets make it easier for people to travel, increase neighborhood safety, and improve access to public services such as electricity, sewage, and transportation. As a result of the program, property values and incomes rise in the communities that *Mejora tu Calle* serves.

Since the program began operation, more than 35,000 micro-loans have been allocated to finance cement paving of 400,000 square meters in twelve municipalities, benefiting 7,000 low-income families.

We are seeking to replicate the model within Mexico municipalities whose streets are unpaved, and so the program focuses on municipalities subject to low tax-collection levels and low tariff levels for the delivery of public services. The program could facilitate the paving of 20 million square meters in 50 major cities in Mexico. If the program continues to succeed in Mexico, we can replicate it in virtually any country in Latin America.



In Development: A Program to Fostering Community Development in Asia

In Asia, in particular the Philippines, we're building a comprehensive community development program for the poor using housing as a core driver. The program will provide microfinance support for those who need to build new houses, as well as those who need to rehabilitate homes that were severely damaged by Typhoon Ondoy.

This program will be implemented in partnership with the local microfinance institution TSPI Development Corporation. We will provide funds to TSPI for use in seven regions: Antipolo, Montalban, Taytay, Taguig, Paranaque, Las Pinas, and Makati. We will provide training and technical assistance on matters related to construction, such as technical evaluation, design and construction methodology, cost estimates, materials procurement, hiring labor and mobilizing volunteer laborers for construction, and overall site management.

In addition, we have entered into an agreement with the Subdivision and Housing Developers Association (SHDA) in the Philippines, which works with the Philippines government in its effort to provide housing of suitable quality for millions of low- and middle-income Filipino families. Through the agreement, we will supply our cement products CEMEX Palitada King, Rizal Super, and Rizal Green for the various SHDA member housing projects. This agreement will help us to achieve our goals with respect to the development of the housing industry in this country.

“CEMEX joins this collaborative effort to help uplift Filipino families and gear them towards a better quality of life by addressing urban housing woes... with this agreement, it is possible for the Filipino dream to own a home become a reality.”

*Sergio Menendez, Country President
CEMEX in the Philippines*

performance HIGHLIGHTS and goals

We are committed to improving our performance and to the transparent and permanent disclosure of our achievements and challenges. This section provides a comprehensive overview of our companywide performance indicators, targets, progress and goals, as well as the external assurance for some of our key performance indicators.

This section provides an overview of our performance results regarding our companywide targets, as well as an overview of our progress and goals on all priority issues.

CORPORATE GOVERNANCE

Progress

- In 2009 we consolidated from three operating regions into two: the Americas (which comprises the five operating units of Mexico, the United States, Colombia, Central America, and the Caribbean) and EMEAA (Europe, the Middle East, Africa, and Asia). This change will help us to be more efficient and productive as we move forward.
- To enhance our performance, in 2009 we launched a new functional area to develop and foster a culture of innovation across our company. This global function coordinates several global initiatives to advance collaboration among experts from all of our business units around high-priority areas related to competitiveness, impact reduction, and stakeholder outreach. These initiatives focus primarily on reducing energy use, increasing the use of alternative fuels, improving customer service, and promoting the development of new ready-mix products for use in sustainable construction projects.
- Our local ethics committees, one in each CEMEX operation, received a total of 216 reports of alleged breaches, fewer than the benchmark of approximately five per 1,000 employees. Of the received reports, 70 were in connection with employee relations and improper workplace behavior, 14 alleged a form of harassment, and 9 were related to discrimination. Other reports were related to conflicts of interest and preservation of assets. Of the allegations received, 88% have been resolved and 49% of those were found to be valid; the remaining 12% are still being investigated. To read about some of the actions taken in response to ethics reports read the Corporate Governance section of this report.
- We have enhanced our approach to independent verification by increasing the number of indicators subject to an external limited assurance process. Among these were some of our safety indicators, environmental incidents, and CO₂ emissions.
- The Sustainability Steering Committee had several conversations with members of the external Sustainability Advisory Panel to discuss panelists' comments regarding our report, and issues related to sustainable construction, biodiversity, and energy, among others. A full discussion of the actions we took in response to panel feedback to our 2008 report, together with the Panel's statement regarding our 2009 report, is available in the Advisory Panel section of this report.

Goals

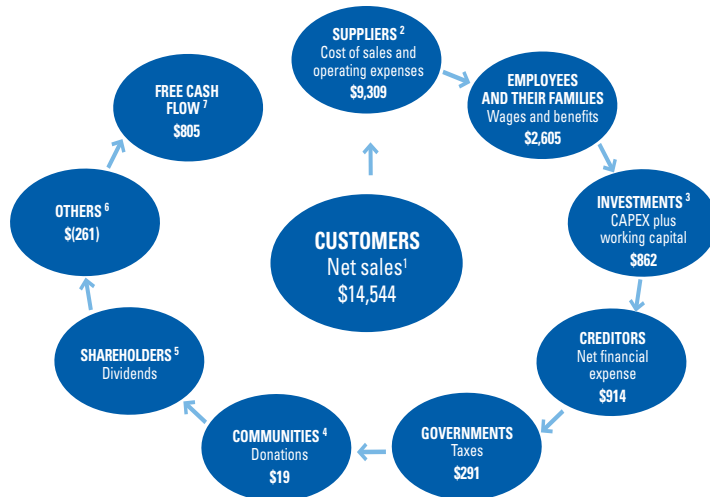
- Strengthen our compliance training efforts and continue to improve policies and procedures in the primary risk areas.
- Continue widening the coverage of our external verification processes.

ECONOMIC IMPACTS

The diagram below provides details of our direct economic impacts during 2009.

ECONOMIC IMPACTS

U.S. million



1. Excludes sale of assets. 2. Excludes depreciation and amortization. 3. Capital Expenditure for Maintenance and Expansion. 4. Loss before taxes of 5.57%. 5. In 2009 shareholders approved an increase in the capital stock in its variable portion through recapitalization of retained earnings. As a result, new shares were issued in the ratio of one new ADS for every 25 ADSs held. 6. Includes free cash flow from the sale of the Australian operations; negative figure as it represents income. 7. Mainly used to pay down debt, perpetual notes coupons, and fees related to debt refinancing.

Progress

- In response to the impact of the global recession on demand for building-materials products, in 2009 we continued a series of difficult decisions and measures begun in 2008 to regain financial flexibility and adjust to a rapidly evolving and extraordinarily challenging market environment. These include reducing costs in all operations, adjusting operations to current market conditions, reducing capital expenditures, and identifying and selling noncore assets. We also refinanced the majority of outstanding debt, extending the maturities of approximately US\$15 billion in syndicated and bilateral obligations. The restructuring gave us greater flexibility and the ability to diversify sources of financing.
- Some of the effects of the economic crisis on our direct economic impacts were:
 - > *Customers:* Our sales, excluding the sale of assets, were US\$14.5 billion, compared with net sales of US\$21.7 billion in 2008.
 - > *Employees and their families:* At the end of 2009, we employed 47,624 people, 16% fewer than in 2008. The reduction in our workforce resulted, in part, from the sale of our operations in Australia; another 11% of the decrease is related to our efforts to adapt our business to prevailing market conditions. We saw a corresponding drop in aggregated wages.
 - > *Investment:* Our capital expenditures for maintenance and expansion totaled US\$862 million, compared with US\$2.03 billion in 2008.
 - > *Communities:* donations were US\$19 million, or 5.57% of our loss before taxes, compared with US\$25 million in 2008.
 - > *Shareholders:* no dividends were distributed as in 2009 stockholders approved an increase in the capital stock in its variable portion through recapitalization of retained earnings. As a result, new shares were issued in the ratio of one new ADS for every 25 ADSs held.

Goal

- During coming years we will continue to reduce our capital expenditures, implement global cost-reduction initiatives, and use as much free cash flow as possible to reduce debt and strengthen our business. We will strive to minimize the unfavorable effects of future financial measures on our stakeholders.

STAKEHOLDER ENGAGEMENT

Progress

Employees

- We conducted our CEMEX Survey to measure employees' level of commitment to our company and to their jobs. The worldwide survey targeted 32,862 employees in 35 business units, achieved a 77% participation rate globally. Our employees' average engagement level is 88%—4% higher than in the previous survey. We are using the results to continue designing and implementing local initiatives that address areas of opportunity.
- The average hours of face to face training provided by our operations at the non-executive and operational level increased to 24 hours from 21 in 2008. In addition, our suite of online training opportunities kept growing: through our online CEMEX Learning platform, we offered 683 courses—compared with 600 in 2008—to more than 15,500 employees. On the other hand, we suspended our institutional talent development programs, including the CEMEX International Management Program and the Global Leadership Program, due to economic constraints. We used the hiatus as an opportunity to review and improve these programs for their planned relaunch in 2010. When relaunched, they will be offered to not only high-potential executives but all employees who manage people and teams. By broadening the programs' reach, we will develop a common understanding of what it means to manage people at CEMEX and ensure that every individual responsible for a team has the tools necessary to promote excellence in performance, motivation, and retention.
- We evaluated and adjusted the people-management processes and platforms to make them simpler, more practical, and more helpful in guiding informed decision-making.
- Our performance in regards to employee health and safety is described in the health and safety progress section.

Neighbors

- We maintained our actions to promote dialogue and collaboration in local communities. In 2009, 88% of our cement sites and 86% of our aggregates sites had community engagement plans in place.
- We continued promoting social investment in priority areas such as access to housing and infrastructure.

Customers and Suppliers

- We conducted customer satisfaction surveys in 78% of the countries in which we operate.
- We made 93% of our global purchases from locally based suppliers and have processes in place to screen the social and environmental performance of suppliers in 84% of the countries in which we operate—up from 77% in 2008.

World

- We have established more than 250 partnerships and memberships globally. Some of our international engagement actions during 2009 were:
 - > We were invited to co-chair the WBCSD Urban Infrastructure Initiative, and our CEO signed the World Business Council for Sustainable Development's Manifesto for Energy Efficiency in Buildings (EEB); read more about our involvement in driving and contractor safety with the Cement Sustainability Initiative companies under Health and Safety.
 - > Our CEO signed the UN Caring for Climate statement. We were invited to participate in the United Nations Global Compact (UNGC) Advisory Group on Supply Chain Sustainability, as well as in the United Nations Environment Program's Sustainable Building and Climate Initiative (SBCI).
 - > We joined the Prince of Wales's EU Corporate Leaders Group on Climate Change.
 - > We signed a memorandum of understanding for the Corporate Commitment to Wilderness (CCW), an initiative of The Wild Foundation.
- Our latest conservation book, *The Wealth of Nature*, was launched during the Copenhagen Conference of the Parties (COP15) event.
- We continue to participate in public-policy discussions about the importance of cement and concrete products in building a sustainable future.
- We received a number of global and local awards in 2009. Details in the Awards section of this report.
- To read our responses and actions related to the dialogue process with the Sustainability Advisory Panel go to the Advisory Panel section of this report.

Goals

- Continue to strengthen employee engagement worldwide by addressing the opportunity areas and conducting targeted local initiatives.
- Track local development projects, assignments, and on-the-job opportunities through CEMEX Learning.
- Roll out the revised Institutional talent development programs in 2010.
- Continue participating actively in the UNGC Advisory Group on Supply Chain Sustainability.
- Further promote and communicate our sustainability approach and objectives with our suppliers worldwide.

