



BUILDING THE FUTURE



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This report, complemented with additional information on our website, is aligned with the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines, at an application level of A+. To locate the indicators, please refer to our GRI index at www.cemex.com/sustainability/reports

For more information on the GRI guidelines, visit www.globalreporting.org

Cover

The Eurus wind farm in Oaxaca, Mexico, developed by the Spanish company ACCIONA Energía will be one of the world's largest wind farms once fully operational with an annual production capacity of 250 megawatts of electricity. Eurus will provide 25% of our power needs in Mexico and will have one of the largest CO₂ emission reduction indexes per installed capacity in the world, approximately 600 thousand metric tons annually. See case study on page 33.

About this report

Welcome to our Sustainable Development Report for 2008. It covers our global cement, ready-mix concrete, and aggregates operations. We publish a full report on our sustainability strategy, programs, and performance every two years, as well as an interim report in the intervening years. This report follows our 2006 full report and 2007 interim report.

Several data sets have been restated from previous years because of improvements to our data collection systems or changes to our business, and each case is clearly marked. All monetary amounts are reported in US dollars. Tons are metric tons.

The information for this report came from several sources, including internal management systems, performance databases and questionnaires, interviews with senior managers, and our Sustainability Outlook, a global questionnaire conducted for the first time. This approach has enabled us to include more detail than in previous years, and to report against our key performance indicators for the whole company, rather than just the cement business.

We aim to improve the transparency and completeness of each report we produce. In 2008, we commissioned an external benchmark of our 2006 Sustainable Development Report in comparison to those of our peers, to identify its strengths and weaknesses. We have implemented the improvements identified in this benchmark, as well as those received in stakeholder feedback including a focus group for opinion formers.

We include statements from PricewaterhouseCoopers, which verified our greenhouse gas emissions and safety data for our cement operations, and introduce our Sustainability Advisory Panel which will provide feedback on our reporting (see pages 43 and 44).

We used the Global Reporting Initiative's G3 Guidelines to produce this report. It meets application level A+. We have also used this opportunity to report our progress against the commitments of the United Nations Global Compact, of which we are a signatory. We provide indexes of GRI indicators and Global Compact principles on our website: www.cemex.com/sustainability/reports

Please send your comments and suggestions for improving our sustainability reporting to sd@cemex.com, or:

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Message from our Chairman and CEO

2008 was an extraordinary year. An unprecedented financial crisis spread across the world. Many of our markets contracted faster and further than anyone anticipated, while competitive and cost pressures continued to grow.

Extraordinary times demand decisive action. We put in place a global efficiency and cost reduction program that included budget cutbacks, site closures and, unfortunately, headcount reductions. These were painful but essential, and we have introduced a range of support services to help affected employees and their families.

The volatile economic environment in which we are operating requires us to focus on regaining our financial flexibility. Far from conflicting with our sustainability objectives, however, our focus on cost and optimization emphasizes the need for measures such as increased energy efficiency and the use of alternative fuels. Our businesses are working resourcefully to ensure our sustainability efforts stay on track as a result of necessary cutbacks in capital expenditures.

This is exemplified by our work on climate change. In 2008 our UK cement business nearly doubled its alternative fuels substitution, achieving a rate of 33%. We expect to continue significantly increasing substitution rates across our European operations in the coming years. Equally impressive, by the end of 2009, we will be using the entire 250 megawatt output of one of the world's largest private wind farms in Oaxaca to power a quarter of our Mexican business.

Climate change is also the theme of the latest in our series of conservation books, *A Climate for Life: Meeting the Global Challenge*. Published in partnership with Conservation International and the International League of Conservation Photographers, the book explores how tackling climate

change through policy, technology, and innovation can help stimulate the global economy – a concept in which we strongly believe.

Continuing our long commitment to conservation, December 2008 marked the end of the first 12 months of our 10-year partnership with BirdLife International. The partnership's first major achievement was to map the proximity of all of CEMEX's quarries around the world to areas of high biodiversity value. This will allow us to prioritize our actions and put in place effective plans to protect ecosystems around our sites.

We are also making progress in other areas of sustainability. We have continued to expand Patrimonio Hoy, our award-winning housing program for low-income families. This program is now available in four countries and has benefited over 224,000 families.

Of course, even amid the volatile economic environment, we remained committed to our people's professional growth. We maintained our investment in skills and development during the year, providing 21 hours of training on average to each employee and offering more than 600 courses online.

There were 4.77 lost-time injuries per million hours worked by direct employees at CEMEX in 2008, a 8.3% decrease from 2007; consequently, we hit our 2010 target two years early. However, while fatality rates for direct employees fell by 10%, we are deeply saddened that 45 people, including employees, contractors, and third parties, still died in incidents connected to our operations; the majority in road traffic accidents. We will always stand by our goal to eliminate fatalities, and we are redoubling our efforts across the company to ensure our safety performance continues to improve.

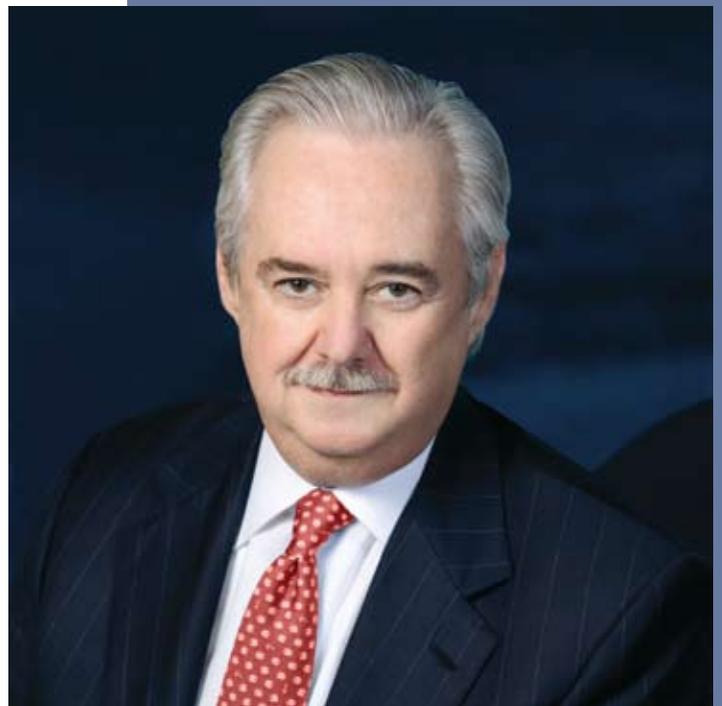
Our operations often form a major part of our local communities, and we must continue to build trust among our neighbors to maintain smooth relations. This is more important now than ever, as people's faith in businesses' commitment to act responsibly is at a low point following the financial crisis. By the end of 2008, around 90% of our cement and aggregates sites had plans in place for engaging our local communities.

We continue to collaborate with our industry to promote sustainable construction. A prime example is our work with the World Business Council for Sustainable Development. We participated in the three-year Energy Efficiency in Buildings initiative up to the publication of its final report in April 2009. We are contributing to taskforce seven of the Cement Sustainability Initiative, which focuses on concrete recycling, and in 2008, we became chair of taskforce eight, which is investigating ways to maximize the sustainability attributes and benefits of concrete and related products.

Our commitment to sustainability remains solid. Despite the other challenges we face, I'm confident in our ability to become a more sustainable, profitable company. I invite you to assess our progress by visiting our website and reading our sustainable development reports.



Lorenzo H. Zambrano
Chairman of the Board and Chief Executive Officer



Our commitment to sustainability remains solid, despite the other challenges we face.

performance Summary

PROGRESS IN RELATION TO TARGETS

This table provides an overview of our progress toward our companywide sustainability targets. Most information is for the company as a whole unless otherwise specified. We are committed to improving our performance in all areas and will continue to disclose our achievements and challenges. Some targets may be revised in the future to reflect the company's circumstances.

Area	Key Performance Indicator	Targets	Progress	Page
Employee Health and Safety	Lost-time injury (LTI) frequency rate for direct employees (per million hours worked)	Was: 5.0 by 2010; NEW: 2.5 by 2010	✓	16
	% of operations with safety training programs for drivers	100% by 2010	▲	16
	% employees participating in annual medical exams	100% by 2010	▲	17
Local Impact on Land and Communities	% of active sites with quarry rehabilitation plans	82% by 2010; 100% by 2015	▲	34
CO ₂ and Climate Change*	Reduction in CO ₂ emissions per metric ton of cementitious product from 1990 baseline	25% by 2015 to 602 kg	▲	31
Use of Alternative Fuels and Raw Materials*	Alternative fuels rate • Alternative fossil fuels rate • Biomass fuels rate	15% by 2015, 23% by 2020 • 10% by 2015, 15% by 2020 • 5% by 2015, 8% by 2020	▲	32
	Alternative materials rate	12% by 2015; 15% by 2020	✓	35
Air emissions*	% of clinker produced with continuous monitoring of major emissions (Dust, NOx and SOx)	50% by 2010; 100% by 2020	◆	36
	Reduction in specific emissions per ton of clinker from 2005 baseline	By 2015: 50% for dust to 155 gr/ton clinker 15% for NOx to 1667 gr/ton clinker 10% for SOx to 519 gr/ton clinker	▲ ▲ ✓	36

* Only for cement operations ▲ Positive progress ◆ Performance maintained ✓ Target achieved

KEY PERFORMANCE INDICATORS

This table summarizes our progress toward becoming a more sustainable building materials company, as measured by our companywide key performance indicators. All data are company totals unless otherwise specified. There is more detailed performance information on pages 38-42.

