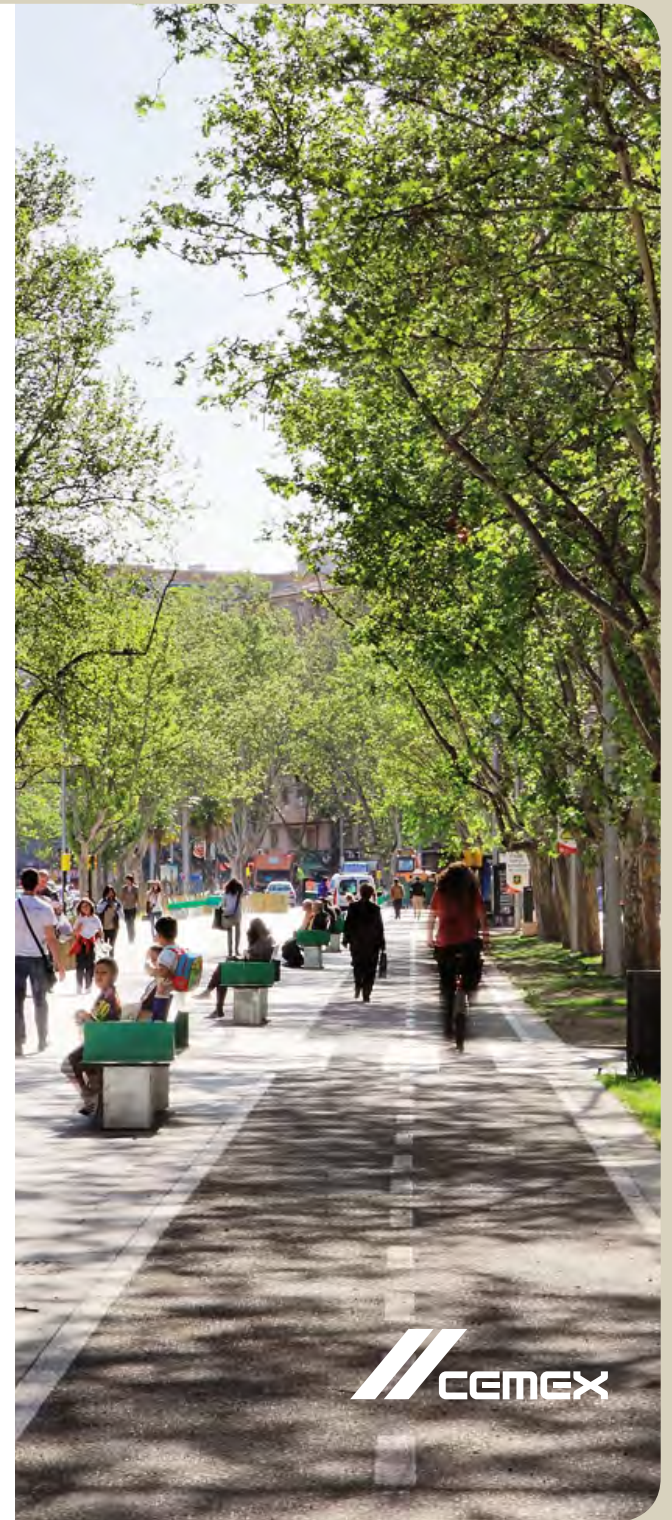




# Building Resilient and Sustainable Urban Communities

2014 Sustainable Development Report





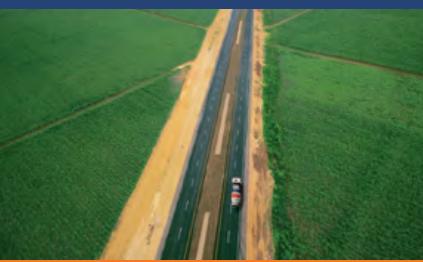


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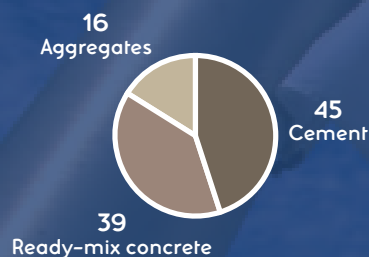
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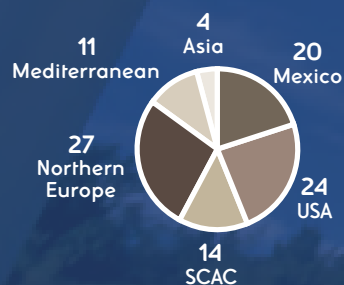
## Company Snapshot

Founded in Mexico in 1906, CEMEX, is a global building materials company that provides high quality products and reliable services to customers and communities.

Sales by product (%)



Sales by region (%)



More than  
**44,000**  
employees worldwide

**94**



million tons/year  
cement production  
capacity

**56**

million cubic meters  
of ready-mix concrete  
produced annually

**168**

million tons aggregates  
annual production level

**55**



cement plants plus  
**12** with minority  
participation



**1,736**  
ready-mix  
concrete plants

**341**



aggregate quarries

**233**



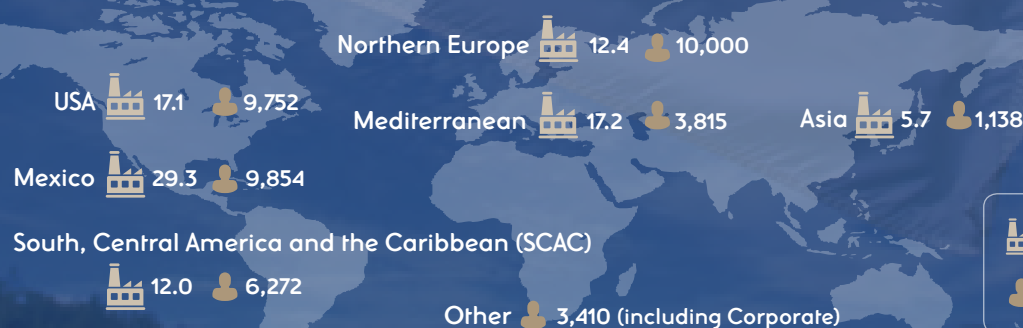
land-distribution centers

**63**



marine terminals

### 2014 Global Operations



**50+** countries  
where CEMEX has  
presence and **100+**  
with trade relations

cement production capacity  
(million metric tons/year)  
 employees



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## Financial Highlights

In millions of US dollars <sup>1</sup> , except per-ADS data	2014 <sup>3</sup>	2013 <sup>3</sup>	% Variation
Net sales	15,708	15,227	3
Operating Earnings before other expenses, net	1,659	1,518	9
Operating EBITDA	2,740	2,643	4
Controlling interest net loss	(507)	(843)	40
Loss per ADS <sup>2</sup>	(0.39)	(0.71)	45
Free cash flow after maintenance capital expenditures	401	(89)	N/A
Total assets	34,936	38,018	(8)
Total debt plus perpetual notes	16,291	17,470	(7)
Total controlling stockholders <sup>1</sup> equity	8,894	10,221	(13)

1 For the reader's convenience figures are presented in US dollars. For statements of operations accounts, these figures result from translating the local currency amounts into US dollars at the average exchange rate for the year, which approximates a convenience translation of the Mexican peso results for 2014 and 2013 using the average exchange rates of the year of 13.37 MXN/US\$ and 12.85 MXN/US\$, respectively. For balance sheet accounts, US dollar figures result from translating the local currency amounts into US dollars at the closing exchange rate for the year, which approximates a convenience translation of the Mexican peso amounts at the end of each year using the end-of-year exchange rate of 14.74 MXN/US\$ and 13.05 MXN/US\$, respectively

2 Based on an average of 1,256 and 1,170 million American Depositary Shares (ADSs) for 2014 and 2013, respectively

3 Figures are under IFRS

## Direct Economic Impacts

In millions of US dollars	IFRS		
	2014	2013	2012
Customers: Net sales <sup>1</sup>	15,708	15,227	14,984
Suppliers: Cost of sales and operating expenses <sup>2</sup>	10,627	10,205	10,082
Employees and their families: Wages and benefits <sup>3</sup>	2,341	2,378	2,278
Investments: CAPEX <sup>4</sup> plus working capital	716	813	837
Creditors: Net financial expense	1,338	1,423	1,401
Government: Taxes	558	511	393
Communities: Donations <sup>5</sup>	(1.08%)	(0.56%)	(0.54%)
Shareholders: Dividends <sup>6</sup>	0	0	0
Others	(84)	102	2
Free cash flow	211	(206)	(10)
Net loss before taxes	(124)	(265)	(403)

1 Excludes sale of assets

2 Excludes depreciation and amortization

3 Wages and benefits include non-operational and operational employees

4 Capital expenditure for maintenance and expansion

5 Donations as percentage of pre-tax income

6 Dividends paid in cash





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## Product Portfolio



### Cement:

Cement is the main ingredient in ready-mix concrete. CEMEX offers a portfolio of high-quality branded cement products, including Gray Ordinary Portland Cement, White Portland Cement, Masonry or Mortar, Oil-well Cement, and Blended Cement.



### Aggregates:

Materials such as stone, sand and gravel are the primary ingredients in ready-mix concrete. Additional aggregates include asphalt and mortar.



### Ready-mix concrete:

Made from a mixture of cement, aggregates, water and admixtures, ready-mix concrete is an extremely durable building material that can be cast into many different shapes.



### Other related products:

Includes granulated blast furnace slag, gypsum, fly ash, asphalt, concrete blocks, roof tiles, architectural products, concrete pipes and other precast products such as concrete floors, box culverts, bridges, drainage basins, barriers and parking curbs.

## Services and Solutions



### Concrete Pavements:

Our pavement solutions include conventional concrete pavement, short slabs pavement, roller compacted concrete, concrete overlay/whitening, cement treated base and soil cement.



### Building Solutions:

Development of customized energy-efficient building solutions and affordable housing solutions such as ICF, EPS panels, monolithic cast in place, and other.



### Green Building Services:

Bioclimatic architecture and engineering, modeling of buildings energy performance, building certification (e.g., LEED, BREEAM, ecoperating™).

For more information about our company, brands and financial performance, please visit our corporate website at [www.cemex.com](http://www.cemex.com)



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# Building Resilient and Sustainable Urban Communities

## Dear fellow Stakeholders:

During 2014 CEMEX took important steps to evolve our approach to sustainability and to assure that our commitments are fully integrated not only in our business strategy, but also in our daily activities around the world.

As the world's largest concrete producer and a leading supplier of building solutions, we know that each choice we make directly impacts the planet. That's why at CEMEX, we make every effort to support the development needs of society in a resource-constrained world – enhancing our products, optimizing our environmental footprint and contributing to the quality of life of the communities in which we operate.

One of the main drivers of our strategy is ensuring that sustainability is fully embedded in every aspect of our business. To achieve this, we created a Board-level Sustainability Committee that evaluates and guides all our sustainability efforts. Indeed, sustainability is a pillar of our corporate culture. We know that the more sustainable our operations, the more we will grow, reduce costs, increase our social relevance, strengthen our license to operate, and reduce risks. In other words, we know that sustainability creates value for our shareholders.

To ensure we optimize our performance and the impact of our efforts, we are always evaluating our priorities and approach. In 2014, this led to the

redefinition of our sustainability model built around two key inputs: the evaluation of the major global societal challenges to which CEMEX can contribute and the sustainability-related concerns of our stakeholders.

**Today, half of the global population lives in cities, and the UN estimates that around 180,000 people are being added to that urban population every day. At this rate, more than 6 billion people will live in cities by 2050. To better understand that scale, imagine the entire global population in year 2000 living only in urban centers.**

This dynamic creates challenges in building hard infrastructure such as buildings, roads, bridges, water systems and power grids, as well as in establishing soft infrastructure which includes governance, policing, schools, and healthcare. These challenges and the expected growth in urbanization will be a major driver of global energy consumption and greenhouse gas (GHG) emissions over the next decades. In short, the battle for a more sustainable future will largely be won or lost in the cities of the future and the infrastructure which supports them. CEMEX is well positioned to contribute to winning that battle.





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We are providers of urban solutions, supplying building materials, services and expertise that meet the most demanding standards of construction and sustainability performance. CEMEX promotes an integrated approach to urban development where vertical construction, land use, mobility, water management and bioclimatic design combine to improve the livability and economic success of cities while reducing resource consumption and protecting the environment. In these efforts we work closely with governments as well as non-governmental organizations around the world.

**During 2014, we completed almost 600 infrastructure projects representing more than 8 million square meters of concrete pavements in 14 countries, including highways, mass transit projects, airport runways and city streets.**

Our infrastructure efforts also represent an attractive business for the company; generating US \$235 million in sales.

We have also established ourselves as leaders in constructing high-quality, affordable and efficient buildings, and delivering industrialized, energy-efficient and vertical housing solutions. In 2014, CEMEX contributed to the construction of 3,150 units in 12 countries, equivalent to the construction of more than 180,000 m<sup>2</sup> of living space. Our building and housing solutions represented US \$200 million in sales for the year.

Since 1998, our corporate social programs have created significant value for CEMEX and our stakeholders. By promoting inclusive, resilient, eco-friendly and self-sufficient communities we contribute to the sustainability of our business. Our focus on high impact social initiatives has benefited almost 7 million people. At the same time, we understand that our responsibility includes the entire value chain of our products. For this reason, in 2014 we took our supplier sustainability evaluation program one step further by hiring a recognized international organization to ensure the promotion and recognition of sustainable practices across our supply chain.



**Rogelio Zambrano**  
Chairman of the Board



**Fernando A. González**  
Chief Executive Officer

In 2014, we revised CEMEX's global Health & Safety policy, which now defines our commitment and our ambition to ensure the safety of everyone involved with and affected by our operations. While we reduced our employee Lost-Time Injury (LTI) frequency rate by 33 percent in 2014 compared to 2013, we still have much work to do. Regrettably, there were 27 fatalities involving 4 employees, 17 contractors and 6 third-parties. The loss of any individual associated with our operations is completely unacceptable. Our personal commitment is to achieve ZERO injuries in all of our operations globally: health and safety are CEMEX's highest business priority.

**CEMEX is also committed to reducing our direct and indirect greenhouse gas emissions, which contribute to global climate change, and position the company for a low-carbon future.**



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In 2014, we avoided around 7.5 million tons of CO<sub>2</sub> due to a reduction of about 23 percent in specific net CO<sub>2</sub> emissions compared to our 1990 baseline. An important part of this improvement was due to our continuing implementation of alternative fuel use in our plants; in 2014 94 percent of our active cement plants consumed alternative fuels, nine of them have surpassed a 50 percent alternative fuel rate and five exceeded 65 percent. Overall, alternative fuels represented close to 28 percent of our fuel mix including biomass, refuse-derived fuels, tires and other materials. This achievement represented annual savings of US \$130 million. Additionally, our renewable energy projects and supply agreements represent around 15 percent from our total power consumption.

We also registered two new Verified Carbon Standard projects last year. At the end of 2014, our carbon offsets projects portfolio included 23 registered initiatives with the combined potential to reduce CO<sub>2</sub> emissions by almost three million tons annually.

While new challenges continue to emerge, we remain committed to setting ambitious targets to keep our company moving toward a sustainable future. In parallel with the redefinition of our sustainability model we have also updated our core economic, environmental, social and governance key performance indicators along with their 2020 targets.

Fundamentally, we believe that resilient infrastructure, inclusive and safe cities, biodiversity protection and urgent action to combat climate change are critical to the health and welfare of our company and of the planet. As you read this report, you will find that CEMEX is deeply committed to meeting these challenges and contributing to a sustainable future.

On behalf of CEMEX's Board of Directors, our management team and our employees, we want to thank the members of our Global Sustainability Functional Network and our external Advisory Panel for their valuable contributions. We also want to thank you, as well as the organizations and communities we work with on a daily basis, for taking an interest in the sustainable development of our company and in the solutions we provide. |



Sincerely,

  
**Rogelio Zambrano**  
Chairman of the Board

  
**Fernando A. González**  
Chief Executive Officer





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# 1/ Ensuring Sustainability is Fully Embedded in Our Business



Sustainability  
Committee created  
at Board-level

## 2020 Ambitions

Our core Sustainability KPIs were redefined and linked to ambitious 2020 targets

CEMEX Sustainability Model was updated and is based on 4 main pillars: Economic, Social, Environmental and Governance







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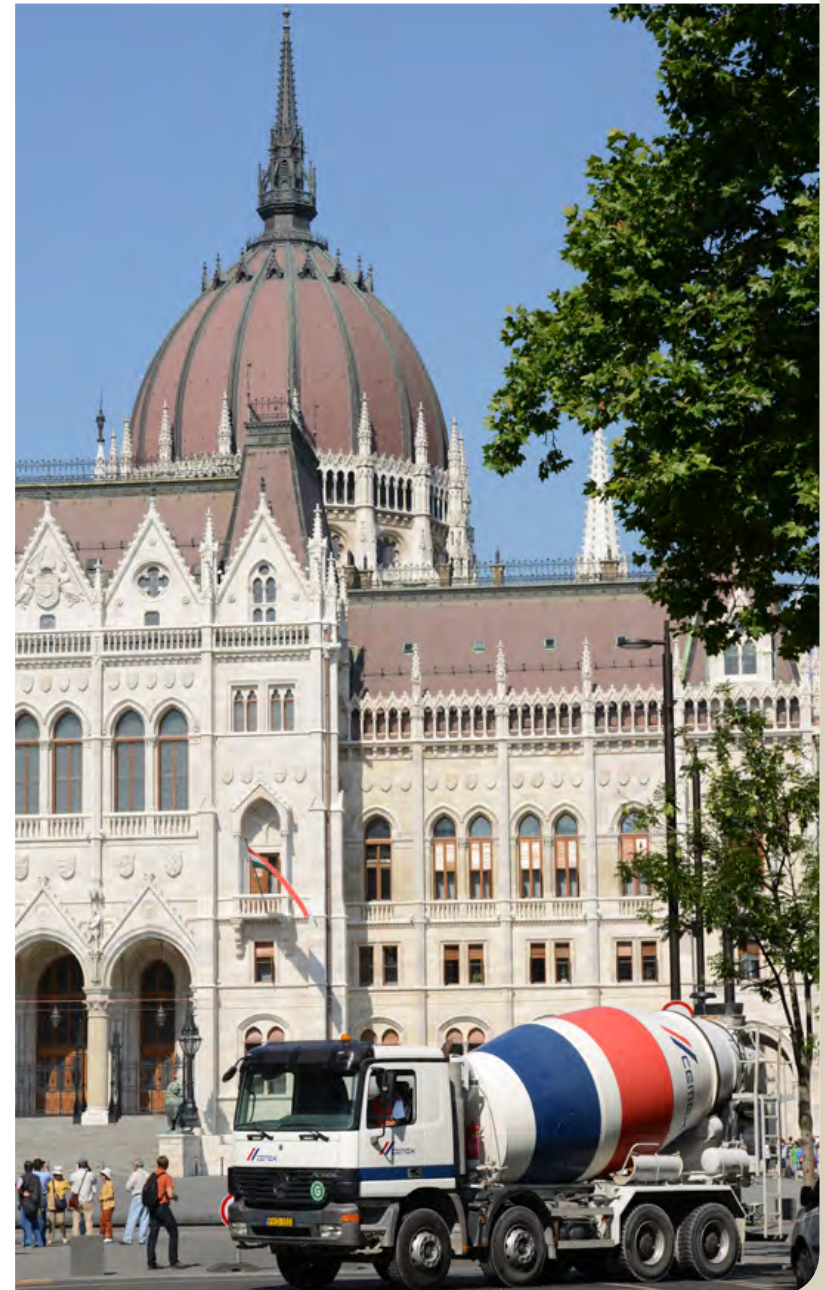
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**Urbanization is creating a number of challenges that relate to the well-being of our society and the planet. These challenges are physical, societal and environmental in nature and demand urban infrastructure and buildings that are adaptable, resilient and sustainable.**

As a global company, we understand that our actions have an impact and that we can make a positive difference in the communities where we operate. Through our high-quality products, comprehensive services and innovative solutions, we're supporting sustainable development in a resource-constrained world.

To secure positive results, it's important that everyone at CEMEX is fully supportive. That's why we strive to effectively communicate our sustainability-related programs and initiatives to our Board of Directors through a dedicated Sustainability Committee reporting directly to them. With their support, we can better promote and align our efforts both internally and externally to ensure we maximize our results.





## 1.1 / New Board-Level Sustainability Committee



After experiencing senior-level organizational changes and a redefined management structure, the company decided to formalize a Sustainability Committee that, in line with global corporate governance practices, reports directly to the Board of Directors along with the Audit, Corporate Practices and Finance Committees.



During 2014, four Committees reported directly to our Board. However, on March 2015 the Corporate Practices and Finance Committee were integrated into a single one.



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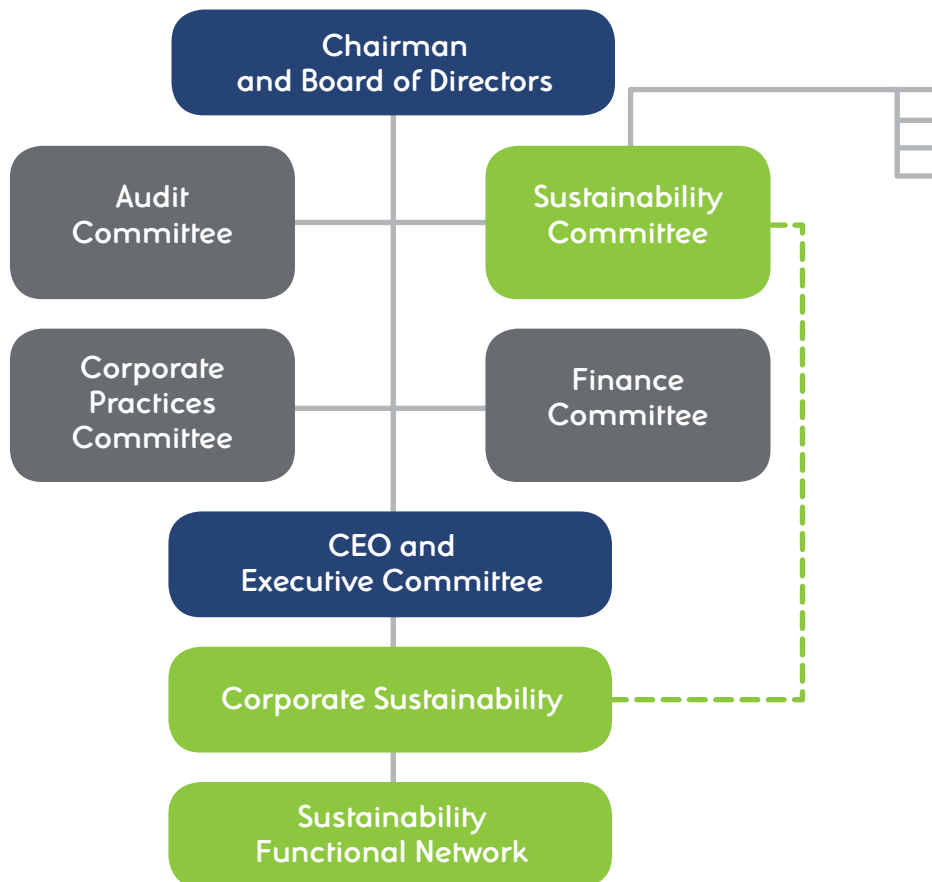
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Armando J. García Segovia<sup>1</sup>  
 Roberto L. Zambrano Villareal  
 Ian C. Armstrong Zambrano  
 Ramiro G. Villareal Morales<sup>2</sup>

<sup>1</sup> President

<sup>2</sup> Secretary (not a member of the Board)

The Sustainability Committee is comprised of three board members and one secretary and is supported by our Corporate Sustainability function, who reports to the CEO and to a member of the Executive Committee. Moreover through the Global Sustainability Functional Network we implement our main initiatives in all of our businesses across the world.



The Sustainability Committee meets quarterly to assess and guide CEMEX in its sustainability efforts and is responsible for:

- Ensuring sustainable development is embedded in CEMEX's short- and long-term strategy
- Assisting the Board in its responsibilities to shareholders relating to the policies and practices that pertain to the company's sustainable growth
- Endorsing CEMEX's Sustainability Model, priorities and core KPIs
- Assessing the effectiveness of sustainability initiatives and the progress of implementation
- Providing guidance to the CEO and Executive Committee on key strategic sustainability decisions

The CEMEX Sustainability Committee assists the board in overseeing strategies designed to manage environmental, social, economic and governance related risks; supervising management processes and standards; and achieving compliance with associated responsibilities and commitments. It also reviews the effectiveness of policies and procedures relating to health and safety, employment practices, stakeholder relationships, environment, human rights, resources preservation, authorities involvement and sustainable development.