HEALTH AND SAFETY

Progress

Safety

- The percentage of operations that have implemented the CEMEX Safety Management System (SMS) increased to 98% from 80% in 2008. We began work to update the SMS to align it with the internationally recognized OHSAS 18001 standard. Each of the 14 elements in the SMS is being revised to set clearer expectations for management and to include supporting guidance to help managers achieve full compliance. The new SMS includes elements not included in the current one, such as risk management, document control, certain standard operating procedures, and a revised audit protocol that will be used across CEMEX to benchmark implementation progress and safety performance.
- We are deeply saddened to report that 33 individuals, including employees, contractors, and third parties, died in incidents related to our operations during 2009. This is tragic and unacceptable. We are working harder than ever to prevent fatalities by, for example, identifying and addressing their root causes and expanding and strengthening safety training for drivers and contractors.
- Our continued underlying improvements in all sectors and countries led to a 45% reduction in lost-time injuries (LTIs) compared with 2008. Our focus on housekeeping and manual-handling practices has significantly reduced the types of events that typically result in LTIs.
- We participated in the CSI safety task force to develop consistent, industry-wide practices to address the root causes of fatal incidents and thereby reduce driving and contractor-related incidents and injuries over time. The result of the task force's work, a report entitled Recommended Good Practice for Driving Safety, includes guidelines for drivers, their managers, and transport management contractors. Similarly, Recommended Good Practice for Contractor Safety outlines safety guidelines for both contractors and subcontractors. Our CEO, together with the CEOs of the 20 other CSI member companies, approved these practices in October 2009. All CSI companies are expected to implement the practices in their operations within 5 years. We committed to implementing the targeted fatality-prevention programs outlined in these publications over the next five years.
- Since its launch in 2009, more than 533 senior and mid-level managers in 9 countries have been trained in the LEGACY Safety Leadership Program, including country presidents and vice presidents. A total of 120 employees have been trained as LEGACY trainers. Feedback on the course has been largely positive and will help us to enhance and operationalize it globally.
- Approximately 1,000 line managers and safety professionals in more than 20 countries completed the Root Cause Analysis incident-investigation training during 2009. Feedback from the course was largely positive and will help us to enhance and implement the course globally during 2010.
- In May 2009 CEMEX held its annual Global Safety Awards to recognize and reward the achievements of employees who put safety values into practice to deliver safety excellence. Awards were given for Best Safety Performance and for Most Improved Safety Performance across five sectors—cement, concrete, aggregates, logistics, and others—as well as to the countries that achieved the best and most improved safety performance.

Health

- As of the end of 2009, 76% of our operations have implemented a Health Management System (HMS). Our first two years with our HMS have allowed us to identify the activities we need to implement worldwide to improve our performance. We are increasingly reporting health indicators at the country level on a monthly basis, despite the challenge of establishing universal reporting parameters. Indicators include sickness absence and occupational medical exams.
- All countries joined the Health Essentials campaign by actively promoting a different health topic each month. As a direct consequence of this initiative, we completed more consultations in relation to a balanced diet than we have in previous years.
- In 2009, 44% of employees participated in medical exams. The decrease in the level of participation, from 47% in 2008, is due in part to economic constraints that limited the capacity of some countries to conduct these exams.

Goals

- Continue to work toward our global long-term goal of zero incidents, focusing on addressing root causes of fatalities through activities such as hazard identification, driver training, and leadership enforcement of safe work procedures.
- Launch the revised global Safety Management System during 2010.
- Continue with the LEGACY Safety Leadership Course. Launch a follow-up technical course, LEGACY 2, to improve line managers' knowledge and skills in high-risk areas.
- Achieve an LTI frequency rate for direct employees of 2.5 per million hours worked in 2010.

- Implement the targeted fatality-prevention programs outlined in the CSI Recommended Good Practice for Driving Safety and Recommended Good Practice for Contractor Safety over the next five years.
 - > Set a performance baseline for driver and contractor safety and, based on gap-analysis results, establish a five-year plan.
 - > Focus initial efforts on improving the performance of high-risk contractors.
- Finish implementing safety training programs for 100% of drivers in every operation.
- Continue the promotion and implementation of the Health Management System (HMS), which includes standardizing the content and management of the Health Essentials program across countries.
- Increase employee participation in annual medical exams. We maintain our target of 100% employee participation; but given how far we are from meeting that goal, we have moved the target date from 2010 to 2015 and are strengthening our efforts in those countries where participation is below average.

LOCAL ENVIRONMENTAL IMPACTS

Progress

Management

- As of 2009, 59% of our operations have implemented a local environmental management system, compared with 52% in 2008.
- Our environmental council worked on the standardization and dissemination of best practice guidelines for our ready-mix business.
- Despite global recessionary conditions, we have made a concerted effort to maintain our environmental investment level, which represented US\$77 million in 2009. As a result of our continuing efforts, the number of major environmental incidents dropped by 58% to eight.

Air quality

- We increased the percentage of clinker produced in kilns that have continuous monitoring of major emissions (dust, nitrogen, and sulfur oxides) to 60% from 44% in 2008, surpassing our 2010 target. We have plans and initiatives in place to meet our 2015 target. We registered reductions of 60% for dust, 19% for NO_x, and 25% for SO_x compared with the 2005 baseline. Though these levels were attributable, in part, to market conditions, we expect to maintain good performance in the future.

Land management and biodiversity

- Overall, 82% of active cement and aggregates sites have quarry rehabilitation plans in place. We are on track to meet our target for 2015 of 100%. As a result of the biodiversity scoping study we conducted together with BirdLife International, we know that 112 of our active quarries operate within or near areas of high biodiversity value. Specific biodiversity management plans are implemented at 29% of these sites.
- We published the 17th title in The Wealth of Nature series in 2009. This book includes powerful photography and more than twenty essays written by distinguished scientists at the International Union for Conservation of Nature (IUCN) and Conservation International. Their essays highlight the burden that unsustainable economic growth has placed on nature's capacity to deliver clean water, fresh air, medicines, and the regulation of climate. The book celebrates nature's ecological services and demonstrates how they contribute to our health, economic prosperity, and cultural values. The book was launched during the Copenhagen Conference of the Parties (COP15) event and has made a significant contribution to the debate around the International Year of Biodiversity.

Water conservation

- We designed the first phase of a global water assessment project to establish a baseline of our water use and impacts, identify and prioritize the main risks and opportunities, and develop management standards and operating guidelines for CEMEX operations to address these risks and get involved in watershed management. As a result of this effort, we have our first estimates on water consumption for our cement and ready-mix concrete operations: 292 liters per ton of cement, and 214 liters per cubic meter of ready-mix concrete. As of the end of 2009, 79% of our operations have water-recycling systems in place.

Waste management and recycling

- In the 2009 report, we disclose, for the first time, indicators related to disposed hazardous and nonhazardous waste:
 - o Total disposed hazardous waste (tons): 53,342
 - o Total disposed nonhazardous waste (tons): 713,937

Goals

- Complete the standardization of our global Environmental Management System (EMS) during 2010, including the standardization and dissemination of best practices in our aggregates business.
- Produce 50% of clinker with continuous monitoring of major emissions (dust, NOx and SOx) by 2010 and 100% by 2015.
- Reduce, by 2015, specific emissions per ton of clinker from 2005 baseline by the following percentages:
 - o 50% for Dust to 155 gr/ton clinker
 - o 15% for NOx to 1,667 gr/ton clinker
 - o 10% for SOx to 519 gr/ton clinker
- Implement quarry rehabilitation plans in 100% of active sites by 2015.
- Test the biodiversity management plan standard at pilot sites and, as a follow up to the biodiversity scoping study, continue to establish priorities to ensure an appropriate level of biodiversity management and to develop additional collaborative on-ground work targeted to the development of operational best practices and effective site-based conservation.
- Implement the first phase of the global water assessment project.

CLIMATE CHANGE

Progress

- During 2009, we reduced our specific net CO₂ emissions by 20.7% from the 1990 baseline. We remain on track to meet our 2015 target.
- CEMEX Chairman and CEO Lorenzo H. Zambrano signed the UN Caring for Climate statement in August 2009. Caring for Climate is a voluntary global initiative, developed jointly by the UN Global Compact, the UN Environment Program, and the World Business Council for Sustainable Development, to address climate change on a global level. Caring for Climate provides an interface between global business leaders and governments to develop pragmatic business solutions to reduce climate risk and create value for companies. We also joined the Prince of Wales' EU Corporate Leaders Group on Climate Change.

Energy efficiency

- In 2009 our plant in Broceni, Latvia, began operating a new dry kiln, which requires almost half of the thermal energy to produce clinker compared to the previous kiln.
- In the Port of Tilbury, we opened a new cement grinding and blending plant with a vertical cement mill—the first of its kind in the UK—which uses up to 40% less energy than a conventional mill.
- CEMEX was named ENERGY STAR partner of the year in 2009 by the United States Environmental Protection Agency for outstanding energy management and reductions in greenhouse gas emissions.

Alternative raw materials

- In 2009, with a 12% alternative materials substitution rate, we have already met our 2015 target. We remain on track to meet our 2020 target.

Alternative fuels and renewable energy

- We substantially increased our use of alternative fuels from 10.3% of our cement plants' total energy consumption in 2008 to 16.4%—thus saving the equivalent of one million tons of coal and avoiding 1.2 million tons of CO₂ emissions. As a result, we have more than tripled our alternative fuels use since 2005.
- The Eurus wind farm became fully operational and can supply up to 25% of the power needs for our cement plants in Mexico.
- Verification visits for the Eurus wind farm and biomass projects in Costa Rica and Colombia, all CDM projects, were conducted in 2009.

Carbon capture and storage

- A grant by the US Department of Energy is allowing us to explore the commercial application of CO₂ capture using solid sorbent technologies and geological storage in one of our cement plants in the United States. If the project goes commercial, after its feasibility stage, it could remove up to 300,000 tons of CO₂ emissions annually.

Disclosure and audit of CO₂ emissions

- We continue to verify our CO₂ emissions for cement operations according to CSI protocol.
- We responded to the Carbon Disclosure Project 2009 questionnaire.

Goals

- Continue to reduce CO₂ emissions per metric ton of cementitious product by 25% from 1990 baseline by 2015.
- Increase the use of alternative fuels in cement production in order to reach our target rate of 23% by 2020.
- Continue using alternative raw materials to work towards our target rate of 15% by 2020.
- Develop an energy portfolio that includes additional CDM initiatives.

SUSTAINABLE CONSTRUCTION

Progress

- Following publication of its final report, our CEO joined 13 other leading companies in signing the World Business Council for Sustainable Development's Manifesto for Energy Efficiency in Buildings.
- We co-chair the WBCSD Urban Infrastructure Initiative and began participating in the United Nations Environment Program's Sustainable Building and Climate Initiative (SBCI).

Goals

- Develop, as part of our innovation initiative, next-generation ready-mix products that meet client needs and incorporate a variety of sustainability features.
- As a result of the commitment we have made to the EEB Manifesto, set goals, measure and report and promote energy efficiency in buildings among suppliers, employees, and other stakeholders.
- Develop and produce a set of standardized sustainable office guidelines to be applied in all our offices worldwide. These standards will focus on maintaining work comfort levels while conserving energy, water, paper, and other resources—and as a result, reducing CO₂ emissions. These actions will help us lower our environmental impacts, reduce operational costs, and increase employees' engagement and personal investment in our sustainability efforts.