OUR PEOPLE	2006	2007	2008
Headcount	54,635	66,612	56,791
Diversity: % of female employees	na	na	13%
Male to female wage ratio	na	na	1.08
Total fatalities (employees, contractors, and third parties)	36	38	45
Fatality rate, direct employees	1.57	1.29	1.16
Lost-time injuries (LTI), direct employees	939	672	654
Lost-time injuries (LTI), indirect employees	103	129	165
Lost-time injury (LTI) frequency rate, direct employees	7.0	5.2	4.77
% of operations with safety training programs for drivers	na	na	70%
% employees participating in annual medical exams	na	65%*	47%
% of operations with a Safety Management System implemented	na	na	80%
% of operations with a Health Management System implemented	na	na	82%
OUR NEIGHBORS			
% of cement sites with community engagement plans	93%	95%	88%
% of aggregates sites with community engagement plans	na	na	88%
% of sites conducting social impact assessments	na	na	75%
Donations (US million)	\$35	\$42	\$25
Donations (as % of pre-tax income or loss)	1.22%	1.57%	1.32%
OUR BUSINESS PARTNERS			
Net sales (US billion)	\$18.2	\$21.7	\$21.7
% of purchases sourced from locally-based suppliers	88%	96%	94%
% of countries with a process to screen suppliers and contractors	na	na	77%
% of countries that conduct regular customer satisfaction surveys	na	na	60%
OUR WORLD			
Absolute net CO ₂ emissions (million metric tons) *	53.04	53.94	48.24
Specific net CO ₂ emissions (kg CO ₂ /metric ton of cementitious product) *	701	681	662
Alternative fuels rate *	6.60%	7.60%	10.30%
• Alternative fossil fuels rate *	4.83%	5.70%	7.80%
• Biomass fuels rate *	1.77%	1.90%	2.50%
Alternative raw materials rate *	9.90%	10.69%	12.00%
% of active sites with quarry rehabilitation plans in place	81%*	94%*	46%**
% of active sites where biodiversity issues are addressed	64%*	69%*	51%**
% of active sites operating in environmentally sensitive areas **	na	na	37%
% of clinker produced with continuous monitoring of major emissions (Dust, NOx and SOx)*	41%	44%	44%
Specific Dust emissions (g/ton clinker) *	219	166	162
Specific NOx emissions (g/ton clinker) *	2,099	1,773	1,742
Specific SOx emissions (g/ton clinker) *	547	524	484
Indirect energy consumption (GWh)	8,603	8,642	8,043
% of operations with water recycling systems	na	na	82%
% of operations with an Environmental Management System implemented	na	na	75%
Environmental investment (US million)	54.7	56.5	50.0
Environmental incidents ***	na	na	21
Environmental non-compliance cases	na	na	67
Associated fines (US million)	na	na	\$4.1

* Only cement operations ** For cement and aggregates quarries *** Refers to major environmental incidents (either internal or external to site boundaries) reportable under country legislation and resulting in a significant emission release to air, land or water na = Data not available



About CEMEX

Ready-mix concrete distribution, Puerto Rico

Who we are

Since starting business as a local cement producer in Mexico in 1906, we have grown to become one of the largest building materials suppliers in the world. We produce, distribute and market cement, ready-mix concrete, aggregates, and related building materials to customers in more than 50 countries and employ approximately 57,000 people worldwide.

In 2008, our net sales were US\$21.7 billion. Our annual production capacity was close to 96 million metric tons of cement, while our annual production levels of ready-mix concrete and aggregates were approximately 77 million cubic meters and more than 240 million metric tons, respectively.

Our global operations include 64 cement plants (with minority participation in a further 15), over 2,200 ready-mix concrete plants, 493 aggregate quarries, 253 land-distribution centers and 88 marine terminals. We sold our assets in the Canary Islands and ceased operations in Venezuela, following the nationalization of the cement industry. See Public Policy on page 11 for more detail.

Mission and values

Our goal is to serve the global building needs of our customers and create value for our stakeholders by becoming the world's most efficient and profitable building materials company.

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

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

Corporate governance

High standards of corporate governance and accountability are crucial for a sustainable business. Our management team comprises the regional presidents and executive vice presidents of each functional area, plus the chief financial officer, all of whom report to the chief executive. Seven of our 13 directors of the board are independent of management, as defined by Mexican securities law. Our Audit and Corporate Practices Committees consist entirely of independent directors and meet regularly to fulfill their legal mandates.

The board of directors is responsible for supervising the overall operation of our company. Details of our legal structure, board members and compensation, and Sarbanes Oxley compliance are available in our Form 20-F. We have formal processes for promoting ethical practices and to ensure compliance

with applicable legislation. These include anonymous whistle-blowing procedures and a robust anti-fraud program.

Our three regional presidents, three executive vice presidents, and senior managers from corporate functions are members of the CEMEX Sustainability Committee, which approves and monitors our sustainability initiatives. See page 10 for more information. Senior managers commit to embedding sustainability in their operational areas as part of their committee membership.

Code of Ethics and Business Conduct

We expect our employees to follow the highest ethical standards, which are described in our Code of Ethics and Business Conduct. The Code guides our behavior in areas related to conflicts of interest, confidentiality, employee relations, the environment, external stakeholders, financial and legal compliance, protecting the company's assets, and workplace health and safety. All employees receive a copy of the Code and are required to sign it either electronically or on paper.

Our corporate Ethics Committee oversees the Code, while local ethics committees promote awareness and compliance with it, and investigate reported breaches. Employees can access the Code via our internal online Policy Center or external website. They can ask questions or report breaches using our confidential ETHOS intranet site (see below) and our external website.

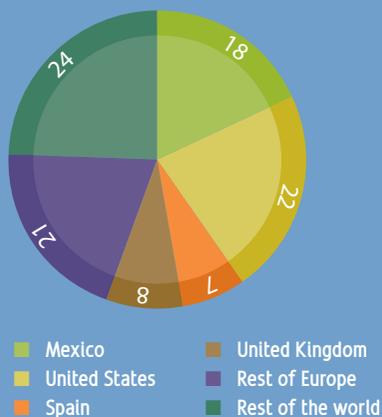
In 2008, our local ethics committees received 266 reports of alleged breaches, approximately five per 1,000 employees¹. Of these reports, 84 were in connection with employee relations, 32 with a form of harassment and 22 with discrimination. Other reports were related to areas such as conflicts of interest and preservation of assets. Of the allegations received, 80% have been resolved, of which 51% were found to be true. Investigations continue into the remaining 20%.

We promote our internal mechanisms for seeking advice or reporting possible violations of our Code of Ethics or other policies. We also provide guidance and training to our local ethics committees to ensure consistency in case management and resolution. During 2008, we focused efforts on ensuring our ethics policy was more consistently applied across the company.

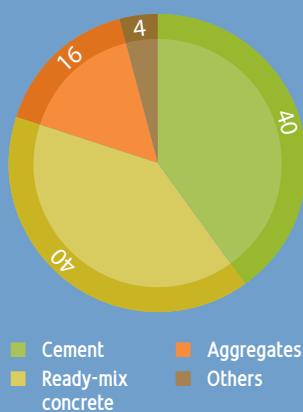
ETHOS, our company-wide ethics awareness initiative launched in 2008, aims to improve the way we detect, manage and reduce ethical and compliance risks to help employees integrate these procedures into their work. This initiative allows our employees to access all company policies, receive training on ethics and compliance, learn about important laws, identify channels for questions and complaints, and obtain information about our

1. An acceptable level according to available benchmarks

Sales geographic distribution percentage



Sales distribution by product percentage



Direct economic impacts US million



1. Excludes sale of assets 2. Includes Depreciation and Amortization 3. Wages reported in 2007 were for non-operational employees only 4. Capital Expenditure for Maintenance and Expansion 5. 1.32% of loss before taxes 6. Dividends paid in cash to 3% of shareholders, the other 97% received 284 million CPOs 7. Mainly used to reduce debt

corporate governance. Over 90% of the countries where we operate have local mechanisms to promote employee awareness of procedures to identify and report incidences of bribery and corruption.

We treat all legal obligations with the utmost seriousness. For example, we fully cooperated when authorities from the European Competition Commission searched our offices in 2008, along with those of several of our competitors. The Commission believes the construction industry “may have violated European Union antitrust rules that prohibit cartels and restrictive business practices and/or abuse of a dominant market position.” We have responded to their requests and provided all the required information and testimonies. We do not have any information on the outcome at this stage, but will report further when possible. Our Form 20-F includes information on other significant regulatory matters and legal proceedings.

Managing risks and improving performance

Our risk management systems help us to identify, prevent, and manage risks that can affect our company, assets, employees, and neighbors. These include risks related to the environment, health, and safety. We gather and analyze information from a range of sources to help us map potential risks. Being able to anticipate risks helps reduce uncertainty and places us in a better position to turn them into opportunities.

We conduct regular internal audits to test the robustness of our risk management processes and evaluate compliance across all business units. This helps to promote a standard approach and encourage continuous improvement by identifying examples of best practices. These audits have included environmental, health, and safety risks since 2007.

Many of our greatest impacts and largest investments are at our cement plants. We inspect all cement sites annually in conjunction with FM Global, a leading property insurer, to reduce the risk of damage to our property and equipment. Sites are evaluated according to how well they manage facility hazards, such as damage from fire and natural hazards, and equipment hazards, such as mechanical or electrical failures. Sites are graded out of 100, and those achieving a score of 85 or higher across both areas are classed as Highly Protected Risk – an internationally recognized standard of the insurance industry. At the end of 2008, 90% of our sites had successfully achieved this classification, up from 82% at the end of 2007.

We developed an assessment in 2007 to identify potential risks and opportunities in our cement operations, and to prioritize enhancements to our risk management processes. The assessment covers four areas: environmental regulations and compliance, operational performance, plant appearance, and risk management. We have implemented improvement programs to address any identified performance gaps.

Our economic impacts

Our business contributes directly to the economy through taxes and wages, payments to suppliers, and community investment. Other indirect economic impacts are harder to quantify, but include money saved from using our products to improve infrastructure and energy efficiency in buildings, as well as employee and supplier disposable income. Additional benefits include the transfer of knowledge and technology across regions and countries. The diagram above shows our direct economic impacts in 2008.