**“CEMEX's creation of a board-level Sustainability Committee is a clear indication of the importance of sustainability to the company, and its commitment to integrate sustainable construction, conservation, environmental, social and governance priorities into our business strategy. We are also tasked with ensuring that sustainability becomes completely embedded in the daily management of the company.”**

— Armando J. García Segovia  
 President of the Sustainability Committee





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## CEMEX Sustainability Material Issues

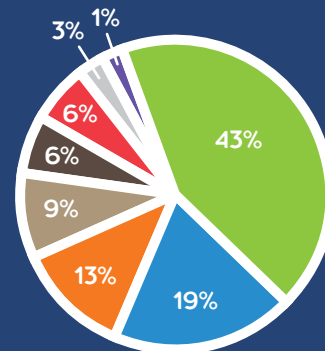
Understanding our key priorities allows us to align our time, resources and investment accordingly. That's why we have put time and effort into defining our Sustainability Materiality Matrix. Through detailed analysis, we have identified the main economic, social, environmental and governance issues that are of greatest concern to both internal and external stakeholders.

CEMEX sent surveys to more than 11,000 stakeholders including employees, customers, analysts, suppliers, investors, community leaders, government officials and NGO representatives across all six CEMEX regions. The survey was translated into seven languages and received more than 1,500 responses that helped us define an updated Materiality Matrix that more accurately reflects our sustainability priorities. The vertical axis indicates the relevance level that our stakeholders assign to the assessed issues while the horizontal axis shows the significance and potential impact for our organization.

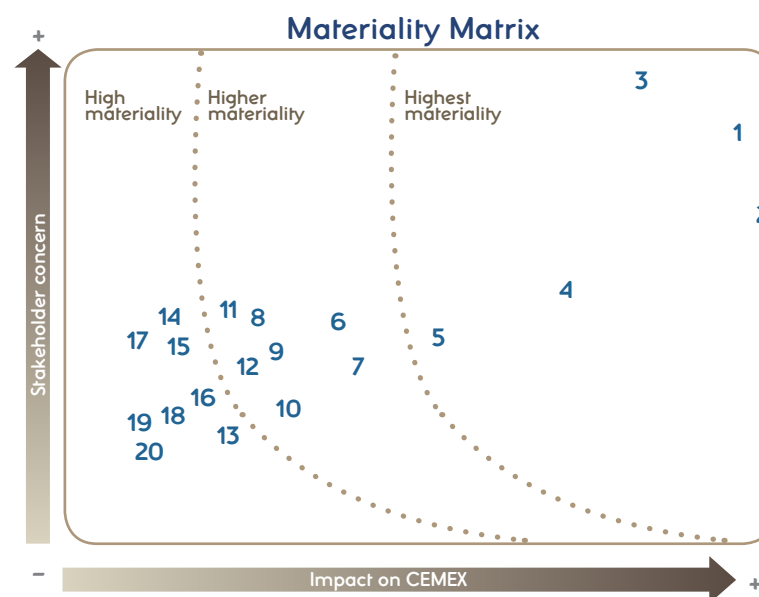
This analysis facilitated the identification of the 20 most relevant sustainability-related issues for CEMEX, classified in three categories: High, Higher and Highest materiality. Our communication in this report will be concentrated in the two latter groups of issues, which include our top priorities based on the results of the external and internal stakeholders executed consultation.

### Stakeholders participation to define CEMEX's Materiality Matrix

Based on 1,500 surveys



Note: Results weighted according to four main stakeholders categories (25% each one): clients, suppliers, employees and community & others.



1. Economic value creation
2. Customer engagement and satisfaction
3. Health and safety for our employees, contractors and third parties
4. Climate change and CO<sub>2</sub> emissions management
5. Renewable and alternative energy sourcing
6. Corporate governance and transparency
7. Employee relations and engagement
8. Products, services and solutions to improve lifestyle in cities
9. Air quality management (SO<sub>x</sub>, NO<sub>x</sub> and other emissions)
10. Human rights and ethics in business
11. Products, services and solutions for high energy efficiency
12. Community engagement and development
13. Risk management
14. Quarry rehabilitation, biodiversity preservation and ecosystems management
15. Responsible and sustainable management of the supply chain
16. Products, services and solutions for low income families
17. Water use and recycling
18. Waste generation, disposal and recycling
19. Transport and logistic optimization
20. Environmental incidents management

**We will continue to review, update and share our materiality analysis in future years as external and business context changes require new consideration of our sustainability priorities.**

## 1.2 / Our Redefined Sustainability Model



**At CEMEX, our strong corporate culture centered on sustainability helps keep us on the right track. To ensure we are creating value for our stakeholders, we consistently evaluate our approach and priorities.**

For this reason, in 2014 Our Vision, integrated by Our Purpose, Mission, Strategy, Operating Model and Values, was revisited and communicated throughout the organization.



In line with these definitions, we also decided to update our Sustainability Model, working with the Global Sustainability Functional Network.





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Our Purpose is “Building a Better Future” for all stakeholders, including our team members, customers, shareholders and communities.

In short, we have the opportunity to make an important, positive and lasting impact in the future of society by providing the industry's best solutions in cement, ready-mix and aggregates around the world. Ensuring sustainability is fully embedded in our business is one of the four main drivers to accomplish CEMEX's Strategy.

**CEMEX Sustainability Model was updated by a Global Sustainability Functional Network integrated by more than 100 experts representing all regions where we operate.**



## CEMEX SUSTAINABILITY MODEL



Our Global Sustainability Functional Network, provided key input for the redefinition of CEMEX Sustainability Model taking into consideration:

- Main material issues and concerns of our stakeholders
- Major global societal challenges where CEMEX can have a significant contribution

## Our Sustainability Objectives and Priorities

Through a structured and extensive process of both internal and external consultation, we defined 4 main sustainability objectives under the economic, environmental, social and governance pillars supported by 13 top priorities that ensure sustainability is embedded into every aspect of our business.



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## CEMEX SUSTAINABILITY MODEL



Global Societal  
Challenges

Our Sustainability  
Objectives

Our Sustainability  
Priorities

### Economic

Relentless Population  
Growth and Urbanization

Provide Resilient  
Infrastructure and  
Energy-Efficient  
Building Solutions

- Providing sustainable products and services
- Delivering solutions for affordable and resource/energy efficient buildings
- Implementing resilient and low-impact infrastructure

### Environmental

Climate Change,  
Resource Scarcity and  
Biodiversity Loss

Enable a Low-Carbon  
and Resource-Efficient  
Industry

- Optimizing our carbon footprint through the use of alternative fuels and raw materials as well as clean energy
- Minimizing air emissions and enhancing our environmental management
- Conserving land, biodiversity and water

### Social

Poverty, Income  
Inequality, Aging  
Population and  
Unemployment

Implement a  
High-Impact Social  
Strategy to Empower  
Communities

- Actively participating in the development of sustainable communities
- Creating social and inclusive business opportunities
- Promoting empowerment, diversity and community capacity-building

### Governance

Increasing Expectations  
for Private Sector to Act  
Responsibly and  
be Proactive

Embed Our Core  
Values into  
Every Action

- Placing health & safety first
- Ensuring satisfied customers and responsible suppliers
- Engaging and retaining our talent
- Strengthening business ethics, compliance and transparency



## 1.3 / Sustainability Core KPIs Update and 2020 Targets



### Defining New Goals

As a clear evidence of CEMEX's commitment to shape a long-term business strategy considering sustainability as an essential foundation, we decided to establish 2020 targets for our core sustainability KPIs. They will serve as a reference to objectively track and monitor the progress to our goals.



For some indicators, we are still benchmarking performance in order to obtain a robust baseline to define sufficiently ambitious 2020 targets.



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## Sustainability Core KPIs 2020 Targets

### Challenges to Address

### Main Objectives

### Our Goals

#### Economic

Provide Resilient Infrastructure and Energy-Efficient Building Solutions

- Benchmarking m<sup>2</sup> of green certified buildings to define goal
- **≥ 25%** of annual ready-mix sales derived from products with outstanding sustainable attributes
- Benchmarking m<sup>2</sup> of affordable and resource-efficient buildings to define goal
- Benchmarking m<sup>2</sup> of concrete paving completed to define goal

#### Environmental

Enable a Low-Carbon and Resource-Efficient Industry

- **35%** total alternative fuels rate
- **25%** reduction in CO<sub>2</sub> per ton of cementitious product from 1990 baseline
- **100%** of clinker produced with continuous monitoring of major emissions
- **≥ 50%** reduction in Dust emissions per ton of clinker from 2005 baseline <sup>1</sup>
- **≥ 30%** reduction in NO<sub>x</sub> emissions per ton of clinker from 2005 baseline <sup>1</sup>
- **≥ 20%** reduction in SO<sub>x</sub> emissions per ton of clinker from 2005 baseline <sup>1</sup>
- **100%** of active quarries with high biodiversity where BAPs (Biodiversity Action Plan) are actively implemented
- Benchmarking specific water consumption to define goal

#### Social

Implement a High-Impact Social Strategy to Empower Communities

- **≥ 10 million** individuals benefited from our social initiatives (accumulated since 1998)
- Benchmarking other social core KPIs to define additional goals

#### Governance

Embed Our Core Values into Every Action

- **≥ 90%** of countries conduct regular customer satisfaction surveys
- **≥ 55%** of global procurement spend assessed under our Supplier Sustainability Program
- **83%** of employees perceive they are enabled to perform their job effectively (PEI – Performance Enablement Index)
- **80%** of engaged employees (EEI – Employee Engagement Index)
- **≥ 90%** of executives and employees are actively aware of our Code of Ethics
- **≥ 90%** of countries that participated on the antitrust and anti-bribery Global Compliance Program
- **≥ 90%** of reported ethics and compliance cases investigated and closed
- **0** Fatalities

1. Target level of performance to reach every year from 2015-2020



## 2/ Providing Resilient and Efficient Building Solutions



Participation in a **7.1** million m<sup>2</sup> portfolio of projects pursuing Green Building Certifications

**+8.1 million m<sup>2</sup>**  
of concrete pavement  
installed in almost 600  
infrastructure projects



We contributed to the construction of **3,150** affordable and efficient building units in 12 countries





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**The United Nations estimates that 180,000 people join the urban population each day and that the number of city dwellers is expected to nearly double to six billion people in the next 35 years.**

This increasing urbanization raises the challenge of ensuring cities grow in a manner that is inclusive, safe, resilient and sustainable. Today, too many cities lack sufficient clean water, electricity, reliable public transportation and other basic resources necessary to serve their expanding populations and create economic opportunity for all. Solutions are needed to strengthen our urban environments and prepare them for growth.

CEMEX is uniquely positioned to address many of the challenges cities are facing. By delivering sustainable construction materials and expertise, building resilient infrastructure and providing affordable and efficient buildings, we are leading the way in offering solutions that promote economic growth, preserve the environment and improve the quality of urban life.





## 2.1 / Providing Sustainable Products and Services



Providing enhanced value to our customers and end users through sustainable products is one of CEMEX's main strategies for growth ensuring that top-end concrete technology is adequately developed and delivered to fulfill their challenges.

CEMEX does more than manufacture concrete, we develop innovative solutions that advance the sustainability of structures made of this material. By leveraging years of experience, a worldwide pool of knowledge and state-of-the-art expertise on the constituents of concrete (cement, aggregates and admixtures) we can offer a customer centric approach for product development: "Concrete by Design™".



This enables customers to design and construct sustainable buildings that take advantage of the benefits of concrete in a wide range of applications.



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The CEMEX Research Group AG (CRG) in Switzerland and the CEMEX Cement and Ready-Mix Technology Center in Mexico are the two main global research and development centers that lead, manage and coordinate the creation and delivery of innovative construction solutions that can be tailored to local realities.

In order to develop a new product or solution, the first step is to fully understand our customers. This implies to clearly define what they require to build, the challenges for that, what the product technology must achieve and how the product or solution will be applied.

As a result the products offered to the market are beyond providing top class technology but they also embed a solid knowledge of the customers' needs and how they wish to achieve their goals. Sticking to this practice guarantees that CEMEX's products are designed with sustainable practices incorporated in the production, delivery, application and lifecycle.

### Balancing Performance and Sustainability

Concrete is a key component in creating durable and energy-efficient buildings,

### In 2014, CEMEX invested more than US \$40 million into research and development efforts for new construction solutions and products.

so it is a natural choice for sustainable construction.

Our portfolio of products helps to lower buildings' carbon footprint and offer a series of benefits including energy savings, water management, resource efficiency and strategic advantages for health and safety applications. Moreover, because concrete is a truly sustainable material its performance is never compromised neither in the products design phase nor in the application and use.

To help guide design engineers to best match structural performance

### Sustainable Construction Solutions through Proprietary Concrete Technology

CEMEX offers sustainable construction solutions to its customers by formulating, producing and utilizing proprietary chemicals for concrete, cement and aggregates.

Fully integrated into the CEMEX's core businesses, the Construction Chemicals Division is a strategic business allowing the development of the best building solution for a given customer need. Supported by 10 plants worldwide, as well as its R&D center in Switzerland, CEMEX produces chemicals for energy efficient materials, improved life-cycle carbon emissions, affordable materials for housing and durable



infrastructure projects, while minimizing the business impact on environment and local communities.





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## CEMEX Switzerland Unveils Concrete Technology

In 2014, our research group in CEMEX Switzerland introduced *evolution eco* to our family of global brands. Working together, researchers, commercial groups and technical teams within the different regions of CEMEX fine-tuned the product to meet local country requirements. This was executed based on our philosophy of industrialization which surpasses the boundaries of proving products benefits in the lab and takes it to a real application on site considering local resources and challenges.

A special class of Self Compacting Concrete (SCC) – *evolution eco* – has been developed making fluiding concretes more accessible in construction. The *evolution eco* has a CO<sub>2</sub> footprint that is significantly lower than conventional SCC, but offers all the advantages such as fast pouring, quality finishes, reduction of need for vibration and improved consolidation around reinforcements.

*evolution eco*  
Self-compacting by design

*Insularis*  
Comfort by design

*Promptis*  
Fast by design

*Hidratium*  
Self curing by design

with sustainability goals, CEMEX has developed the ECO-Mechanical Index (EMI). It classifies our products and solutions based on a performance-environmental impact criterion. Thus through EMI, CEMEX has enabled design engineers to fully understand the sustainability benefits without losing sight of structural performance.

Experts from our R&D Center in Switzerland in collaboration with our Cement and Ready-Mix Technology Center in Mexico design products that fulfill the construction industry's increasingly demanding performance requirements. Thanks to the use of CEMEX admixtures, which enhance the performance of our products in a unique way, the company offers a special concrete portfolio, lead by our Global Brands:

**Insularis** – Structural light weight and ultra light weight thermal insulating concrete.

**Promptis** – Rapid hardening concrete solution that can help save time during construction.

**Evolution** – Ultra performance self compacting concrete.

**Hidratium** – Self curing, crack resistant concrete technology.

For a full list of our products, their outstanding sustainability attributes and safety data sheets, please visit our webpage <http://bit.ly/1EQUyDB>.

## CEMEX Launches ReadyBrick in the UK



CEMEX responded to changing market conditions in the United Kingdom with the release of ReadyBrick in 2014. This innovative new concrete product provides an alternative to traditional kiln-fired clay bricks, which are currently in low supply.

Known as a spacer or coursing brick, this product is suitable for areas and surfaces where the brick will not be seen and requires plastering or rendering. ReadyBricks can be used between joists, above doors and windows and for floor- and ceiling-level coursing.

ReadyBrick is partially comprised of approximately 10 percent cement kiln dust, a material often sent to landfills, making it an environmentally friendly product in line with our sustainability efforts.



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## CEMEX Helps Sofia Tower Earn LEED Gold Certification in Mexico

Standing 154 meters tall, the LEED Gold Certified Sofia Tower is the most exclusive residential development in the Mexican State of Nuevo Leon and serves as a symbol of sustainability. The development was designed by Pelli Clarke Pelli, the prestigious architectural firm that designed the World Financial Center in New York, the Petronas Towers in Malaysia and the International Finance Centre in Hong Kong.

For the construction of the tower's foundation, CEMEX created a special concrete mix that included fly ash. Containing 5,900 m<sup>3</sup> of concrete, the pouring of the structure required more than 100 mixer trucks over the course of 36 continuous hours. At the time of construction, this was the largest concrete monolithic slab of its kind in Monterrey City and the greater metropolitan area.

### Green Building Services

CEMEX partners with national and international experts to complement our skills and provide a complete array of specialized services in sustainable construction. Working collaboratively, we integrate all members of the construction value chain to optimize results and maximize profits.

### Green Building Services provided include:



Green Building  
Certifications  
(LEED,  
BREEAM, etc.)



Bioclimatic  
Architecture



Energy  
Efficient  
Engineering



Sustainable  
Materials and  
Solutions  
Development



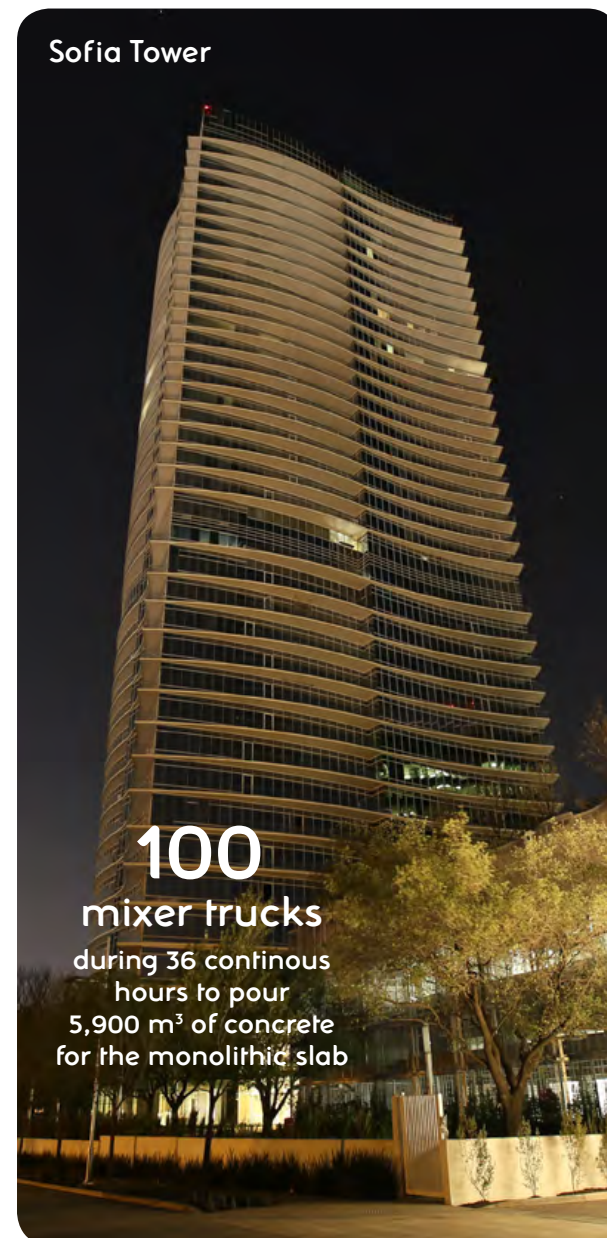
ecoperating™  
Building  
Certification and  
Product Seal



Urban  
Development  
Consultancy

**CEMEX is working to ensure a pipeline of Green Building certified projects that represent more than 7 million m<sup>2</sup>.**

### Sofia Tower



**100**  
**mixer trucks**  
during 36 continous  
hours to pour  
5,900 m<sup>3</sup> of concrete  
for the monolithic slab





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## 2014 Green Building Certifications by CEMEX – Project Portfolio



Lucena Residential  
**14,000 m<sup>2</sup>**  
built area  
Mixed use

San Pedro Garza Garcia, N.L. Mexico



Sofia Tower  
**98,600 m<sup>2</sup>**  
built area  
Mixed use

San Pedro Garza Garcia, N.L. Mexico



Esfera City Center  
**276,925 m<sup>2</sup>**  
built area  
Commercial

Monterrey, N.L. Mexico



Cosmopolitan Tower  
**13,950 m<sup>2</sup>**  
built area  
Offices

Tijuana, B.C. Mexico



ICA Reserva Escondida  
**22,584 m<sup>2</sup>**  
built area  
Residential

Mexico City, Mexico



Campus ICA  
**59,050 m<sup>2</sup>**  
built area  
Offices

Mexico City, Mexico



SEMARNAT 223  
**32,000 m<sup>2</sup>**  
built area  
Offices

Mexico City, Mexico



Sorteo Tec 199  
**528 m<sup>2</sup>**  
built area  
Residential

San Pedro Garza Garcia, N.L. Mexico



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## Specialty Concrete Shapes LEED Certified Stadium in Brazil

Located in the Brazilian city of Manaus, CEMEX participated in the construction of the Arena da Amazonia soccer stadium that hosted several competitive opening round matches of the 2014 FIFA World Cup. CEMEX worked in close collaboration with renowned construction company Andrade Gutierrez S.A., providing 28,000 tons of specialty, high-quality cement and expert customer service throughout the project.

The oval-shaped stadium resembles an indigenous woven basket; its upper level has see-through panels crisscrossed with beams in a woven pattern. The innovative stadium called for the highest quality standards of construction, adhering to the strict safety requirements of FIFA and the Brazilian National Construction Code. The stadium's ecological design is a model for sustainable construction of large-scale projects. Its innovative characteristics combine comfortable facilities with high energy efficiency and make it one of the world's first stadiums certified under the LEED scheme.



## ecoperating™ Building Certification System for Residential and Commercial Buildings

### Certification Levels



For projects achieving > 10% energy consumption reduction under the energy efficiency category and > 3 points under the sustainable design category.



For projects achieving > 20% energy consumption reduction under the energy efficiency category and > 5 points under the sustainable design category.

### Categories and Requirements

#### Energy efficiency Mandatory



**Energy consumption savings**  
≥10% Energy consumption reduction against standards ASHRAE 90.1-2010.

Using an energy simulation mode, the project must demonstrate at minimum a 10% energy efficiency against a baseline as defined by US standard ASHRAE 90.1-2010 (American Society of Air Conditioning, Refrigeration and Heating).

Standard ASHRAE 90.1-2010 establishes minimum requirements for the efficient energy design of buildings.

By fulfilling this requirement, the project is simultaneously complying with the official Mexican standard NOM-020-ENER-2011, energy Efficiency in buildings-Building Envelopes for Residential Use.

#### Sustainable design Elective



**Water consumption savings**  
Percentage of low water consumption and/or waterless sanitary fixtures.  
≥ 50% = 1 point | ≥ 75% = 2 points



**Local sourcing**  
Percentage of materials extracted and manufactured within 500 km radius of the project.  
≥ 10% = 1 point | ≥ 20% = 2 points



**Heat island effect reduction**  
Percentage of exterior horizontal surfaces with a Solar Reflectance Index [SRI] ≥ 30  
≥ 50% = 1 point | ≥ 75% = 2 points



**Innovative sustainable solution**  
Inclusion of an innovative solution [IS] that generates improvements/ additional savings.  
1 IS = 1 point | 2 IS = 2 points

### ecoperating™ Seal Continues to Expand

The ecoperating™ seal was launched in 2012 as a global identifier for our most sustainable products, services and solutions. With the expansion of the scope of the seal to buildings, it has entered into a new phase that allows us to recognize the efforts of our clients to go beyond business-as-usual and deliver truly sustainable projects.

Both the ecoperating™ Building Certification and Product Seal have been rolled out in nine countries on four continents: Mexico, Guatemala, Costa Rica, Panama, the Dominican Republic, Croatia, Egypt, the United Arab Emirates and the Philippines. For 2015, we expect a further expansion in both geographic coverage and the scope of projects.





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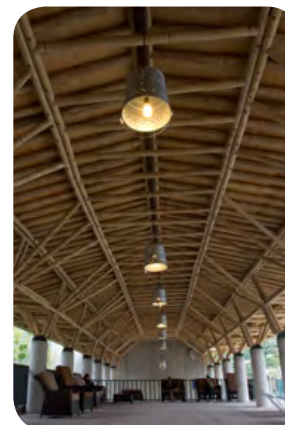


# 500 m<sup>2</sup>

of solar thermal panels were installed for water heating

# 140,000

bricks and 22,000 tiles were produced by hand locally



The 2014 first place recipient of the CEMEX Building Award for Sustainability was Sport City Oaxaca in Oaxaca, Mexico. The 4,600 m<sup>2</sup> building was constructed with local materials promoting a sense of identity among residents and an efficient use of resources.

## CEMEX Receives Best Construction Solutions Award

The New Economy is a premier media outlet covering energy, environment and clean technology. In 2014, the New Economy selected CEMEX as the winner of its prestigious Best Construction Solutions Award, one of the leading categories within its Clean Tech Awards. CEMEX was recognized for its commitment to making sustainable construction a top priority and for the introduction of its ecoperating™ Building Certification.



### Urban Development Consultancy

CEMEX partners with cities to plan, develop and improve their infrastructure in a manner that addresses critical environmental and social needs. Getting involved at the planning stage, CEMEX helps to bring a city's vision into focus by jointly exploring and identifying solutions for sustainable urban infrastructure.

To date, two projects have been completed:

- Through our Urban Infrastructure Initiative sponsored by the World Business Council for Sustainable Development (WBCSD) in Guadalajara, Mexico, CEMEX partnered with energy and lighting companies to address the city's key needs including urban mobility, social development, housing and waste management. Proposals included the completion and consolidation of existing roads and cycling networks; transformation

of existing and development of new community centers; relocation of dwellings in natural risk areas through the creation of low-cost housing; management of solid urban waste and construction debris; and the use of renewable energy for outdoor lighting.