ACCESS TO HOUSING AND COMMUNITY INFRASTRUCTURE

Progress

- Patrimonio Hoy, which received the United Nations Habitat Business Award in the category of Accessible Housing Solutions, operates through more than 100 centers in Mexico, Colombia, Costa Rica, Nicaragua, and as of 2009, the Dominican Republic. Of these offices, 85 are in Mexico, and 93% of those are completely self-sustaining.
- Since the program first began operating in 2000, Patrimonio Hoy has provided affordable solutions and advanced US\$135 million in microcredit to more than 260,000 families—252,000 in Mexico and 8,000 in other countries—to build their own homes. This represents more than 1.3 million people throughout Latin America and an increase of 16% from 2008.
- Sixty percent of Patrimonio Hoy participants in Mexico say they would not have been able to build their house without the program.
- In Asia, in particular the Philippines, we are building a program similar to Patrimonio Hoy: a comprehensive community development program for the poor using housing as a core driver. The program will provide microfinance support for those who need to build new houses, as well as those who need to rehabilitate homes that were severely damaged by Typhoon Ondoy. For more detail, read the featured case Much more than a home.
- Mejora tu Calle provided more than 35,000 microloans to finance cement paving costs in twelve municipalities of Mexico in 2009, benefiting 1,700 families and paving 85,000 sq meters of street.
- In 2009, Lazos Familiares built 15,902 square meters of community buildings, including health centers, hospitals, orphanages, and schools in Mexico.


Goal

- Continue looking for ways to maximize the benefits brought by Patrimonio Hoy and other housing and community infrastructure programs.

PERFORMANCE in detail

This section presents our global performance indicators in full, broken down by business segment where available. Unless otherwise specified, the information provided is for the company as a whole. All monetary amounts are reported in US dollars. Tons are metric tons. "Operations" refers to country Business Units by segments: cement, ready mix and aggregates; "Countries" refers to the markets covered by the Outlook, and "Sites" refers to the total number of operations locations for the different business segments in the countries covered.

The information for the full report and its executive summary came from several sources, including internal management systems, performance databases and questionnaires, interviews with senior managers, and our Sustainability Outlook, a global self-assessment questionnaire we conducted in preparation for the report. This questionnaire was designed based on the requirements of the world's major indices and standards on Sustainability (GRI, UNGC, DJSI, CSI, and Innovest). In 2009, the questionnaire was applied and responded in a total of 29 countries, with a coverage of 69 cement operations, 1,371 of ready-mix and 445 of aggregates.

We include statements from PricewaterhouseCoopers, which conducted an external limited assurance process of indicators marked with a  symbol, and our Sustainability Advisory Panel, which provides qualitative feedback on our reporting.

We followed the Global Reporting Initiative's G3 Guidelines to produce the full report. It meets application level A+. The full report also includes our progress against the commitments of the United Nations Global Compact, of which we are a signatory. We provide indexes of GRI indicators and Global Compact principles as part of this full report.

Corporate governance

	2006	2007	2008	2009
Reports of alleged breaches to the Code of Ethics received by local ethics committees (#)	124	NA	266	216
Reports related to employee relations	NA	NA	84	70
Reports related to a form of harassment	NA	NA	32	14
Reports related to discrimination	11	NA	22	9
Disciplinary actions taken as a result of reports of non-compliance with the Code of Ethics, other policies or the law (#) ¹	NA	NA	NA	92
Countries with local mechanisms to promote employee awareness of procedures to identify and report incidences of internal fraud, kick-backs, among others (%)	NA	NA	90	90
Investigated incidents reported and found to be true related to internal fraud, kick-backs, among others (#) ¹	NA	NA	NA	10

1. New indicator for 2009. NA = Data not available.

Economic impacts

	2006	2007	2008	2009
Customers, net sales ¹	18,200	21,700	21,695	14,544
Suppliers, cost of sales and operating expenses ²	NA	NA	13,824	9,309
Employees and their families, wages and benefits	NA	1,500 ³	3,512	2,605
Investment, CAPEX plus working capital ⁴	NA	NA	2,028	862
Creditors, net financial expense	NA	NA	860	914
Government, taxes	NA	NA	323	291
Communities, donations	35	42	25	19
Donations as % of pre-tax income or loss ⁵	1.22%	1.57%	-1.32%	-5.57%
Shareholders, dividends ⁶	NA	13	21	0
Others ⁷	NA	NA	62	-261
Free cash flow	NA	NA	1,040	805 ⁸

1. Excludes sale of assets. 2. Excludes depreciation and amortization. 3. For non-operational employees only. 4. Capital Expenditure for Maintenance and Expansion. 5. In 2008 and 2009 this indicator was a loss before taxes. 6. In 2007, as part of our stock dividend program, we distributed over 189 million CPOs to 97.8% of our stockholders. The remaining 2.2% received payments, in lieu of the stock dividends, for US\$13 million. In 2008, Dividends paid in cash to 3% of shareholders, the other 97% received 284 million CPOs. In 2009 shareholders approved to increase the capital stock in its variable portion through recapitalization of retained earnings. As a result new shares were issued in the ratio of one new ADS for every 25 ADSs held. 7. Negative as it represents income in contrast to expenses, in 2009 included free cash flow from the sale of the Australian operations. 8. Mainly used to pay down debt, pay perpetual notes coupons, and fees related to debt refinancing. NA = Data not available.

Stateholder Engagement

Our people

	2006	2007	2008	2009
Workforce	54,635	66,612	56,791	47,624
Mexico	12,038	12,874	11,969	10,663
United States	9,010	16,389	12,487	10,065
Europe	20,256	20,465	18,660	15,786
South/Central America and Caribbean	6,360	7,158	4,530	4,226
Africa, Middle East and Asia	3,336	6,029	5,909	3,976
Others (including Corporate)	3,635	3,697	3,236	2,908
Breakdown of workforce by type of contract (%)¹				
Full time	NA	NA	NA	86
Part time	NA	NA	NA	14

Breakdown of workforce by level (%)				
Executive positions	5	NA	6	6
Non-executive positions	40	NA	40	32
Operational positions	55	NA	54	62
Breakdown of workforce by age (%)¹				
Under 30	NA	NA	NA	19
31-40	NA	NA	NA	32
41-50	NA	NA	NA	28
Over 50	NA	NA	NA	21
Breakdown of workforce by gender (%)				
Male	NA	NA	87	88
Female	NA	NA	13	12
Female employees by level (%)²				
Executive	NA	NA	19	13
Non-executive	NA	NA	28	28
Operational	NA	NA	2	3
Male to female wage ratio ³	NA	NA	1.08	1.09
Engagement level (%)	85	83	NA	88
Participation rate in engagement survey (%)	70	NA	NA	77
Employee turnover rate (%) ⁴	16.5	NA	8	5
Employees represented by an independent union or covered by a collective bargaining agreement (%)	NA	NA	43	51
Notice to employees regarding operational changes (average days)	NA	NA	24	30
Countries with policies to promote local hiring (%)	NA	NA	75	76
Training provided by operations (average hours)				
Executive (face to face and online)	NA	NA	NA	33
Non-executive and operational (face to face)	NA	NA	21	24
Online courses through CEMEX Learning (#)	400	NA	600	683
Employees with access to CEMEX Learning (#)	14,000	NA	16,000	15,526

1. New indicator for 2009. 2. The basis for these percentages is the total number of female employees per level, hence the numbers do not add to 100%. 3. Estimation considering wage ratios in our main operations (Mexico, USA, Colombia, UK, Germany, Spain and Corporate). 4. For 2006 coverage was for business units prior to acquisition of RMC only. NA = Data not available.

Our neighbors

	2006	2007	2008	2009
Sites conducting social impact assessments (%)²	NA	NA	66	67
Cement ³	NA	NA	66	75
Ready-mix ³	NA	NA	64	61
Aggregates ³	NA	NA	66	67
Sites with community engagement plans (%)⁴	NA	NA	88	85
Cement	93	95	88	88
Ready-mix ¹	NA	NA	NA	NA
Aggregates	NA	NA	88	86
Operations with employee volunteering programs (%) ¹	NA	NA	NA	41

1. New indicator for 2009. 2. Social impact assessments are generally conducted in sites where an operational change -raw material extraction, plant upgrades, and new production projects- occurred. 2008 data were recalculated due to an improvement in measurements, as well as changes in the consolidation perimeter. New by segment in 2009. 3. 2008 data were recalculated due to an improvement in measurements, as well as changes in the consolidation perimeter. 4. Drop from 2008 as was reported by countries before and now by sites. NA = Data not available.

Our business partners

	2006	2007	2008	2009
Countries that conduct regular customer satisfaction surveys (%)	NA	NA	60	78
Cement	NA	NA	76	77
Ready-mix	NA	NA	59	80
Aggregates	NA	NA	54	77
Countries with a process to screen suppliers in relation to social and environmental aspects (%)	NA	NA	77	84
Cement	NA	NA	85	86
Ready-mix	NA	NA	77	80
Aggregates	NA	NA	76	86
Purchases sourced from locally-based suppliers (%)	88	96	94	93

NA = Data not available.

Our world

	2006	2007	2008	2009
Partnerships and memberships globally (#) ¹	NA	NA	NA	257
Awards and recognitions globally (#) ¹	23	55	65	48

1. New indicator for 2009. NA = Data not available.

Health & safety

	2006	2007	2008	2009	ASSURANCE
Total fatalities	32	38	45	33	○
Employees, total	8	7	7	8	○
Employees, cement	3	2	1	2	
Employees, ready-mix	2	2	4	3	
Employees, aggregates	0	1	0	2	
Employees, other businesses	3	2	2	1	
Contractors, total	10	20	20	11	○
Contractors, cement	3	7	10	5	
Contractors, ready-mix	1	3	3	3	
Contractors, aggregates	1	1	4	3	
Contractors, other businesses	5	9	3	0	
Third parties, total	14	11	18	14	○
Third parties, cement	0	1	6	2	
Third parties, ready-mix	10	5	4	9	
Third parties, aggregates	0	0	3	0	
Third parties, other businesses	4	5	5	3	
Fatality rate, employees (per 10,000 employed)	1.57	1.29	1.16	1.56	○
Cement	2.52	1.60	0.73	1.68	○
Ready-mix	1.08	0.99	1.77	1.81	○
Aggregates	0	1.99	0	3.54	○
Lost Time Injuries (LTIs)					
Employees, total	939	672	654	360	○
Employees, cement	139	115	119	61	○
Employees, ready-mix	509	357	321	151	○
Employees, aggregates	53	46	49	41	○
Employees, other businesses	238	154	165	107	

Contractors, total	103	129	165	154	
Contractors, cement	38	49	66	50	
Contractors, ready-mix	32	35	36	36	
Contractors, aggregates	3	7	19	24	
Contractors, other businesses	30	38	44	44	
Lost-time injury (LTI) frequency rate, employees (per million hours worked)	7	5.2	4.8	3.2	○
Cement	5.1	4.2	3.9	2.4	○
Ready-mix	8.6	7.3	6.2	4.0	○
Aggregates	5.0	3.9	3.3	3.3	○
Others	6.5	3.7	4.2	2.9	
Operations with safety training programs for drivers (%)²	NA	NA	81	97	
Cement	NA	NA	85	91	
Ready-mix	NA	NA	86	99	
Aggregates	NA	NA	71	93	
Operations with a Safety Management System implemented (%)³	NA	NA	80	98	
Cement	NA	NA	82	95	
Ready-mix	NA	NA	94	99	
Aggregates	NA	NA	69	95	
Employees trained in our CEMEX LEGACY Safety Leadership Program (#) ¹	NA	NA	NA	533	
Employees trained in the CEMEX Root Cause Analysis incident investigation methodology (#) ¹	NA	NA	NA	956	
Employees participating in annual medical exams (%) ⁴	NA	65	47	44	
Operations with a Health Management System implemented (%) ²	NA	NA	52	76	
Operations with a qualified health professional onsite or with access to an external health provider (%) ¹	NA	NA	NA	96	

1. New indicator for 2009. 2. 2008 data was recalculated due to an enhancement in measurement, as well as changes in the consolidation perimeter. The scope is drivers employed directly. New by segments in 2009. 3. New by segments in 2009. 4. 2007 data was only for cement operations. Drop from 2008 levels due to an improved measurement processes together with the impact of the global recession (some countries facing restricted budget to conduct medical exams). NA = Data not available.