Global operations (as of December 31, 2008)

	CEMENT PROD. CAPACITY MILLION TONS/YEAR	CEMENT PLANTS CONTROLLED	CEMENT PLANTS MINORITY PART.	READY-MIX PLANTS	AGGREGATES QUARRIES	LAND DISTR. CENTERS	MARINE TERMINALS
Mexico	29.2	15	3	328	16	80	8
United States ¹	17.5	14	4	536	102	43	11
Spain	11.4	8	0	104	25	8	17
United Kingdom	2.8	3	0	236	67	29	6
Rest of Europe ²	11.6	8	1	652	167	46	22
South / Central America and Caribbean ³	11.2	11	3	88	19	17	11
Africa and Middle East ⁴	5.3	1	0	74	10	7	1
Asia ⁵ and Australia	6.6	4	4	270	87	23	12
Total	95.6	64	15	2,228	493	253	88

1 Includes operations from joint venture with Ready Mix USA. 2 Includes operations in Austria, Croatia, Czech Republic, Finland, France, Germany, Hungary, Ireland, Latvia, Lithuania, Norway, Poland, and Sweden. 3 Includes operations in Argentina, Colombia, Costa Rica, the Dominican Republic, Guatemala, Nicaragua, Panama, and Puerto Rico, as well as other operations in the Caribbean region. 4 Includes operations in Egypt, Israel, and the United Arab Emirates. 5 Includes operations in Bangladesh, China, Malaysia, the Philippines, Taiwan, and Thailand.

Sustainability at CEMEX

The construction industry provides essential building materials, skills, and employment. Our products and services are at the foundation of social and economic development, and are used to build homes, hospitals, offices, schools, and transport infrastructure.

We acknowledge that producing and using building materials can affect communities and the environment. As a result, we continuously work to address and reduce our negative impacts in several ways. First, we limit operational impacts related to safety, noise, dust, land management, and the effects of fossil fuel use on climate change, among others. Second, we develop more sustainable materials for constructing buildings and infrastructure that work for the environment. In doing so, we aim to build healthy, long-term relationships with our employees, neighbors, business partners, and the world at large.

Our Vision

Having a clear vision and deeply-embedded culture of sustainability is essential for us to continue to raise standards across our global business. Our vision is of a successful, sustainable CEMEX that has a positive impact on people and the environment. Our approach is based on working closely with key stakeholders to help solve the local and global sustainability challenges relevant to our business.

Our Stakeholders

Our stakeholders are the people who influence or are affected by our business, and different groups see us in different ways, depending on their own situation. We engage with four categories of stakeholders in addressing our sustainability impacts:

- **Our People** – employees and their families. We engage with them in various ways including training and development programs, our internal magazine and intranet, employee engagement survey, management site visits, and dialogue sessions. We aim to be the employer of choice.
- **Our Neighbors** – communities near our operations, including local governments and non-governmental organizations (NGOs). We aim to be a good neighbor by understanding their concerns and responding to their feedback. We hold open-house days and site visits, community meetings and advisory panels, as well as volunteering and community development programs.



- **Our Business Partners** – suppliers, contractors, distributors, customers, and investors. We use a high proportion of locally-based suppliers, and many of our country operations run initiatives to support them. We communicate with distributors of our products through specially designed networks and keep in close touch with customers through the delivery of quality products that enhance the sustainability of their projects, meetings, service centers, and satisfaction surveys. We keep our shareholders fully informed through our website, annual and quarterly reports, annual meetings, and press releases. We aim to be the business partner of choice.
- **Our World** – representatives of society at large, such as environmental and other interest groups, governments and regulators, universities, and the media. We partner with civil society organizations to increase the effectiveness of our sustainability activities. We advocate our positions on regulatory and public policy issues directly with regulators as well as through trade associations. We aim to be a good corporate citizen.

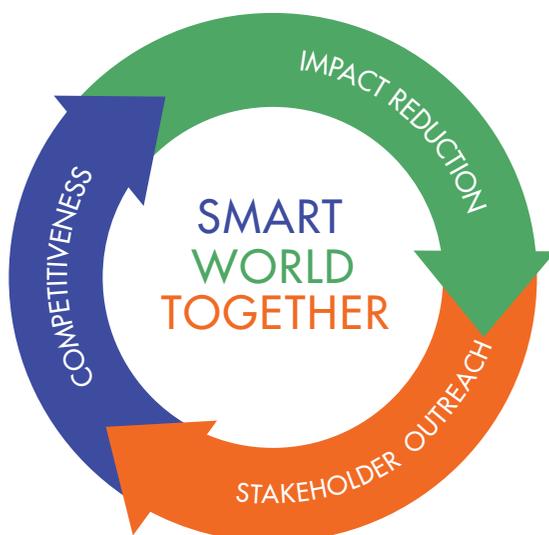


Colorado cement plant, Costa Rica

Our approach

We aim to be the company of choice for each of our key stakeholder groups and work on the following three areas to ensure this is the case:

- Continuously increasing our **competitiveness**. This means improving operational excellence and efficiency, and following high ethical standards to achieve long-term sustainable growth. Offering innovative products and services for a sustainable, energy-efficient construction industry also increases our competitiveness.
- **Reducing the negative impacts** of our operations. This means providing a safe and healthy workplace, as well as minimizing our environmental footprint and inconvenience to our neighbors. Doing so helps us build positive, long-term relationships with our stakeholders. We encourage our business partners to take the same approach.
- **Reaching out to key stakeholders** whose support is crucial for us to succeed. Creating long-term relationships with these groups increases our competitiveness and helps us find new ways of reducing our impacts. We also work with others to promote a sustainable construction industry.



CONFERENCE FOR SUSTAINABILITY



Conference participants

To help strengthen a common approach among business units and regions, we held our first three-day, companywide conference on sustainability issues in 2008. The conference took place in Monterrey, Mexico. Presentations covered topics such as the history of sustainability at CEMEX, how sustainability relates to our long-term success, and the market opportunities presented by sustainable construction. There were also workshops on health and safety, environmental, and social issues. Marc Bremmer from Innovest Strategic Value Advisors gave a presentation on the Carbon Disclosure Project (see page 34) and the development of carbon markets.

Workshop outcomes include the implementation of successful regional health and safety tools companywide, and the creation of four internal sustainability councils focusing on safety, health, environmental, and social matters.

SIGNIFICANT SUSTAINABILITY ISSUES ALONG OUR VALUE CHAIN

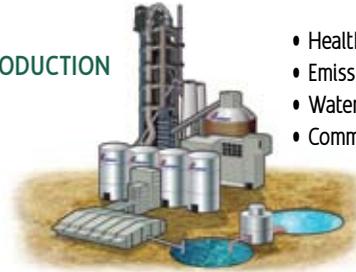
RAW MATERIAL EXTRACTION

- Quarry rehabilitation
- Alternative raw materials
- Biodiversity conservation



PRODUCTION

- Health and safety
- Emissions
- Water use
- Community engagement



TRANSPORT



ENERGY USE

- Alternative fuels use
- Renewable energy



BUILDING, OPERATION & DEMOLITION

- Value chain
- Sustainable construction
- Concrete recycling
- Access to our products



Materiality

We use a range of processes to identify the most important, or material, sustainability issues for our business, based on the risks and opportunities they present and the level of each stakeholder group's interest. These processes are:

- Our Sustainability Outlook, a comprehensive assessment to identify and measure our sustainability impacts companywide developed with external consultants KPMG
- Our internal Process Assessment Tool, which we have extended to include extensive auditing of sustainability management processes and results
- Our involvement in industry initiatives such as the Cement Sustainability Initiative, which has identified the most significant impacts of cement production and key performance indicators
- Our companywide risk and opportunity management system (see page 7)

We plan to strengthen our processes for identifying material issues in the future by seeking wider input from external stakeholders. For example, we have assembled a panel of independent experts, who have commented on this report and will feed back on our strategy and policies during 2009 (see page 44 for more information). The diagram above shows the most significant sustainability issues we have identified.

Managing sustainability

We continue to develop effective governance and management systems to integrate global sustainability issues into our operations and business systems.

Our Sustainability Steering Committee approves sustainability initiatives, defines targets and monitors progress globally. It is chaired on rotation by our three regional presidents, who report to the CEO. Members include our three executive vice-presidents, as well as senior managers from Planning and Finance, Technology, Human Resources, Corporate Communications and Public Affairs, Energy, and Sustainability. The Committee's activities in 2008 included:

- Updating the company's sustainability vision and approach as described in this section and circulating this to country presidents to ensure consistency throughout our operations
- Developing and approving our sustainability management model
- Defining and prioritizing key initiatives
- Reviewing performance metrics and results

In 2008, we established internal councils for safety, health, environment, and social issues. This has improved sustainability governance by coordinating and standardizing our approach across the regions. Each council meets monthly by video or conference call and reports to the office of the sustainability vice-president, which feeds back to the Steering Committee. The councils are responsible for developing and managing the global initiatives described in this report, and regional representatives ensure that these initiatives are integrated companywide.

The sustainability vice-presidency coordinates the development of our sustainability strategy, policies and initiatives, and line managers are responsible for their implementation companywide.

We made significant progress in 2008 in integrating sustainability into day-to-day management. This requires reliable data and systems. The Sustainability Outlook self-assessment, carried out for the first time in all of the countries where we have infrastructure to produce cement, ready-mix concrete, and aggregates, complements existing information on our sustainability issues, so we can more effectively manage them.

Our goal for sustainability management in 2009 is to improve performance in priority areas, as measured by our key performance indicators (see pages 4-5). We also aim to continue raising awareness of and embedding sustainability in all processes and business functions.

Public policy

We engage with governments and regulators to communicate our positions on public policy issues that can affect our company and stakeholders. This is a legitimate and necessary part of doing business and is welcomed by policy makers.