- In collaboration with the Commission of the Private Sector for Sustainable Development (CESPEDES), a local partner of WBCSD, and five leading national companies, CEMEX continued to work towards an action plan developed in 2013. Addressing needs for economic, urban, social and environmental development in Merida, located in the Mexican state of Yucatan, the proposal calls for rehabilitation of roads; development of social housing; construction of a sports park; feasibility study of vertical housing; and electronic waste collection.

### Recognizing Excellence in Sustainable Construction

Each year CEMEX recognizes building projects that make a positive impact through superior innovation.

The Sport City Oaxaca in Mexico was selected as the winner of CEMEX 2014 Building Award for the Sustainable Construction Category. The entire complex was designed to harness natural resources. The building is equipped with systems for capturing rainwater and energy, and uses passive strategies such as water harvesting and natural ventilation, which occurs through a horizontal opening extending along the top of the adobe walls. Thus, together with the high thermal inertia provided by the adobe, it was possible to avoid using air conditioning systems and reduce energy costs over the life of the building. |

## 2.2 / Implementing Resilient and Low-Impact Infrastructure

As urban populations grow and climate change causes more extreme weather, the need for resilient infrastructure is growing exponentially.

CEMEX focuses on balancing this increasing demand for resilient infrastructure that serves societies' needs with products, construction practices and maintenance that have minimal impact on the environment.



Concrete is the second most used resource by humans after water, forming the basis for much of society's infrastructure.





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Through innovative products and services, CEMEX unlocks the inherent sustainable qualities of concrete to meet the challenges of our growing and warming world. Terminal 2, The Queen's Terminal at Heathrow Airport, London, UK.



**Key sustainable attributes of concrete include:**

- ✓ Strength and durability
- ✓ Low maintenance
- ✓ Affordability
- ✓ Fire-resistance
- ✓ Low heat conductivity
- ✓ Local production and use
- ✓ Less solar heat absorption
- ✓ Water management

### Integrated Approach

CEMEX promotes an integrated approach to urban development where vertical construction, smart mobility, water management and bioclimatic design combine to improve the livability and economic success of a city while reducing resource consumption and protecting the environment.

### Promoting Concrete Sustainability in Partnership with the Massachusetts Institute of Technology (MIT)

CEMEX continues to support the MIT Concrete Sustainability Hub (CSHub) through our membership in the Portland Cement Association (PCA) and National Ready Mixed Concrete Association (NRMCA) as well as through our participation in the Executive Oversight Committee and a number of Advisory Groups.

In 2014, the MIT CSHub published a paper summarizing the first five years of research results from the Concrete Science Platform (CSP). The goal of these studies is to discover ways to make a more resilient concrete that lasts longer, requires fewer repairs over its use phase and potentially reduces the amount of cement needed to make concrete, reducing the material's carbon footprint.



In 2014, CEMEX collaborated in the construction of almost 600 infrastructure projects across 14 countries, accounting to the installation of more than 8.1 million m<sup>2</sup> of concrete pavement.



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## CEMEX Quality Stands up to Extreme Weather



Asphalt Pavement

In September 2014, Hurricane Odile swept ashore Baja California Sur, Mexico, tying it with Hurricane Olivia in 1967 as the strongest hurricane to hit in the satellite era.

Damages from the Category 3 storm amounted to approximately US \$1.05 billion. Power outages spurred by Odile's intense winds and rain cut electricity to 92 percent of the population of Baja California Sur. Severe flooding also occurred, causing rivers to swell and requiring the mass evacuation of people out of hazardous low-lying areas.

In the storm's aftermath, the local media noted that thanks to the quality of hydraulic concrete roads and technical work of CEMEX, 510,000 m<sup>2</sup> of concrete pavement withstood the ravages



Concrete Pavement

of Hurricane Odile. The structural integrity of the roads facilitated the delivery of food to the thousands of people affected by the storm and the transportation of people and equipment to support a rapid recovery.

The construction of the roads is part of the Reconstruction with Concrete Program (PRECO) organized by the State Government and led by CEMEX. Started in 2013, the program is designed to repave roads using concrete instead of asphalt to make the roads more sustainable and resilient. Combining road construction with the replacement of water piping and drainage, it is estimated that the concrete pavement will have a lifespan of at least 30 years.

## Recycled Concrete Aggregate Paves Guadalajara-Tepic Highway



Due to the depletion of reserves, environmental pressures and the high cost of transport, the use of recycled concrete aggregate is becoming best practice, especially in urban areas where the supply of natural aggregates is limited.

In 2014, CEMEX provided 24,000 m<sup>3</sup> of concrete as part of the rehabilitation of the Guadalajara-Tepic highway in the states of Jalisco and Nayarit, Mexico. Produced using natural and recycled aggregates, the hydraulic concrete significantly reduced the environmental and economic impact of the project.

### Pavement Recycling

Full-depth reclamation rebuilds worn out asphalt pavements by pulverizing the old asphalt and base materials and mixing them with cement and water to produce a strong, durable base for a new concrete surface. The technique is resource efficient and reduces construction waste while building a low maintenance, long-lasting road surface. |

**In 2014, CEMEX executed 26 road projects, increasing the use of pavement recycling to 2,000,000 m<sup>2</sup>, up 60 percent compared to 2013. The technique is now being used in Spain and Mexico.**



## 2.3 / Delivering Solutions for Affordable and Resource Efficient Buildings

**More than ever before, city planners will have to find ways to house rapidly escalating urban populations while maintaining a focus on affordability.**

Through numerous initiatives, we support the social and economic development of communities at the base of the socioeconomic pyramid. With unmatched expertise in tailor-made systems that are easily adapted and lead to efficient construction of homes, we are delivering housing for all socioeconomic markets in 12 different countries.



In 2014, we contributed to the construction of 3,150 affordable and efficient residential units, representing more than 180,000 m<sup>2</sup>.



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## Our Housing Solutions Attributes



**Flexible design**

Easily adapted to construction and design requirements



**Resilient**

Resilient to natural disaster



**Thermal insulation**

High thermal mass and insulation



**Minimum waste**

Less waste at construction site



**Fast building**

Significantly reduces construction time



## Energy-Efficient Wall Solutions

Central to this effort are first-in-class wall systems – cast-in-place, wired EPS panels, Insulated Concrete Forms (ICF) and precast systems – that provide multiple benefits that improve the sustainability, speed and economics of housing construction.

## Housing Initiatives in Colombia Create New Homes

### Vivienda Project

An example of our commitment to affordable housing is our Vivienda (“Home”) initiative where we partner with the Colombian government to provide dignified, comfortable, high-quality homes to low-income families. In 2014, 640 apartment residences were completed as part of a 3,000 unit development that includes recreational and green areas for the city of Monteria. Many of these homes went to families displaced by violence,

approximately 50 percent of which are single mothers who did not have the resources to afford proper housing.

### VIPA Program

Expanding CEMEX’s efforts in Colombia, we joined the Homes for Savers (VIPA in Spanish) program in 2014. VIPA allows families to purchase their own home without spending more than 30 percent of their income on credit fees. This enables households where members do not earn more than minimum wage to realize their dreams of home ownership.

CEMEX is using its industry expertise, innovative outlook, infrastructure and wide network of partnerships to construct more than 3,000 sustainable houses within the program. According to the Ministry of Housing, 86,000 families across the country are benefiting from VIPA’s efforts. The Vivienda and VIPA initiatives are an integral part of our development efforts in Latin America.





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### CEMEX Delivers Affordable Housing Units in the Dominican Republic

As part of our commitment to improve the quality of life for the communities we serve, in 2014 CEMEX continued to provide homes to residents across the Dominican Republic.

- **Altos Del Higuamo** – Using an innovative model of social housing that included a water treatment plant, underground cables, concrete roads and solar energy, this year we completed 58 out of 600 residential units in addition to educational, commercial, athletic and child care areas.
- **Invi Gobierno** – In 2014, 160 apartments were constructed for low-income families.

- **La Barquita** – Initiated in July 2014 with a completion date of May 2015, La Barquita will include 232 apartments that the Dominican Republic government will provide to families in high-risk flood areas.
- **Residencial del Norte** – Initiated in 2013, this private project includes the construction of 120 apartments, 80 of which were constructed in 2014.

**These homes represent the first of many steps to expand our efforts, dedicating our products and expertise to provide more affordable housing solutions to families in need.**



### Reconstruction Projects for Victims of Typhoon Yolanda in the Philippines

In the wake of Typhoon Yolanda (also known by its international code name, Haiyan), CEMEX Philippines established partnerships with local government and non-profit organizations from the northern part of Cebu to effectively carry out Build Unity, an integrated, holistic rebuilding program.



**With our Build Unity program, CEMEX hopes not only to rebuild infrastructure but to help survivors rebuild their lives.**

Through Build Unity, CEMEX focused on high-priority rebuilding projects in Northern Cebu including:

- Construction of new homes for families in the most affected areas
- Rebuilding and renovation of damaged schools
- Development of a new Community Health Center
- Creation of a Community Training Facility
- Construction of cement sculptures
- Provision of driftwood structures to attract marine life back to the coasts of Northern Cebu

This is one example of CEMEX's work with Habitat for Humanity International. Established in 2013, the intent of the partnership is to ally in every country where CEMEX and Habitat have a presence to increase the building of affordable and disaster relief housing. |



# 3/Implementing a High-Impact Social Strategy



**98%**  
of our operations implement  
Community Engagement Plans

We have globally established around  
**200 centers** for the  
promotion of our housing construction  
and improvement programs



More than **550,000**  
families have participated in our  
social and inclusive business  
opportunities



Almost **7 million**  
people have benefited  
from our social initiatives







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## CEMEX understands that the sustainability of our company is directly related to the well-being and development of our stakeholders and surrounding communities.

Thus, wherever we operate we strive to build mutually beneficial relationships with nearby districts and key stakeholders including neighbors, members of academia, NGOs and other corporations. These relationships with our communities are underpinned by ongoing dialogue, transparency and trust.

As a global business that recognizes the unique priorities and needs of our local communities, CEMEX aims to add public value by leveraging our business capabilities and above all, our people. We strive to establish alliances that enhance the solutions we offer, and we will work to expand our flagship programs to countries where they can have a high impact. Social business models have allowed CEMEX to work with hundreds of communities all over the world and improve the quality of life of approximately seven million people. Our 2020 target is to benefit with our social initiatives more than 10 million people throughout the world.



## 3.1 / Promoting the Development of Sustainable Communities



**Our mission is to be the best neighbor and private sector contributor to community development and serve as an engine of economic growth through innovative and sustainable solutions.**

We strive to generate new opportunities for our communities by:

- Unlocking the power of individuals through capacity building that enhances their skills, competencies and abilities
- Investing in infrastructure, education, the environment and social innovation
- Creating and strengthening alliances



**To develop sustainable communities, members must have access to the information and resources they need to be successful.**





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**9,000** people  
participated in  
**300** workshops in  
**12** centers around Mexico

### Community Centers

To develop sustainable communities, members must have access to the information and resources they need to be successful. That's why we've created the Community Centers that serve as central locations for our workshops and courses focused on developing skills that will help the participants secure employment or start a small business, improving their household income.

**In Mexico, the first Community Center was inaugurated 10 years ago.**

To increase awareness and promote environmental consciousness, we've also begun building Environmental Education Centers that will foster discussion and solutions that both protect the environment and improve community members' quality of life.

**The first Environmental Education Center began construction in 2014 in Huichapan Hidalgo, Mexico, and will be inaugurated in the second quarter of 2015.**

In addition, CEMEX is planning to open a second center close to our Atotonilco cement plant.

### CONCAMIN Rewards CEMEX for its Ethics and Values in Business

CEMEX Mexico received from the Confederation of Industrial Chambers of Mexico's (CONCAMIN in Spanish) the *Ethics and Values Industry Award* for the ninth consecutive year. The award recognizes chambers, associations and companies that have made notable progress in social responsibility.

**For more than 15 years, CEMEX has improved the quality of life of approximately seven million people through our initiatives that aim to support community development.**





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Since it was founded in 2010, the center has focused on the following initiatives:

### The CEMEX-Tecnológico de Monterrey Center for Sustainable Development

The CEMEX-Tecnológico de Monterrey Center for Sustainable Development joins members of the public and private sector with universities to discuss initiatives, share knowledge, create tools and promote the development of skills and capabilities that lead to more sustainable communities. The center is currently focused on building these efforts in Mexico, however it will soon expand its scope to other parts of Latin America.



500

people nationwide have been trained through the Yo Construyo and Yo Emprendo programs

### Sustainable Community Development Research Group

It generates interdisciplinary and applied research on social welfare, environmental issues, ethics, citizen participation, infrastructure, housing and public politics to promote economic development.

The group developed a Sustainable Community Model designed to strengthen local capabilities and identify key factors for successful development within various regions.

### The CEMEX-TEC Award

The Award fosters research and sustainable solutions for problems related to community planning, organization and urbanization.

In 2014, 159 university students, 158 teachers and 75 other education professionals participated, submitting a total of 236 projects.

### Sharing Knowledge

The portfolio of initiatives include the *Yo Construyo* and *Yo Emprendo* programs that aim to reduce the backlog of housing, promote self-employment and ensure quality self-construction in line with sustainable criteria.

Additionally, through our Community Environmental Restoration Program, we create local networks of students and professors responsible for self-assessing their community from an environmental standpoint and proposing and coordinating the necessary restoration actions.

For more information about the Center please access [www.cdcs.com.mx](http://www.cdcs.com.mx)





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## Greenhouses and Home Gardens

CEMEX greenhouses provide spaces dedicated to producing plants and trees that contribute to quarry rehabilitation and the reforestation of public places in the communities where we operate. In 2014, more than 330,000 trees from our 21 greenhouses were donated and replanted with the help of local schools, agencies and NGOs.

In addition, our home gardens initiative provides community members with an opportunity to develop vegetable cultivation skills and produce food that enhances their family's nutrition.

**In 2014, 430 families in Mexican communities benefited from our Home Gardens initiative.**

## CEMEX Implemented Next Phase of Listo Tayo! Road Safety Program in the Philippines

High-traffic areas pose a great threat to children as they make their daily walk to and from school. CEMEX Philippines recognized the need for road safety education and began *Listo Tayo!*



*Listo Tayo!* is an educational campaign on the importance of street safety and awareness for 3<sup>rd</sup> and 4<sup>th</sup> grade students. The program features an animated film, lectures and informative games. In addition, CEMEX volunteers facilitate interactive tours of their trucks, providing children a truck driver's view and showing them blind spots. Students also learn what hazard lights mean, the different parts of a truck and safety precautions to take when encountering these large vehicles on the road.

To date, *Listo Tayo!* has benefited more than 5,000 students in Rizal and Manila.

## CEMEX Renews Partnership with the United Nations World Food Program

In 2014, CEMEX Egypt decided to continue its support of the United Nations World Food Program (WFP).

The contribution will assist the Food-for-Education program, created to provide students in the poorest and most food insecure areas of Assiut with daily nutritious snacks and monthly food supplies for their families. Around 670

children in 23 community schools will benefit from this program.

Ultimately, the program hopes to improve the quality of education and increase enrollment, attendance and retention of children in Assiut's schools by 2015.

## Athletic Academies

Exercise is a crucial element of a healthy lifestyle. In the communities surrounding several of our operations across the globe, we've developed CEMEX football and baseball academies that provide athletic facilities across neighborhoods. These academies promote healthy habits and the integration of diverse communities. During 2014, around 2,000 children enrolled in CEMEX athletic programs. |



## 3.2 / Creating Social and Inclusive Business Opportunities



**CEMEX is dedicated to ensuring sustainability is fully embedded into every aspect of our business.**

That's why, in addition to providing products and solutions that contribute to more sustainable cities, we go above and beyond, collaborating with local communities to ensure everyone has access to adequate resources. CEMEX is committed to the development of businesses with a purpose through social and inclusive business opportunities that focus on providing the necessary tools and skills and bringing together citizens and local authorities to work on the issues society is facing.



**Our initiatives foster empowerment and growth, creating lasting sustainable value.**





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## Growing Platform

As urbanization increases, a growing number of households are located in areas prone to flooding, earthquakes and hurricanes, among other natural disasters. Unfortunately, inadequate housing is often common within these locations, leaving community members unprepared when a crisis hits. In addition, many of these low income families don't have access to basic services including electricity, water and sanitation, and in some cases they lack full control over their land.

With the firm objective to contribute to the mitigation of poverty in our communities, CEMEX has developed self-sustaining business models in the construction industry. We work with low-income community members as partners, consumers and suppliers through a portfolio of programs that cover the following needs:

- ✓ Savings and credit
- ✓ Housing
- ✓ Employment
- ✓ Basic services

For more than 15 years, we've implemented high-impact social strategies. To expand our efforts and address affordable housing challenges, in the fall of 2014 CEMEX established *Growing* (Crecimientos in Spanish). *Growing* is a platform for the invention, development and promotion of social and inclusive business models that work with governments, think tanks, NGOs and social entrepreneurs in countries where CEMEX is present.

As part of *Growing*, CEMEX partners with local, regional and global organizations to strengthen social entrepreneurship. Through the different initiatives that make up our *Growing* portfolio, we're closer to our 2020 goal to improve the quality of life of at least ten million people worldwide.

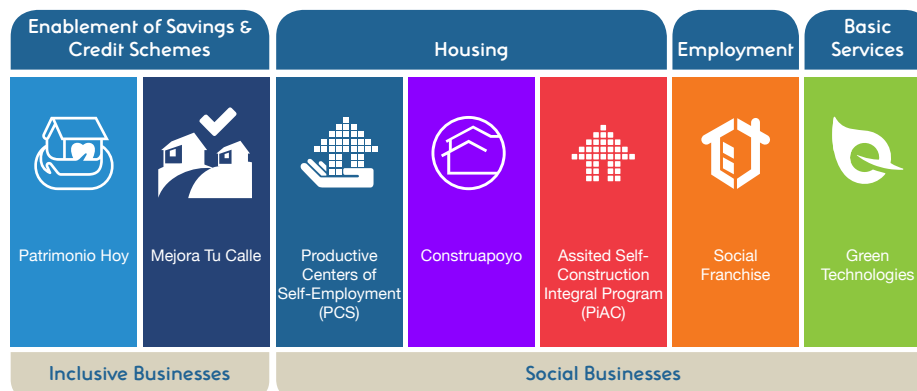




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### Patrimonio Hoy

Patrimonio Hoy is our flagship inclusive business that helps low-income families improve their quality of life through better and dignified housing, realizing their dream of home ownership through a well-planned savings program.

### Patrimonio Hoy operates in Dominican Republic, Mexico, Colombia, Nicaragua and Costa Rica.

Combining the global presence of CEMEX distribution with the power of microcredit, the program offers integral solutions to families by providing financial and technical assistance in the construction of their homes. With more than 100 offices in Latin America, *Patrimonio Hoy* enables families to build or improve their homes quicker, more efficiently and with more durable and

insulating materials – concrete, cement blocks and steel – that would otherwise be beyond their means. As of 2014, Patrimonio Hoy had enabled US\$ 285 million in household credits. In 2014, at least 44,000 families received support through the program, resulting in the construction of more than 377,000 m<sup>2</sup> of livable space.

### Productive Centers of Self-Employment (PCS)

To foster self-sufficient, sustainable communities, CEMEX created Productive Centers of Self-Employment (PCS). These spaces allow participants to produce concrete blocks and other precast products, half of which they can use to build, repair or expand their homes. Municipal or state governments purchase the other half for infrastructure development. The resulting proceeds are reinvested in the centers to make them self-sustaining.

**With a combined total of 104 centers across Nicaragua, Mexico, Colombia and Costa Rica, during 2014 more than 5,300 families benefited from our PCSs.**

### Nicaragua Implements its First PCS

For the first time the municipality of Ciudad Sandino, Nicaragua, rolled out our PCS program. Together, CEMEX, town representatives, the Institute for Urban and Rural Housing and local community members are rebuilding the community.

This PCS includes a total investment of US \$45,000. In its first year of operation, it will support the production of 360,000 blocks, benefiting more than 400 families.







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Due to its high performance, the eko-stove received accreditation from the Zamorano University Improved Stoves Certification Center, confirming a potential firewood reduction of around 80 percent compared to open fire.

### Construapoyo

Through our Construapoyo program, CEMEX facilitates the distribution of funds for the construction, repair and extension of homes with a prepaid debit card system, creating a transparent process through which aid recipients are able to purchase the building materials they need.

As of 2014 more than  
**32,000** families  
in Mexico and Colombia  
have benefited from this  
program since it started.

### Assisted Self-Construction Integral Program (PiAC)

Improving access to affordable housing is a multi-dimensional challenge requiring numerous approaches. Many low-income families not only lack access to financing for purchasing building materials and hiring masons, they also lack the technical skills needed to build safe and sustainable houses.

PiAC is designed to improve housing for low-income families by offering the training, funding and technical assistance they require to construct their own homes. Its business model is based on a public-private partnership involving local governments, non-profit organizations and universities.

**500**

families benefited in Mexico and  
Colombia with PiAC in 2014.

To help low-income families play an active role in the construction of their homes and create more confident and united communities, PiAC integrates the following four components:

- ✓ Productive Centers of Self-Employment (PCS)
- ✓ Construapoyo
- ✓ Housing Construction Technical Assistance & Training
- ✓ Psychosocial Intervention & Evaluation

For more information, please visit [our website](#).

### Green Technologies Provide Access to Basic Services

Joining forces with social entrepreneurs, CEMEX creates affordable community solutions that provide access to basic services such as clean water, energy and waste, among others.

As a clear example of this commitment, in 2014 we introduced our own efficient cookstove model, the CEMEX eko-stove. Made out of concrete, our unique prototype offers a 40 percent larger cooking surface, uses a monolithic combustion chamber instead of multiples pieces and utilizes cellular concrete versus pumice stone. The CEMEX eko-stove is more efficient, takes less time to install, is more durable and requires less maintenance than similar models in the market.

These concrete cookstoves provide a safe alternative to traditional cooking methods,



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including open fires or rudimentary cookstove models, which lead to the premature death of four million people annually in developing countries. In addition, the *CEMEX eko-stove* provides numerous social, environmental and economic benefits. It uses much less wood, ultimately saving families money, and reduces CO<sub>2</sub> and other harmful emissions that affect air quality. The stoves also contribute to the scale-up of local businesses and organizations, creating jobs in project management/training, manufacturing, marketing and distribution.

**In Guatemala, the CEMEX eko-stove has been registered under the Swiss Program Gold Standard, indicating that it is proven to reduce CO<sub>2</sub> emissions.**

In 2014, CEMEX announced the installation of 100,000 ecological concrete cookstoves to improve the quality of life of approximately half a million people in Mexico and Guatemala by 2017. These efforts are part of our ongoing relationship with the Global Alliance for Clean Cookstoves, an initiative that seeks to foster the adoption of clean cookstoves and fuels in 100 million households globally by 2020.

In addition, during 2014 CEMEX partnered with HELPS Mexico, the Government of San Luis Potosi and Stove Team International to establish two factories and community programs to foster the adoption of 33,000 concrete cookstoves in the Mexican states of San Luis Potosi, Tamaulipas and Oaxaca by 2015.

### **Social Entrepreneurship through Strategic Alliances**

To support more families in poverty and multiply our impact, we believe it's vital to strengthen local and global partnerships that create new models of social and inclusive business, promote social entrepreneurship and foster innovation in community development.

- **The Grameen Creative Lab** – CEMEX and The Grameen Creative Lab, a social enterprise founded by Nobel Peace Prize Laureate Muhammad Yunus, are exploring a new social business opportunity that promotes family-owned businesses.
- **Project Concern International (PCI)** – CEMEX and PCI's "neighborhood approach" will engage municipal- and ministry-level partners, local universities, private companies and community-based organizations in collaborative efforts to transform high-risk urban neighborhoods into resilient, safe and productive communities.
- **Ashoka** – Through an alliance with Ashoka, the largest network of social entrepreneurs worldwide, CEMEX collaborates with NGOs and social entrepreneurs across the globe to share knowledge and facilitate social and inclusive business opportunities.
- **Banamex** – Partnering with Banamex, we design, implement and evaluate diverse financial education programs that motivate entrepreneurship, business formation and an overall healthy financial culture.
- **UN-Habitat** – Together, we focus on planning and building an urban environment that promotes economic growth and social development and reduces poverty and inequality.
- **U.S. Agency for International Development (USAID)** – Working together, we are helping reduce levels of violence and improve the social development of communities. |

### **CEMEX and PCI Partner to Transform Urban Slums**

PCI and CEMEX announced their plan to transform urban slums in the developing world into resilient neighborhoods at the 2014 Clinton Global Initiative (CGI) Annual Meeting. The Urban Upgrading through Public Private Partnerships (UUPPP) program will execute dedicated efforts for this at the community level in pilot countries, providing low-cost loans to poor and vulnerable populations for construction and low-cost housing.



## 3.3 / Generating Empowerment, Diversity and Capacity-Building



**As a global business we understand the differentiated priorities and needs of our local communities.**

CEMEX aims to add public value by leveraging our business capabilities, our global network of employees and strategic alliances to enhance the solutions we offer.