Local environmental impacts

	2006	2007	2008	2009	ASSURANCE
Environmental Management					
Operations with an Environmental Management System implemented (%) ²	NA	NA	52	59	
Environmental investment (US Million) ³	54.7	80	62	77	
Major environmental incidents (#) ⁴	NA	NA	19	8	○
Environmental non-compliance cases (#)	NA	NA	67	67	
Associated fines (US million)	NA	NA	4.1	1.3	
Cement plants certified by ISO 14001 (%)	NA	NA	NA	68	
Land Management and Biodiversity					
Active sites with quarry rehabilitation plans (%)^{5,6}	NA	NA	46	82	
Cement ^{5,7}	81	94	94	79	
Aggregates ⁵	NA	NA	37	83	
Active quarries within or adjacent to high biodiversity value areas (#)⁸	NA	NA	NA	112	
Cement	NA	NA	NA	11	
Aggregates	NA	NA	NA	101	

Active sites with high biodiversity value where biodiversity management plans are actively implemented (%)⁸	NA	NA	NA	29
Cement	NA	NA	NA	45
Aggregates	NA	NA	NA	28
Air Quality				
Absolute dust emissions (tons/year) ⁹	12,845	10,171	9,070	5,052
Specific dust emissions (g/ton clinker) ⁹	219	166	162	106
Absolute NOx emissions (tons/year) ⁹	123,322	108,365	97,294	50,562
Specific NOx emissions (g/ton clinker) ⁹	2,099	1,773	1,742	1,063
Absolute SOx emissions (tons/year) ⁹	32,142	32,052	27,050	19,500
Specific SOx emissions (g/ton clinker) ⁹	547	524	484	410
Clinker produced with monitoring of major and minor emissions (Dust, NOx, SOx, Hg, Cd, Tl, VOC, PCDD/F) (%) ⁹	37	39	39	47
Clinker produced with continuous monitoring of major emissions (Dust, NOx and SOx) (%) ⁹	41	44	44	60
Water Consumption				
Cement (l/ton) ¹	NA	NA	NA	292
Ready-mix (l/cubic meter) ¹	NA	NA	NA	214
Operations with water recycling systems (%)^{10,11}	NA	NA	82	79
Cement ¹⁰	NA	NA	86	95
Ready-mix ¹⁰	NA	NA	87	85
Aggregates ¹⁰	NA	NA	73	59
Waste				
Total disposed hazardous waste (tons)¹	NA	NA	NA	53,342
Cement	NA	NA	NA	24,650
Ready-mix	NA	NA	NA	2,434
Aggregates	NA	NA	NA	26,258
Total disposed non-hazardous waste (tons)¹	NA	NA	NA	713,937
Cement	NA	NA	NA	67,543
Ready-mix	NA	NA	NA	642,313
Aggregates	NA	NA	NA	4,081
Volume of returned ready-mix concrete material from total delivered¹				
%	NA	NA	NA	0.54
Cubic meters	NA	NA	NA	602,460
Secondary and recycled aggregates used as a direct replacement of primary aggregates (tons)¹				
%	NA	NA	NA	0.20
Cubic meters	NA	NA	NA	261,800

1. New indicator for 2009. 2. 2008 data recalculated due to an improvement in measurement, as well as changes in the consolidation perimeter. 3. Refers to environmental CAPEX in all business segments. In 2009 we recalculated the historic figures to include environmental investments in alternative fuels and cementitious materials, hence the increase. 4. Refers to incidents—either internal or external to site boundaries—reportable under country legislation and resulting in a significant emission release to air, land or water. 2008 data recalculated due to an improvement in measurement, as well as changes in the consolidation perimeter. 5. The change from 2008 to 2009 reflects an increase in the number of sites reporting. 6. 2006 and 2007 data was only for cement operations. For cement quarries, 2009 data was adjusted compared to previous years, due to changes in the reporting process. 7. Drop due to changes in the consolidation perimeter. 8. In 2009, the Cement Sustainability Initiative (CSI) adopted new biodiversity indicators with the aim to increase the materiality, objectivity and comparability of the efforts conducted by CSI members. The previous indicator was “% of active sites operating in environmentally sensitive areas”. Given the change the 2009 results cannot be compared with past years. 9. Only cement operations. 10. The evolution mainly reflects an increase in the number of sites reporting. 11. 2009 data was adjusted compared to previous years, due to changes in the reporting process. NA = Data not available.

Climate change

	2006	2007	2008	2009	ASSURANCE
Absolute gross CO ₂ emissions (million metric tons) ²	53.8	55.0	49.6	41.7	○
Absolute net CO ₂ emissions (million metric tons) ²	52.9	53.9	48.2	39.7	○
Specific gross CO ₂ emissions (kg CO ₂ /metric ton of cementitious product) ²	704	698	672	658	○
Specific net CO ₂ emissions (kg CO ₂ /metric ton of cementitious product) ²	693	684	654	627	○
Thermal energy efficiency of clinker production (MJ/ton clinker) ³	3,707	3,770	3,741	3,693	
Fuel mix (%)⁴					
Total alternative fuels ⁵	6.6	7.6	10.3	16.4	
Coal	NA	NA	34.3	26.1	
Petroleum coke	NA	NA	46.1	46.8	
Fuel oil	NA	NA	8.7	10.1	
Natural gas	NA	NA	0.6	0.6	
Alternative fuels rate (%)⁵	6.6	7.6	10.3	16.4	○
Alternative fossil fuels rate ⁵	4.9	5.8	8.6	13.2	○
Biomass fuels rate ⁵	1.7	1.7	1.7	3.2	○
Waste types used as alternative fuels (%)¹					
Industrial and household waste	NA	NA	60	64	
Tires	NA	NA	23	17	
Animal meal	NA	NA	9	6	
Agricultural organic waste	NA	NA	6	11	
Other biomass	NA	NA	2	2	
Alternative raw material rate (%) ⁶	10	10.3	12	12.2	
Clinker / cement factor (%) ⁶	80	78	75	75	
Indirect Energy Consumption (GWh) ⁶	8,490	8,568	8,000	6,887	
Specific energy consumption, ready-mix concrete (Kwh/cubic meter) ¹	NA	NA	NA	5.6	
Specific energy consumption, aggregates (Kwh/ton) ¹	NA	NA	NA	3.0	

1. New indicator for 2009. 2. Only cement operations. Historic figures recalculated due to an improvement in measurement, as well as changes in the consolidation perimeter. 3. Before 2009, this indicator was "specific heat consumption of clinker production". Only cement operations. 4. Data from 2008 were recalculated by change in the classification of certain fuels. 5. Only cement operations. Historic data recalculated by change in the classification of certain fuels. 6. Only cement operations. Historical data adjusted due to changes in the consolidation perimeter. NA = Data not available.

Access to housing and community infrastructure

	2006	2007	2008	2009
Families participating in Patrimonio Hoy in Latin America (# accumulated)	160,000	190,000	224,000	260,918
Mexico	NA	NA	NA	252,000
Other Latin American Countries	NA	NA	NA	8,918

NA = Data not available.

ADVISORY panel

Just as we can succeed in building a smart world only by working together with our stakeholders, we know that our efforts can benefit considerably from the expertise, criticism, and advice of experts who work in spheres outside the company. For this reason, in 2008 we assembled a panel of independent sustainability experts that advises us on our efforts. The panel's role is to provide feedback on our sustainability reporting and to challenge us to improve our performance. Our Sustainability Steering Committee conducts regular dialogues with panel members to better understand key issues and gain insights for better addressing them.

PANEL MEMBERS

Magali Delmas

Associate Professor of Management, University of California, Los Angeles (UCLA)

David Hertz FAIA, LEED.AP

Founder and president of Studio of Environmental Architecture (S.E.A)

Claude Mandil

Former Executive Director, International Energy Agency

Russell A. Mittermeier

President, Conservation International

Djordjija Petkoski

Head of the Business, Competitiveness and Development team, World Bank Institute

Antonio Vives

Principal Associate, Cumpetere

“I commend CEMEX for its efforts to raise visibility and transparency around sustainability. I hope the company maintains and even increases its level of commitment to its stakeholders in coming years.”

Claude Mandil, member of CEMEX's Sustainability Advisory Panel and former Executive Director of the International Energy Agency

TERMS OF REFERENCE

Objective

CEMEX wants to receive frank and informed opinions on the management of our sustainability issues, such as the quality of our Sustainable Development Report, Strategy, Performance and Accountability. We have invited a group of sustainability experts to sit on an independent panel providing counsel on these issues.

The Advisory Panel

Panel members represent the company's key stakeholder groups and the regions where we operate.

Members are asked to be on the panel for two years so that they will have time to gain a deeper understanding of CEMEX and be able to comment on our progress. The term may be extended if a panelist agrees to a request to continue.

Panelists offer views in their personal capacity. All discussions between the panelists and CEMEX senior executives are treated in confidence with the panel issuing an agreed joint statement annually for unedited publication in relation to the CEMEX Sustainable Development Report.

It is expected that the Panel will meet collectively with senior CEMEX executives either in person or by teleconference at least once a year. Panelists may be consulted independently on those topics where they have specialist knowledge.

CEMEX is interested in the opinions of the Panel and would prefer a consensus approach, but individual opinions are valuable and all panel members are encouraged to offer their own views where these diverge from the consensus.

CEMEX provides a facilitator to support the process and help the Panel organize meetings, form consensus and prepare minutes.

Continuous Improvement

In the spirit of improving the process, members may be consulted by a facilitator or CEMEX to give their views regarding the performance of the Panel.

OUR RESPONSE AND ACTIONS

We are extremely pleased that the Sustainability Advisory Panel accepted the invitation to comment on our 2008 Sustainable Development Report (the Report). We are glad the panelists found the Report clear and comprehensive. The Panel raised specific issues which were posted online and further discussed in a follow-up conference call. Our response follows the structure of the Report, and conforms to the CEMEX sustainability framework. For each subject area we provide a summary of the Panel's expectations and our answer.

We are extremely grateful to the Panel for its comments. We are committed to being a leader in sustainability and believe that continuing an open and frank dialogue with the Panel is helping us reach our goal.

MESSAGE FROM CHAIRMAN AND CEO

Economic impact

Expectation *Statement 2008*

A more comprehensive discussion on the impact of the global economic crisis on sustainability efforts, and about the impact of sustainability on the company's financial performance.