We manage public affairs on a regional basis as regulation varies from country to country. For example, the European Union emissions trading scheme is a priority in that region. As the largest building materials supplier in North America, CEMEX leads regional public policy discussions about the importance of cement and concrete products in building a sustainable future. In Venezuela, we are seeking international arbitration before the International Center for Settlement of Investment Disputes after the Venezuelan Government nationalized the cement industry and confiscated our assets in the country. We have always been open to dialogue with the Venezuelan Government and continue to seek a resolution acceptable to both parties.

sions Trading Scheme (EU ETS). This would include importers to the region in the allocation of emissions credits, creating a level playing field, and encouraging importers to reduce their emissions. We also advocate the inclusion of grassland restoration in any forthcoming updates to the Clean Development Mechanism.

In California, CEMEX and other cement companies have responded to Assembly Bill 32, the Global Warming Solutions Act, through the Coalition for Sustainable Cement Manufacturing and Environment. Together, we have developed a series of reports that identify ways to regulate greenhouse gas (GHG) emissions while allowing the cement industry to continue its contribution to a sustainable California. As a result, we have developed Tradable Performance Standards (TPS), a sector-specific framework for reducing GHG emissions that would minimize compliance costs and leakage, while guaranteeing improved environmental performance. This work has established CEMEX as a credible and reliable partner with California's regulatory authorities.

We are members of the EEB initiative sponsored by the World Business Council for Sustainable Development



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

The main sustainability-related issues on which we engaged in 2008 are:

Climate change and emissions trading

In 2008, we developed a position paper on climate change and emissions trading, with specific reference to the proposed European Union Climate and Energy package published in January 2008. The paper emphasizes our support for market-based mechanisms to incentivize action on climate change. More specifically, we are investigating options for a global sectoral approach for the cement industry such as the one being developed by the WBCSD Cement Sustainability Initiative. It is imperative that any such scheme operating within the United Nations Framework Convention on Climate Change is compatible with existing and future mechanisms, and is designed to maintain a level playing field.

We also support border adjustment mechanisms (BAM) for countries or areas operating cap-and-trade schemes, such as the European Union Emis-

Use of waste as fuel

The high temperatures required in cement kilns make them ideal for safely disposing of some of society's waste - reducing our use of fossil fuels and providing an important alternative to landfill. We do this safely and successfully in locations where we have completed the necessary trials and public consultations. However, local residents often have concerns about the use of tires and other waste as fuel. We work with our neighbors and local interest groups to help them understand the process and the safeguards we will put in place to allay their concerns. In 2008, we published press articles and held meetings and presentations to discuss the safety and benefits of this process with opinion leaders in corresponding markets (see page 32 for more on alternative fuels).

Sustainable construction

We help promote and develop sustainable construction through our involvement in initiatives such as the WBCSD Energy Efficiency in Buildings (EEB) and Cement Sustainability Initiative (CSI). In 2008, we became chair of CSI taskforce eight, which is investigating ways to maximize the sustainability attributes and benefits of concrete and related products. These include the albedo effect, where concrete reflects sunlight and helps prevent temperatures from rising, and the thermal mass of concrete, its ability to store energy, reducing temperature fluctuations in a building over the course of the day.



- **Met early our 2010 target for reducing direct employees' lost-time injuries and set a new milestone**
- **Offered over 600 online training and development courses**
- **Provided an average of 21 hours of local training per employee**
- **Have policies in place to promote local hiring in 75% of our businesses**

We want to be an employer of choice to attract the most talented people to help our business grow in the future. We do this by providing a workplace that values human rights and embraces diversity, and where employees are treated with fairness and respect. We offer exciting opportunities for career development, plus competitive rewards and benefits based on merit.

We engage with our employees to ensure they feel valued and motivated. We recognize the imperative of creating a safe and healthy work environment, and the need to provide training and development opportunities that help our employees grow professionally and personally in the short and long term.

Our employees are at the heart of our business and drive innovation, helping to identify more efficient ways to work, improve health and safety, and develop new products.

Employee profile

At the end of 2008, we employed 56,791 people in more than 50 countries, a 15% reduction from 2007. Approximately 6% of our employees were in executive positions, 40% were in non-executive positions, and 54% were operational employees.

To align our company with the new market conditions, we put in place a global efficiency program, which included an 11% headcount reduction. A further 4% reduction resulted from the nationalization of our Venezuelan business. Excluding the restructuring and nationalization processes, our employee turnover rate was 8% in 2008.

Our employees are our most important asset and the decision to reduce headcount was difficult for our company to make. But these steps were necessary to ensure CEMEX remains competitive and



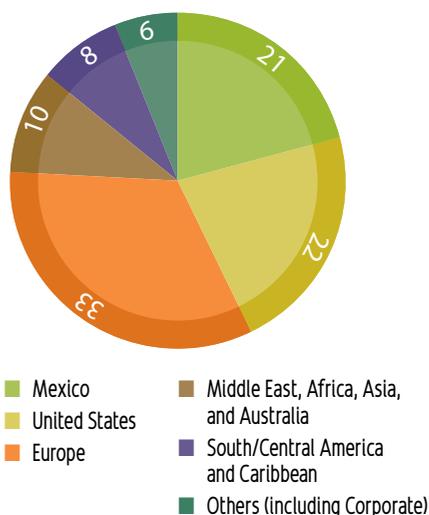
our People

Employees, Poland

sustainable in challenging economic conditions. All of our restructuring was conducted in accordance with local employment laws. A priority throughout the process was ensuring that both, those who left and those who stayed with the company, were treated with respect. We held consultations and negotiations with employee unions to ensure the organizational and operational changes were carried out smoothly.

We have introduced a range of support services to help affected employees. We provide financial advice for those affected and work with external organizations to help them find new jobs. We also trained managers to communicate and implement the process effectively and to support those who are leaving the company.

Breakdown of workforce by region
percentage



Human rights and diversity

We are committed to treat everyone with dignity, fairness and respect regardless of their age, gender, country of origin, race, religion, appearance, abilities, sexual orientation, or political opinion. Our Code of Ethics and Business Conduct makes further commitments to employees, such as providing a safe and productive work environment, and offering continuous training and development opportunities. At a minimum, our business units must comply with all labor and other applicable laws in their country of operation, and responsibility for this lies with each country president and local ethics committees.

We are dedicated to preventing discrimination and upholding the principles of the United Nations Global Compact, a voluntary standard that covers human rights and labor standards. Our country operations have not identified any cases of child labor or forced labor within our business or those of our suppliers and contractors.

We guarantee the right to freedom of association and collective bargaining in all of our operations. On average, 43% of our employees are represented by an independent union or covered by a collective bargaining agreement. We meet local employment laws regarding minimum notice periods for any operational changes that affect employee's jobs or working agreements. We provided an average of 24 days notice regarding operational changes during 2008.

We understand the benefits that a diverse workforce brings to our business, and aim to create a collaborative and inclusive workplace that encourages new ways of thinking. A diverse workforce better reflects our markets and customers, helping to improve customer loyalty and satisfaction. Over 75% of our businesses have policies



*Left, the Congruencia Movement in Mexico promotes job opportunities for people with disabilities
Right, employees at training*

to promote local hiring, encouraging local development and diversity within the company.

We aim to increase diversity in our management and general workforce, particularly our number of female employees, as women remain underrepresented in our industry. Eight nationalities are represented in top management. Women comprise 13% of our total workforce, 19% of our executives, 28% of our non-executives, but just 2% of our operational employees. We pay the same wages to men and women with the same level of experience performing similar jobs, and our companywide male to female salary ratio is 1.08, the difference is due to seniority and length of service.

In Mexico, we continued working with the Congruencia Movement, an alliance of 52 companies that promotes employment opportunities for people with disabilities. In 2008, the alliance helped 418 people with disabilities find work; 46 of them were employed by CEMEX. There are plans to replicate the alliance in other Latin American countries with limited disability legislation and job opportunities.

Compensation and development

We offer competitive compensation compared with local market conditions. This helps us attract and retain the best talent. Our attractive reward package recognizes good performance and motivates employees to meet and exceed performance targets. Our stock-ownership plan aims to better align executives' interests with those of our stockholders by awarding long-term, restricted stock to executives.

Creating a well-trained workforce is critical for our success. All employees receive training relevant to their jobs, so they can work safely and efficiently. We develop employees' skills using a variety of learning initiatives and on-the-job training. During 2008, our operations provided an average of 21 hours of training per employee.

In addition, we improved our online training and learning platform, which allows us to improve course quality and participation rates at a lower cost. We currently offer over 600 online courses on a wide variety of topics and in several languages. These courses are available to 16,000 employees, including those with less access to on-site training.

RAISING EMPLOYEE AWARENESS OF SUSTAINABILITY

Campaigns are underway around our business to raise awareness of sustainability among our office-based employees.

For example, as part of a Sustainable Offices initiative, our Spanish operation involved employees in efforts to reduce paper and water use. Paper-saving measures introduced include switching to 100% recycled paper and programming printers to default to double-sided printing. Waste bins have been removed from the offices, leaving recycling as the only alternative. Low-cost water-saving devices such as a half-liter plastic bottle in each toilet cistern have been fitted, which will save around 15,000 liters of water per month. Similar measures for faucets will reduce water use by up to 50%.

The initiative is now focusing on reducing energy use. We have programmed computer monitors to switch to sleep mode after five minutes of inaction, and remind employees to switch off their computers and laptops at night.

In Spain, CEMEX is also one of 15 companies taking part in the Action CO₂ program run by the Spanish Business Council for Sustainable Development. Progress updates have appeared in the internal magazine, Our Voice, so employees can see the results of the actions at our Spanish offices, including those that are being introduced at our plants. Similar initiatives are underway in other countries, including our headquarters in Monterrey, Mexico.

We have also worked hard to improve management and leadership capabilities through our senior executive and middle-management development programs. On average, country executives received 23 hours training during online and face-to-face courses. In 2008, 59 executives from 21 business units graduated from the CEMEX International Management Program, and 31 senior executives graduated from the Global Leadership Program.