**We've created initiatives across sectors that seek to provide vulnerable groups with a number of opportunities for growth.**



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## Our Social Inclusion Programs

### Empowering Women

More than 27 years ago, CEMEX aligned with ANSPAC, a non-profit organization that provides technical training and guidance to women living near our cement plants. In 2014, more than 1,800 women in four countries successfully completed an eight-month training program developed by ANSPAC to enhance their knowledge of health and safety practices, develop their culinary skills and improve their self-worth.

In 2012, CEMEX Mexico developed *Todas Somos Esperanza*, a program designed to help empower women. After several years of hard work, CEMEX witnessed a positive transformation in the lives of many women and their families. To share these successes and inspire others, in 2014 CEMEX decided to release a book

showcasing the stories of nearly 70 women involved in the program.

### Empowering Disabled Individuals

An inclusive program, UNIDOS fosters collaboration between volunteers and people with physical disabilities, working with organizations to incorporate disabled individuals into activities and projects. The program reached almost 800 CEMEX employees in Mexico, raising awareness of those with disabilities.

As part of the program, CEMEX launched the workshop “Sensibiliza tu Seguridad” intended to share information regarding job safety. Between 2013 and 2014, more than 3,300 employees received valuable information through 61 workshops. This prevention initiative contributes to one of our top priorities – the safety of employees and their stakeholders.

Through our efforts, we're strengthening the role of women, helping our youth develop skills that will increase employment opportunities and enhancing stakeholder outreach through national and international partnerships.

TODAS SOMOS  
*esperanza*

For further information please visit,  
[www.todassomosesperanza.org](http://www.todassomosesperanza.org).

## Implementing Diversity Management Campaigns

In 2014, CEMEX Poland created the 50+ Club to bring together employees ages 50 and above. The Club holds regular meetings, workshops and competitions that encourage members to share their knowledge and experience and serve as mentors. Members can also take advantage of an awards program that provides them the opportunity to receive co-funding for a development initiative of their choice. Nearly 300 employees are enrolled in the 50+ Club.

**In addition, our “Congruencia” program incorporates those with disabilities into our company, recognizing people’s talent and skills regardless of their condition.**



## Capacity-Building Initiatives

### New Employment Opportunities for Youth

Led by the Multilateral Investment Fund (MIF), a member of the Inter-American Development Bank (IDB) Group along with the International Youth Foundation, the IDB’s Social Sector Department and corporate partners Arcos Dorados, Caterpillar, Microsoft, Walmart and CEMEX, the New Employment Opportunities for Youth (NEO) program focuses on increasing job entry among poor and low-income youth.

As a co-founder of NEO, we hope to strengthen and expand the coverage of our development programs in the Latin American and Caribbean countries in which we operate, providing more opportunities through initiatives such as our Productive Centers of Self-Employment (PCS), School of Construction and Development Community Centers.





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To date, “Building the Future” Foundation has supported 70 organizations awarding 154 grants.

### **Mason Training Program**

In 2014, CEMEX Philippines continued its ‘Experto Ako’ program, providing free masonry training to masons within the community. The program, in partnership with the Philippine Business for Social Progress and the Training Education and Skills Development Authority, helps masons enhance their craft and develop professional skills to improve the way they run their business and manage finances.

### **Apprentice Drivers Program**

In 2014, nine driver apprentices were hired as part of this scheme – a first for the company and an industry leading move.

This yearlong scheme is designed to help fill the need for more drivers in the UK, providing 18-24 year olds with the opportunity to learn about our business

and get their Driving Goods Vehicles apprentice certification before they are then hired as full-time employees.

### **Volunteering**

Volunteer programs allow CEMEX employees to offer their talent, time and leadership to make a difference in their communities. Of the countries in which we operate, almost 70 percent have volunteering programs in place.

### **‘Manos a la Obra’ Volunteering Program in Mexico and Latin America**

“Manos a la Obra,” is a CEMEX program that has led to nearly 7,000 volunteers contributing approximately 33,000 hours across initiatives, benefiting more than 21,000 individuals.



### **Lend-a-Hand Volunteering Scheme in CEMEX UK**

Through the UK’s ‘Lend-a-Hand’ scheme, every employee is allowed to take one volunteer day each year to help a local charity. The program also promotes team building, bringing together small groups from across the business to participate in a variety of volunteer activities, from hospice decorating to refurbishing children’s playgrounds. In 2014, 316 UK employees participated in 43 projects, leading to more than 2,500 hours of community volunteering.

### **Building the Future Foundation**

For the last six years, CEMEX Poland’s Building the Future Foundation has focused on a grant competition and volunteer program that support and shape numerous environmental and social initiatives.

Our “The Factory of Ideas” grant competition for NGOs and schools provides a clear set of rules that guide our work with social organizations, ensuring everyone has an equal opportunity to apply for support from CEMEX.

Through our Employee Volunteer Program, CEMEX employees can apply for a grant that allows them to get involved in a local cause of their choosing. Working together with local community members, 58 volunteer teams in 26 locations have been rewarded so far. |





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## 4/Pursuing Environmental Excellence for Responsible Growth



8 million tCO<sub>2</sub>  
avoided vs. 1990 equivalent  
to offsetting the annual emissions  
of 1.5 million vehicles



Specific emissions reduction  
vs. 2005 baseline: 55% Dust,  
42% NO<sub>x</sub> and 60% SO<sub>x</sub>

Biodiversity Action Plans  
implemented in 55%  
of high biodiversity  
value quarries



Almost 15% of our power  
consumption comes from  
renewable energy sources





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**For CEMEX, reaching environmental excellence is a main objective. We dedicate significant efforts to address key sustainability-related issues, from biodiversity and conservation to renewable energy, climate change and emissions monitoring.**

In addition to the Sustainability Committee at the Board, CEMEX relies on an Environmental Council that identifies, informs and tackles issues including:

- CEMEX Environmental Management System (EMS)
- KPIs and standard protocols follow up
- Emissions monitoring and reporting
- Biodiversity and conservation efforts
- Waste and water management
- Regulation updates, trends and new technologies
- Promotion of best practices throughout our operation



## 4.1 / Optimizing our Carbon Footprint



For years, we have focused on reducing our emissions, increasing energy efficiency in our operations, using lower-emission alternatives to traditional fossil fuels, decreasing our clinker factor and promoting renewable energy.

As part of our core strategy, we strive to implement sustainable construction practices and develop products that help society meet green growth goals.



Energy recovery from waste in cement kilns can make a significant contribution to waste management targets and help local authorities address their climate change challenges.





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We have significantly increased our use of low-carbon alternative fuels, surpassing our CSI target of 15 percent alternative fuels usage by 2015, and have set a new target to reach 35 percent by 2020.

We also replace traditional energy-intensive clinker with slag, fly ash and pozzolans, contributing to a reduction in the CO<sub>2</sub> footprint of our cementitious products. In 2014, our overall clinker factor was 76.5 percent, down from 84.3 percent in 1990, and our emissions of CO<sub>2</sub> per ton of cementitious products dropped by 22.6 percent compared to 1990, putting us on track to meet our 25 percent reduction target by 2020.

As a result of our 2014 initiatives to reduce our clinker factor, increase the use of alternative fuels and reduce our indirect emissions through the

consumption of renewable energy, we avoided more than 8 million tons of CO<sub>2</sub> emissions. That's comparable to offsetting the average annual emissions of 1.5 million passenger vehicles.

Our carbon emissions reduction efforts have been externally recognized. For the third consecutive year, in 2014 CEMEX was named one of the best Latin American companies in terms of Climate Change Data Disclosure by the Carbon Disclosure Project (CDP), ranking among the top eight companies.

For more information, please visit <http://bit.ly/1lm8tnN>



## Carbon Strategy Progress

84.3%  
1990

Clinker Factor

76.5%  
2014

0.8%  
1990

Alternative Fuel

27.7%  
2014

Avoided Direct and Indirect CO<sub>2</sub> Emissions in 2014 (tons)

from Clinker Factor

4,803,639

from Alternative Fuels

2,741,850

from Renewable Energy

560,513

Total

8,106,002

## Six Cement Plants and Nine Ready-Mix Installations in CEMEX USA Earned ENERGY STAR®

In 2014, our plants in Brooksville (FL), Miami (FL), Clinchfield (GA), Fairborn (OH), Louisville (KY) and Victorville (CA) earned the EPA ENERGY STAR® certification, demonstrating that these facilities perform among the top 25 percent of US facilities of their kind for energy conservation.

In addition, nine ready-mix concrete plants across Texas (Iowa, Colony, Tomball, Houston, Webster, Edinburg, San Benito and El Paso) and New Mexico (La Luz and Ruidoso) achieved 10 percent or more energy reduction and qualified for the ENERGY STAR® Challenge for Industry award. Collectively, these nine CEMEX ready-mix plants cut energy intensity by an average of 21 percent through the use of energy-efficient parts and equipment, such as dust collectors, conveyor belt pulleys and lighting.



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CEMEX, together with Fistera Energy and private investors, completed the financing of Ventika wind farm. With a total investment of approximately US \$650 million, the project ranks among wind farms with the highest power capacity in Mexico.



## Building our Renewable Energy Portfolio

We know that increasing urbanization and related construction will produce greenhouse gas emissions. That's why we're leveraging our industry-leading technical expertise and skills to develop a strong renewable energy portfolio that we continue to expand.

In 2014, we began operating a 1.5 MW solar unit for our cement plant in San Pedro de Macoris, a province in the Dominican Republic. With more than 5,000 photovoltaic panels, the installation allows us to produce 2,200 MWh/year, equivalent to the energy consumption of 2,000 homes.

Ventika wind farm consists of two 126 MW wind installations in Nuevo Leon, Mexico. CEMEX will supervise the construction

process, which began in the second quarter of 2014, and manage the wind farms when operational in 2016. Under the self-supply scheme approved by the Mexican Energy Regulatory Commission, the wind farm will supply renewable energy to third party facilities and CEMEX. The Ventika project is a major advancement in the development of wind energy in Mexico and Latin America, and is also a great example of the growing momentum of renewable projects globally.

**CEMEX will continue to develop other opportunities that are equally committed to reducing carbon emissions and providing a sustainable source of energy for the countries in which we operate.**

## Expanding our Renewable Energy Portfolio

In 2014, 14.6 percent of our power supply came from renewable energy. We have several projects and power purchase agreements including:

- ✓ 250 MW Eurus wind farm in Mexico
- ✓ 7 MW wind portfolio in California
- ✓ 30 MW waste-to-energy in Rüdersdorf, Germany
- ✓ 1.5 MW solar project in the Dominican Republic
- ✓ 6 MW hydro power portfolio in Colombia
- ✓ 252 MW Ventika wind farm in the Northeast of Mexico under development
- ✓ All electricity in Panama cement plant supplied by a hydro plant







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### Expanding CDM & VCS Projects

Through programs such as the United Nations' Clean Development Mechanism (CDM) and the Verified Carbon Standard (VCS), CEMEX has been working for more than a decade in the identification, documentation and registration of projects that mitigate carbon emissions below typical levels and generate equivalent offsets.

During 2014, CEMEX registered two additional projects under the Verified Carbon Standard (VCS) program for their alternative fuel initiatives. The Brooksville South and Demopolis cement plants will reduce emissions of anthropogenic origin and avoiding methane emissions by preventing the disposal or uncontrolled burning of materials such as wood, refuse-derived fuel and agricultural residues, among others.

### CEMEX Registered CDM & VCS Portfolio

Project	tCO <sub>2</sub> /year
Eurus Wind Farm	599,571
Costa Rica Alternative Fuels	39,972
Ibague Alternative Fuels	146,798
Zapotiltic Alternative Fuels	47,043
Egypt Alternative Fuels	416,528
Panama K1 Alternative Fuels	29,212
Merida Alternative Fuels	41,513
Tepeaca Alternative Fuels	103,359
Dominican Republic Alternative Fuels	99,797
Tamuin Biomass	47,853
Huichapan Biomass	51,357
Cucuta Biomass	42,307
Atotonilco Alternative Fuels	68,759
Valles Alternative Fuels	45,926
Yaqui Alternative Fuels	65,470
Guadalajara Biomass	40,325
Ventika Wind Farm	244,110
Ventika II Wind Farm	244,110
Panama K2 Alternative Fuels	70,883
Louisville Alternative Fuels	294,605
Miami Biomass	73,035
Brooksville South Alternative Fuels	54,101
Demopolis Alternative Fuels	29,255
<b>TOTAL Annual Reduction Potential</b>	<b>2,895,709</b>

### CEMEX Supports World Bank Group Initiative

At the UN Secretary-General's Climate Summit in 2014, CEMEX expressed its support of carbon pricing efforts led by the World Bank Group, joining a growing coalition of leaders worldwide speaking out for action on climate change.

CEMEX believes that carbon pricing plays a crucial role in climate change mitigation. In addition, it improves the efficiency of the economy, allowing for increased government investments or tax reductions in other areas. With our statement of support, we are demonstrating our commitment to help protect our planet.

For additional information, please visit <http://www.worldbank.org/en/programs/pricing-carbon>

### Promoting the Use of our Carbon Footprint Tool

Central to our CO<sub>2</sub> reduction efforts is our Carbon Footprint Tool (CFT). It helps us quantify the direct and indirect amount of CO<sub>2</sub> emitted during the production of our products on a cradle-to-grave basis, including embedded CO<sub>2</sub> in raw materials, energy carriers, transports, etc. The CEMEX CFT is being used in all cement, aggregate and ready-mix sites under our operational control and information is readily available to all CEMEX customers interested in the analysis of any product supplied by the company. |



## 4.2 / From Waste to Fuel



**As part of our sustainability efforts, we continuously strive to find ways to meet the demands of a growing urban society without compromising the planet for future generations.**

We're creating new purposes for materials that traditionally would have entered the landfill, providing our communities with an effective and secure way to alleviate the social, economic and environmental issues associated with municipal waste management. For example, our alternative fuels program is a key part of our sustainable manufacturing.



Through co-processing – the utilization of waste as a source of energy – and the use of ashes from combustion, we're reducing the use of extracted raw materials.





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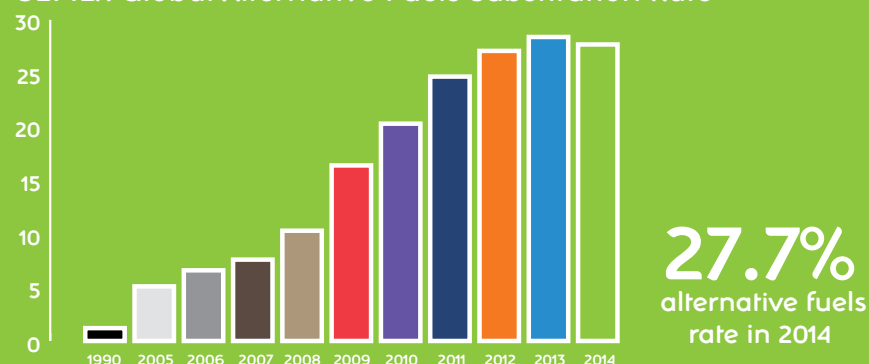
At CEMEX, we are not only increasing our use of environmentally friendly and economically sound alternative fuels, but also building worldwide support for the enactment and enforcement of legislation that promotes the co-processing of waste that cannot otherwise be reduced, reused or recycled.



## CEMEX Receives Global CemFuels Award

For the fourth consecutive year, in 2014 CEMEX was recognized with a Global CemFuels Award for Alternative Fuels-Using Company of the Year. The award, which was voted for by industry participants, celebrates organizations in the cement and lime industries that make using alternative fuels a top priority.

## CEMEX Global Alternative Fuels Substitution Rate



Our waste to fuel strategy exemplifies how we apply the ideas that work best across all parts of our business and, in the process, achieve better results for our customers, our communities and our shareholders.

Over the past decade, our alternative fuels substitution rate has risen almost

six-fold, from 5.1 percent in 2005 to 27.7 percent in 2014. At year-end, 94 percent of our cement plants burned alternative fuels, avoiding the use of 2.2 million tons of coal. Of our 46 plants burning alternative fuels, nine surpassed a 50 percent rate, five of which achieved a rate above 65 percent.

## Improving our Processes

Building upon the technological and operational success of our most advanced cement plants, we are evaluating and upgrading our production lines at all remaining plants to allow the use of fuels in a broader compatibility and reduce their consumption of traditional fossil fuels. A number of challenges including country legislation, local environmental regulations, permitting, community education, and transportation must be considered when substituting fossil fuels with alternative fuels. That's why we developed corporate guidelines for the classification of fuels in our cement operations that comply with the Cement Sustainability Initiative (CSI) and local regulations. We have also implemented an engagement model to help community leaders understand the logistical, technical and financial variables involved in our sourcing of alternative fuels.

**CEMEX has become the leading user of alternative fuels in the cement industry, replacing traditional fuels like petcoke and coal with those that have a lower carbon emission factor as well as carbon neutral alternatives, such as biomass residues.**



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## Recognized University Confirms Alternative Fuels Reduce GHG Emissions

In 2013, CEMEX started a collaboration with the Earth Engineering Center (EEC) of Columbia University and The City College of New York to execute a year-long study of the life-cycle effects of alternative fuels in cement manufacturing, focusing on waste combustion technologies implemented in CEMEX kilns in the United States and Mexico.

The study was carried out by faculty and graduate students at both institutions and included multiple visits to the cement plants, analysis of operating data, calorimetric tests and mathematical modeling of the behavior of sulfur, nitrogen, chlorine and carbon monoxide compounds through the cement kilns. Completed in 2014, the study concluded that the use of fuels derived from municipal solid wastes (MSW) in cement production has no adverse impact on the cement production process or the quality of the product. In fact, it reduces greenhouse gas emissions by up to three tons of CO<sub>2</sub> per ton of MSW-derived fuel used in place of a high-quality coal.



Our Chelm cement plant is the top performer in both the Polish cement industry and CEMEX operations worldwide. It co-processes about 300 kton/year of municipal waste, allowing the plant to avoid nearly 100 ktons of coal.

As part of these efforts, in 2014 CEMEX decided to build a new alternative fuels co-processing installation at our Chelm cement plant in Poland. Previously, to secure an adequate quantity of alternative fuels, the plant had to work with many local and foreign suppliers.

**Thanks to the new project, high-quality alternative fuel is now produced on the spot under the supervision of CEMEX personnel.**

This ensures a stable, high-quality supply of alternative fuels sourced from regional landfills.

In addition, since 2012 CEMEX Mexico has used RDF (refused derived fuel), inorganic fractions of solid urban waste such as paper, plastics and textiles, as a source of alternative fuels in its cement kilns. In 2014, CEMEX Mexico's kilns consumed more than 170,000 tons of this waste, a 100 percent increase from the previous year. Thanks to this jump and our commitment to the use of alternative fuels, in 2014 we co-processed a total of 466,000 tons of varied waste into alternative fuels.

## CEMEX Mexico Recognized for Use of Alternative Fuels

In 2014, the Greenhouse Gas Effect Program (i.e. Programa GEI México) run by Mexico's Ministry of Environment and Natural Resources (SEMARNAT), the Commission of Private Sector Studies for Sustainable Development (CESPEDES) recognized CEMEX for its environmental achievements.

Under this program, CEMEX Mexico received the GEI-2 award for its progress in managing GHG emissions and complying with a verified inventory. In addition, the Tepeaca and Guadalajara cement plants won the GE-3 award for lowering GHG

emissions and achieving certified performance indicators of carbon emissions management.

CEMEX Mexico

**GEI-2 award**

Tepeaca and Guadalajara cement plants

**GE-3 award**







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## Recovery and Recycling of Surplus and Scrap Aggregates in the Dominican Republic

In an effort to reduce waste from concrete production and contribute to a cleaner planet, CEMEX developed a project at its Los Pintos, Dominican Republic ready-mix operation. With an investment of nearly US \$35,000, the project recovered coarse aggregate from waste concrete and recycled it into new concrete mixtures, furthering our waste management efforts while also reducing operating costs.

The result? The project reduced waste consumption by 44 percent and generated savings of US \$16,800 per year. In addition, the plant was able to substitute up to 17 percent of new aggregates with recycled aggregates per month, lowering its carbon footprint by more than 100 tons of CO<sub>2</sub>.



## Advancing our Waste Reduction Management

At CEMEX, we dispose of the waste generated by our production processes in accordance to local regulations. In terms of operational waste streams, cement-kiln dust represents the largest amount of waste we produce. We try to reuse it in production and other processes as much as possible and seek to monitor, minimize, reuse and recycle all of our wastes when possible. Efforts include:

- Monitoring of hazardous and non-hazardous waste generation in all of our operations
- Replacing primary aggregates with other discarded materials (e.g. demolished concrete)
- Reusing and recycling fresh concrete returned from construction sites

Thanks to these efforts, 85 percent of our waste has been recovered, reused and

recycled, meaning only 15 percent of the waste generated by our operations is sent to disposal sites.

In 2014, our hazardous waste disposal increased from around 80 ktons to 105 ktons due to changes in some local environmental regulations requiring the reclassification of certain types of by-pass dust from the clinker process. The disposal of our non-hazardous waste, the most abundant waste we generate, decreased more than 24 percent compared to last year's values, from 637 ktons to 483 ktons.

Additionally, the volume of returned concrete material increased from 1.00 percent in 2013 to 1.27 percent, and the percentage of secondary and recycled aggregates used as a direct replacement of primary aggregates remained 0.21, same as in 2013. |

## Waste Management in Mexico

In 2014, a record was set for co-processing at CEMEX Mexico.

**Of the approximately 1.1 million tons of waste disposed of, 42 percent was incorporated into alternative fuels and the rest into alternative raw materials.**

These efforts eliminate negative impacts on the environment associated with waste and increased our fuel portfolio and flexibility.

## 4.3 / Minimizing Air Emissions and Enhancing our Environmental Management



**We are committed to doing whatever it takes to reduce our environmental footprint. As part of our ongoing efforts, we strive to:**

- Monitor major and minor emissions
- Improve our measurement methods
- Adapt to new and more stringent air emissions regulations, investing accordingly and executing required trainings (e.g. recent NESHAP regulations)
- Go beyond local regulations and set ambitious targets for emissions mitigation



**To evaluate how our operations are running and set goals that lead to significant environmental improvement, we must measure and report our activities.**





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## Preparing for Implementation of the NESHAP Rule

The US EPA amended its National Emission Standards for Hazardous Air Pollutants (NESHAP) for existing, new or reconstructed cement kilns in the US. The updated standards address mercury, total hydrocarbons (THC), hydrogen chloride (HCl) and particulate matter (PM) emissions and require the installation of continuous emissions monitoring systems (CEMS). The new emissions limits will significantly impact the operations of many US cement plants, including our own, as the September 9, 2015 compliance deadline quickly approaches.

When the NESHAP rule was initially proposed, CEMEX began collecting and analyzing relevant emissions data and researching new emission control technologies. As a result of this research and in direct response to the NESHAP regulations, a cost-effective implementation strategy for reducing emissions was developed for each CEMEX US kiln.

A total investment of approximately US \$155 million, 65 percent of which was already executed during 2014, NESHAP implementation strategy in CEMEX USA includes changing raw materials (which requires little or no investment cost), replacing outdated pollution-control technology, such as electrostatic precipitators and adopting proven technologies from other industries.

## Implementing CEMEX Environmental Management System (EMS)

To evaluate how our operations are running and set goals that lead to significant environmental improvement, we must measure and report our activities. The objective of the CEMEX Environmental Management System (EMS) is to facilitate consistent, complete implementation of risk-based environmental management tools across

our operations. The CEMEX EMS consists of key mechanisms for environmental impact assessment, stakeholder engagement and accident response based upon input from a range of environmental and biodiversity specialists. The EMS is compatible with similar standards such as ISO 14001 and the EU Eco-Management and Audit Scheme (EMAS).

At the end of 2014, 97 percent of our cement plants, 70 percent of our ready-mix operations and 90



percent of our aggregates quarries implemented either the CEMEX EMS or equivalent programs. As we approach full implementation of our global EMS in 2020, our goal is that all CEMEX facilities be 100 percent compliant with our internal environmental criteria.

To learn more about our internal EMS and our ongoing initiatives, please visit our [website](#).

## Managing our Air Emissions

The cement manufacturing process involves the release of nitrogen oxides (NO<sub>x</sub>), sulfur compounds (SO<sub>x</sub>) and dust. Other emissions, released in very small or negligible quantities, include dioxins, furans, volatile organic compounds and heavy metals. To control our stack emissions and remain compliant with local and national regulations, we have steadily expanded

## CEMEX France Receives Recognition for Environmental Management

In 2014, all CEMEX France sites successfully received ISO 14001 certification from ECOCERT Environment, a certification organization. CEMEX is the first company within the building materials industry in France to certify all its sites.

In addition, ECOCERT recognized CEMEX France's fulfillment of the ISO 26000 standard as "exemplary."



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## Modernizing Measuring Stations in Croatia

In February 2014, CEMEX Croatia invested a total of US \$114,000 in new emission analyzers and meteorological instruments at automated air quality measuring stations in Kastela, Solin and Split. The data from these tools will be available via the Croatian Environment Agency's network and the European Environment Agency's network. As a result, these measuring stations now meet the European Commission's strict criteria regarding mutual exchange of information and reporting on air quality.