Our response *October 2009*

The Panel's point is noted. We would like to underline our Chairman and CEO's comment that "Our commitment to sustainability remains solid despite the other issues we face". The Report shows progress made to reduce impacts amid the current economic crisis, besides disclosing the annual financial investment to address environmental matters (page 40 of 2008 Sustainable Development Report).

In our future reports we intend to better address the balance between financial and non-financial performance, including work to further interlink our annual financial and sustainable development reporting.

Our actions *April 2010*

We continue to report on an array of indicators that have been impacted by the global economic crisis, such as direct economic impacts on stakeholders, environmental investment, global headcount, and turnover.

The CEO message discusses the impact of the global financial situation on the company, and the 2009 annual report provides a more detailed perspective on our financial performance.

Regarding the impact of sustainability on our financial performance, the Our world section discusses the relevance of managing and reducing our energy costs, a key aspect of our climate change strategy and contribution to a low carbon economy; engaging in sustainable transport within our logistics networks; commercial opportunities related to developing sustainable construction markets; the economic benefits of our participation in Clean Development Mechanism projects; and the receipt of public funds from the United States Department of Energy for research and development in relation to a carbon capture and storage pilot project in one of our cement plants in the United States.

SUSTAINABILITY AT CEMEX

Sustainability management

Expectation *Statement 2008*

A better description of how sustainability topics are managed throughout the global organization, highlighting where responsibilities lie.

Our response *October 2009*

Our current sustainability governance structure - which includes the Sustainability Steering Committee and safety, health, environment and social councils - is described on page 10 of the 2008 Sustainable Development Report.

The integration of sustainability into our business management systems and line management responsibilities is an ongoing process. We are determined to ensure that sustainability becomes embedded and we are taking steps to ensure this happens. This includes the consideration of incentives that link personal rewards with agreed performance metrics.

In our future reports we will consider adding more detail to the description of our sustainability management processes and our efforts to embed related practices. In particular, we will disclose the number of people with direct responsibility for health, safety, environment and social practices globally.

Our actions *April 2010*

Our current sustainability governance and management structure is described in the Our commitment section, in which we also note that, in each of our cement plants and ready-mix concrete and aggregates clusters, we have appointed employees responsible for health, safety, and environmental management. In addition, all managers are expected to integrate sustainability priorities into day-to-day operations and to undertake measures to make our business more sustainable, and increasingly, we are including sustainability-related metrics in evaluating executive performance and potential and in our variable compensation schemes.

Our materiality assessment process, helps us to identify and prioritize the issues of greatest concern to our company and our stakeholders.

Within the Our people section, we provide an overview of our internal sustainability communications and training efforts.

OUR PEOPLE

› Safety

Expectation *Statement 2008*

More information on the efforts to improve safety among employees and contractors.

Our response *October 2009*

CEMEX shares the concern of the Panel over the number of accidents. Resources have been allocated to two key initiatives to improve our safety performance.

First, a leadership training course – to be rolled-out during the next two years - for line managers and those responsible for the safety of others was developed. This is designed to increase focus on the provision of a safe environment and risk controls.

Second, we are improving driving standards as most of our accidents are related to our large fleet of vehicles. Improving road safety is a challenge faced by our industry. CEMEX is leading the World Business Council For Sustainable Development (WBCSD) Cement Sustainability Initiative (CSI) task force set up to develop industry-wide standards for the safe operation of vehicles. New standards are expected by the last quarter of 2009 and their implementation will be a priority for all companies.

In our future reports we anticipate improvement of our safety performance and continued disclosure of safety training progress.

Our actions *April 2010*

We have allocated resources to initiatives that have as their objective the improvement of our safety performance. Within the Health and safety section we detail key initiatives aimed at improving the safety of our employees, contractors, and third parties. These include training course to reinforce safe behaviors; the implementation of our industry's driving and contractor safety guidelines, and the improvement of the quality of incident investigations. During 2009 our safety performance improved in the key areas of fatalities and lost-time injuries. Read more about our progress in the performance summary section.

OUR NEIGHBORS

Housing

Expectation *Statement 2008*

Find ways to scale up low-income housing programs.

Our response *October 2009*

We are very proud of our Patrimonio Hoy program, which since its inception in 1998, has benefited over 224,000 families in four countries. We continue to look for ways to maximize the benefits brought by this internationally-recognized program, especially during these harsh economic times. Moreover, we have developed other initiatives, such as the self-employment centers, through which we promote low-income housing self-construction. We expect to report the continued growth of these programs in the countries where they have been established.

Our actions *April 2010*

During 2009 our Patrimonio Hoy program was launched in the Dominican Republic. We continue to look for ways to maximize the benefits brought by this program. For more detail see the performance highlights section on access to housing and infrastructure.

We have developed other low-income housing and community infrastructure initiatives to improve streets and other public spaces. For more detail, see the featured case *Much more than a home*.

Measuring social value

Expectation *Statement 2008*

Publish data on the impact of social contributions.

Our response *October 2009*

We agree on the importance of measuring the value of social projects. Our revised social investment guidelines include a number of key performance indicators to track results. Furthermore, we intend to develop an internal rating system to measure the value of each initiative enabling us to rate their success. This will be in-house information that will help us focus on projects that contribute most to poverty reduction and local development.

Our actions *April 2010*

Our social investment guidelines include a number of key performance indicators to track results. We have published additional data on the social benefits derived from our signature Patrimonio Hoy program. For more detail, see the access to housing and infrastructure section.

OUR BUSINESS PARTNERS

The Panel made no comments in relation to this section. We anticipate developing our reporting of this topic, linking it more closely to our financial reporting performance as well as our value chain impacts.

OUR WORLD

Biodiversity

Expectation *Statement 2008*

A clearer explanation on biodiversity performance and an outline of plans to protect biodiversity, including a discussion on protection of tropical forests as a cost-effective way to mitigate climate change.

Our response *October 2009*

We share the Panel's concerns. Our work in this area is widely acknowledged by many in the international NGO community. Two years ago we signed a 10-year partnership with BirdLife International to map all quarries against key biodiversity areas, important bird areas, Natura 2000 areas and nationally-protected areas. This allowed us to identify sites that have a high potential to impact on ecosystems and areas of high biodiversity.

Our investment (resources and management time) will focus on high-risk areas, to ensure that during challenging economic times we maximize our impact. Hence, we are confident that areas that are most at risk will be adequately protected, and those sites without protection plans are in low-risk areas. Nevertheless, our commitment remains to have rehabilitation plans in place for all our active quarries by 2015. We will again examine the reporting of our efforts to protect biodiversity, to ensure that we are providing a fair picture of our work.

We agree that ecosystem-based mitigation and adaptation based on reforestation of forests will be a positive outcome of any global agreement to mitigate climate change and we favor the inclusion of grassland restoration in such an approach.

Our actions *April 2010*

We remain committed to ensuring that we maintain appropriate levels of biodiversity management and to our goal to have rehabilitation plans in place for all our active quarries by 2015, and we will continue to prioritize high-risk areas. In this regard we continue to work with BirdLife International at the corporate level and in a number of countries. For more details read the performance summary section on local environmental impacts.

We acknowledge that biodiversity and ecosystem conservation are closely linked to climate change mitigation and adaptation. As our 2009 report refers, we are attentive to and closely following the progress of proposals to support the development of policy approaches and incentives such as REDD (Reducing Emissions from Deforestation and Forest Degradation), which incentivize less deforestation whilst also promoting biodiversity conservation.

Energy

Expectation *Statement 2008*

Provision of company-wide data on energy use, and acknowledgement of the embodied energy and life-cycle burdens of concrete.

Our response *October 2009*

Our cement-making accounts for 88.6% of our energy use. We concentrate our energy-saving in cement production because it is where we can make the most material impact. That is why our data are focused on this segment.

Energy used in cement manufacture also accounts for a large portion of our direct costs, which is one of the reasons we constantly seek ways to reduce it. We also seek to reduce the content of our products through:

1. Improving energy efficiency in cement plants
2. Using alternative fuels and alternative raw materials
3. Investing in renewable power.

For instance, the use of alternative fuels, such as domestic waste, provides both cost and carbon benefits. In 2008, our use of alternative fuels reached 10.3% of our total energy consumption.

There are many benefits in using concrete in the construction of buildings and infrastructure. We have participated in the WBCSD's Energy Efficiency in Buildings project. Its research showed that 40% of the world's energy is consumed in buildings, 82% of which is used after construction. Building design and choice of materials affects the amount of energy a building uses.

As we move into a carbon-constrained world, we are convinced that the unique properties of concrete (thermal, reflective and durability) will produce enormous net benefits for the planet. In our future reports we will consider increasing the amount of information provided on energy use, without compromising our competitive position.

Our actions *April 2010*

Because cement production accounts for the largest portion of our energy use, we continue to focus on collecting energy data from our cement operations. Within the Our world section we detail the energy-efficient properties of concrete and its role in more sustainable construction, in particular. As our 2009 report explains, we have undertaken efforts in some countries to calculate the CO₂ embedded in each ton of concrete delivered, but we have not developed a common approach to calculating this metric following a standard company procedure and continue to explore new approaches to accomplishing this.

In addition to the energy indicators reported in previous years, in 2009 we also disclosed our specific energy consumption by unit of ready-mix and aggregates produced, the breakdown of alternative fuels used as part of our energy consumption, and the breakdown of waste types used as alternative fuels.

› Waste and recycling

Expectation *Statement 2008*

Normalized figures for waste generated and waste recycled.

Our response *October 2009*

Much of the by-product of cement manufacture is re-used. The rest of our operations produce comparatively little waste. However, the Panel's query has prompted us to investigate the feasibility of measuring and reporting our total wastes.

Because concrete is such a widely used material, waste from demolition makes up a considerable portion of the world's waste. When separated from the other building materials, concrete can be crushed and re-used as aggregates but this is costly, energy intensive and dependent on local building codes. The CSI studied opportunities to recycle concrete. The findings underline the many challenges, including cost and the fact that the cement and demolition industries are in different sectors.

We thank the panel for sharing their broad vision on waste and recycling. On future reports we will consider the range of metrics we publish from a materiality perspective, to enable our stakeholders to more easily compare our performance with others in our industry.

Our actions *April 2010*

The Panel's comment has prompted us to investigate the feasibility of measuring and reporting our total wastes. Within the local environmental impacts discussion in the Our neighbors section, we have expanded the discussion of our waste-management efforts. We have established a process to record and report disposed waste volumes, including the reporting—for the first time in 2009—of our hazardous and non-hazardous waste disposal figures, the volume of returned ready-mix concrete material from total delivered, and the secondary and recycled aggregates used as a direct replacement of primary aggregates.

› Water

Expectation *Statement 2008*

More data on water use and conservation measures included in our management and reporting.

Our response *October 2009*

We are working to measure water consumption and plan to report these data in our future reports. In our current report, we already included the percentage of operations with water recycling systems.

Our actions *April 2010*

As discussed in the local environmental impacts section, we are taking measures to ensure that our activities do not negatively affect water resources and that appropriate water-management practices are in place at every site. We are developing a global water assessment project that will allow us to establish our water use baseline and better manage our water impacts. In 2009, for the first time we disclosed the total volume of water used per ton of cement and per cubic meter of ready-mix; see the performance highlights section for more detail on our progress and goals.