Every year, we assess our talent programs to ensure we continue to develop a strong and diverse base of employees to lead our company. In 2008, we focused on improving the effectiveness of our existing programs to ensure they meet our business needs. In addition to our standard performance and potential appraisal and individual development plans, we launched a talent review process for employees to discuss their development needs with their managers and agree on appropriate training. We restructured our development programs to give employees more flexibility to achieve their training goals. We also introduced a more effective and user-friendly learning management system to help managers keep track of their employees' progress.

Engagement

Ensuring employees are engaged with the company is important for increasing understanding of our business strategy and improving performance. Employee engagement helps build trust and create a working environment that employees enjoy.

In 2008, we conducted a study to help us better understand what our people expect to gain from their employment with CEMEX. The

results show that employees think CEMEX provides innovative opportunities that match their interests and an ethical and respectful working environment.

Our goal is to achieve above-average engagement levels in each country where we operate, compared with industry benchmarks. We encourage employees to share their opinions in our employee survey and at regular town-hall meetings and team briefings. During 2008, senior managers visited sites and held informal gatherings to encourage communication and strengthen relationships.

We also involve employees to promote our sustainability strategy and encourage a more sustainable behavior. Much of this work happens at the country level (see the case study on the previous page).

Health and safety

Ensuring a safe and healthy workplace is our absolute priority. We seek to protect our employees, contractors, and neighbors and to promote a culture of individual responsibility.

We have comprehensive health and safety management systems for ensuring that our operations are efficient, safe, and contribute to healthy lifestyles. We are standardizing and rolling out these systems worldwide, and plan to complete this process by 2010. The systems include leadership responsibilities, audits and inspections, training, risk assessment, incident investigation, contractor management, occupational health measures, and driving safety. We have mandatory safe operating procedures in place for all high-risk tasks.

Part of our UK operations team. Health and safety is an absolute priority at CEMEX



At the end of 2008, each of our countries' cement, ready-mix concrete, and aggregates operations had conducted self-assessments to evaluate, among other areas, safety teams, facilities and equipment, training, preventative health, occupational health, documentation, and incident recording as part of an internal audit.

We follow the Cement Sustainability Initiative (CSI) Safety Taskforce guidelines to report safety performance for our cement operations, and use standard accident metrics for our business as a whole. We record all safety data in an online safety monitoring and tracking system.

Safety performance

We are deeply saddened to report the deaths of 7 direct employees, 20 contractors, and 18 members of the public in connection with our operations in 2008. Any death is unacceptable, and we will continue to focus on improving occupational safety until we achieve our goal of zero fatalities. Fatality rates for our direct employees fell by 10% from the previous year in our global operations and by 48% in our cement operations.

Most of these fatalities occurred in road accidents. We have thoroughly investigated each incident to identify the cause, and introduced corresponding measures across our business to prevent their recurrence.

In the building materials industry contractors play a very important role, but managing their safety is a major challenge that we face. We are developing a standard approach for selecting contractors and approving the way they manage safety. This includes tough requirements for task planning, risk assessment, and job supervision.

In 2008, there were 4.77 lost-time injuries (LTIs) per million hours worked by direct employees. Slips, trips and falls were the biggest cause. This is a 8.3% reduction from 2007, as a result of significant performance improvements in our cement and aggregates operations. For example, our Spanish operations experienced almost one third the number of LTIs as in 2007. We have achieved our milestone of 5.0 LTIs per million hours worked two years early. We set a new milestone of 2.5 LTIs per million hours worked by 2010 to ensure we continue to work toward our ultimate goal of zero LTIs.

Safety leadership

Executive management is involved in identifying and reducing safety risks. However, self-assessment results and incident investigations suggest we can do more to engage all levels of management.

Each region is addressing this issue with tailored awareness programs and behavior-based safety training. In Europe, the Middle East, Africa, Asia, and Australia, senior managers received safety leadership training as part of an ongoing program, and made an average of 20 site safety visits per person during the year, totaling 3,400. In our Mexican cement operations, senior management involvement in identifying risks and investigating serious accidents has contributed to a 55% reduction in the lost-time injury rate com-



Our Health Essentials campaign encourages employees to live a healthy lifestyle inside and outside the workplace

pared with 2007. In the USA, we launched our Zero 4 Life campaign to remind employees of our safety goals and encourage them to prioritize safety at home and in their communities, as well as at work. We adapted this campaign from a version used by Rinker, following our acquisition of the company in 2007.

Driver safety

Addressing the number of driving-related fatalities was our biggest challenge in 2008 and will remain so in 2009. In 2008, road safety incidents caused almost 60% of all fatalities and 100% of third-party deaths. We are chairing a series of driving safety workshops for the Cement Sustainability Initiative to develop a comprehensive driving safety program, which we will roll out across the industry by the end of 2009. This will cover all CEMEX employees and regular contractor drivers, and our target is for all of our drivers to complete the program by 2010. The program will include mandatory minimum safety requirements, for which managers will be responsible for ensuring compliance. On average, 70% of our global operations conduct local safety certification and training for employees responsible for operating mobile equipment.

We are also exploring the use of technology to reduce fatalities. For example, we have installed DriveCam™ technology in 560 trucks in the USA. This records and analyzes driving patterns to improve driver behavior, and has helped to reduce the number of risky events by 70%.

Occupational health

In 2008, we established a health council following a workshop at our global sustainability conference. The council reviewed health objectives and established key performance indicators (KPIs) for measuring our progress, and aims to promote preventive and occupational health.

The new KPIs include cases of occupational disease, health costs, and absenteeism rates from sickness. We conducted a benchmark of absenteeism rates from selected country operations across Europe, the Middle East, Africa, Asia and Australia against other multinational companies, including those in the cement industry, to better understand our performance. We will report against these new indicators in 2009.

In 2008, we revised and expanded the annual global health questionnaire that we use to measure the quality of health practices and services at our operations. Topics include medical personnel, equipment and premises, health team training and development, preventive and occupational health practices, occupational medicine, and reporting.

A total of 47% of our employees participated in annual medical exams, compared with our goal of 100% participation - which we aim to achieve by 2010. The figure dropped from 65% in 2007 because, for the first time, we recorded participation rates in our concrete and aggregates operations, as well as cement.

We aim to achieve our 2010 target by raising awareness through our new Health Essentials campaign, which encourages employees to live a healthy lifestyle both in and outside the workplace. Each month focuses on a different health issue. Electronic leaflets and training presentations are sent monthly to all health teams, who can supplement these with their own information to ensure an effective local approach. This will allow countries to place more emphasis on the most pressing health concerns, while keeping to a common message.

In 2009, we will continue our efforts to improve health and safety based on risk assessments, incident investigations, and safety leadership. Our initiatives will include:

- Implementing the Driving Safety Program and the Safety Leadership Course for all supervisors and managerial employees
- Reviewing and standardizing the Health and Safety Management Systems across CEMEX operations
- Introducing a common methodology for all incident investigations which focuses on loss control and identifies root and system causes
- Training all Safety and Operations Managers in incident investigation
- Improving the collection and analysis of contractor safety data
- Rolling-out monthly reports on absenteeism rates



Clear warning signs on our UK ready-mix trucks help to protect cyclists

PROTECTING CYCLISTS

Cyclists face a high risk of traffic accidents involving large vehicles. This is partly because they are often in a blind spot on the curb side of vehicles when they turn.

To combat these types of incidents, in Europe, the Middle East, Africa, Asia, and Australia, we have introduced new safety features on all company and liveried contract vehicles. These are:

- An additional mirror on the front corner of the vehicle cab to eliminate the blind spot on the curb side and along the front of the vehicle
- A warning sign on the rear of the vehicle that alerts cyclists to the danger of passing along the curb side

In London, where there is a particularly high concentration of cyclists, vehicles are also fitted with side-mounted warning boards and sensors, which give an audible warning to cyclists and the driver. As a result of these initiatives and the training provided to drivers, we received a commendation at the 2008 Institute of Occupational Safety and Health Awards. A number of our initiatives have been adopted as best practices by the British Freight Association and other companies.

This campaign is proving to be a huge success in improving cyclist safety in the countries where it has been implemented so far, and is valued by our drivers as well.



Neighbors our

- Reached over 224,000 families with our award-winning Patrimonio Hoy low-income housing program
- Had community engagement plans in place in 88% of our cement and aggregates sites
- Ranked fifth in the Opportunities for the Majority Index for our efforts to promote social and economic development

We aim to develop strong relations with communities, organizations, and local governments surrounding our existing and future operations, and aim to be a good neighbor wherever we operate. We do this through effective engagement and by minimizing the impact our plants, quarries, and logistics have on local people. We are also committed to providing our expertise and investment to help disadvantaged communities in the countries where we operate.

Our strategy for building positive, long-term relationships is to cooperate with our neighbors and manage impacts such as emissions, dust, noise, and traffic. In developing countries, we also use innovative business programs and partnerships to support the construction of low-income housing. We contribute to education, culture, sports, conservation, and disaster relief around the world. Our approach is designed to ensure our contribution is effective and aligned with our business goals.

In 2008, our priority was to improve understanding of our social contribution across our operations. We created a social council to bring together managers responsible for social initiatives in each region. The council will consolidate and align our social contribution guidelines to encourage a common approach between business units, countries, and regions. We are working on a common methodology to measure the impact of our initiatives. This will improve efficiency and allow us to target resources where they are most effective.

We are investigating ways to extend successful examples of community engagement. Our Mexican operations have had community engagement guidelines in place for many years. Building on this experience, we have begun to prepare guidelines for all of our



Girls during a public school's visit to a cement plant, Asia

countries' operations and to create a model that can be customized to suit local conditions within a common framework.

Community engagement

We work with local communities before, during, and after we start operations to improve their knowledge of our business and our understanding of our impact on them. Our policy is to participate with communities openly and directly to build trust and address their concerns.

Our business benefits communities by creating employment and contributing to local economies. Nevertheless, it is understandable that people have concerns about issues such as traffic levels, noise, dust, and air emissions (see Our World section for information on how we manage and reduce these impacts). We work with

communities to understand these concerns and try to find mutually agreeable solutions. In total, 75% of our sites conducted Social Impact Assessments before commencing major projects and upgrades to help us anticipate and reduce the impact they might have.