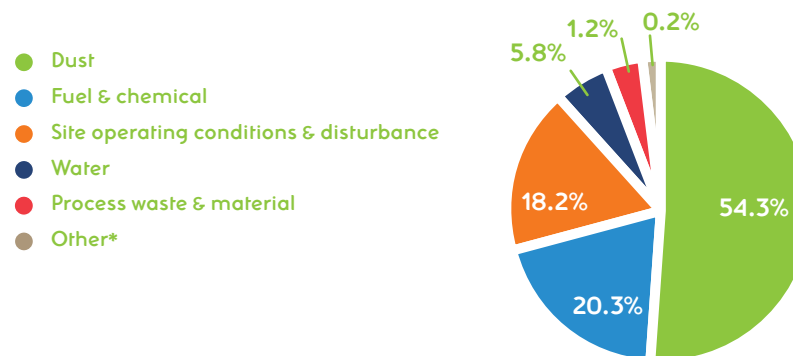
our emissions monitoring efforts at manufacturing operations. In 2014, 84 percent of our clinker was produced with continuous monitoring of major emissions (dust, NO<sub>x</sub> and SO<sub>x</sub>), while 81 percent was produced with monitoring of both major and minor emissions. Our 2020 target is to ensure 100 percent of our clinker is produced with continuous monitoring of major emissions, a goal that involves an estimated investment of US \$7.5 million.

In 2014, we invested US \$85 million in sustainability-related projects at our operations across the globe, including more than 20 initiatives designed to improve our air emissions management performance. We also participated in multi-stakeholder discussions within our sector to address the handling of dioxins and mercury emissions and aligned our emissions disclosures with the CSI reporting protocol.

Through our internal Environmental Management System (EMS), we monitor our major emissions to ensure we are below local regulation limits. Our Stack Emissions Report consolidates the information received from all of our kilns, serving as a global platform that shares every operation's emissions and monitoring techniques (e.g. continuous, spot tests). Based on the data collected, specific actions to minimize emissions are defined.

To further improve upon these efforts, in 2014 CEMEX set 2020 targets for the reduction of major emissions. The new targets compare yearly emissions values to a 2005 baseline to determine the percentage of reduction for dust, NO<sub>x</sub> and SO<sub>x</sub>. These yearly goals ensure CEMEX consistently performs below required levels.

## Environmental Incidents by Type



\* Micro Pollutant and Air Emission Related Incidents

## Environmental Incidents Management

We believe reporting environmental incidents is the first step towards reducing their occurrence and severity.

Through rigorous efforts to standardize implementation of our environmental

management processes, we steadily decreased our annual Category 1 incidents from 19 in 2008, when we first began reporting, to zero in 2014. We are now prioritizing the reduction of Category 2 and 3 incidents using root-cause analysis, training and continuing process improvements. |

	2012	2013	2014
Category 1	1	0	0
Category 2	52	87	39
Category 3	323	357	313
Complaints	74	136	81
<b>Total</b>	<b>450</b>	<b>580</b>	<b>433</b>



## 4.4 / Conserving Land, Biodiversity and Water



**Protecting the natural resources society relies on is an important part of the sustainable development of urban environments.**

Natural ecosystems are intrinsically valuable and provide essential services to people, sequestering carbon, providing fresh water and supporting food production and disease prevention.



Rapid urbanization, climate change, energy demand, biodiversity loss and water scarcity are global issues that will exert significant demands on businesses and society over the next decades.



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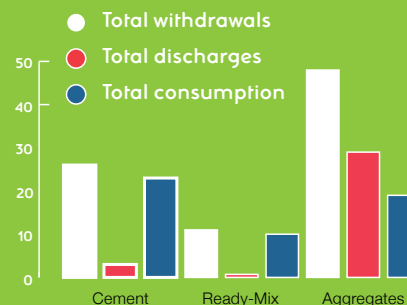


## New Water Conservation System at Balcones Cement Plant

In 2014, CEMEX Balcones cement plant began the construction of a new 10,000 gallons per minute (GPM) Fine Aggregate Washing & Recovery System. The new recovery system is designed to recycle at least 75 percent of wash water back into the plant's operation, reducing water consumption from the Edwards and Trinity Aquifers by millions of gallons

each year. In addition, the system will significantly reduce the silt management area pond and lower overall operating costs.

## Water Footprint (million cubic meters)



## 2014 Specific Water Consumption

**360 l/ton Cement**

**185 l/m<sup>3</sup> Ready-mix**

**132 l/ton Aggregates**

## Managing Water to Minimize Use

Water is of paramount importance to CEMEX. It makes up approximately 25 percent of concrete mixtures and is used in several stages during the production process of cement, ready-mix and aggregates as well as for cleaning plants, trucks and equipment. To protect this natural resource and help our business flourish, we must increase our water efficiency and control our water waste.

In 2014, we continued to implement our [Corporate Water Policy](#) across operations, including standardization of our water measurement based on the Water Protocol developed in coordination with the International Union for Conservation of Nature. As a result of our efforts we've reduced our specific water consumption by 22 percent for aggregates, 6 percent for ready-mix and 4 percent for cement compared to 2013 figures.

To obtain more robust metrics, our operations must fully understand and embrace our methodology. In 2015, we will continue to provide guidance to our operations through the creation of a holistic water management plan that prioritizes countries and sites where

water-related risks are highest and there is the most significant business impact. We also plan on setting new targets that allow more efficient water management.

## Water Efficiency Projects in Alicante Factory

In 2014, the CEMEX plant in Alicante, Spain, implemented two new projects focused on responsible water practices.

To start with, the company began collecting excess water released during the drying process of wet sewage sludge. Approximately 50,000 m<sup>3</sup> of excess water was captured and used for irrigation on nearby farms.

In addition, the installation replaced existing cooling towers at the drying plant with an alternative, closed circuit cooling system. Preventing the losses previously caused by evaporation, this new system will eliminate the use of approximately 70,000 m<sup>3</sup> per year of drinking water, allowing this precious resource to be used by the community and also generating significant cost savings.

## Implementing Biodiversity Action Plans

Biodiversity Action Plans (BAPs) are CEMEX's principal tool for achieving a net positive impact on biodiversity. CEMEX and BirdLife International have created a standard for the development of BAPs to ensure individual operations are able to thoroughly and systematically produce their own tailored to the particular biodiversity values associated with the operations and challenges they face. This work is guided by our [Corporate Biodiversity Policy](#), which is fully integrated into our business model in all countries and operations, and aligned with the Convention on Biological Diversity (CBD) and its Aichi Biodiversity Targets.

Detailed information on our work and how or policy aligns with the Aichi Targets, please visit <http://bit.ly/1RQXelc>.





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## Mossend Ready-mix Plant Takes Advantage of Rain Water

The CEMEX Mossend Ready-Mix plant near Glasgow, Scotland was prone to flooding, especially when a heavy rain hit. To eliminate the risk and waste water management became a top priority.

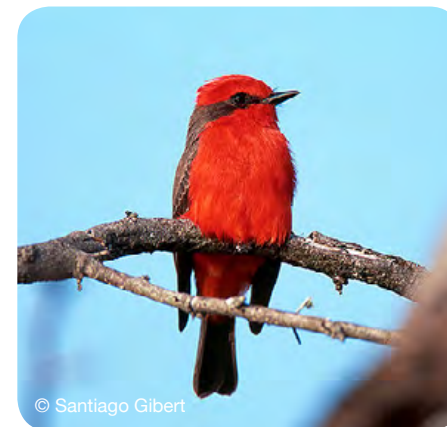
The plant set a goal to reduce its water consumption from an average of 228 to 140 l/m<sup>3</sup>.

A number of waste-saving measures were adopted including:

- Implementing a stone-washing process for cleaning drums rather than using water
- Installing an automatic timer on the hose used to fill header tanks

- Setting up an extra stirrer tank and curb to capture rainwater for use in concrete production, instead of letting it flow down the drain

These conservation measures have pushed water consumption well below the target, resulting in more savings and a safer environment.



© Santiago Gibert



## 2014 BAP Implementation Progress

In 2014, we continued our work to develop quarry rehabilitation plans for our active cement and aggregates quarries. We also continued taking action to enhance the biodiversity in and around our quarries located in or close to high biodiversity value areas and started new BAP projects at these key quarries. To date, 94 percent of our active quarries have a rehabilitation plan in place and 55 percent of our 80 active quarries identified within or adjacent to high biodiversity value areas have a BAP in place.

Additionally, we continued developing the BAPs that we started in 2012.

- Our partnership project in the Dominican Republic completed a comprehensive biodiversity

assessment and agreed that a community-based cacti nursery will be set up close to the quarry. Native plants will be used to restore the quarry as well as the banks of a river running through the site.

- In Malaysia, the BAP is helping to raise awareness about the importance of one of BirdLife International's designated Important Bird and Biodiversity Areas (IBAs) with key stakeholders, including CEMEX employees, through advocacy meetings and outreach.
- In Mexico, where the Golden Eagle was identified as a top priority species, nesting sites around the quarry were mapped and a national workshop was held, promoting greater understanding of Golden Eagle numbers across the country.
- In Spain, plans have been made to renovate a riparian forest beyond ongoing restoration efforts, including the construction of nesting boxes

and the installation of artificial floating islands that will provide more nesting opportunities to bird species.

- In the UK, chalk grassland restoration has begun to provide a quality habitat for priority species including the Red-billed Chough, a rare member of the crow family.
- For other countries with high priority CEMEX sites such as Colombia and the Czech Republic, partner agreements, plans, training and budgets were put into place as part of a concerted effort towards achieving our global target of having BAPs in place at 100 percent of our active sites in areas of high biodiversity value.



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CEMEX and BirdLife International have created a standard for the development of BAPs.

## Supporting the European Union's Nature Conservation Policy

In recognition of the value and achievements of our national partnerships with BirdLife, BirdLife Europe and CEMEX issued a joint statement wholeheartedly supporting the European Union's Nature Conservation Policy.

**The joint statement emphasizes that the EU's solid legal frameworks for nature conservation, starting with the EU's Birds and Habitats Directives, are good for both the planet and for business.**

It also:

- Recognizes the importance of EU nature legislation in establishing a continent-wide level playing field, as well as in helping companies improve their environmental performance.
- Acknowledges the positive role that leading businesses can play in the preservation and management of Natura 2000 sites and the conservation of biodiversity.
- Emphasizes that both biodiversity and minerals are inherently local and because of that reconciling the needs of conservation and extractive industry requires a strategic approach to land planning, at an appropriate scale in order to minimize negative impacts and potential conflicts.

To read the complete joint statement, visit <http://bit.ly/1J9lhep>

## 2014 Partnership for Nature and People Portfolio

	Mexico – Cerrito Blanco	Dom. Rep. – Las Salinas	Malaysia – Bukit Tambun	UK – Raynes	Spain – Soto Pajares
BirdLife Partner Engaged BAP	Jan-12	Apr-12	Mar-12	Aug-13	Nov-11
Scope of work agreed	In Place	In Progress	In Progress	In Progress	In Progress
Work plan defined	In Place	In Progress	In Progress	In Progress	In Progress
Stakeholders Identified & Engaged	In Progress	In Progress	In Progress	In Progress	In Progress
Desktop analysis	In Place	In Progress	In Progress	In Progress	In Progress
Baseline - Field surveys	In Place	In Progress	In Progress	In Progress	In Progress
Prioritization of habitats/species	In Place	In Progress	In Progress	In Progress	In Progress
Actions & Targets defined	In Place	In Progress	In Progress	In Progress	In Progress
BAP documented	In Place	In Progress	In Progress	In Progress	In Progress
Implementation	In Progress	In Progress	In Progress	In Progress	In Progress
Reporting	In Progress	In Progress	In Progress	In Progress	In Progress

In Place

In Progress





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## Nine CEMEX USA Sites Receive Wildlife Habitat Council Certification



In November 2014, nine CEMEX USA sites received certifications through two Wildlife Habitat Council programs. Five sites were recertified with the WHC's Corporate Lands for Learning program: 474 Sand Mine (FL), Brooksville South Operations (FL), Center Hill Mine (FL), FEC Quarry (FL), Gator Sand Mine (FL), Lake Wales Sand Mine (FL), and Clinchfield Cement Plant (GA). The Wildlife at Work certification acknowledges programs that create, conserve and restore habitats with the involvement of employees and members of the community.

Seven of our sites received their recertification for Wildlife at Work: 474 Sand Mine (FL), Brooksville South Operations (FL), Center Hill Mine (FL), FEC Quarry (FL), Gator Sand Mine (FL), Lake Wales Sand Mine (FL), and Clinchfield Cement Plant (GA). The Wildlife at Work certification acknowledges programs that create, conserve and restore habitats with the involvement of employees and members of the community.



**Today, El Carmen is one of the most important biodiversity hotspots and trans-boundary ecosystems in the world.**

In 2014, El Carmen:

- ✓ Learned from the efforts of a Master in Science research project focusing on the valuation of environmental services that the biodiversity and landscape within El Carmen provide an estimated value of US \$25.7 million per year. In 2015, additional ecological services such as carbon sequestration and water recharge will be explored.
- ✓ Transplanted Desert Bighorn Sheep and Mule Deer to increase free-ranging wildlife populations.
- ✓ Installed two wildlife water guzzlers incorporating the latest theories in reliability. The expansive collection aprons are capable of gathering in excess of 1,000 gallons of water from one inch of rainfall with a storage capacity of approximately 4,600 gallons at each site.
- ✓ Received support from more than 40 volunteers from the Mule Deer Foundation and other organizations.

In addition to this, CEMEX seeks to manage our biodiversity footprint through BAPs, EIAs and EMS at the local level.



## Preserving El Carmen

For 14 years, CEMEX has been preserving nature and sharing its wonder through El Carmen, a private trans-boundary conservation area in Mexico owned and managed by CEMEX and other private landowners.

Comprising five different ecosystems, the wilderness reserve is home to a myriad species of plants, birds, mammals, reptiles and amphibians.

With an area of 140,356 hectares, the reserve is eight-times larger than the amount of area CEMEX has dedicated to operations worldwide.



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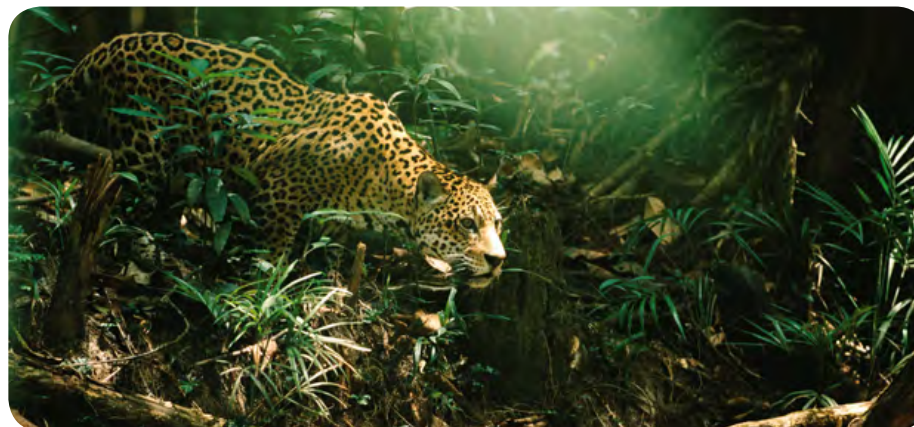
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## CEMEX UK and RSPB Work to Save Twite from Extinction

A small brown bird, the Twite is the rarest English breeding bird and one of only two English songbirds that feed their chicks entirely on seeds.

At CEMEX's Dove Holes quarry in Derbyshire, a small population of Twite have found their home. In 2014, CEMEX began their second year working with the RSPB, a member of BirdLife International, to restore the surrounding flower-rich meadow to help feed this rare bird.



The jaguar is one of the species endangered and part of the IUCN Red List.

## The IUCN Red List: 50 Years of Conservation

This second edition of the CEMEX Nature Series continues the tradition of excellence that won recognition for the company's celebrated 20-volume CEMEX Conservation Series. The book combines stunning wildlife photography with the voices of the International Union for Conservation of Nature (IUCN) experts and renowned conservationists to celebrate 50 years of outstanding effort and achievement by a worldwide network of scientists and partner organizations that together build and maintain The IUCN Red List of Threatened Species produced by the Species Survival Commission (SSC).

The IUCN Red List has become the most comprehensive source of information on the status of the world's plant, animal and

fungi species and one of our to address and counter the extinction crisis.

Through this book, CEMEX invites you to actively participate in the future of our planet and take action to protect and celebrate its amazing natural diversity.



To download a free e-book version please visit <http://bit.ly/1P1rMrT> |



# 5/ Embedding Our Core Values into Every Action



Our LTI Rate improved by  
**33%** for Employees and  
**23%** for Contractors

**95%**  
of our purchases were  
from locally and nationally  
based suppliers

About  
**760**  
initiatives implemented  
during the year to increase  
employee engagement

More than  
**18,000**  
ethics-related training  
sessions performed in 2014



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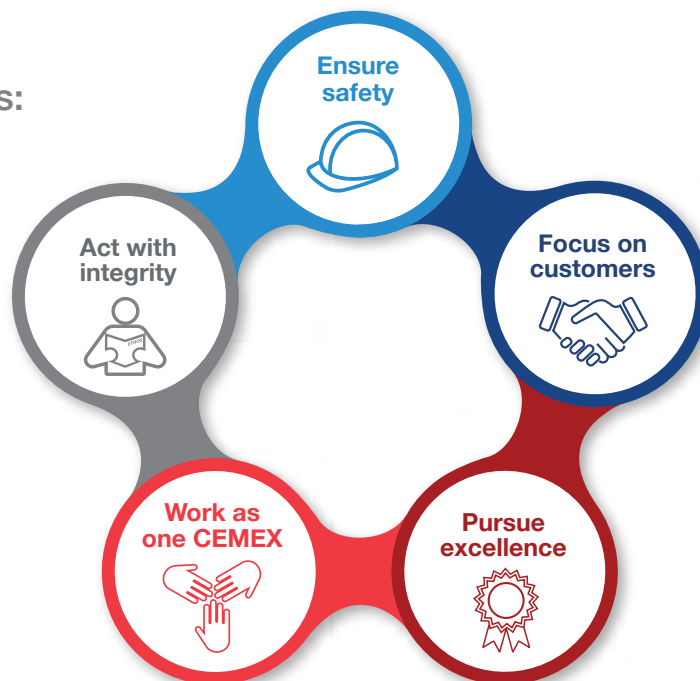
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**At CEMEX, we believe not only in making strong sustainability commitments, but in taking action to ensure we fulfill those commitments. We are an organization of people with unmatched passion and integrity, with values that result in respectful and productive relationships.**

Our employees are our competitive advantage. Without them, leaders cannot meet objectives and we cannot fulfill our commitments. That is why we strive to hire the best and take care of them.

**CEMEX Values:**





## 5.1/Placing Health and Safety First



**In our recently revised CEMEX Vision, we've made safety the top priority, developing principles that guide our H&S behavior:**

- Ensure nothing comes before the health & safety of our people, contractors and the community
- Make safety a personal responsibility; look after yourself and each other
- Strive to create a workplace with zero injuries and fatalities
- Maintain accountability for safety practices



To date, our operations have shared more than 500 examples of positive health and safety practices globally.



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In 2014, CEMEX continued to implement our global Health and Safety Management System (HSMS), updating the minimum standards for Personal Protective Equipment (PPE) and the management of traffic on CEMEX premises. In both cases, an emphasis is placed on developing solutions that control risks at their source. We are also improving communication surrounding incidents, including key learning points and best practices.

### Incidents: Lost Time Injuries and Fatalities

Our ultimate target remains zero injuries worldwide – what we call our “Zero4Life” commitment. While we face many challenges, we are making positive steps forward. In 2014, our Contractor Lost Time Injury Rate was down 23 percent and our Employee Lost Time Injury Rate improved 33 percent, from 1.8 to 1.2. We have set a goal to reduce

the employee LTI Rate to 0.3 or less by 2020, placing an even greater focus on the need to minimize these events. We are encouraged to see that some CEMEX sites have already achieved this goal. In fact, 15 countries currently have achieved a rate of zero.

The 2014 CEMEX Total Recordable Injury (TRI) Frequency Rate was 5.6 compared to 5.9 in 2013.

### Four regions and 15 countries reduced their TRI Rates, with seven countries maintaining a rate of zero.

In addition, the global Employee Sickness Absence Rate for CEMEX remained the same as 2013, however 17 countries reduced their national rate.

The loss of any employee, contractor or third party associated with our operations is extremely saddening and is something we are continuing to work to avoid every day. We are extremely saddened to report that there were 27 fatalities in 2014 – 4 employees, 17 contractors and 6 third parties.

### Focusing on Zero

We will not be satisfied until we have reached the goal of zero fatalities and injuries in our operations and road transportation activities. That is why in 2013, we created the Global Cement Operations Safety Taskforce and the Global Road Transportation Safety Taskforce to identify and mitigate risks related to transportation and operations. Both of these taskforces are designed to enhance communication about workplace hazards and risk management approaches to bring CEMEX closer to our goal of zero fatalities and injuries.

**Recognizing that contractors account for the majority of operations-related fatalities, the Global Cement Operations Safety Taskforce launched a global campaign in 2014 specifically aimed at making sure each cement plant has robust systems and processes in place to effectively manage contractors.**

The campaign helps business units assess the capabilities and competencies of contractors who perform work on behalf of CEMEX and works with them to ensure CEMEX health and safety standards are met. Guidance is provided





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## Philippines Institute 360° Truck Inspection Process

A good practice that has been shared globally is the truck safety inspection and defects reporting system that has been implemented in the Philippines to help ensure the roadworthiness of vehicles and reduce the risks of vehicular accidents. This procedure is applicable to all cement and raw material trucks that enter the plant premises for loading or delivery, respectively.

Trained personnel conduct an inspection of trucks and help ensure compliance of drivers and truck helpers to health and safety policies. Defects are reported to the hauling company or truck owners for immediate rectification and facilities are strictly implementing a policy where trucks must have a “Clearance-Safe for Hauling” designation to proceed.



for evaluating a contractors’ safety record, monitoring their performance and ensuring that procurement processes contain the rigor to ensure contractors are held accountable for meeting health and safety expectations.

In 2014, the Global Road Transportation Safety Taskforce identified roll-overs at tipping stations as an increasing threat to workers, issuing guidance to reduce the risk of these incidents.

They also established guidelines in managing fatigue for CEMEX and contracted drivers. All CEMEX Operations will be required to follow the established minimum standards, including maximum limits on driving hours as well as minimum requirements for driver rest.

To help management monitor progress related to transportation safety, the task force created a tracking tool for

countries to report their implementation of global initiatives. All countries are using this system and that information is now available to management teams in participating countries and regions as well as to our Executive Committee.

### Making H&S a Business Management Priority

In 2014, CEMEX revised the CEMEX Global Health & Safety Policy to include a statement of commitment to help ensure everyone affected by our operations is kept safe at all times.

Management is responsible for ensuring that H&S is the overriding priority and that businesses implement, monitor and review the effectiveness of controls designed to eliminate or minimize risks to our workforce or those affected by our business activities.

The Taskforce implemented trials of the Mobileye collision avoidance technology, which uses sophisticated vision algorithms to provide drivers with immediate real-time evaluation and warnings so they can avoid accidents.

Our H&S leadership training course, LEGACY, continues to be the foundation of our safety practices with all leaders, from executives to supervisors, required to complete the course.

We also continue to offer a Visible Felt Leadership (VFL) training course to provide senior leaders with strategies they can use to communicate their commitment to H&S and influence employee behavior within our operations.

In 2014, we captured the spirit of our LEGACY training course for line managers and developed a new course entitled E-LEGACY where the “E” stands for “everyone.” This non-technical, interactive program is designed to help front-line employees embrace H&S as a personal value, assess risks and embrace a safe and healthy lifestyle. Based on the success of the course in the US and the UK, the program



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Expectations for managers are outlined in 14 categories and include a set of performance requirements and supporting guidelines.

will become a requirement for every CEMEX employee worldwide in 2015. This, together with a number of other common initiatives and the individual regional and national improvement plans will help us progress further and we anticipate we will be able to continue growing a positive health and safety culture in our organization.

More than 64 percent of our employees are represented in formal joint management-worker H&S committees. As a part of these committees, workers, line supervisors, managers and union representatives meet on a regular basis to listen to employee concerns and review and enforce health and safety procedures and performance, formulation and implementation of programs.

## Promoting a Healthy Work Environment



96%

of operations have an annual preventive health program planned out every year.



93%

of operations have a qualified professional onsite or with access to an external health provider.



89%

of operations are provided with a document that lists and explains job-specific occupational health risks and the exams needed to identify early signs of occupational disease before, during and after hiring.



96%

of operations provide information regarding the education, training, counseling, prevention and risk-control programs related to serious diseases in place to assist workforce members, their families and community members.



99%

of operations have a formal process in place to identify, assess and control operational safety risk.

## Six Health & Safety Expectations from our CEO

In the summer of 2014, our CEO, Fernando González, identified six things he expects all employees will do to truly make H&S a way of life and a source of pride for CEMEX.