Sustainability Advisory Panel's Statement 2010

We appreciate the opportunity to comment on a near-final draft of CEMEX 2009 Sustainable Development Report. We commend CEMEX for its continued, detailed reporting and for including comprehensive responses to our comments on the 2008 Sustainable Development Report. We are, however, disappointed by the wholly positive tone of the 2009 report. While we respect the excellent work that CEMEX does and the progress it is making in its sustainability performance, we would expect that CEMEX faces many social, environmental and economic challenges. We feel that the credibility of its reporting would only be enhanced if the company shared these challenges with its readers.

Actions and achievements. We would like to see fewer soft assurances and more robust reporting on actions and achievements. The report would be greatly improved if such actions were consolidated in one place for easy reading.

Safety. We continue to be disappointed with the safety performance and urge CEMEX to take the necessary steps to improve.

Environmental performance. We are pleased with the progress CEMEX is making in the formulation of environmental performance indicators and the description of the way sustainability is managed at CEMEX. But we feel that there is considerable room for improvement in these areas. For example, it would be beneficial to include indicators in the main text of the report. In its current form, the text is disconnected from the indicators, which impedes understanding of performance.

The description of how sustainability is managed would be enhanced by specific examples of management processes and initiatives. More indicators would be helpful too. These could include the number of employees with environmental responsibilities, and the value of environmental investments and expenditures. We would appreciate a greater spread of environmental indicators normalized on product tonnages, such as energy used, waste generated, and waste recycled.

Last year we asked for a clearer explanation on biodiversity performance and an outline of plans to protect biodiversity, including a discussion on protection of tropical forests as a cost-effective way to mitigate climate change. We repeat this request because the biodiversity performance continues to be poor.

29 April 2010

**Independent Limited Assurance Report on the CO₂ emissions, safety and environmental incidents
Key Performance Indicators reported by CEMEX for the year 2009**

To the Board of Directors of CEMEX

At the request of CEMEX, we have carried out an independent limited review of CO₂ emissions, safety and environmental incidents Key Performance Indicators (“The KPIs”) reported by CEMEX for the year 2009. This assurance process covers The KPIs disclosed in the 2009 Sustainable Development Report identified with the symbol ●:

- CO₂ emissions, as calculated according to the WBCSD-CSI “Cement CO₂ Protocol” (June 2005 version 2.0):
 - Absolute gross CO₂ emissions
 - Absolute net CO₂ emissions
 - Specific gross CO₂ emissions
 - Specific net CO₂ emissions
 - Alternative fuels rates (alternative fossil and biomass fuels)
- Safety indicators, as calculated according to the WBCSD-CSI Guidelines “Safety in the cement industry: Guidelines for measuring and reporting” (updated October 2008 version 3.0):
 - Fatality rate for directly employed
 - Lost Time Injury Frequency rate (LTI FR) for directly employed
 - Lost Time Injury Severity rate (LTI SR) for directly employed
- Number of Category 1 Environmental Incidents, as defined by CEMEX Corporate in the Administrative and Operative Procedure “Environmental Incident Reporting”.

The KPIs have been prepared by, and are the responsibility of, CEMEX Management. Our responsibility consists of issuing conclusions about their consistency and reliability based on our review work described in the next paragraph.

Bases, objective and scope of the verification

Our work was performed based on verification standards established by the International Federation of Accountants, under the International Standard for Assurance Engagement, ISAE 3000, pertaining to limited assurance. We planned and performed the procedures set out below to obtain limited assurance as to whether The KPIs are free of material misstatements. A higher level of assurance would have required more extensive procedures.

- We assessed CEMEX reporting procedures for The KPIs with regard to their consistency with the WBCSD-CSI “Cement CO₂ Protocol”, the “Safety in the cement industry: Guidelines for measuring and reporting” and the internal Administrative and Operative Procedure “Environmental Incident Reporting”, respectively;
- At corporate level, we conducted interviews with the individuals responsible for the preparation and application of the reporting procedures as well as for the consolidation of data. At this level, we performed analytical procedures and verified, on a test basis, the calculations and data consolidation;
- At regional coordination level, we conducted interviews with the individuals responsible for The KPIs reporting and performed analytical tests;
- We selected a sample of operations for site visits, and for each one of them:
 - we reviewed site organization and procedures, especially those regarding KPIs reporting;
 - we assessed the control procedures on key parameters, and
 - on a test basis, we performed reconciliation of reported data with the supporting documentation and verified the arithmetical accuracy of calculations.

- We analyzed the consolidated KPIs reported by CEMEX in the 2009 Sustainable Development Report to verify the coherence with the results of our work.

Observations

During the assurance process, the criteria for determining the Environmental Incidents' category were found to require further scoping in order to ensure more consistent reporting practices across the CEMEX group, which has led to significant changes in the reporting procedure for category 1 incidents in 2009.

Recommendations:

We included and detailed the following recommendations in the report submitted to CEMEX management, to be considered in future improvements to The KPIs reporting process:

- to strengthen internal controls on data and information reported through the designated corporate system, e.g. through the implementation of regional controls, to ensure The KPIs completeness and integrity;
- to consistently apply the updated policy, including its more objective criteria, for Environmental Incidents reporting throughout the group.

Conclusions:

Based on the results of our review, and taking into account our observation above, nothing has come to our attention that causes us to believe that:

- The KPIs have not, in all material respects, been prepared in accordance with the WBCSD-CSI "Cement CO₂ Protocol", the "Safety in the cement industry: Guidelines for measuring and reporting" and the revised CEMEX "Environmental Incident Reporting" procedure.
- The KPIs contain material misstatements.

Mexico, March 30th, 2010



Enrique Bertran
Partner
Sustainability Business Solutions
PricewaterhouseCoopers, S.C.

GRI index



Below you will find an index with the list of indicators from the Global Reporting Initiative (GRI) G3 Guidelines which were covered in our 2009 Sustainable Development Report, which achieved a GRI-checked application level of A+ for the second consecutive year. For all core indicators we provide the source indicating where you may find the corresponding information or, alternatively in some cases, the reasons for omission. For more information on the GRI guidelines, visit www.globalreporting.org

Keys:	
SDR: 2009 Sustainable Development Report Executive Summary	core
AR: 2009 Annual Report	
20-F: Form 20-F	additional

1 Strategy and Analysis

	Description	Cross-Reference
1.1	Statement from the most senior decision-maker of the organization	Message from our Chairman and CEO
1.2	Description of key impacts, risks, and opportunities.	Our priorities Our approach on people Our approach on neighbors Our approach on business partners Our approach on world

2 Organizational Profile

	Description	Cross-Reference
2.1	Name of the organization	Home page
2.2	Primary brands, products, and/or services	Products and solutions Sustainable construction
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Corporate governance Global operations table Corporate Structure
2.4	Location of organization's headquarters	Contact us
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	Global Overview
2.6	Nature of ownership and legal form	CEMEX, S.A.B. de C.V. is a Mexican corporation, a holding company (parent) of entities whose main activities are oriented to the construction industry, through the production, marketing, distribution and sale of cement, ready-mix concrete, aggregates and other construction materials. CEMEX is a public stock corporation with variable capital (S.A.B. de C.V.) organized under the laws of the United Mexican States, or Mexico.

2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	About CEMEX
2.8	Scale of the reporting organization	About CEMEX
2.9	Significant changes during the reporting period regarding size, structure, or ownership	Message from our Chairman and CEO About CEMEX Global Operations Performance Summary on Corporate Governance and Management
2.10	Awards received in the reporting period	Awards

3 Report Parameters










Report profile		
	Description	Cross-Reference
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	About our Report
3.2	Date of most recent previous report (if any).	About our Report
3.3	Reporting cycle (annual, biennial, etc.)	About our Report
3.4	Contact point for questions regarding the report or its contents.	Contact us
Report scope & boundary		
	Description	Cross-Reference
3.5	Process for defining report content.	Our priorities
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	About our Report
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	About our Report
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	About our Report Performance in Detail notes AR2009: Global Operations table
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Performance in Detail notes
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/ periods, nature of business, measurement methods).	Performance in Detail notes
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Performance in Detail notes
GRI content index		
	Description	Cross-Reference
3.12	Table identifying the location of the Standard Disclosures in the report.	This GRI Index
Assurance		
	Description	Cross-Reference
3.13	Policy and current practice with regard to seeking external assurance for the report.	PriceWaterHouseCoopers Statement Sustainability Advisory Panel Statement

4 Governance, Commitments, and Engagement

Governance		
	Description	Cross-Reference
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Corporate Governance Corporate Structure
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Message from our Chairman and CEO
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Corporate Governance
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Our Priorities Our Stakeholders Investor Center
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Sustainability Governance and Management Our Approach on people 2008 Form 20F [page 123 in 2008 20F]
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Corporate Governance Committees Code of Ethics and Business Conduct
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	AR2009: Corporate Governance (pg 16) 20F contains bios for the members of the Board
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Corporate Governance This is CEMEX Code of Ethics and Business Conduct
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Risk management Committees Message from our Chairman and CEO Partnerships and Memberships
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	AR2009: Corporate Governance (pg 16)
Commitments to external initiatives		
	Description	Cross-Reference
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Risk management Land Management and Biodiversity
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Partnerships
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: - Has positions in governance bodies; - Participates in projects or committees; - Provides substantive funding beyond routine membership dues; or - Views membership as strategic.	Partnerships Public Policy Our Approach on world
Stakeholder engagement		
	Description	Cross-Reference
4.14	List of stakeholder groups engaged by the organization.	Our Stakeholders
4.15	Basis for identification and selection of stakeholders with whom to engage.	Our Stakeholders
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Our Stakeholders
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Sustainability Management and Governance Our Priorities Advisory Panel

5 Management Approach and Performance Indicators

› Economic

Performance Indicator	Description	Cross-Reference	Further Explanation
DMA EC	Disclosure on Management Approach EC	Annual Report 20F form Our Approach on Commitment	
Aspect: Economic performance			
 EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Economic Impacts	
 EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Climate Change Carbon Disclosure Project	
 EC3	Coverage of the organization's defined benefit plan obligations.	Our Approach on people	
 EC4	Significant financial assistance received from government.	20F Form (2008, p 95, 132)	
Aspect: Market presence			
 EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	Not available	
 EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Our Approach on business partners Business Partners	Indicator on % of purchases from locally-based suppliers
 EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Our Approach on people Our People	Indicator on % of operations with policies to promote local hiring. No process in place to consolidate global data on the proportion of senior management hired from local communities.
Aspect: Indirect economic impacts			
 EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Social Investment Access to Housing and Infrastructure	
 EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Not available	