Effective engagement underpins the success of many of our community projects. By the end of 2008, 88% of our cement and aggregates sites had community engagement plans in place. Many have community advisory councils and conduct site visits for community members to see first hand how they are run.

For example, our Close to You initiative aims to build trust with the communities surrounding our 400 operational sites in Mexico. To date, we have established 12 community centers in eight states around the country. We also operate 15 neighborhood councils that

WORKING WITH COMMUNITIES IN THE PHILIPPINES

In the Philippines, we work with local residents to plan and manage our community contributions. This approach has improved our relationships with local communities, helped us assess their expectations, enhanced our reputation, and increased project success rates.

Villagers in the small, hill-top community of Inoburan near our cement plant in Naga City, Cebu, now have a fresh water supply and irrigation system, installed with the help of CEMEX. We have worked with residents to ensure the system is properly managed and

that funds are available for repairs, ensuring benefits for many years to come.

We are dedicated to improving development and conservation through small, independent community projects in areas surrounding our sites. We engage with communities and other stakeholders to identify projects to support and decide how funds should be spent. Engaging local people in the scheme and encouraging them to manage projects makes success much more likely.



Agreement with the community, Philippines



Community sales promoter with customers at a Patrimonio Hoy office, Mexico

provide a forum for CEMEX and community representatives to discuss and understand neighbors' needs, expectations, and concerns.

In the Philippines, as in other countries, CEMEX regularly works with communities through dialogue and consultation sessions to discuss and plan which community projects we should support. This process ensures that projects better reflect communities' needs and wishes, improving the speed at which they are implemented and the likelihood of success (see the case study for more information).

Social contribution

We contribute to local communities where we operate to help provide opportunities and resources for development. We focus on:

- **Promoting** the construction of affordable housing for low-income families in Latin America by providing micro-credit for building materials

- **Increasing** education and training opportunities in schools and universities
- **Funding** cultural and sporting activities
- **Contributing** to disaster relief
- **Promoting** employee volunteering

Our social contributions totaled US\$25 million, or 1.3% of our pre-tax income¹ in 2008. We ranked fifth in a new Opportunities for the Majority index of 75 Latin American and Caribbean companies published by Innovest and the Inter-American Development Bank. The index ranks companies on their efforts to promote the social and economic advancement of the 75% of the region's population living on less than US\$3,300 per year.

The index encourages companies to think creatively about how they can serve this market and bridge the gulf between those who have benefitted from economic growth and those who have not. We were recognized for our efforts to produce more affordable and

1. During 2008, we reported a pre-tax loss.

accessible products, and engage communities through low-income housing programs like Patrimonio Hoy.

Low-income housing

Affordable, quality housing remains out of reach for many people in the developing world. As one of the world's leading suppliers of building materials, we play a significant role in promoting affordable housing and self-construction.

Patrimonio Hoy is our flagship program that provides low-income communities with micro-credit and affordable building materials. We launched the project 10 years ago following a study into the link between poverty and housing in Mexico. The study found that inadequate housing is a significant factor in preventing people from escaping poverty.

Low-income families lack the resources to make meaningful improvements to their living conditions. Patrimonio Hoy provides them micro-loans for discounted building materials, including cement, building blocks, and steel. Families group together to save for the building materials they need over seven cycles of 10 weeks. Within each 10-week cycle, we provide the materials at a fixed price in the second week of each cycle, allowing eight weeks of credit. The project also provides architectural advice and free delivery.

Patrimonio Hoy is a self-sustaining business with over 100 centers in Colombia, Costa Rica, Mexico, and Nicaragua. Over 224,000 families have benefitted from the initiative.

Education and training

Our businesses work with schools and universities to promote education and training opportunities. Education is a powerful tool in helping communities escape poverty. We also seek to raise interest about careers in our industry.

For example, community centers in Mexico encourage economic development by training people in the skills they need to start their own businesses. In partnership with organizations such as the National Council for Culture and Arts and the National Institute for the Education of Adults, the centers run courses on a range of skills, such as sewing, cooking, agriculture, and carpentry. By the end of 2008, over 158,000 people had attended these courses to help improve their prospects.

Elsewhere, we offer technical and engineering university scholarships for young people and women from low-income families. Over 80 participants in Nicaragua and 120 participants in the Dominican Republic have benefitted from these programs.



Left, women attending sewing classes, Nicaragua

Right, employee volunteering in a public elementary school, Mexico



Left, students using CEMEX sports facilities in Egypt
Right, inauguration of the SOS Children's Village, home to children orphaned in the tsunami, Indonesia

Also in Nicaragua, we launched a self-improvement program benefiting more than 100 women from the community surrounding our San Rafael del Sur cement plant. The women learn skills like sewing that can help them at home and provide an additional source of income. The courses take place at the plant and are free of charge.

In the Philippines, CEMEX helps improve educational standards by donating teaching materials and contributing to the construction and upgrading of school facilities. CEMEX's Adopt-a-School program works with six schools in communities near our operations, reaching 5,500 students.

Culture and sports

Our businesses support many cultural and sporting initiatives. For example, we launched a project to promote sports in schools in partnership with the Egyptian National Council for Sports and the Assiut regional government during the 2007/08 academic year. We invited up to 500 students to use our facilities for sports, including handball, basketball, volleyball, tennis, ping-pong, swimming, and football. We also provided equipment such as sports shoes, socks and t-shirts, along with medical care and refreshments. The program has been extended for the 2008/09 academic year following positive feedback from participating schools.

Disaster relief

As a global business, many of our operations and their communities face the threat of natural disaster. We can help respond to such disasters by supplying funds and raw materials needed for people to get their lives back on track. Our employees show their goodwill by fundraising and helping to distribute much-needed relief and supplies.

In 2008, we celebrated the opening of the SOS Children's Village in the Aceh region of Indonesia. The village is home to 150 orphaned

children who lost their loved ones in the 2004 tsunami. As well as providing a new family life, the village contains a small clinic, mosque, daycare center, library, computer and music rooms, as well as sports and education facilities. It is managed by SOS Children's Villages, a Nobel Peace Prize-nominated organization that works with underprivileged children. CEMEX financed the construction of the village and provided matching funds to contributions from employees worldwide. Moreover, a commitment was established to fund the project for four years after its completion.

In the Philippines, CEMEX employees helped distribute aid to victims of typhoon Frank. Families in Iloilo province received over 200 emergency packs containing much-needed basics such as food and medicine.

We also provided food, medicine, and other relief supplies to over 1,000 displaced Bangladeshi families following cyclone Sidir, which hit the south of the country in November 2008. Local employees, along with their colleagues in the Philippines and Thailand, also contributed to relief efforts following widespread flooding in the north of Bangladesh. Relief packages included a small cash contribution to help families with their immediate needs.

Employee volunteering

We encourage our people to volunteer their time to benefit local communities. Our businesses' volunteer programs encourage employees, their families, and friends to give their time and knowledge to support education, conservation, and economic development projects. Many of the projects we support depend on our people's participation.

For example, in Mexico, Spain, and Panama, our Junior Achievement volunteering initiative encourages employees to spend time teaching in schools close to CEMEX operations. Volunteers spend

1.5 hours a week for five weeks using their experience to teach students about business and the benefits of study. CEMEX makes a financial contribution to cover the cost of additional teaching materials.

In the Dominican Republic, our Employees in the Community program helps to address pressing environmental issues such as

deforestation. Activities include tree planting in schools and parks using saplings from our nursery, and raising environmental awareness among community members. We encourage employees to get involved by giving talks and workshops.

BUILDING LONG-TERM RELATIONS WITH THE WURUNDJERI PEOPLE

We are expanding quarrying activities at our Mount Shamrock site in Pakenham, Australia, on land that is culturally significant for the local indigenous people, the Wurundjeri. In an agreement between our Australian operations and the Wurundjeri community, we have committed to:

- Working with the Wurundjeri community and archaeologists to monitor, recover and preserve aboriginal artifacts and other archaeological materials that we find before and during quarrying
- Providing training and employment opportunities for Wurundjeri members, culminating in a nationally recognized qualification

- Contributing to the development of a community business plan to help ensure a sustainable future for the community. We will also make an annual contribution to the Wurundjeri community development fund for the life of the quarry

The agreement demonstrates our recognition and respect for indigenous Australians and their cultural heritage, while providing employment and training opportunities at our operations.

In 2008, we also developed a national Indigenous Relations Policy to further demonstrate our ongoing commitment to building sustainable and mutually beneficial relationships with Australia's indigenous communities.



Wurundjeri people and CEMEX employees on the land where the quarry extension will take place during an event including traditional fire ceremonies and dance to celebrate the agreement and recognize and respect the significance of the land



Our Business partners

- We sold 78 million tons of cement, 77 million cubic meters of ready-mix, and 242 million tons of aggregates to our customers
- Made 94% of purchases from locally-based suppliers
- Have processes in place to screen the social and environmental performance of suppliers in 77% of the countries where we operate
- Took part in a study by Arizona State University to demonstrate the role of concrete pavements in reducing urban heat islands

Our aim is to be the building materials supplier of choice. To win and maintain business, we must provide high quality, competitive, and innovative products that benefit society and make construction safer, greener, and more productive. We cannot achieve this alone – but only by collaborating with business partners throughout our value chain: suppliers, contractors, distributors, and customers.

The building materials we provide are not a finished product – they are components for the construction industry. We work with our business partners to promote the use of cement and concrete products as part of a more sustainable construction approach. This means reducing the environmental impacts of extracting natural resources; producing, transporting, and using construction materials; of using, maintaining, and disposing of the buildings and infrastructure made from our products.

In doing so, we aim to raise levels of responsibility in our supply chain by selecting suppliers with good safety records, labor standards, and environmental performance. We also support small and locally-based suppliers to increase their skills, grow their businesses, and help them become more sustainable.