1. Make H&S a business management priority
2. Get to know our H&S Management System intimately
3. Benchmark all around
4. Have an annual H&S Improvement plan in every site
5. Keep management informed of H&S issues in real-time
6. Raise your hand and share good practices





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## CEMEX USA Safety Culture

In 2014, CEMEX senior management in the US made a commitment to establish a stronger CEMEX USA Safety Culture. The first step in this journey was restructuring the H&S organization under common leadership. Reporting lines were changed and an independent safety committee, focused on driving excellence and standardization, was established mid-year.

In addition, a First Motion Forward parking policy was implemented nationwide along with other key initiatives developed to reduce injury rates. Overall, 94 percent of CEMEX USA locations did not have a Lost Time Injury in 2014. There remains work to do, but the momentum is building and our vision of Zero4Life is becoming a reality.

## Global Health & Safety Awards - 2014 Winners by Country

Business Unit Size	Award Type	1 <sup>st</sup> Place	2 <sup>nd</sup> Place	3 <sup>rd</sup> Place
1-500 Employees	Best Performance	Austria	Hungary	Thailand
	Most Improved	Hungary & Latvia	Bangladesh	Jamaica
500+ Employees	Best Performance	Poland	Panama	France
	Most Improved	Panama	Poland	France

## CEMEX 2014 Global Health and Safety Awards

At CEMEX, we're willing to do whatever it takes to ensure the wellbeing of all employees, contractors and individuals we interact with throughout our daily activities. To keep up with best practice, it's important that we share successes, highlighting the most effective programs and initiatives across our operations. We are pleased to announce the winners of the CEMEX 2014 Global Health and Safety Awards.



## CEMEX Nicaragua Awarded with H&S Prize

### Nicaragua

For six consecutive years, CEMEX Nicaragua has won the Leader in Health and Safety Prize awarded by the National Council of Hygiene and Safety (the CNHST in Spanish).

The company trains its workers to identify risks and prevent incidents, emphasizing safe handling practices and the use of personal protective equipment.

## Product Safety

CEMEX strives to consistently ensure that all our products are safe to transport, store, handle, use and dispose of. To ensure our products are up to standard, we abide by all applicable local legislation and disclose all relevant information. Our operations have adopted policies to ensure that H&S requirements are considered in product design and we have also developed Material Safety Data Sheets that describe potential hazards and precautions to take when handling each of our products. |



## 5.2 / Satisfied Customers and Responsible Suppliers



**At CEMEX we create value by leveraging our global portfolio of cement, ready-mix, aggregates and related products and solutions. Nonetheless, to be a truly solutions-driven company means more than simply producing and selling our products. It's about connecting with our entire value chain.**

At CEMEX, our core strategic goal is to become the most customer-oriented company in our industry. Our success is directly dependent on theirs, meaning that in all of our markets we must become our customers' best option.



We are investing time into building strong relationships, actively listening to make sure we fully understand customers' needs.





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Across our operations, we challenge and support local commercial teams to achieve ambitious goals and ensure our company effectively invests in tools and technologies to improve customer service and productivity.

What are the challenges our customers are facing? What does success mean to them? What products and services do they need today and down the road? It is up to us to know the answers to these questions. That means we are investing time into building strong relationships, actively listening to make sure we fully understand customers' needs and ensuring that our products and solutions are of only the highest quality. It means that, when a customer has an issue, we have the organizational resources and processes in place to resolve that issue quickly and effectively.

To help us achieve these customer-focused goals, the CEMEX Commercial Council was created to promote and align all initiatives and ensure these efforts receive expert support and guidance. We are investing considerable time and effort in commercial excellence across our global organization. Our Commercial Academy is

continuously looking for ways to expand and provide new customer-centric courses that create results and value for our customers now and down the line.

Our recently launched Global Networks allow us to take advantage of our shared knowledge and scale, creating even more value for our company and our stakeholders through global collaboration and integration. One of our strategic working groups, The Cement Commercial Network shares experiences and identifies practices and processes that we can replicate and leverage to better serve our customers.

We are also working to develop enduring relationships with our customers, while we continue to design, develop, and deliver products, services, and solutions that meet or exceed their expectations. Consistent to this clear objective, 78 percent of our countries conducted customer satisfaction surveys in 2014.

**Additionally, during the year we implemented more than 220 initiatives (30% more than last year) to identify customers' needs and concerns and work on keeping a high satisfaction level.**

#### Promoting Supplier Sustainability

Four years ago we launched the Supplier Sustainability Program to promote the importance of sustainable practices across our supply chain. Extending CEMEX's commitments, practices and beliefs to our suppliers, we're fostering a sustainable, reliable network. Since the Supplier Sustainability Program was created in 2010, more than 2,100 suppliers in 24 countries have been invited to participate.

The program consists of four key phases:

- Surveying suppliers regarding Corporate Social Responsibility (CSR) and financial topics.
- Enacting a communication campaign based on the survey results.
- Reinforcing awareness of specific policies that incorporate aspects of sustainability including human rights, labor and antitrust, as well as the [Code of Conduct when Doing Business with us](#), based on our [CEMEX Code of Ethics](#) and the UN Global Compact 10 principles.
- Preparing a scorecard to track and reward sustainable suppliers.

As part of the program, we work with a third-party sustainability supply management firm that monitors suppliers in terms of social, environmental, ethical and financial performance. Once evaluated, suppliers receive an individual report identifying areas for growth. They are then



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## CEMEX France Commits to the Responsible Supplier Relations Contract

CEMEX France signed the Responsible Supplier Relations Contract designed to encourage companies to adopt responsible practices when working with their suppliers and develop sustainable, balanced and trusting relationships.

For CEMEX, signing this contract made it possible to develop a partnership-based relationship with suppliers and facilitate the settlement of any disputes through an SME internal mediator. The contract naturally supplements CEMEX France's commitment to the ISO 26000 standard, requiring exemplary conduct in purchasing practices.



Our dialogue with suppliers doesn't end there. Via the suppliers section on CEMEX.com, we maintain an open communication channel through which suppliers' ideas are submitted, shared and evaluated.

expected to develop a plan of action to improve their performance in future evaluations. The goal is to evaluate under our Supplier Sustainability Program at least 55 percent of the company's procurement and energy spend by 2020.

In 2014, more than 1,200 suppliers received some form of CSR assessment. The analysis concluded that 70 percent of the countries where CEMEX operates use formally recognized sustainability criteria in the selection of suppliers and contractors.

To ensure no area goes underserved, we have included Human Rights, Labor, Antitrust and Sustainability clauses in our contracts and purchase orders.

To date:

- Countries representing 95 percent of CEMEX's spend check for key subcontractors' compliance with the company's health and safety standards.
- Countries representing 68 percent of CEMEX's spend have a formal program in place to train suppliers and contractors on sustainability issues.

### Sourcing Local Products and Services

In 2014, 95 percent of our purchases were from locally and nationally based suppliers. We believe that local sourcing is an integral part of a sustainable business practice. It creates jobs, stimulates local economies and helps develop new skills among local workers. Our procurement teams participate regularly in regional events to identify new suppliers.

### Supporting Small and Medium Enterprises (SMEs)

In partnership with the Tecnológico de Monterrey, CEMEX developed [empresarse.com](http://empresarse.com), a web based learning community that shares and promotes Corporate Social Responsibility knowledge to SMEs. The site offers resources and tools to any SME that wishes to develop of socially responsible business to generate economic, social and environmental value. During 2014, more than 170 of our suppliers in Mexico used this platform to assess their CSR commitment and based on the generated results identify their opportunity areas and define an improvement plan.



### Integrating our Suppliers' Ideas

Through our Suppliers Innovation Program, we've developed *Integrate Your Ideas*, designed to promote the development of ideas that lead to continuous improvement and efficiency.

In 2014, approximately 400 suppliers were invited to share their innovative ideas. Mondi Kraft Paper was one of three winners, recognized for its "The Future is High Porous Concept" featuring bags made of Mondi's high-porous kraft paper, which offers increased strength and improved operating performance. In 2014, Mondi produced 50 percent of its bags based off this model, reducing our paper bags consumption in Mexico by seven percent.

In 2015, we will launch the second edition of *Integrate Your Ideas* to once again showcase unique ideas that foster a climate of growth and innovation.



## 5.3/ Engaging and Retaining our Talent



**At CEMEX, we value our employees. Our people are our competitive advantage and the reason we are successful. That is why we hire the best and the brightest, and we take care of them.**

We are a dynamic organization that provides growth opportunities for our people, helping them fulfill personal career ambitions. We identify future leaders, enabling and encouraging them to develop innovative processes and assess risks and opportunities for improvement among our operations. In addition, we foster an open dialogue at all times, encouraging our employees to raise questions and speak up when something is off track and provide ideas for how to solve issues that may arise.



**We have more than 44,000 employees across the globe.**



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## Engagement Initiatives in Poland

In 2014, CEMEX Poland's work-life balance initiatives reached more than 80 percent of its total internal employees and included:

- Improvement of overtime management
- Additional days off for child care and child birth
- Financial support for vacation and leisure
- Flexi Gym-Pass

## Building a Better Workplace Together

We have more than 44,000 employees across the globe. Such a large work force means we have the power to do great things. To ensure each and every one of our employees receives the benefits that matter most to them, we implemented 763 employee engagement initiatives, 110 of which promoted work-life balance.

To keep our efforts on track, our Engagement Survey, collects feedback from our employees on a number of topics including development, compensation, leadership communication and work-life balance, among others. In 2013, we



structured the survey around two main themes – engagement and enablement – allowing us to determine the percentage of our employees with a deep commitment to our company and the percentage of employees that feel enabled to perform their job effectively. In 2013, 11,201 employees provided feedback. Distributed every two years across all CEMEX worldwide operations, we will send out the next survey in 2015.

We share these results with our leaders and HR professionals. Providing them with the information they need, we empower managers to take immediate action and help us identify areas of improvement at a global, regional and local level.

## Employee Development

The framework for our employee development efforts continues to focus on three strategic priorities:

- 1 Building organizational capabilities that contribute to the execution of our strategy.
- 2 Establishing a “value mindset” among employees on how to better contribute to the company and create value.
- 3 Continued adherence to high ethical standards and compliance.

## Enabling Continuing Education

At CEMEX, we understand that education is a building block for success and holds a valuable purpose and place in the workforce. We foster our employees' professional growth, helping them fulfill their career ambitions through continuous training and development opportunities that enhance their skills and enable them to work smartly, safely and effectively. Our training topics include Health & Safety,

Our employee engagement implemented initiatives reached more than 28,000 employees worldwide in 2014.

## Our efforts had global reach:

More than 7,000 employees participated in approximately five hours each of online training through our Learning Management System.

Approximately 25,000 employees spent an average of 28 hours in instructor-led programs.







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## CEMEX UK Launches Technical Development Program

In 2014, CEMEX UK launched an 18-month Technical Development Program to develop the next generation of technical managers.

For one week each month, technicians leave their position and work in different business areas, including aggregates, concrete, cement and building products. Through hands on experience and formal tuition, trainees gain valuable insight and leadership skills.



All employees at CEMEX are evaluated and receive feedback from their managers regarding their performance, goals and opportunities for career development.



Environmental Conservation & Awareness, Stakeholder Engagement, Building Commercial Capabilities and Leadership Development.

In 2014, CEMEX:

1

Invested approximately US \$3.4 million in employee training on topics related to health and safety, human rights, ethics, compliance and environmental awareness.

2

Invested more than US \$1.6 million in scholarships for 221 employees.

### Developing Effective Leaders

At CEMEX, we believe that leadership is a key component of our success. With true leadership, teams are more focused, more efficient and more effective in meeting

customers' needs. This environment brings out the best in people, serves customers at a higher level and translates into better bottom-line performance.

CEMEX has a institutional portfolio of leadership development programs to ensure the continuous presence of leaders that, regardless of seniority or position, keep learning to maintain our sustainable competitive advantage and enhance their professional and personal growth. Our leadership development programs offering includes: ACHIEVE, focused on middle managers, and Leader to Leader, focused on creating senior-level mentors.

Through ACHIEVE, top-tier managers and newly appointed directors develop an idea focusing on customer-centricity —an essential element of our company's strategy— while reinforcing their own leadership skills. In 2014, 57 participants from 20 countries were placed into teams

to develop and ultimately present their projects. The participants were coached by 45 senior management level leaders via the Leader-to-Leader program, a unique initiative that provides mentorship and connection between current and future CEMEX leaders. Moving forward, our goal is to develop at least two more programs in the near future.

Moreover, our Manager Training Program has continued to help executives learn how to lead more effectively and develop talent more fully since its launch five years ago. The program is present in all CEMEX geographies and has provided training to nearly 1,800 managers, giving these leaders the skills they need to successfully grow their teams.

In addition, our Commercial Academy, an internal university for our workforce, has evolved into an integrated model that supports the growth of commercial excellence throughout our organization.

**In 2014, more than 1,000 employees joined the Commercial Academy training program.**

In 2015, we will be scaling these efforts with new initiatives focused on enabling teams to make commercial choices that create greater results and provide additional value for our customers.



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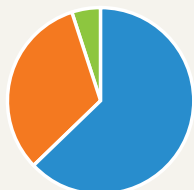
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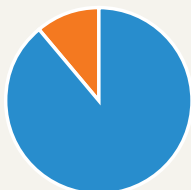
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## Our 2014 Global Workforce



**By Level**  
63% Operational positions  
32% Non-executive positions  
5% Executive positions



**By Gender**  
89% Male  
11% Female



**By Type of Contract**  
99% Full-Time  
1% Part-Time



**By Age**  
17% Under 30  
30% 30-40  
29% 40-50  
24% 50 and over



**By Seniority**  
17% Less than 1 year  
24% 1-5 years  
19% 5-10 years  
40% Over 10 years

### Fostering Positive, Productive Interactions

To empower career growth and ensure all expectations are met, we believe open communication is crucial. Through our Career Building initiative, managers and employees meet four times a year to discuss employee career progress, performance and results. The meetings are designed to align individual objectives to the company strategy and improve overall satisfaction.

In 2014, 91 percent of our employees with access to our Performance Assessment Tool set goals, were evaluated and received feedback to promote continuous improvement. For employees not registered in the global platform due to the nature of their job in

the company, their supervisors provided performance evaluations and feedback directly. In addition, 2,294 employees worldwide were evaluated through our Talent Review process.

### Competitive Compensation Schemes

We hold our employees in high regard and aim to provide them with the tools and resources they need to live healthy, fulfilling lives. At CEMEX, we provide competitive compensation designed to support the present and future well-being of our employees.

**We constantly look to replicate best practices with the objective to**

**offer our employees attractive benefits beyond the stipulated by local legislations.**

For instance, we provide nearly 86 percent of our global workforce with health and insurance benefits beyond those required by local law, including those in the Philippines, Bangladesh, Thailand, the Dominican Republic, Guatemala, Haiti, Nicaragua, Peru and Mexico, among others. In addition, approximately 50 percent of our global workforce receives pension scheme benefits above local requirements and more than 30 percent of our operations receive additional funds for disability than what is required by law. To ensure our employees are taking full advantage of all that we have to offer, CEMEX strives to raise awareness of relevant benefits whenever possible. |



**CEMEX Philippines  
Recognized as Employer  
of the Year**

PMAP, the premier organization of human resource professionals and managers in the Philippines, named CEMEX the 2014 *Employer of the Year* for its strong corporate responsibility efforts and positive impact on its community.

During the 38<sup>th</sup> PMAP Awards Night, CEMEX was lauded for its exemplary performance as an organization with a dynamic people management initiative known as CEMEX Cares. CEMEX Cares is an umbrella program of comprehensive HR services designed to increase employee engagement and achieve a more vibrant and progressive corporate culture.



## 5.4 / Strengthening Business Ethics, Compliance and Transparency



**At CEMEX, we must comply with all applicable laws and policies, without exception. To instill a strong, responsible culture within our workplace, CEMEX recognizes that “Act with Integrity” is one of the five main values that reflect who we are as a company and guides our daily actions and decisions.**

All of our employees are informed about CEMEX business ethics principles in various ways, including via our Code of Ethics, internal communications and displays, face-to-face legal training, audits, global legal compliance policies and intranet training modules.



[CEMEX's Code of Ethics](#) is the set of key guiding principles underlying our daily actions. Ethical behavior honors us as individuals and dignifies our way of doing business.



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In 2014, more than  
**18,000**  
tailored training sessions  
concerning proper ethical  
behavior were delivered to  
employees across operations.

## CEMEX Reporting Line – ETHOSline

CEMEX seeks to ensure that our values remain alive and that our Code of Ethics are upheld. To do so, it's important all employees feel they have a safe outlet for expressing concerns related to ethics, governance and compliance. At CEMEX, we rely on the ETHOSline as our secure reporting channel. Available 24 hours a day, seven days a week, ETHOSline provides employees with an online portal and phone line for sending comments, requesting advice and submitting complaints. To protect employees, the service is managed by a third-party that gathers incident information, documents concerns and relays the information to CEMEX.

In 2014, ETHOSline was made available to the public, providing an outlet where

they can voice their concerns and report any suspected violations to our policies, values and Code of Ethics.

**We are encouraging not only all employees, but all stakeholders to make sure we keep our values on track.**

During 2014, over 50 communication campaigns were implemented to encourage employees to speak-up and use ETHOSline .

There were 394 incidents reported in total in 2014. Of these incidents, 358 have already been closed, 177 of which were found true and actions were taken and 36 are still in progress.

## Ongoing Training & Communication

Critical to our ethics and compliance program is leadership involvement. Last year, Country Managers in more than 30 nations promoted expected behaviors and reinforced our institutional reporting mechanisms.

It's important that our employees have a firm understanding of the values and expectations outlined in the Code of Ethics and Business Conduct. To keep everyone up to speed, we provide regular training and communication about our policies and human rights issues.

In 2014, almost 9,000 CEMEX employees all around the globe received training on general topics contained in our Code of Ethics, including bribery, conflict of interest, reporting mechanisms and solving authorities.

## Ethics-related Training Sessions in 2014

Anti-bribery	145
Antitrust	3,445
Code of Ethics	8,728
Confidential Information	2,833
Conflict of Interest	59
Drug and Alcohol Policy	450
ETHOSline	207
H&S	460
Harassment	864
Insider Trading	65
Preservation of Assets	350
Workplace Behavior - Management Trainnig	525
<b>Grand Total</b>	<b>18,131</b>





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As part of our annual compliance program, in 2014 we conducted 130 internal legal audits in 16 countries classified by Transparency International as medium or high-risk countries for perceived corruption. The annual compliance program implements numerous mechanisms including:

Online consulting of policies through ETHOS

On-site legal compliance trainings

Legal audits (dawn raids)

Third-party certification (anti-bribery letter and anti-bribery clause in agreements)

Review of countries and individuals blacklisted and due diligence to third parties from external systems



ETHOSline is available on our webpage so that stakeholders can submit their suggestions and inquiries and report alleged ethics, compliance or governance violations. All reports are dealt diligently and professionally, and depending on the nature of the allegation, the applicable Committee will be responsible for dealing with and solving the issue.

**ETHOSline**

situations within our company and provide guidelines to correctly address and manage these events.

Finally, we abide by principles of fair trade and competition and we do not tolerate price-fixing, market allocation, predatory pricing or other illegal market practices. In 2014, we also updated our Global Antitrust Policy with new concepts to prevent any situations related to anticompetitive practices.

### Anti-Corruption & Anti-Bribery

We have zero tolerance for bribery in any form. Our [Anti-Bribery/Anti-Corruption Policy](#), [Antitrust Compliance Policy](#) and [Insider Trading Policy](#) further demonstrate our expectations and global standards and are continuously updated to reflect the latest developments and corresponding regulations. In 2014, there were no reported incidents of corruption or bribery to government officials.

### Global Compliance Program

To further ensure our employees are acting in a manner consistent with our values, CEMEX Compliance Legal Department has permanently implemented the Global Compliance Program with a focus on the most sensitive countries related to corruption risks in our business systems and processes. Through this program, we train our employees with a focus on antitrust, anti-bribery and insider trading issues and execute internal legal audits (dawn raids) also addressing these topics.

### Human Rights

We embrace the UN Guiding Principles on Business and Human Rights, also referred to as the "Ruggie Framework". In 2014 our [Corporate Human Rights Policy](#) was signed and approved by our CEO. The Statement expresses our commitment to comply with applicable laws, regulations, declarations and international treaties safeguarding human rights. The creation

of this Policy followed our collaboration with Shift, an independent, non-profit center that specializes in business and human rights, together we developed a framework that assesses CEMEX's current policies, processes and practices, in order to identify potential gaps and prioritize our company's efforts and next steps. This policy is further supported by other Corporate Policies such as: CEMEX Health and Safety Policy, the CEMEX Code of Ethics and Business Conduct, CEMEX Suppliers Code of Conduct When Doing Business with Us and CEMEX Environmental Policies. We are also a signatory member of the United Nations Global Compact, a strategic policy initiative for businesses that are committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labor, environment and anti-corruption.

During 2014, more than 11,000 employees received training on different Human Rights related topics including: harassment, workplace behavior for managers, H&S, drug & alcohol policy, among others.

### Our Global Policies in Place

In 2014, our Audit Committee approved our new Global Policy for Granting Powers of Attorney. This established guidelines for granting representation on behalf of CEMEX in operations worldwide, ensuring only trusted individuals are assigned this responsibility.

In addition, the Audit Committee also approved a new Global Policy for Conflicts of Interest, which aims to prevent such



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Around 56 percent of our operations have specific programs for disabled people. Personnel with physical or mental disabilities are matched with jobs they can perform with dignity.



Around 18,000 employees representing more than 65 percent of our operative workforce are represented by a union or covered under a collective bargaining agreement.

Moreover, employees are encouraged to report any potential human rights violation to the Human Resources Department, the Local Ethics Committee or through our ETHOSline.

In 2015, we will continue to strengthen our position by reinforcing human rights-specific practices in our existing programs and mechanisms.

### **Diversity**

We forbid all forms of discrimination including, but not limited to, race, creed, sex, marital status, political opinion and age, and enforce a strict Diversity and Equality Policy.

We continue to look for ways to promote diversity of gender within our population and recognize the importance of supporting women in the workforce. To date, we have initiatives and programs

for women in place in approximately 50 percent of our operating countries.

The support offered varies from country to country and ranges from special development opportunities and flex time to private breastfeeding facilities. In the Dominican Republic, Colombia and Panama the program “Mas Para Ti” offers mothers with children under two years the alternative to work from home in the afternoons.

We are also committed to creating opportunities for people with disabilities. In France an action plan has been in practice since 2011. Everything from communication, recruitment and temporary employment to internship programs and adaptation of work places to different disabilities is managed by a dedicated Disability Coordinator.

We respect the social and cultural right to human dignity and expression of identity.

### **Freedom to Associate**

CEMEX recognizes, supports and respects the right of its employees to exercise freedom of association in our operations.

Collective agreement clauses vary from country to country depending on the negotiation reached. Basic contracts include labor conditions, compensation and benefits. Other contracts also include notice period, sick pay, maternity leave, retirement, travel expenses and development, among others. Employees are also encouraged to participate in employee councils, company meetings and projects initiated by employee groups.

### **Encouraging Employee Communication**

We also engage employees to share their opinions and participate in decision-making that affects the company through a variety of forums.

### **Hungary**

CEMEX hosts a National Conference twice a year where employees are invited to hear the status and results of current projects and ask questions directly to leaders.

### **Equal Opportunity and Fair Compensation**

CEMEX offers a Job Posting Program to give our employees opportunities to apply for open positions. Hiring decisions are made without regard to race, color, age, religion, mental or physical disability, sex or national origin. In the other hand, 71 percent of senior management positions are covered by people from the local community.





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## CEMEX offers competitive compensation packages based on the responsibility level of each position and designed to considering:

The representation of the labor markets in which a given CEMEX Business Unit competes for talent.

Data from independent, professional, third-party surveys.

Market-based pay and total cash compensation of comparable companies.

### Child Labor

We are strongly committed to protecting the rules regarding child labor in every country we operate. We do not tolerate the use of child labor by anyone associated with our business, and require official government-issued identification as part of our hiring and selection process.

### Forced Labor & Safe Work Environment

In CEMEX no one is forced to perform any task that is hazardous or detrimental to their health or wellbeing. Our operations in every country comply with the local laws and we take measures to prevent workers from falling into debt bondage through company loans. All our employees are free to leave the company anytime and we do not offer any benefit used as a leverage to force labor. Moreover, it's important to emphasize that according to the CEMEX Code of Ethics, all employees may anonymously report ethics violations via ETHOS Line.