» **Environmental**

Performance Indicator	Description	Cross-Reference	Further Explanation	
DMA EN	Disclosure on Management Approach EN	Local Environmental Impacts Climate Change		
Aspect: Materials				
C	EN1	Materials used by weight or volume.	Climate Change	Indicators: alternative materials rate, fuel mix, alternative fuels rate, waste types used as alternative fuels, volume of returned ready-mix concrete material from total delivered and secondary and recycled aggregates used as a direct replacement of primary aggregates).
C	EN2	Percentage of materials used that are recycled input materials.	Climate Change	Indicators: alternative raw materials rate and alternative fuels rate.
Aspect: Energy				
C	EN3	Direct energy consumption by primary energy source.	Climate Change	Indicators: fuel mix, thermal energy efficiency of clinker production, specific energy consumption by unit of ready-mix and by unit of aggregates.
C	EN4	Indirect energy consumption by primary source.	Climate Change	Indicator: indirect energy consumption.
A	EN5	Energy saved due to conservation and efficiency improvements.	Climate Change	Indicator: thermal energy efficiency
A	EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Climate Change Sustainable Construction	
A	EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Not available	
Aspect: Water				
C	EN8	Total water withdrawal by source.	Water	Indicator: water used by unit of cement and ready-mix concrete.
A	EN9	Water sources significantly affected by withdrawal of water.	Not available	
A	EN10	Percentage and total volume of water recycled and reused.	Water	Indicator: % of operations with water recycled systems.
Aspect: Biodiversity				
C	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Land Management and Biodiversity	Indicator: number of active quarries within or adjacent to high biodiversity value areas.
C	EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Land Management and Biodiversity	Indicators: number of active quarries within or adjacent to high biodiversity value areas, active sites with high biodiversity value where biodiversity management plans are actively implemented, and active sites with quarry rehabilitation plans.
A	EN13	Habitats protected or restored.	Land Management and Biodiversity	Indicators on Local Environmental Impacts >> Land Management and Biodiversity





A	EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Land Management and Biodiversity on neighbors Land Management and Biodiversity on performance in detail	Indicators on Local Environmental Impacts >> Land Management and Biodiversity.
A	EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Not available	

Aspect: Emissions, effluents, and waste






C	EN16	Total direct and indirect greenhouse gas emissions by weight.	Climate Change	Indicators: gross and net -absolute and specific- CO2 emissions.
C	EN17	Other relevant indirect greenhouse gas emissions by weight.	An estimation of indirect was reported as part of the Carbon Disclosure Project 2009 (p. 9).	
A	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Climate Change on world Climate Change on performance in detail	Indicators on Climate Change
C	EN19	Emissions of ozone-depleting substances by weight.	Not material	We do not report on this issue, since our business does not create any significant emissions of ozone-depleting substances.
C	EN20	NOx, SOx, and other significant air emissions by type and weight.	Air quality on performance in detail	Indicators: gross and net -absolute and specific- CO2 emissions; as well as absolute and specific dust, NOx and SOx emissions.
C	EN21	Total water discharge by quality and destination.	Not available	During 2009 we estimated for the first time our global water consumption levels per business segment. We expect to cover water discharge in the following stages of our comprehensive water assessment project.
C	EN22	Total weight of waste by type and disposal method.	Waste on performance in detail	Indicators: hazardous and non-hazardous waste disposed, volume of returned ready-mix concrete material from total delivered and secondary and recycled aggregates used as a direct replacement of primary aggregates.
C	EN23	Total number and volume of significant spills.	Environmental Management on performance in detail	Indicator: major environmental incidents
A	EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Not available	
A	EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Not available	

Aspect: Products and services

C	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Local Environmental Impacts Climate Change Sustainable Construction Local Environmental Impacts on performance in detail Climate Change on performance in detail	
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	EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Not material	We do not consider this a material issue for our industry. In many of the countries where we operate, the majority of our cement production is sold in bulk. Concrete and aggregates do not require any packaging.
Aspect: Compliance				
	EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Environmental Management on performance in detail	Indicators: environmental non-compliance cases and associated fines.
Aspect: Transport				
	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Reducing disturbances	
Aspect: Overall				
	EN30	Total environmental protection expenditures and investments by type.	Environmental Management on performance in detail	Indicator: environmental investment

› **Social**

Labor Practices and Decent Work				
Performance Indicator	Description	Cross-Reference	Further Explanation	
DMA LA	Disclosure on Management Approach LA	Our Approach		
Aspect: Employment				
	LA1	Total workforce by employment type, employment contract, and region	Performance in detail	Indicators: workforce with break down by region and type of contract.
	LA2	Total number and rate of employee turnover by age group, gender, and region	Performance in detail	Indicators: workforce with break down by gender, age and level, also turnover rate.
	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	Not available	
Aspect: Labor/Management Relations				
	LA4	Percentage of employees covered by collective bargaining agreements	Performance in detail 20F Form (2008, p. 120 and 121)	Indicator: employees represented by an independent union or covered by a collective bargaining agreement.
	LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	Performance in detail	Indicator: notice to employees regarding operational changes on average days.

Aspect: Occupational Health and Safety				
A	LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Not available	
C	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	Performance in detail	Indicators: lost-time injuries for employees and contractors, total fatalities, employees with annual medical exams.
C	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	Health and safety	
A	LA9	Health and safety topics covered in formal agreements with trade unions	Not available	

Aspect: Training and Education				
C	LA10	Average hours of training per year per employee by employee category	Performance in detail	Indicators: training provided by operations (average hours by level); Online courses through CEMEX Learning (#); Employees with access to CEMEX Learning (#)
A	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Not available	
A	LA12	Percentage of employees receiving regular performance and career development reviews	Not available	











Aspect: Diversity & Equal Opportunity				
C	LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority, group membership, and other indicators of diversity	Corporate governance Annual Report (p. 88) 20F Form (2008, p. 116 and 117) See also LA1 and LA2	
C	LA14	Ratio of basic salary of men to women by employee category	Performance in detail	Indicator: male to female wage ratio, not available by employee category.







Human Rights

Performance Indicator	Description	Cross-Reference	Further Explanation
DMA HR	Disclosure on Management Approach HR	Ethics Our people	

Aspect: Investment and procurement practices				
C	HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	Not available	We do not currently monitor the number and percentage of significant investment agreements that include human rights clauses or that undergo human rights screening. However, we are committed to upholding the principles of the United Nations Global Compact, a voluntary standard that includes human rights, and expect our employees and businesses to follow the highest ethical standards as described in our Code of Ethics and Business Conduct.

C	HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	Performance in detail	Indicator: countries with processes to screen the social and environmental performance of suppliers.
A	HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Not available	
Aspect: Non-Discrimination				
C	HR4	Total number of incidents of discrimination and actions taken	Performance in detail	Indicators: reports of alleged breaches to the Code of Ethics, reports related to employee relations, harassment and discrimination, disciplinary actions.
Aspect: Freedom of Association and Collective Bargaining				
C	HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	No risks of this kind were identified	
Aspect: Child labor				
C	HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	No risks of this kind were identified	
Aspect: Forced and Compulsory labor				
C	HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor	No risks of this kind were identified	
Aspect: Security practices				
A	HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	Not available	
Aspect: Indigenous rights				
A	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	Not available	
Society				
Performance Indicator	Description		Cross-Reference	Further Explanation
DMA SO	Disclosure on Management Approach SO		Our people Social investment Access to housing and infrastructure	
Aspect: Community				
C	SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	Our neighbors Performance in detail	Indicators: sites conducting social impact assessments by business segments; sites with community engagement plans by business segments; operations with employee volunteering programs.

Aspect: Corruption				
	SO2	Percentage and total number of business units analyzed for risks related to corruption	Our neighbors Performance in detail	
	SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	Ethics Performance in detail	Indicator: countries with local mechanisms to promote employee awareness of procedures to identify and report incidences of internal fraud, kick-backs, among others.
	SO4	Actions taken in response to incidents of corruption	Ethics Performance in detail	Indicator: investigated incidents reported and found to be true related to internal fraud, kick-backs, among others.
Aspect: Public Policy				
	SO5	Public policy positions and participation in public policy development and lobbying	Public policy	
	SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	Not available	
Aspect: Anti-competitive Behavior				
	SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes	20F Form	
Aspect: Compliance				
	SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	20F Form	
Product Responsibility				
Performance Indicator	Description		Cross-Reference	Further Explanation
DMA PR	Disclosure on Management Approach PR		Customers Sustainable construction	
Aspect: Customer Health and Safety				
	PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	Not material	We do not report or collect data on the specific percentage of products and services subject to such procedures, since the disclosure on this varies widely from country to country and it is not one of our material issues.
	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	Not available	
Aspect: Product and Service Labeling				
	PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	Not material	We do not report or collect data on the specific percentage of products and services subject to such procedures, since the disclosure on this varies widely from country to country and it is not one of our most material issues.

	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	Not available	
	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	Our business partners Performance in detail	Indicator: countries with customer satisfaction surveys; to date we don't consolidate results at the global level.
Aspect: Marketing Communications				
	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	Not material	We do not report on this issue, since it is not one of our most material issues given that we are not a consumer business and carry out very little marketing and advertising.
	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	Not available	
Aspect: Customer Privacy				
	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Not available	
Aspect: Compliance				
	PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	20F Form	

United Nations GLOBAL COMPACT

We became a signatory of the Global Compact in 2004. This is a voluntary initiative that promotes good corporate practices in human and labor rights, the environment and anti-corruption. We are committed to its ten principles which are fully integrated into our Code of Ethics, our policies, and our sustainability approach. The following table presents a summary of our performance against the ten Global Compact's principles in relation to the GRI indicators we reported in 2009. For more on the UNGC visit www.unglobalcompact.org.

Global Compact Principle	Reference to 2009 Sustainable Development Report (sections) and other sources	Relevant GRI Indicators
1. Businesses should support and respect the protection of internationally proclaimed human rights.	Performance (People) Performance (Health and safety) Our People (Health and safety) Corporate governance Annual Report, p. 88 20F p. 116 and 117 in 2008 Performance (male to female wage ratio, not available by employee category) Our commitment – Public policy	LA 4, 7, 8, 13, 14, HR 1, HR2, HR4–7, SO5, PR1
2. Businesses should ensure that they are not complicit in human rights abuses.	Performance (reports of alleged breaches to the Code of Ethics, reports related to employee relations, harassment and discrimination, disciplinary actions taken) Our commitment – Public policy	HR 2, 4–7, SO5
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	People – Governance and management Performance (employees represented by an independent union or covered by a collective bargaining agreement) 20F p. 120 and 121 in 2008 Performance (notice to employees regarding operational changes on average days) Our Commitment – Public policy	LA 4–5, HR 2, 7, SO5
4. Businesses should uphold the elimination of all forms of forced and compulsory labour.	Our Commitment – Public policy	HR 2, 7, SO5
5. Businesses should uphold the effective abolition of child labour.	Our Commitment – Public policy	HR 2, 6, SO5
6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	Our People – Governance and management Performance section (% of operations with policies to promote local hiring) Performance (workforce with break down by gender, age, and level; turnover rate) Corporate governance Annual Report, p. 88 20F p. 116 and 117 in 2008 Performance (male to female wage ratio, not available by employee category) Performance (reports of alleged breaches to the Code of Ethics, reports related to employee relations, harassment and discrimination, disciplinary actions taken) Our Commitment – Public policy	EC7, LA 2, 13, 14, HR 2, 4, SO5

7. Businesses should support a precautionary approach to environmental challenges.	Our commitment – Risk management Land management and biodiversity Our world/Climate change Performance/Climate change indicators Our neighbors/Local environmental impacts Our world/Climate change and Sustainable construction Performance (local environmental impacts and climate change) Performance (environmental investment) Our commitment – Public policy	4.11, EC2, EN18, EN26, EN30, SO5
8. Businesses should undertake initiatives to promote greater environmental responsibility.	Performance (environmental indicators) Our World/Climate Change Our World/Sustainable Construction Our Neighbors/Local Environmental Impacts/Land Management Form 20F (contingencies section) Our commitment – Public policy	EN1–30, SO5, PR3
9. Businesses should encourage the development and diffusion of environmental friendly technologies.	Performance/Thermal energy efficiency Our world/Sustainable construction Our world/Climate change Performance (% of operations with water recycled systems) Performance/Climate change indicators Our commitment – Public policy	EN 2, 5, 6, 10, 18, 26, SO5
10. Businesses should work against all forms of corruption, including extortion and bribery.	Our commitment – ethics Performance/Corporate governance Our commitment – Public policy	SO 2-5

Note: The connection between GRI Indicators and Global Compact principles is based on the document *“Making the Connection: the GRI Guidelines and the UNGC Communication on Progress”*.

global PARTNERSHIPS and MEMBERSHIPS

We demonstrate our commitment to sustainability, and engage in public-policy making, through involvement in industry and broader global initiatives.