Our products and services

We are a vertically integrated building materials company. We supply cement, ready-mix concrete, and aggregates, as well as a range of other construction products and services. Our materials are the building blocks of society and are crucial for economic development and improved quality of life.



CEMEX colleague looking after a client, Puerto Rico

Cement

Cement is made from a mixture of materials such as limestone, clay, and iron ore. The mixture is heated to a very high temperature to create clinker, which is then mixed with gypsum and other materials to create cement. The ingredients are combined in different quantities depending on the performance standard required and setting time needed.

Aggregates

Aggregates are crushed stone, sand, and gravel. They are a key component in road-building and the largest ingredient in concrete. We produce aggregates from sand and gravel quarries, hard rock quarries, by dredging the sea bed, and by recycling glass and concrete waste.

Ready-mix concrete

Concrete is made from a mixture of cement, aggregates, and water. It sets in a few hours, so it is always produced locally, close to the building site. Our success depends on being able to respond quickly to orders and deliver concrete on time. Concrete can take on most forms, is very durable, and has many benefits in sustainable construction (see next page).



The raw materials used to produce clinker, aggregates, cement, and ready-mix concrete

Services

We customize our services to suit different markets. In some countries, we offer a full range of building materials, including plumbing, electrical supplies, paint, and timber, through our distribution network. This one-stop shop approach saves our customers time and money. We also provide services aimed at low-income customers (see page 21).

Sustainable construction

Sustainable construction presents a huge opportunity for our industry. When properly designed and constructed, concrete buildings contribute to improve energy efficiency and can last for decades with little or no maintenance. They are durable enough to withstand hurricanes, floods, fire, and even earthquakes. Concrete is usually sourced locally which helps keep down its environmental footprint, and can be recycled at the end of a building's life.

CEMEX has a complete range of products that architects can take advantage of to design sustainable buildings. Led by our Global Center for Technology and Innovation in Biel, Switzerland, our nine research laboratories work to develop more efficient and sustainable products and processes that meet customer needs.

Energy efficiency, for example, is increasingly becoming a market and regulatory requirement, as the energy needed to power buildings during their lifetime accounts for 40% of energy consumption in the planet. Approximately 88% of the energy used in a building during its life span accounts for operation, maintenance, and renovation; while only 12% accounts for the manufacturing and transport of building materials, as well as the construction process itself.

Good building design, coupled with materials like concrete, helps customers to construct buildings that are highly rated for their energy efficiency. In addition, the ability of concrete to store energy (its thermal mass) minimizes temperature fluctuations in a building over the course of the day, reducing the need for additional heating and cooling. The British Concrete Centre's study, *Thermal Mass for Housing, Concrete Solutions for the Changing Climate*¹, shows that the energy used to construct a concrete building can be offset in 11 years by the energy saved through its thermal mass alone.

Another important benefit of concrete is that its light color reflects rather than absorbs sunlight, helping keep urban areas cool. We expect that architects and designers will increasingly utilize this albedo effect to keep buildings cool in hot climates. Other benefits include good sound insulation and reduced water run off. Porous concrete allows rainwater to filter through and is often used in

roads and car parks to reduce flooding, prevent skidding, and maintain groundwater levels. It also reduces heat concentration in urban areas by up to 4°C, as porous concrete stores less heat. We have participated in a study by the National Center of Excellence on SMART Innovations at Arizona State University to demonstrate the role concrete pavements can play in mitigating the urban heat island effect.

Several countries have introduced sustainable building regulations, including France, Germany, Spain, and the UK. For example, the UK Code for Sustainable Homes will require all new homes to have zero net carbon emissions by 2016. We are making efforts to take advantage of these changes by sharing information with customers and developing models that show the environmental impact of different product mixes.

Our products contribute to meeting the requirements of certification processes such as Leadership in Energy and Environmental Design (LEED) in the USA, *Haute Qualité Environnementale* (HQE) in France, Green Star in Australia, and the *Comisión Nacional de Vivienda* (CONAVI) in Mexico, where CEMEX materials are being used in a major housing development in Tijuana that demonstrates the CONAVI sustainability criteria. We also promote sustainable construction through the CEMEX Building Awards (see the Excellence in Construction case study).

We are reducing the energy needed to make our cement by using less clinker, as its manufacture is very energy intensive. We do this by substituting it with alternative cementitious materials such as by-products from other industries, primarily fly ash from coal-fired power stations and blast furnace slag from the steel industry. This also reduces the amount of raw materials needed. We anticipate an increase in the use of cement with reduced clinker content, although in some markets regulation and market practices have so far limited uptake.

We are making a further contribution to the development of a sustainable construction industry through our involvement in the World Business Council for Sustainable Development (WBCSD) Energy Efficiency in Buildings (EEB) initiative. The final report of this three-year initiative was published in April 2009 and is available on our website. It presents a transformation plan for the building sector and a roadmap for making the required reduction in energy used in buildings. The reports five main recommendations relate to:

- Raising the profile of building energy and the urgency of action
- Shifting regulation with increased transparency on energy use

1. www.concretecentre.com

PRODUCT INNOVATION

- **High insulation concrete forms** are generally made from polystyrene and filled with concrete to help keep heat out in hot climates and prevent it from escaping in cold weather.
- **Self-compacting concrete** has a dense formulation that improves strength and durability, increasing the life of the building and reducing maintenance costs. It also reduces labor costs, energy use, and health risks during construction.
- **Porous concrete** allows rainwater to filter through, reducing flooding, helping to prevent skidding on wet roads, and reducing heat concentration by up to 4°C.
- **Rapid-setting concrete** contains up to 80% fly ash, making it a low-carbon alternative to conventional concrete.
- **Concrete with high acid resistance** is robust and durable for uses such as cooling towers or for storing silage on livestock farms.
- **Antibacterial concrete** controls bacteria growth, helping to maintain clean environments. It is used in hospitals, laboratories and farms, for example.



Rapid-setting concrete



Porous concrete



Antibacterial concrete



Self-compacting concrete

- Adopting wide-scale approaches that optimize energy performance in new and refitted buildings
- Providing incentives to stimulate energy-efficient investment
- Adopting smart technologies

Our value chain

Supply chain responsibility

For CEMEX, supply chain responsibility means building positive relationships with suppliers and promoting sustainability. At a minimum, we require every supplier to comply with local regulations. We assess the recent performance of potential strategic suppliers using a request for information questionnaire. Companywide, 77% of the countries where we operate had processes in place to screen suppliers and contractors on social and environmental aspects of their businesses in 2008.

We are in the process of developing a new sustainability procurement program that will require suppliers to adopt certain standards regard-

ing the environment, health and safety, labor, hazardous materials, and energy efficiency. We plan to implement the program in 2009.

We already have some sustainable procurement initiatives in place. For example, we are working with suppliers to reduce the environmental impact of our trucks and ready-mix equipment. We are looking at several alternatives, including hybrid engines, biofuels, engine emission controls, and ways to improve fuel efficiency, such as reprogramming existing truck engines to shut down automatically when idle.

Supporting small, medium, and locally based suppliers

We encourage small companies to grow and provide their goods or services to more than one of our locations. We do this by establishing local, regional or national contracts. We support the growth of local economies by building relationships with local business partners. In 2008, 94% of our purchases were from locally-based suppliers.

RECOGNIZING EXCELLENCE IN CONSTRUCTION

We introduced the CEMEX Building Awards in 1991 to recognize the best of Mexican construction. In 2004, the contest opened up to international entrants to promote a culture of innovation in the building industry.

In 2008, winners from 15 national contests participated in the international awards. An independent panel of judges selected winners in five categories, including special awards for sustainability and accessibility.

Projects that successfully address environmental impacts through design, construction, and operation are eligible for the sustainability prize. In 2008, first place went to the Alameda County Juvenile Justice Center in San Leandro, California. This public sector facility used 93% of the materials from the building it replaced. Solar panels supply 60% of its energy needs, and efficient plumbing reduces water use by up to 41%.

The accessibility prize is awarded to the building project that best enables people with different types of disabilities to access and use a building. An urban restoration project in Banja Luka, Bosnia and Herzegovina, won the prize in 2008. The project regenerated a central area of the city, restoring buildings and creating new public spaces, all of which are easily accessible to all of the city's residents, regardless of their physical abilities.

*Upper, the Alameda County Juvenile Justice Center, California
Lower, central city area of Banja Luka, Bosnia and Herzegovina*



In Mexico, we have shared our sustainability knowledge, experience, and practices with 10 small and medium sized customers, suppliers and distributors during a three-year program run in partnership with the Inter-American Development Bank (IADB) and Anahuac University. The program ended in September 2008. As a result of the program, participating companies have now implemented a code of ethics, measures to protect human rights, and revised employment policies.

For the last three years, our Spanish business has asked suppliers for ideas to improve our business and procurement processes. In 2008, we requested ideas specifically related to sustainability, and are evaluating the 25 ideas received. Following its success in Spain, we have now rolled out the program in Costa Rica, and intend to implement it in other countries in 2009 (see also the case study on supporting local businesses in Croatia).

Distributors

We often sell our products through distributors – retailers who buy our products and sell them to customers. We work closely with them to ensure their customers receive the best service.

In Latin America, where there is a tradition of do-it-yourself home building, customers are often too small to buy in bulk. Our network

of more than 2,000 independent retailers trading under the name Construrama, provides access to ours and other products in countries such as Mexico. We train Construrama concession owners in skills such as inventory control, product promotion, sales, and logistics.

Customers

Our customers range from multinational companies to individuals building or improving their homes. Needs and practices vary greatly from region to region, and we provide a flexible approach to ensure that we meet all of our customers' needs.

For example, we have several business initiatives that increase our customers' access to our products (see page 21 for more, including details of our Patrimonio Hoy program).

We work collaboratively with our customers to help them achieve their goals. For example, to pave highways and streets in major cities with our high quality ready-mix concrete, we design the project, define the best technical solution, offer different financial options, and execute the project in collaboration with local builders. We similarly work alongside our neighbors in small, less-affluent communities to help them improve the paving of their streets and sidewalks.