### Work-Life Balance

CEMEX abides by the labor laws of each country in which it operates regarding employees' weekly work hours. Working hours exceeding legally stated norms are seen as overtime and paid according to local law. In all the countries where we operate, we have time attendance systems and a policy regarding overtime. We also comply with local laws governing the maximum amount of overtime allowed and have processes in place in each country to monitor and control overtime hours. In 2014, all of the countries in which we operate had at least one initiative of the categories listed below:

47%	dependent care
56%	child care
31%	elderly care
28%	sabbaticals
90%	parental leave
75%	other flexible benefits

## Comparative Wage Rate 2014

CEMEX entry level vs. local minimum wage ratio

Mexico	1.41	Germany	1.00
Israel	1.17	Latvia	2.23
Colombia	1.23	Panama	1.00
Egypt	2.07	Poland	1.07
Spain	1.85	USA	1.21
Philippines	1.13	UK	1.36
France	1.16	<b>Total</b>	<b>1.29</b>

## Risk Management

At CEMEX, each of our business units has an Enterprise Risk Management (ERM) process in place. ERM is a structured approach to manage all important risks that could impact the company's objectives. ERM aims to support top management across the organization in the decision making process, reducing the impact of adverse events and capitalizing on opportunities. The main ERM duties are:

- Identify and clarify threats
- Provide strategic intelligence
- Ensure top management discussions
- Coordinate mitigation strategies
- Fostering a risk aware culture

The ERM function at CEMEX is structured into global, regional and local levels, and is composed of a network of more than 50 risk management professionals across the company.

An enterprise risk agenda is developed semi-annually considering a combination of a bottom-up and a top-down approach. Internal and external risks are identified and classified according to a specific taxonomy that considers all types of risks that could impact the company, including but not limited to:

- Strategic risks
- Economic, political and social risks
- Operational risks
- Compliance risks
- Financial and reporting risks

All business units are individually responsible for identifying all potential risks and creating their own risk agenda. The ERM process employs different tools and methodologies to gather information from a range of sources, analyzes data, identifies, assesses and develop strategies to mitigate potential risks.



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In 80 percent of the countries in which we operate, CEMEX has work-life balance initiatives in place that encourage a positive relationship between an employee's work and personal life. In total, 110 work-life balance initiatives were offered benefiting more than 21,000 employees.

As part of the risk management process, risk owners who have the authority to mitigate the risk and ERM representatives, continuously monitor key risk indicators that could impact the development of main risks. In case a change in the risk level is identified, the Risk Management Committee is informed to take the necessary actions.

To learn more about our Risk Management practices, visit [our website](#).

## Governance

We pride ourselves on creating an open and transparent operation. That's why we strive to keep our investors fully informed of all of our activities and to ensure our financial disclosures meet the highest ethical standards.

Our corporate governance practices are governed by our bylaws and all applicable provisions in both Mexican and U.S. securities laws. On a voluntarily basis, we also comply with the Mexican Code of Best Practices, which provides recommendations for better corporate practices for listed companies in Mexico.

After the loss of our former CEO in May 2014, the company decided to separate the Chairman of the Board and CEO positions. That change is part of our

ongoing commitment to best practices in governance, transparency and all other aspects of our relationship with our stakeholders.

Our company's board of directors is composed of qualified directors who provide appropriate oversight and meet the independence criteria under applicable laws. In addition, one member of our audit committee meets the requirements of a "financial expert" as defined by the Sarbanes-Oxley Act of 2002 (SOX).

In 2014, the CEMEX Board of Directors, led by our new Chairman Rogelio Zambrano, was comprised of 10 directors, seven of whom qualify as independent directors according to criteria specified under Mexican Securities Law. Over the course of the year, the board met eight times to report on a wide range of relevant issues,

including sustainability-related concerns and financial strategy. In addition, during 2014 the number of meetings held by the specific committees at the Board was:

Corporate Practices Committee	5
Finance Committee	5
Audit Committee	3
Sustainability Committee (created on September 2014)	1

While our board of directors is ultimately responsible for supervising the overall operation of our company, all of our employees play a critical role in enforcing good governance and financial reporting practices. |

*NOTE: As of March 2015, CEMEX's Board of Directors consists of 13 directors, 9 of whom are independent.*





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## 6/Enhancing our Engagement with Stakeholders to Create Shared Value



### CEMEX Stakeholder Management Model

was rolled out in our Central,  
South American and Caribbean  
Business Units in 2014

More than **100**  
analysts, investors and  
bankers attended the annual  
CEMEX Day investor event





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**At CEMEX, we understand that our sustainability is tied to the wellbeing of those directly and indirectly connected to our company.**

That's why we strive to have respectful and honest relationships that allow us to maintain a good reputation with all of our stakeholders and contribute to the development of our employees, our communities and our company. Our core business activities are centered on our mission to be a positive, proactive neighbor, which creates shared value for all.

To provide uniformity and ensure our management and business strategies align with our stakeholders' needs, our corporate Public Affairs team developed a Stakeholder Management Model and set of management practices. The model was rolled out in our Central, South American and Caribbean Business Units in 2014 and will reach the rest of our regions in 2015.







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## Stakeholder Engagement Mechanisms

Top Managers and Employees	Clients and suppliers	NGOs and Communities	Analysts, investors, shareholders	Local, national and regional governments and Regulatory Bodies	Academic institutions, associations and trade organizations
Monthly newsletters	Annual commercial events	Annual sustainable development report and conservation books	Regular meetings, webcasts and conference calls	Annual sustainable development report and conservation books	Periodic meetings
Quarterly internal magazines	Annual customer-satisfaction surveys	Monthly meetings with community leaders and organizations	Monthly and/or quarterly financial updates and guidance	Ongoing public policy discussions	Annual conferences
Periodic site visits/ dialogue sessions with management	Ongoing customer service centers and help lines	Quarterly advisory panels and dialogue sessions	Annual financial and sustainable development reports	Long-term partnerships	Ongoing working groups
Periodic town halls and webcasts	Ongoing capacity building programs (ie. Supplier portal)	Annual open house days	Ongoing website updates and press releases	Periodic meetings and working groups	Ongoing research studies
Ongoing leadership engagement and communications, Shift (intranet), email, on-site message boards, and training programs		Ongoing site visits, local partnerships, social programs, volunteer work	Annual CEMEX Day investor event	Periodic plant visits	
Annual Performance appraisal mechanisms					
Annual engagement survey					



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## Organizations we partnered with in 2014 include:



## Strengthening Partnerships

Through strategic relationships with global and local organizations, including NGOs, trade associations, educational institutions, and intergovernmental organizations, we enhance our ability to empower our communities.

## Public Policy

At each of our operations across the globe, we promote fair and well-designed

environmental regulations that address key stakeholders' considerations. We are also influencers, providing independent research and guidance that inform the creation of public-private partnerships, facilitating the development of efficient and cost-effective infrastructure projects.

**EUROPEAN UNION.** We play an active role shaping the European Union Emissions Trading Scheme (EU ETS) and the Clean Development Mechanism, platforms that help companies meet emis-

sions standards through economically viable projects. CEMEX is also providing members of the European Parliament with a vital industry perspective on climate change and other environmental issues through participation with GLOBE EU and the European Parliament Intergroup on Climate Change, Biodiversity and Sustainable Development. In addition, CEMEX and BirdLife Europe issued a joint statement on the EU's nature conservation policy and CEMEX joined forces with the EU's LIFE program to develop "Ecorest Clay," an innovative quarry restoration project.

**USA.** We're sharing information gathered from studies by the Cement Sustainability Initiative and MIT Concrete Sustainability HUB with government offices, guiding decisions about infrastructure improvement. In 2014, we also worked with the Earth Engineering Center, a research organization from Columbia University and The City College of New York, to execute a study of the environmental implications of alternative fuels in cement manufacturing. Its findings will educate policy makers on the benefits of alternative fuel and support legislation and regulations that foster the adoption of cleaner fuel across the industry.

Leading the way on Capitol Hill, during the 113<sup>th</sup> Congress CEMEX's DC team paved the way to secure the inclusion of the Water Resources Reform and

Development Act (WRRDA) of 2014. For the first time, the act defined resilient construction and emphasized the importance of using durable materials, creating a standard for all agencies with resilient construction expectations.

**MEXICO.** CEMEX actively participated in more than 60 chamber and association events, providing innovative ideas and solutions for sustainable urban development, education and infrastructure projects. In 2014, CEMEX also worked with the National Autonomous University of Mexico (UNAM) to develop an environmental impact study highlighting the benefits of concrete pavement vs. asphalt pavement.

## Promoting Transparency with Investors

We hold ourselves to high standards of integrity and transparency. At CEMEX, we engage our investors, debt holders and research analysts through a variety of communication channels. Our 2014 financial results, corporate strategy and business outlook, as well as an update on our various regional operations, were shared during a CEMEX Day investor event held in New York on March 17, 2015. Approximately 100 analysts, investors and bankers attended the event and more than 560 people followed via webcast. To learn more about CEMEX Day, please visit [www.cemex.com](http://www.cemex.com).



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## Our Performance in Detail

Lead in sustainable construction	2012	2013	2014
Production covered with CEMEX CO <sub>2</sub> Footprint Tool (%)	100	100	100
Cement	100	100	100
Aggregates	100	100	100
Ready-mix	100	100	100
Sites covered with CEMEX CO <sub>2</sub> Footprint Tool (%)	100	100	100
Cement	100	100	100
Aggregates	100	100	100
Ready-mix	100	100	100
CO <sub>2</sub> Footprint - Annual Average			
Cement (kg CO <sub>2</sub> e/ton)	770	770	769
Aggregates (kg CO <sub>2</sub> e/ton)	5.0	5.0	4.7
Ready-mix (kg CO <sub>2</sub> e/m <sup>3</sup> )	277	277	265
Resilient and efficient building solutions	2012	2013	2014
Affordable and resource-efficient buildings where CEMEX is involved (#)	2,942	7,513	3,150
Affordable and resource-efficient buildings where CEMEX is involved (million m <sup>2</sup> )		0.40	0.18
Concrete paving completed (million m <sup>2</sup> )	8.34	7.42	8.14
Green building projects under certification where CEMEX is involved (million m <sup>2</sup> )		3.46	7.08
Annual ready-mix sales derived from products with outstanding sustainable attributes (%)		26.8	29.7
Carbon strategy	2012	2013	2014
Absolute gross CO <sub>2</sub> emissions (million ton)	42.6	40.3	42.8
Absolute net CO <sub>2</sub> emissions (million ton)	39.4	37.6	40.1
Specific gross CO <sub>2</sub> emissions (kg CO <sub>2</sub> /ton of cementitious product)	661	648	653
Specific net CO <sub>2</sub> emissions (kg CO <sub>2</sub> /ton of cementitious product)	612	607	613
Reduction in CO <sub>2</sub> emissions per ton of cementitious product from 1990 baseline (%)	22.7	23.4	22.6
Thermal energy efficiency of clinker production (MJ/ton clinker)	3,876	3,812	3,854
Fuel mix (%)	2012	2013	2014
Total alternative fuels rate	27.1	28.4	27.7
Coal	22.3	21.8	22.5
Petroleum coke	37.2	37.6	38.2
Fuel oil	8.9	9.1	8.5
Natural gas	4.5	3.1	3.0
Alternative fuels rate (%)	2012	2013	2014
Alternative fossil fuels rate	20.7	16.1	16.3
Biomass fuels rate	6.4	12.3	11.4





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Waste types used as alternative fuels (%)	2012	2013	2014
Industrial and household waste	66.2	46.7	49.7
Tires	14.2	10.1	9.0
Animal meal	3.1	3.0	2.5
Agricultural organic waste	9.7	8.5	7.2
Other biomass	6.7	31.7	31.6
Other carbon strategy indicators	2012	2013	2014
Alternative raw material rate	12.5	11.6	11.2
Clinker/Cement factor (%)	76.5	76.9	76.5
Indirect energy consumption (GWh)	7,460	7,266	7,562
Specific energy consumption, cement (kWh/ton)	117	118	116
Specific energy consumption, ready-mix concrete (kWh/m <sup>3</sup> )	3.1	3.4	3.2
Specific energy consumption, aggregates (kWh/ton)	5.1	4.8	4.4
Direct energy consumption (TJ)	195,505	185,261	196,510
Air quality	2012	2013	2014
Clinker produced with continuous monitoring of major emissions (Dust, NO <sub>x</sub> and SO <sub>x</sub> ) (%)	80	81	84
Clinker produced with monitoring of major and minor emissions (Dust, NO <sub>x</sub> , SO <sub>x</sub> , Hg, Cd, TI, VOC, PCDD/F) (%)	81	81	81
Absolute Dust emissions (ton/year)	3,759	5,866	6,147
Specific Dust emissions (g/ton clinker)	78	127	134
Absolute NO <sub>x</sub> emissions (ton/year)	49,396	59,391	59,620
Specific NO <sub>x</sub> emissions (g/ton clinker)	1,025	1,261	1,205
Absolute SO <sub>x</sub> emissions (ton/year)	12,385	10,127	12,711
Specific SO <sub>x</sub> emissions (g/ton clinker)	257	215	257
Annual reduction in Dust emissions per ton of clinker from 2005 baseline (%)	74	58	55
Annual reduction in NO <sub>x</sub> emissions per ton of clinker from 2005 baseline (%)	51	39	42
Annual reduction in SO <sub>x</sub> emissions per ton of clinker from 2005 baseline (%)	60	67	60
Water management <sup>1</sup>	2012	2013	2014
Total water withdrawals by source (million m <sup>3</sup> )	76.5	87.9	84.6
Surface water	26.5	28.6	37.3
Ground water	39.8	45.6	35.6
Municipal water	8.6	10.7	8.8
Rain water	1.0	0.8	0.9
Sea water	0.0	0.5	0.2
Other	0.7	1.8	1.8
Cement (million m <sup>3</sup> )	27.0	26.9	25.9
Surface water	10.8	11.6	10.9
Ground water	14.6	13.1	13.0
Municipal water	0.8	1.2	1.1
Rain water	0.2	0.3	0.3
Sea water	0.0	0.3	0.0
Other	0.6	0.3	0.6



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Water management <sup>1</sup>	2012	2013	2014
Ready-mix (million m <sup>3</sup> )	10.4	11.1	11.0
Surface water	0.6	0.2	0.3
Ground water	2.8	2.2	3.6
Municipal water	6.9	7.2	5.6
Rain water	0.0	0.1	0.1
Sea water	0.0	0.0	0.0
Other	0.1	1.5	1.3
Aggregates (million m <sup>3</sup> )	39.1	49.9	47.8
Surface water	15.1	16.8	26.1
Ground water	22.4	30.2	18.9
Municipal water	0.9	2.3	2.1
Rain water	0.7	0.5	0.5
Sea water	0.0	0.2	0.2
Other	0.0	0.0	0.0
Total water discharge by destination (million m <sup>3</sup> )	24.9	32.7	32.9
Surface water	18.3	21.1	19.2
Ground water	5.5	9.7	11.8
Municipal water	0.7	1.0	0.8
Sea water	0.1	0.2	0.1
Other	0.3	0.8	1.0
Cement (million m <sup>3</sup> )	3.7	4.2	3.3
Surface water	3.2	3.3	2.4
Ground water	0.0	0.1	0.0
Municipal water	0.2	0.2	0.3
Sea water	0.1	0.2	0.1
Other	0.2	0.4	0.5
Ready-mix (million m <sup>3</sup> )	0.6	0.7	0.7
Surface water	0.0	0.0	0.0
Ground water	0.0	0.2	0.2
Municipal water	0.5	0.6	0.4
Sea water	0.0	0.0	0.0
Other	0.1	0.0	0.1
Aggregates (million m <sup>3</sup> )	20.6	27.8	28.9
Surface water	15.1	17.8	16.8
Ground water	5.5	9.4	11.6
Municipal water	0.0	0.2	0.1
Sea water	0.0	0.0	0.0
Other	0.0	0.4	0.4
Total consumption (million m <sup>3</sup> )	52	55	52



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Water management <sup>1</sup>	2012	2013	2014
Cement	23	23	23
Ready-mix	10	10	10
Aggregates	19	22	19
Specific Water Consumption			
Cement (l/ton)	382	376	360
Ready-mix (l/m <sup>3</sup> )	182	197	185
Aggregates (l/ton)	139	168	132
Sites with water recycling systems (%)	90	86	84
Cement	78	78	80
Ready-mix	89	86	83
Aggregates <sup>2</sup>	96	91	89
Waste management <sup>3</sup>	2012	2013	2014
Hazardous waste disposal (ton)	147,185	80,065	104,909
Cement	134,778	77,125	102,036
Ready-mix	1,744	2,477	2,348
Aggregates	10,429	325	403
Others	234	138	122
Non-hazardous waste disposal (ton)	689,976	637,145	483,404
Cement	134,830	238,394	130,507
Ready-mix	537,968	386,816	335,402
Aggregates	3,776	3,152	11,325
Others	13,401	8,782	6,171
Volume of returned ready-mix concrete material from total delivered			
%	0.95	1.00	1.27
m <sup>3</sup>	516,846	525,733	712,152
Secondary and recycled aggregates used as a direct replacement of primary aggregates			
%	0.33	0.21	0.21
Ton	245,541	194,353	221,676
Biodiversity management	2012	2013	2014
Active sites with quarry rehabilitation plans (%)	91	92	94
Cement	89	91	86
Aggregates	92	93	96
Active quarries within or adjacent to high biodiversity value areas (#)	94	91	80
Cement	11	11	10
Aggregates	83	80	70
Active sites with high biodiversity value where Biodiversity Action Plans are actively implemented (%)	41	51	55
Cement	45	64	60
Aggregates	41	49	54





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Environmental management	2012	2013	2014
Sites with CEMEX Environmental Management System implemented (%) <sup>4</sup>		68	74
Cement		96	97
Ready-mix		65	70
Aggregates		73	90
Sites with ISO 14001 certification (#)	586	605	690
Sites with ISO 14001 certification (%)	30	32	37
Environmental investment (US million)	139	95	85
Major environmental incidents - Category 1 (#)	1	0	0
Moderate environmental incidents - Category 2 (#)	52	87	39
Minor environmental incidents - Category 3 (#)	323	357	313
Environmental non-compliance cases (#) <sup>5</sup>	131	97	276
Associated fines (US million)	2.3	0.7	0.5
Health and Safety	2012	2013	2014
Total fatalities	18	21	27
Employees, total	1	3	4
Cement	0	1	2
Ready-mix	1	2	1
Aggregates	0	0	0
Other businesses	0	0	1
Contractors, total	11	11	17
Cement	10	5	12
Ready-mix	1	1	3
Aggregates	0	1	0
Other businesses	0	4	2
Third-parties, total	6	7	6
Cement	5	3	2
Ready-mix	1	4	3
Aggregates	0	0	1
Other businesses	0	0	0
Fatality rate, employees (per 10,000 employed)	0.2	0.7	0.7
Cement	0	0.8	1.5
Ready-mix	0.6	1.4	0.4
Aggregates	0	0	0
Other businesses	0	0	0.8
Lost Time Injuries (LTIs)	2012	2013 <sup>6</sup>	2014
Employees, total	214	176	124
Cement	48	33	32
Ready-mix	130	111	70
Aggregates	16	13	9
Other businesses	20	19	13



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Lost Time Injuries (LTIs)	2012	2013 <sup>6</sup>	2014
Contractors, total	103	90	69
Cement	56	39	27
Ready-mix	24	30	19
Aggregates	4	4	6
Other businesses	19	17	17
Lost Time Injury Frequency Rate (LTI FR), employees (per million hours worked)	2.0	1.8	1.2
Cement	1.6	1.2	1.0
Ready-mix	3.4	3.1	1.9
Aggregates	1.6	1.3	0.9
Other businesses	0.7	0.7	0.5
Compliance with CSI Driving Safety Recommended Practices (%)	85	84	87
Compliance with CSI Contractor Safety Recommended Practices (%)	90	88	88
Sites with a Health and Safety Management System implemented (%)	100	100	99
Cement	99	99	100
Ready-mix	100	100	99
Aggregates	99	99	100
Sites certified with OHSAS 18001:2007 (%)	9	8	9
Cement	35	38	40
Ready-mix	7	7	6
Aggregates	12	11	15
Sickness Absence Rate (%)	2.5	2.2	2.2
Sites with health professional onsite or external health provider (%)	96	93	93
Corporate governance	2012	2013	2014
Executives and employees actively aware of our Code of Ethics (%)		80	80
Ethics and compliance cases reported during the year that were investigated and closed (%)		96	91
Reports of alleged breaches to the Code of Ethics received by local ethics committees (#)	325	324	394
Reports related to employee relations	53	60	79
Reports related to a form of harassment	53	42	63
Reports related to discrimination	7	5	7
Disciplinary actions taken as a result of reports of non-compliance with the Code of Ethics, other policies or the law (#)	140	178	177
Countries that participated on the antitrust and anti-bribery Global Compliance Program (%)		93	90
Countries with local mechanisms to promote employee awareness of procedures to identify and report incidences of internal fraud, kick-backs, among others (%)	100	100	100
Investigated incidents reported and found to be true related to fraud, kick-backs among others corruption incidents to government officials (#)	0	0	0
Partnership with key stakeholders	2012	2013	2014
Workforce	43,905	43,087	44,241
Mexico	9,697	9,597	9,854
United States	9,791	9,432	9,752



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Partnership with key stakeholders	2012	2013	2014
Northern Europe	11,162	10,025	10,000
Mediterranean	3,946	3,826	3,815
Asia	1,199	1,178	1,138
South/Central America and Caribbean	4,977	5,793	6,272
Others (including Corporate and Neoris)	3,133	3,236	3,410
Breakdown of workforce by type of contract (%)			
Full time	99	99	99
Part time	1	1	1
Breakdown of workforce by level (%)			
Executive positions	5	5	5
Non-executive positions	35	35	32
Operational positions	60	60	63
Breakdown of workforce by age (%)			
Under 30	16	16	17
31-40	31	31	30
41-50	29	29	29
51 and over	24	24	24
Breakdown of workforce by gender (%)			
Male	89	89	89
Female	11	11	11
Female employees by level (%)			
Executive positions	13	14	12
Non-executive positions	25	24	26
Operational positions	2	3	3
Male to female wage ratio	1.04	1.03	1.05
Employees that perceive they are enabled to perform their job effectively (PEI - Performance Enablement Index) (%) <sup>8</sup>	NA	79	79 <sup>7</sup>
Employees that are engaged to the company (EEI - Employee Engagement Index) (%) <sup>8</sup>	NA	77	77 <sup>7</sup>
Engagement level	88	NA	NA
Participation rate in engagement survey (%)	75	78	78 <sup>7</sup>
Employee turnover rate (%) <sup>9</sup>	6.6	5.0	6.9
Employees represented by an independent union or covered by a collective bargaining agreement (%) <sup>10</sup>	46	46	45
Notice to employees regarding operational changes (average days)	40	40	34
Countries with practices to promote local hiring (%)	76	88	90
Training provided by operations (average hours)			
Executive positions	42	26	27
Non-executive and operational positions	20	27	29
Online courses through CEMEX Learning (#)	1,260	832	545
Employees with access to CEMEX Learning Management System (#)	18,317	18,041	10,104





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Partnership with key stakeholders	2012	2013	2014
Employees of executive positions trained in Sustainability Leadership Program (# accumulated)	319	695	701
Sites conducting social impact assessments (%)	68	68	68
Cement	75	75	75
Ready-mix	67	67	67
Aggregates	70	70	70
Sites with community engagement plans (%)	97	97	98
Cement	96	96	97
Aggregates	97	97	98
Sites with employee volunteering programs (%)	54	67	67
Countries that conduct regular customer satisfaction surveys (%) <sup>11</sup>	89	79	78
Purchases sourced from locally-based suppliers (%)	95	95	95
Countries with a process to screen suppliers in relation to social and environmental aspects (%)	67	72	86
Percentage of global procurement spend assessed by our Supplier Sustainability Program (%)		10	12
Strengthen local communities <sup>12</sup>	2012	2013	2014
Families participating in Patrimonio Hoy (#)	396,845	426,569	470,749
Individuals benefited from Patrimonio Hoy (#)	1,921,731	2,063,767	2,274,630
Square meters built by Patrimonio Hoy	3,040,490	3,315,863	3,693,073
Families participating in Construapoyo and PCS (#)	56,693	67,211	73,154
Families participating within our social initiatives (#) <sup>13</sup>	453,538	493,780	543,903
Individuals benefited from our social and inclusive businesses (#) <sup>13</sup>	2,188,289	2,363,867	2,601,157
Individuals benefited from our social initiatives (#) <sup>14</sup>	5,690,438	6,331,396	6,937,176

#### Footnotes :

- [1] We continue working to strengthen the implementation of our Water Reporting Protocol. We pre-verified our water withdrawals with the purpose of verifying them in the near future. As a result of this, we have increased the precision in the measurement of our water KPIs, and updated our historical data to better reflect our trends and allow a better comparison with our water consumption in previous years.
- [2] Considering sites that use water for aggregates production (including wet screening and aggregate washing).
- [3] Waste Management historical figures have been recalculated due to changes of local environmental regulations in some countries.
- [4] After an internal revision of 2013 data, we have adjusted it to better reflect the operations with an implemented EMS.
- [5] The number of environmental non-compliance cases for 2014 has increased due to changes in local regulations.
- [6] A local CEMEX H&S audit in a country identified a small number of LTI incidents that had been reported retrospectively, mainly after the degree of injury had worsened over time. These few changes when re-entered into our global statistics changed the Rate from 1.7 to 1.8 because of the marginal decimal place rounding that occurred.
- [7] 2014 figures come from the 2013 results since Engagement Survey is applied every two years.
- [8] In 2013 the Employee Engagement Index (EEI) was reconfigured measuring 4 items: pride, commitment, advocacy and satisfaction; and a new index was included: the Performance Enablement Index (PEI) which measures: collaboration, customer service, product quality, empowerment and resources.
- [9] Voluntary turnover.
- [10] Total employees including executive and non-executive positions. Considering only operations positions coverage is 65 percent.
- [11] Decrease due to the number of active sites considered.
- [12] Accumulated figures.
- [13] Accumulated figure from Patrimonio Hoy since 1998, Construapoyo since 2005, and PCS since 2006.
- [14] Accumulated figure since 1998.