APEC Business Advisory Council (ABAC)

Since 1995, we have been a member of the Mexican chapter of ABAC. This organization meets three to four times a year to determine the positions of and elicit suggestions from the private sector for the leaders of the 21 economies that form APEC (Asia-Pacific Economic Council). The ultimate goal of APEC is a free trade and investment zone; it also works to strengthen cooperation among its members on different subjects.

Both organizations address issues such as the creation of a future Asia Pacific free trade agreement (FTAAP), SME development, climate change and energy security, corporate social responsibility, the facilitation of financial services and investment flows, and the APEC Business Travel Card (ABTC), among others.

BirdLife International

We signed a ten-year agreement with BirdLife International, the largest network of independent conservation organizations in the world.

BirdLife works with local communities to promote the sustainable use of natural resources as a means of conserving birds - as an important indicator of the health of an ecosystem - and other wildlife. BirdLife is a leading expert on bird numbers and biodiversity trends across the world.

We will work with them to implement conservation measures at our quarries around the world. We will also support wider initiatives to conserve and raise awareness of wild birds and biodiversity.

Boston College Center for Corporate Citizenship (BCCCC)

We are members of Boston College's Center for Corporate Citizenship since 2002. In this forum, we share best practices and learn from other global companies such as IBM, Verizon, PepsiCo, Cargill, and GE. We were invited to chair the Center's International Advisory Board for 2007-2008.

Conservation International (CI)

We collaborate with Conservation International to support global biodiversity conservation efforts and raise awareness. We have worked with them to publish several of our conservation books. In 2008, we published, *A Climate for Life: Meeting the Global Challenge*. In addition, CI participates on the advisory board of our El Carmen conservation initiative.

Fundación Nuevo Periodismo Iberoamericano (FNPI)

In 2000 we established an alliance with the Iberian-American New Journalism Foundation, headquartered in Colombia and chaired by Nobel prize laureate Gabriel Garcia Marquez, to promote excellence in journalism. As a result, the CEMEX+FNPI New Journalism Award was instituted.

Global Leadership Network (GLN)

We are members of the GLN since 2005, which supported by Boston College and Accountability, provides a network with other global companies committed to achieving world-class performance in corporate citizenship.

GLN has created an internal planning and assessment framework that helps a company align its social, environmental, and economic performance with its core business strategy to ensure performance excellence in corporate citizenship.

International Emissions Trading Association (IETA)

We have been an active member of the International Emission Trading Association (IETA) since 2003. The association is involved in the establishment of effective market-based trading systems for businesses' greenhouse gas emissions that are demonstrably fair, open, efficient, accountable, and consistent across national boundaries.

The objectives of the organization are to:

- Promote an integrated view of the emissions trading system as a solution to climate change
- Participate in the design and implementation of national and international rules and guidelines
- Provide the most up-to-date and credible source of information on emissions trading and greenhouse gas market activity.

International League of Conservation Photographers (ILCP)

We work in partnership with the International League of Conservation Photographers (ILCP) for the production of books that inspire and raise awareness for the conservation of nature.

The Conservation Book Program began in 1993; the books have been published in partnership with recognized NGOs involved in the conservation of biodiversity, including Conservation International, BirdLife International, The Wildlife Conservation Society, World Conservation Union (IUCN), and other leading conservation organizations.

Through this editorial partnership, CEMEX and the ILCP focus on highlighting important conservation issues by using the most cutting edge conservation science and the best conservation photography.

Visit the ILCP website and learn about the new book of the series: "A Climate for Life".

ISO 26000 on Social Responsibility

We participate in the global plenary meetings of the International Organization for Standardization (ISO).

In this group's sessions, work was done on social responsibility as part of the consultations leading up to the development of the guidance standard ISO 26000 to be launched in 2010.

Since May 2006, we have led the Mexican private sector group as an industry expert.

Prince of Wales's EU Corporate Leaders Group on Climate Change

We participate in the highest levels of policy debate surrounding climate change through our participation in this group, which brings together business leaders from a cross-sectoral grouping of major European and international companies who see an urgent need to develop new and longer-term policies to address climate change. The group was brought together by the Prince of Wales and is managed by the **University of Cambridge Programme for Sustainability Leadership**.

Tecnológico de Monterrey

We are a vigorous supporter of this renowned university, as CEMEX's Chairman and CEO is also Chairman of the Board of the Tecnológico de Monterrey since 1998.

Founded in 1943 by a group of visionary Mexican entrepreneurs, Tec de Monterrey's multi-dimensional system has grown to include 33 campuses across Mexico, a Virtual University that reaches 23 countries, and several specialized research and knowledge-transfer centers, including its recently launched Institute for Sustainable Social Development.

Tec de Monterrey is also associated with Tec Milenio - a university that provides top-quality higher education programs to part-time students - and runs 15 corporate universities for leading Mexican companies and state governments.

Since 2003, CEMEX has strongly supported Tec de Monterrey's Graduate School of Public Administration and Public Policy, known as EGAP-CEMEX. This School has established collaborative agreements with prestigious institutions like Harvard University's John F. Kennedy School of Government. Its new state-of-the-art building in Monterrey was recently inaugurated by the President of Mexico, Felipe Calderon.

United Nations Environment Program's Sustainable Building and Climate Initiative (SBCI)

We are a member of this initiative, which promotes sustainable building practices worldwide.

United Nations Global Compact (UNGC)

We became a signatory of the Global Compact in 2004. This is a voluntary initiative that promotes good corporate practices in human and labor rights, the environment and anti-corruption. We are committed to its ten principles which are fully integrated into our Code of Ethics, our policies, and our sustainability approach.

World Business Council for Sustainable Development (WBCSD)

In 1999, as a member of the WBCSD, we were one of 10 leading cement companies to found the Cement Sustainability Initiative (CSI), a project that explores ways for our industry to meet the needs of the present without compromising the ability of future generations to meet theirs.

The goal is for the industry to reduce its ecological footprint, understand its social contribution potential, and increase stakeholder engagement. Today the CSI is a global effort of 18 cement producers, which have integrated sustainable development into their business strategies.

We are a member of the WBCSD's Energy Efficiency in Buildings (EEB) project, which seeks new ways to make buildings' life cycles more sustainable; and we co-chair the Urban Infrastructure Initiative (UIII), a WBCSD project that promotes "a world where cities provide a sustainable environment to live, work and play."

World Environment Center (WEC)

We are members of the WEC since 1995. The Center is an independent, global, non-profit, non-advocacy organization that advances sustainable development through the business practices of member companies and in partnership with governments, multi-lateral organizations, non-governmental organizations, universities, and other stakeholders.

Visit:

http://www.cemex.com/su/Su_pa.aspx to learn about other local partnerships and memberships at the country level.

AWARDS

Global

United Nations's Habitat Business Award in the category of Accessible Housing Solutions for *Patrimonio Hoy and Centros Productivos de Autoempleo*; CEMEX was also recognized in the UN Habitat Scroll of Honour
UN Habitat

Colombia

Honorable Mention
Liga Norte Santandereana de Baloncesto

"Honor al Mérito de Los Bomberos Voluntarios de los Patios" in recognition for CEMEX support to the institution *Bomberos Voluntarios de Los Patios*

Croatia

Touch of Kindness
"Kap za slap" Association (Blob for a Waterfall)

Social Responsibility Index
Croatian Chamber of Commerce and Croatian Business Council for Sustainable Development

Dominican Republic

Excellence Award in Public Relations
Infomega Eventos

France

Environmental Awards UNICEM to CEMEX in France for rehabilitation efforts to seven quarries
Union Nationale des Industries de Carrières Et Matériaux de Construction (UNICEM)

Sustainable Award UNPG to the quarries of ALBI and IZON
Union National des Producteurs de Granulats (UNPG)

Germany

Restoration Award of Mecklenburg-Vorpommern
Federal State of Mecklenburg Vorpommern

Hungary

Silver stage award
Hungarian Mining Association

Latvia

Swedish Business Award, Category "Corporate Social Responsibility"
By the Embassy of Sweden in Lithuania, the Swedish Trade Council, Swedbank and TeliaSonera

Mexico

Socially Responsible Company Distinction
CEMEFI - Centro Mexicano para la Filantropía

Award for Best Practices in Corporate Social Responsibility
CEMEFI - Centro Mexicano para la Filantropía

Recognition for the support in the transfer of CSR to the Value Chain
CEMEFI - Centro Mexicano para la Filantropía

Industry Ethic and Values Award
CONCAMIN trough FUNTEC

Distinction as a Family-Responsible Business (to the Constitución and San Antonio offices)
Secretaría del Trabajo y Previsión Social
Socially Responsible Company Distinction
DIF Estado de México

Nicaragua

Ongoing Cleaner Production Prize (Premio a la Producción Más Limpia) for the third consecutive year in 2009, for the project Energy Efficiency in the San Rafael del Sur cement plant
Committee comprising several national ministries, business chambers, and universities

Spain

National Award for Environmental Sustainability
Federación de Áridos

Environment Excellence Awards
Leaders Magazine

EMAS Award 2009 - Category of better interaction with stakeholders. Factory Alcanar
Eco Management and Audit Scheme

ECOFIRA Innovation Award 2009 for the project
"Conversion of CO₂ industrial bio-petroleum"
*ECOFIRA, the International Fair for Water, Soil, Air,
Wastes and Their Technologies and Services*

United Kingdom

International Safety Award for two consecutive
years, Ash Operation West Burton
British Safety Council

Health and Safety Best Practice Awards
Mineral Products Association

Gold Award for Occupational Health and Safety for
three consecutive years
Royal Society for the Prevention of Accidents
CEMEX was recognised for its innovative cycling
safety initiative
Construction Products Association

United States

US EPA Energy Star Partner of the Year for CEMEX
USA
*US Environmental Protection Agency & U.S.
Department of Energy*

US EPA Energy Star Award

1. Clinchfield plant
2. Davenport plant
3. Knoxville plant
4. Louisville plant
5. Wampum plant

*U.S. Environmental Protection Agency & U.S.
Department of Energy*

Cement Industry's Environment & Energy Award
Land Stewardship Category- Knoxville plant
*Portland Cement Association and Cement America's
Magazine*

*"EPA is pleased to recognize
CEMEX USA for leadership
in addressing global
warming through greater
energy efficiency... Because
commercial and industrial
facilities account for about
half of U.S. greenhouse gas
emissions, CEMEX's efforts are
vital to protecting our global
environment."*

*Kathleen Hogan, Director of the Climate
Protection Partnerships Division, U.S. EPA*



We welcome your feedback. Please send your comments and suggestions via email to sd@cemex.com, or contact us at:

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