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# Sustainability Credentials



## CDP Outstanding Carbon Disclosure in Latin America

For the third consecutive year in 2014 the Carbon Disclosure Project (CDP) named CEMEX as one of the best Latin American companies in terms of Climate Change Data Disclosure. Based on provided information quality and transparency CEMEX was positioned amongst the top 8 companies out of 80 invitees that integrate the Carbon Disclosure Leadership Index (CDLI) in Latin America.



## Mexican Stock Exchange Sustainability Index

Since its inception in 2011, CEMEX has been one of only around 30 companies chosen for the exclusive Mexican Stock Exchange Sustainability Index. The evaluation scope included our management and use of natural resources, corporate governance standards and social responsibility with key stakeholders including employees, customers, suppliers and communities.



## UNGC 100 Index

CEMEX was the only Mexican company selected in the United Nations Global Compact 100, a stock index composed of a representative group of Global Compact companies, selected based on implementation of the ten principles and evidence of leadership commitment. This index combines corporate performance on environmental, social and governance (ESG) issues with a requirement of consistent base-line profitability.



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# Advisory Panel Members and Statement

## Advisory Panel Members



**Irma Gómez**

Undersecretary for  
Management, Ministry of  
Environment and Natural  
Resources of Mexico.



**Felipe Pich**

Founding Director of  
Pich-Aguilera Architects  
and President of GBCe,  
Spanish Chapter of the  
World Green Building  
Council.



**Ramón Pérez Gil**

Council member of the  
International Union for  
Conservation of Nature  
(IUCN).



**Antonio Vives**

Consulting Professor,  
Civil and Environmental  
Engineering Department,  
Stanford University.  
Principal Associate,  
Cumpetere.

We are pleased to note the continued progress and commitment of CEMEX to sustainability and how integral sustainability has become to its business strategy. The 2014 Sustainable Development Report, *Building Resilient and Sustainable Urban Communities*, includes a significant number of activities undertaken during the year and reflects a renewed sustainability model that bodes well for CEMEX's responsibility towards society and the environment.

### Scope of Our Review

As in previous years the Sustainability Reporting Advisory Panel reviewed an advanced draft of the CEMEX 2014 Sustainable Development Report. Individually we shared with management our detailed comments and specific suggestions for improvement in reporting and by extension on their activities. Given the nature of the current process, most of our comments are expected to influence the future development of policies, processes, activities and information systems. In light of the experience of the

last few years, we remain confident that CEMEX will progressively incorporate our relevant suggestions in their activities and in future editions of the report. Again, as in previous years, we concentrate here on strategic aspects that will further enhance the company's activities and reporting in the future.

### Review Process of Reporting

During this year's review process the Panel did not have the same opportunities as in the past to discuss its comments and offer its advice for the preparation of the report and was limited to commenting on the proposed table of contents and on the final draft. As such, our comments are expected to contribute to future reports, more than to the current one, as many of the issues raised in this Statement are matters of continuous improvement. CEMEX has reassured the Panel that the process will be enhanced in order to allow a more active and timely participation. We are confident that such will be the case.

### Sustainability Governance

The Panel notes with great satisfaction the creation of the Sustainability Committee of the Board, at the same level of other traditional governance committees. This is still a rather exceptional practice in multinationals and CEMEX should be commended for its leadership that we hope will lead others to adopt its example. Furthermore, this should stimulate more interest from board members in sustainability activities and lend support for upper, middle and lower management in the funding and implementation of the strategy. Also, the establishment of Environmental Education Centers is a promising endeavor.

### Reporting framework

The Panel is pleased to note the updated Sustainability Model which started to be implemented during 2014 that will allow CEMEX to focus its activities and reporting on the major sustainability issues facing the company and tightening the content of communications to increase the relevance to the major

stakeholders. The new model has also enhanced the readability and structuring of the report.

As the components of the model dominate thinking and reporting, we encourage CEMEX to find ways to describe in a more integrated and summarized fashion its large contribution to society's wellbeing beyond the description of its individual activities scattered throughout the report. We would like to suggest CEMEX consider summarizing their contribution to the six capitals, along the lines of the proposed framework of the International Integrated Reporting Council, even if not preparing an integrated report.

Recently CEMEX indicated its commitment to prepare the sustainability report following the G4 Guidelines of the Global Reporting Initiative, which would lead the company to concentrate its reporting along the major material aspects. While welcomed, the Panel does not feel that CEMEX must be compelled





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to report “in accordance” of the G4 guidelines. As such, some members of the Panel suggest that CEMEX prepare one report according to the G4, if it feels it is required to comply with the expectations of some stakeholders, but prepare another one to better reveal its character and culture, trying to inspire others and become a reference in its field. Other members suggest that CEMEX prepare a single sustainability report following internationally recognized guidelines and use other more targeted communication tools for reputation management and to serve the needs of specific stakeholders.

### Material aspects

The Panel notes with satisfaction the progress being made during 2014 on determining the material aspects with the help of an outside consultant and the inclusion of more than 11,000 stakeholders. Nevertheless while the results, in general, confirm expectations there are some that give us concern that the sample, while large, may have not been appropriately selected and weighted. For instance we note the very low importance given both by CEMEX and its stakeholders to some issues like water use and recycling and environmental incidents and the very high importance given by other stakeholders, besides CEMEX itself, to Economic Value Creation. We would suggest the sample be based on an assessment of the sets of stakeholders that are critical for the company (in terms of power, legitimacy and urgency) and then assess the material

aspects for each group and decide on the critical ones on the basis of CEMEX priorities. We suggest that the selection of respondents not be left to the vagaries in responding to surveys but be proactively pursued according to the need to obtain a sample that reflects their impact, even if the resulting sample is smaller. This is especially important if CEMEX decides on reporting under the new GRI G4 guidelines that places materiality as the key guide.

### Benchmarks

We note with satisfaction that CEMEX has started updating the benchmarks and look forward to results for the complete set. We encourage CEMEX to also update all baselines for comparisons as some are rather old and no longer represent an appropriate starting point to measure progress. Also, we suggest the definition be made as consistent as possible among benchmarks, preferably reported as an annual increase or decrease over the previous year or average of previous years, some of them as a proportion of an indicator of production, as needed. This would allow for a more clear appreciation of progress.

On the development of benchmarks, we would like to suggest adding some related local economic development, for instance empowerment, capacity building and fostering local/communal business opportunities, including SME development, even though these are not traditional reporting indicators.

### Building Solutions

The Panel notes with satisfaction the enhanced approach to Building Solutions and would hope that in future reports more details can be included, in particular to give a better understanding of the strategy to move CEMEX beyond a cement company. The initiative concrete by design is welcome as it shows that CEMEX is widely aware of the large advantages of concrete in green building, and is taking advantage of experts and the evolving research centers to develop new products and knowledge in this field.

As new ways of building are emerging, as an answer to environmental demands that tend to prioritize lightweight and organic materials, cement could become an important component in this evolution towards green building, due to its bioclimatic behavior to manage thermal stress in the build environment, and not only on the basis of its embodied energy.

### Human Rights

We are very pleased to observe that, in response to last year’s Panel Letter, it has produced a “*framework that assesses CEMEX’s current policies, processes and practices in order to identify potential gaps and prioritize our company’s efforts and next steps*” in the area of Human Rights and has started consolidating the reporting on their actions. We encourage CEMEX to carry out the assessment of the situation in all sites where it operates in order to identify the gaps and develop the appropriate policies, processes and

actions to respect all human rights. We look forward to seeing these advances reflected in the 2015 report.

### Safety

We are encouraged that the time lost due to injuries has decreased, but, as in previous years, we are concerned about the increase in the number of fatalities, including of CEMEX’s own employees. The number of fatalities, especially among contractors, is unacceptable as the Chairman and CEO’s letter emphasizes. We note that CEMEX has taken a significant number of preventive actions, but we encourage CEMEX to further assess why some of these measures have not produced the expected results.

### Emissions

We encourage CEMEX to comment, in future reports, on the evolution of actual emissions in recent years and suggest that reporting include direct emissions and Scope 2 emissions, not just avoided emissions. While comparison to the baseline of 1990 does provide some information, this is a very old base and it would be more helpful if evolution was reported in comparison to the most recent three years. We note with concern that there has been little or no progress in reduction in direct CO<sub>2</sub> emissions, while per unit emissions for dust and NO<sub>x</sub> emissions have increased. We would hope that in future reports CEMEX will provide information on the actions taken to reverse these trends.



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The Panel notes the increase in the amount of hazardous waste, even if it is due to tightened local regulations. In future reports it would be desirable for CEMEX to indicate what actions are taken about reduction in all countries and if CEMEX will comply with local regulations or aim for the higher local definition. It would also be desirable to describe how those wastes are disposed of.

### Energy and water consumption

We were pleased to learn of the successful efforts to continue the reduction of energy and water consumption and are encouraged by the increased use of alternative sources of energy, particularly from recycled waste, alternative fuel and renewables (although the progress seems to have peaked for some sources). In particular, we are pleased by the development of the water policy and look forward to the further reduction in consumption that its implementation and the external verification will bring. For future reports we would like to see information of the stress in the different sources of water used in the different countries and the actions taken to mitigate potential scarcity and competition with other users.

### Biodiversity

While there has been progress in the number of active sites with high biodiversity value where Biodiversity Action Plans are implemented, the percentages are still low. This is an important challenge. We note with satisfaction the progress made in the expansion of the adoption of the EMS and encourage CEMEX to continue efforts to increase coverage of the EMS on ready-mix operations and aggregates quarries.

### Supply Chain monitoring and development

The Panel is very pleased to learn of the efforts to enhance the sustainability of the supply chain, in particular the engagement of a consulting firm to help with the efforts. We look forward to the results of the evaluation of critical suppliers, particularly those that are located in countries with relatively low social and environmental standards, and especially concerning human rights. We also look forward to seeing the actions taken by CEMEX as a result of the evaluations.

We note that only 12 percent of procurement value is assessed using the Supplier Sustainability program. While the

program was only instituted two years ago, the progress seems slow.

Procurement and the value chain offer new and effective ways to expand, extend, enhance, boost and multiply policies' application, principles, values, views and naturally impact far beyond the immediate sphere of CEMEX's action, that should be taken advantage of to contribute to local economic development.

### Working conditions and social impact

We are also pleased to see the progress achieved by CEMEX in working conditions for their employees. Recognizing the complexity of working in so many countries with very different cultures and standards, we nevertheless would like to see more efforts in enhancing the number of countries where programs for child, dependent and elderly care are available. These are some of the major obstacles for women's participation in economic activity. This might also help to alleviate the low percentage of women in Executive positions. We encourage CEMEX to report on their efforts to achieve a better gender balance at the higher levels.

We notice that 32 percent of sites do not conduct social impact assessment studies.

### Ethics and Corruption

We are pleased to notice the progress being made in raising awareness on these issues and the fact that so many ethics and internal human rights cases are brought to the fore. An analysis of the major causes and trends in this regard would be helpful to the readers of the report. We are also encouraged by the fact that there have not been any cases of corruption or bribery to government officials reported during 2014. Nevertheless we suggest CEMEX continue to make sure that processes do not discourage internal reporting and that there is a proactive effort to have access to independent information.

Overall we are pleased with the positive trend towards sustainability being demonstrated by CEMEX, and continued improvements in how this is reported. We encourage the company to build on and intensify its efforts so as to make still faster progress in its contribution to sustainable development and a better society.

For more information on our Advisory Panel please visit our [webpage](#).



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# PwC's Limited Assurance Report



**Independent Limited Assurance Report on the CO<sub>2</sub> emissions, safety, environmental incidents and other emissions Key Performance Indicators reported by CEMEX from January 1<sup>st</sup> through December 31<sup>st</sup>, 2014**

**To the Board of Directors of CEMEX S.A.B de C.V.  
Constitución 444, Col. Centro, Monterrey N.L.,  
México  
P.C. 64000**

Upon request of CEMEX, we have carried out an independent limited review of CO<sub>2</sub> emissions, safety, environmental incidents and other emissions Key Performance Indicators ("the KPI's") reported by Global CEMEX Operations in the 2014 Sustainable Development Report:

- Our services have been delivered in accordance with the Mexican regulation (approved by the Instituto Mexicano de Normalización y Certificación, IMNC) : NMX-SAA-14064-3-IMNC-2007/ISO 14064-3: 2006 Guidelines and orientation for the validation and verification of Green House Gases Statements regarding the principles and requirements for GHG Inventory verification. We planned and performed specific procedures aimed to obtain a limited assurance level that the GHG emission statement of CEMEX's work centers does not contain material misstatements, and has been developed according to the following guidelines for Cement Operations.
- For Cement Operation, CO<sub>2</sub> emissions calculated according to WBCSD-CSI "The Cement CO<sub>2</sub> and Energy Protocol" (version 3.1, December 2013) Scope 1 and Scope 2:
  - Absolute gross and net CO<sub>2</sub> emissions.
  - Specific gross and net CO<sub>2</sub> emissions.
  - Alternative fuels indicators (alternative fossil and biomass fuels).
  - Total indirect CO<sub>2</sub> emissions.

- Safety indicators for cement, ready mix and aggregates, estimated according to the guidelines of WBCSD-CSI "Safety in the cement industry: Guidelines for measuring and reporting" (version 4.0, updated May 2013):
  - Fatality rate for directly employed and contractors.

- Lost Time Injury Frequency rate (LTI FR) for directly employed and contractors.
- Lost Time Injury Severity rate (LTI SR) for directly employed and contractors.

- Number of Environmental Incidents category 1 and 2, as defined by CEMEX Corporate in its operational and administrative procedure "Environmental Incident Reporting".

- Other emissions indicators (dust, NO<sub>x</sub> and SO<sub>x</sub>) estimated according to the WBCSD-CSI "Guidelines for Emissions Monitoring and Reporting in the Cement Industry" (version 2, March 2012):

- Overall coverage rate
- Rate of clinker generated with continuous monitoring of dust, NO<sub>x</sub> and SO<sub>x</sub>
- Absolute and specific emissions data of dust
- Absolute and specific emissions data of NO<sub>x</sub>
- Absolute and specific emissions data of SO<sub>x</sub>

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 and scope described in the next paragraph.

## Basis, 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



*Cement CO<sub>2</sub> and Energy Protocol", the "Safety in the cement industry: Guidelines for measuring and reporting", the CEMEX corporate procedure on "Environmental Incident Reporting" and the "Guidelines for Emissions Monitoring and Reporting in the Cement Industry", respectively; and in accordance with the Mexican regulation: NMX-SAA-14064-3-IMNC-2007/ISO 14064-3:2006, Guidelines and orientation for the validation and verification of Green House Gases Statements, scope 1 and scope 2.*

- At corporate level, we conducted interviews with the individuals responsible for the preparation and execution of the reporting procedures as well as for the consolidation of data. At this level we performed analytical procedures and verified, on a sample basis, the calculations and consolidation of data;

- At regional coordination level, we conducted interviews with the individuals responsible for the KPIs reporting and performed analytical tests;

- We selected a sample of locations (9 cement plants worldwide that represents 34.8% of the clinker production) in order to perform site visits and executed the following :

- We reviewed site organization and procedures, in particular those regarding KPIs reporting;
- We assessed control procedures on key parameters, and
- We performed reconciliation of reported data with the supporting documentation and verified on a sample basis the arithmetical accuracy of calculations.

- We analyzed the consolidated KPIs reported by CEMEX in the 2014 Sustainable Development Report to verify consistency with the results of our work.

## Conclusions:

Based on the results of our review, 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 Cement CO<sub>2</sub> and Energy Protocol", the "Safety in the cement industry: Guidelines for measuring and reporting", the "Environmental Incident Reporting" procedure and the "Guidelines for Emissions Monitoring and Reporting in the Cement Industry".

- The CO<sub>2</sub> emissions, safety, environmental incidents type 1 and 2, and other emissions contain material misstatements.

PwC has issued a consolidated report "Verification Consolidated Report CEMEX 2014" with all the results of the visits for each plant visited in the scope of this verification.

Mexico, May 12<sup>th</sup>, 2015

Enrique Alejandro Bertran  
Partner  
Sustainability & Climate Change  
PricewaterhouseCoopers, S.C.  
Validation/Verification Organism of GHG accredited by ema to the Industrial Sector,  
Accreditation No. OVVGEI 003/14 since March 6<sup>th</sup>, 2014.



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## About this Report

### Reporting History and Cycle

CEMEX began publishing annual environmental, health, and safety reports in 1996, and published its first Sustainable Development Report in 2003. The company has been engaged in annual sustainability reporting since then and published its most recent report in May 2014.

This, the company's full 2014 Sustainable Development Report, is our twelfth such report and covers the broad range of our economic, environmental, social and governance issues and performance.

In the last six years we applied the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines together with the Mining & Metals Sector Supplement meeting an application level of A+.

As of this year, we have migrated to the GRI-G4 Guidelines, using the "in accordance" Comprehensive option. Our materiality analysis guided our reporting process, and the issues included in this report match those that CEMEX management and our stakeholders found of the higher and highest importance for our operations. Furthermore, we have submitted our 2014 Sustainable Development Report to the Global Reporting Initiative, requesting the Materiality Disclosures Service.

### Boundary and Reporting Period

This report covers our global cement, ready-mix concrete and aggregates operations, presenting our sustainability performance, progress, achievements and challenges for the 2014 calendar year, which is also the company's fiscal year. We have emphasized those issues identified as high-priority through both our materiality analysis and our sustainable

development strategic planning process, as reflected in our Sustainable Model. For more information as well as updates throughout the year, please visit the Sustainable Development section of our website.

Unless otherwise indicated, the information provided in this report is for the company as a whole. We have included information for the operations in which we have financial and operative control. If a plant is sold, its information is no longer included in our data or considered in our targets. If 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. All references to "tons" are to metric tons.

The information for this report came from several sources, including internal management systems and performance databases and our Sustainable Development Report Survey, a questionnaire sent to all countries where we have operations. Data from this survey is then aggregated. This approach has enabled us to report progress on our key performance indicators for the company as a whole.

We aim to improve the transparency and completeness of each report that we produce while streamlining our processes and the way in which we provide information. We include a statement from PricewaterhouseCoopers, which verified our data on greenhouse gas emissions, atmospheric emissions, alternative fossil and biomass fuels rates, environmental incidents and safety indicators for our cement, ready-mix and aggregates operations.

In addition, we engaged our Sustainable Development Reporting Advisory Panel, which provides feedback on our reporting.

### Data Measurement Techniques

We employ the following protocols and techniques for measuring the key performance indicator (KPI) data that we report:

• **CO<sub>2</sub> Emissions:** CEMEX reports absolute and specific CO<sub>2</sub> emissions following the latest version of the CSI Protocol, denominated: The Cement CO<sub>2</sub> and Energy Protocol, version 3.1, published in May 2011. As defined in the protocol, it considers direct emissions occurring from sources that are owned or controlled by the company excluding those from the combustion of biomass that are reported separately (Scope 1) and indirect emissions from the generation of purchased electricity consumed in the company's owned or controlled equipment (Scope 2). Historical data shall remain unchanged given that the previous protocol is closely aligned with the simple methods for reporting of the calcination CO<sub>2</sub> emissions. For countries covered by the European Union Emission Trading System (EU ETS), CO<sub>2</sub> Emissions data corresponds to the one verified by and independent verifier in accordance with the applicable Accreditation and Verification Regulation.

• **Dust, NO<sub>x</sub> and SO<sub>x</sub> emissions:** Absolute and specific figures are calculated based on kiln emission measurements taken from Continuous Emissions Monitoring Systems (in those sites where kilns are equipped with such technology) or spot analysis. These methods fully comply with the CSI Guidelines for Emissions Monitoring and Reporting. All information is reported to CEMEX databases, processed, calculated and validated to provide a final group value. The values are calculated in Standard for 0°C, 1 atmosphere and 10% Oxygen (O<sub>2</sub>) content at measuring point.

• **Energy:** Fuel consumption indicators are reported to internal CEMEX databases in which "conventional", "alternative" and "biomass fuels" are classified according to the CSI Cement CO<sub>2</sub> protocol spreadsheet. Heat values are obtained from on-site analysis (where applicable), value provided by supplier or standards from the CSI Guidelines for the Selection and Use of Fuels and Raw Materials in the Cement Manufacturing Process.

• **Clinker factor and alternative fuels:** All material consumption is reported to internal CEMEX databases in which "alternative materials" are defined following the standards from the CSI Guidelines for the Selection and Use of Fuels and Raw Materials in the Cement Manufacturing Process.

The "clinker/cement factor" is calculated using the CSI procedures indicated in The Cement CO<sub>2</sub> and Energy Protocol spreadsheet with information obtained from the databases.

• **Safety:** An internal CEMEX safety database collects all related safety information from each site and automatically provides the appropriate information to calculate the indicators. The database is configured using the WBCSD / CSI definitions.

### United Nations Global Compact - Communication on Progress

This report constitutes our Communication on Progress toward the commitments of the United Nations Global Compact (UNGC). As a signatory to the Global Compact, we work to align our company's operations and strategies with its ten principles. We are also committed to helping the world meet the targets of the Kyoto Protocol and Millennium Development Goals.

The GRI index is cross referenced to the UNGC principles. It can be found on our website and is available for download.

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

### CEMEX, S.A.B. de C.V.

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# GRI as the Cornerstone for Robust Reporting

CEMEX understands sustainability reporting as a path to setting ambitious goals, measuring performance, and keeping open communication with our stakeholders about our sustainability results.

To this end, CEMEX began publishing environmental, health, and safety reports in 1996. Since 2003, we publish full annual Sustainable Development Reports. For more details please visit our Global Reports Hub: [www.cemex.com/SustainableDevelopment/GlobalReports.aspx](http://www.cemex.com/SustainableDevelopment/GlobalReports.aspx)

Since our earlier reports, CEMEX has pursued the preparation of balanced, comparable, and accurate reports that present to our stakeholders a detailed picture of our sustainability efforts and results. As part of this process, we have continually enhanced our data collection tools and engaged new relevant corporate and operation areas through formal mechanisms.

In order to enhance sustainability communications to our stakeholders and comply with internationally agreed disclosures and metrics, since 2008 CEMEX uses the Global Reporting

Initiative (GRI) guidelines to prepare its Sustainable Development Reports.

To enhance reliability, since 2007, we conduct external limited assurance for a number of our key performance indicators for our industry, including CO<sub>2</sub>, dust, NO<sub>x</sub> and SO<sub>x</sub> emissions, safety indicators such as Fatality Rate and Lost Time Injury Rate and Environmental Incidents.

From 2008 to 2013, CEMEX met the G3 A+, GRI Checked Application Level. Furthermore we reported using the Mining & Metals Sector Supplement from 2011 to 2013.

To build a platform that allows us to be fully inclusive of stakeholders' concerns in our reports, in 2010 we implemented a materiality analysis, and updated it in 2013.

The conclusions of the materiality analyses provided great insight on our stakeholders and top management main sustainability concerns for CEMEX, allowing us to establish a well defined group of sustainability issues to base our sustainability strategy and reporting. These include:

## Sustainability material issues:

1. Economic value creation
2. Customer engagement and satisfaction
3. Health and safety for our employees, contractors and third parties
4. Climate change and CO<sub>2</sub> emissions management
5. Renewable and alternative energy sourcing
6. Corporate governance and transparency
7. Employee relations and engagement
8. Products, services and solutions to improve lifestyle in cities
9. Air quality management (SO<sub>x</sub>, NO<sub>x</sub> and other emissions)
10. Human rights and ethics in business
11. Products, services and solutions for high energy efficiency
12. Community engagement and development

## Other key (non-material) issues:

13. Risk management
14. Quarry rehabilitation, biodiversity preservation and ecosystems management
15. Responsible and sustainable management of the supply chain
16. Products, services and solutions for low income families

17. Water use and recycling
18. Waste generation, disposal and recycling
19. Transport and logistic optimization
20. Environmental incidents management

Continuing on this path, and to better align our report with stakeholder's main interests, CEMEX decided to prepare its 2014 Sustainable Development Report using the GRI-G4 Guidelines, opting for the "in accordance" Comprehensive option, and requesting the Global Reporting Initiative to conduct the Materiality Disclosures Service.

To read our 2014 full GRI Content Index, please visit: [www.cemex.com/SustainableDevelopment/files/GriIndex2014.pdf](http://www.cemex.com/SustainableDevelopment/files/GriIndex2014.pdf)

Our commitment, as Sustainability Reporting continues to evolve in the future, is to keep finding new ways to engage and address stakeholder's concerns, in order to present a robust and complete coverage of our economic, environmental, and social impacts and opportunities.