SUPPORTING LOCAL BUSINESSES IN CROATIA

We offer a 24-hour dispatch system for large customers who order in bulk, so they can collect their cement when it is most convenient. Our web-based inventory automatically calculates a customer's cement requirements, so they always receive the optimum amount.

Customers can access the information they want, when they need it using our online customer resource center. They can track and view details of pending orders, as well as their order history, and select the fastest and cheapest method of delivery. The system also enables customers to view, download, and print documents such as account statements and invoices.

We conduct regular surveys to measure customer satisfaction levels in 60% of the countries where we operate, and are rolling out these surveys with major clients worldwide.

Product responsibility

We work hard to ensure our products are safe to use and to give customers the information they need to use them properly. All of our production processes are certified locally, and many of our cement plants are certified to ISO 9000, the internationally recognized quality management system. Our products meet legal requirements for product labeling and the provision of safety data in each country where we operate.

Our business benefits from the support of locally-based suppliers. Local companies are often more responsive and reliable, as they can deliver materials very quickly. By building relationships with local business partners, we also support the community by creating jobs and stimulating economic growth.

Our Croatian operation, where half of our suppliers of goods and services are from the communities in which we operate, is a good example. In 2007, we signed a memorandum of understanding with local communities expressing a mutual desire to develop the local market, with the aim of creating more than 2,000 jobs.



"It is always important to have a good relationship with our neighbors and give them the opportunity to be part of the market and be more competitive. In a very short period of time some of our local suppliers have doubled their number of employees and capability."

—Boris Galic, Head of Procurement Operations in Croatia
with a local supplier

*Employees and
business partners,
France*





- **Reduced specific net carbon dioxide emissions by 15.8% from 1990 levels, and had these figures externally audited**
- **Met our 2015 target for alternative material use**
- **Increased our total alternative fuels use to 10.3%, from 7.6% in 2007**
- **Mapped all quarries against areas of high biodiversity value in collaboration with BirdLife International**
- **Registered two new biomass projects under the United Nations Clean Development Mechanism**

We obtain many natural resources such as energy, raw materials, and water from the environment. We understand the importance of maintaining a balance between our needs and the environmental resources available. Healthy ecosystems are essential for maintaining economic and social development and continuing to improve people's quality of life. We take the need to preserve resources and maintain a healthy climate very seriously.

We have systems in place to reduce our energy use and air emissions, protect and enhance biodiversity, conserve water and other natural resources, and reduce waste. As well as reducing our environmental impacts, these measures improve operational efficiency, increase competitiveness, and help us to meet the expectations of many of our stakeholders.

Our total environmental investment during 2008 was US\$50 million. We are standardizing our internal environmental management system (EMS) - which is based on international standards - worldwide, and plan to complete this process by 2010. In addition, some sites choose to become certified by such standards as ISO 14000 to demonstrate best practices or meet customer requirements.

We assess short, medium, and long-term impacts at all sites by planning for growth and taking possible environmental impacts into account when designing a facility. This helps secure their future by making sure they will comply with evolving sustainability standards and legislation. Each plant has specific plans and priorities in addition to our minimum standards, which are implemented globally and are at least as stringent - if not more so - than local regulation.

our World

Photograph from our conservation book A Climate for Life: Meeting the Global Challenge

In 2008, there were 21 environmental incidents related to our operations that caused significant emissions to air, land or water, and were reported according to local legislation. We had 67 non-compliance cases related to social or environmental violations, totaling US\$4.1 million in fines. We conducted root cause analysis and improved training to prevent future problems.

Energy and climate change

Climate change is one of our greatest challenges, and we are playing our part in the global effort to address it. This means reducing greenhouse gas emissions, especially from our cement business, and helping customers to do the same (see page 11 for more on how we are working with others to reduce energy use in buildings).

We are committed to reducing our carbon dioxide (CO₂) emissions, the only greenhouse gas emitted by our operations in significant quantities. Our target is to reduce net CO₂ emissions per ton of cementitious material by 25% by 2015 from 1990 levels. Our strategy for achieving this has three main elements: reducing energy use including the use of alternative raw materials, using alternative fuels, and investing in renewable energy.

Reducing energy consumption

We have been working with equipment suppliers to improve the energy efficiency of our plants for many years. We continue to implement technologies for improving energy efficiency throughout our operations.

Rugby cement plant, UK





*Left, used tires are chipped and used as an alternative fuel in cement kilns, helping to reduce landfill
Right, Refuse-derived fuel is made from treated household and commercial waste*

In addition, we are replacing energy-intensive clinker with other cementitious materials such as slag and fly ash – by-products from the steel and power industries. In 2008, our alternative raw material substitution rate increased to 12% from 10.69% in 2007, meeting our target for 2015 and making us well-placed to meet our 2020 target. We have reduced our clinker-to-cement ratio from 79.8% in 2006 to 75.5% in 2008. Energy requirements for clinker production also declined slightly from 3,770 mega joules per ton of clinker in 2007 to 3,741 mega joules in 2008. Indirect energy consumption from purchased energy for our cement operations also decreased 7% to 8,043 GWh during 2008.

Using alternative fuels

We are also increasing our use of alternative fuels, such as chipped tires, sewage sludge, household waste, and biomass such as animal meal and agricultural waste. This not only reduces CO₂ emissions, but also protects our business from volatile energy prices. In 2008, alternative fuels accounted for 10.3% of our total fuel use, up from 7.6% in 2007 and demonstrating good progress toward our target of 15% by 2015.

The use of alternative fuels is more straightforward in some regions than others, depending on whether there is good, well-implemented landfill legislation. For example, using household waste as fuel is

already standard practice in Germany. Alternative fuels accounted for a quarter of our total fuel use in the European Union in 2008, and could exceed 50% by 2012. This is because the necessary infrastructure and regulation already exist, including the Emissions Trading Scheme (EU ETS) which incentivizes the use of low-carbon fuels (see page 11 for more on climate change regulation).

In 2008, our UK cement business nearly doubled its alternative fuels substitution, achieving a rate of 33%. This is primarily a result of our use of refuse-derived fuel (RDF) obtained from household and commercial waste, known as Climafuel® in the UK. This is a solid, non-hazardous fuel that looks like shredded paper and consists of treated paper, cardboard, wood, carpet, textiles, and plastics. Recoverable materials are removed for recycling before treatment. We source RDF from specialized waste management plants, which collect the waste and turn it into fuel. We plan to invest in an RDF plant close to our Rugby plant to increase availability. Once the planning process is completed, the plant will have the capacity to receive around 300,000 tons of local waste per year and provide around 60% of the Rugby plant's RDF needs.

In 2008, we registered two biomass projects with the United Nations Clean Development Mechanism (CDM), at our Caracolito cement plant in Colombia and Colorado cement plant in Costa Rica.

INTRODUCING ALTERNATIVE FUELS

The high temperatures required in cement kilns make them ideal for safely disposing of some of society's wastes, recovering energy in the process. This not only provides a suitable and necessary alternative to landfill, but also reduces our reliance on fossil fuels and our resulting contribution to climate change.

As described in this section, we have successful examples of alternative fuel use. However, local residents often have concerns about possible implications to their health and local environment, and this can make it difficult to use tires and other waste as fuel. We take all concerns about our operations very seriously, and work closely with local communities and regulators to explain our aims and ensure we understand each other's point of view.

The technology used in modern cement kilns makes it possible to use waste as fuel, while keeping air emissions well within

safe levels. This is clearly demonstrated by our experience at our Rugby plant in the UK, where 40 million tires are scrapped every year because it is illegal to landfill them. The plant received a permit to use chipped tires as fuel in 2007 following detailed trials and three years of extensive consultation with a wide range of organizations, community groups, and neighbors. Use of chipped tires at Rugby has since more than doubled, and there has been a 40% reduction in emissions of nitrogen oxides.

We continue to engage with communities and regulators in other locations to help us expand our use of alternative fuels, reduce our emissions, and help to solve society's waste disposal problem. We have corporate guidelines for the introduction and handling of alternative fuels and raw materials in cement kilns to complement local regulation, or serve as a substitute where no regulation exists.

These facilities aim to substitute as much coal and petroleum coke as possible with local biomass products such as rice and coffee husks, sawdust, and palm residues. We expect the projects to reduce direct CO₂ emissions by over 120,000 tons per year.

Several facilities in Mexico and one in the Dominican Republic have found innovative ways to use alternative fuels in their cement kilns. This involves blending liquid and solid waste fuels so they can be fed into the kiln using pumps retrofitted for this purpose.

Investing in renewable power

Refuse-derived fuel is not only used as an alternative fuel for our kilns, but also as a renewable energy source for power generation. Our facility in Rüdersdorf, Germany, uses power from a 30 megawatt waste-to-energy facility fueled by RDF.

We also invest in renewable energy such as wind power to supplement our energy reduction measures and use of alternative fuels.

EURUS WIND FARM IN OAXACA, MEXICO

With 167 wind turbines generating up to 1.5 megawatts (MW) of power each, the Eurus wind farm in Oaxaca, southern Mexico, will have a production capacity of 250 MW and supply 25% of our energy needs in Mexico.

The wind farm, which represents an investment of US\$550 million by the Spanish company ACCIONA Energía, created more than 850 jobs in the region during construction, and will bring other benefits to the local economy and community.

The first phase became operational in the first quarter of 2009. Once fully operational, Eurus will be one of the larg-

est wind farms in the world, and the largest wind power generator in Latin America. It will also produce the second largest emissions reduction of any project registered under the United Nations' Clean Development Mechanism, and have one of the largest emission reduction indexes per installed capacity in the world. We estimate that the energy produced could power a Mexican city of half a million people, reducing carbon dioxide emissions by approximately 600 thousand tons each year - approximately 25% of the total emissions generated by such a community. The wind farm represents a major contribution to our global effort to reduce our environmental impacts and become a more sustainable business.

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

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



Inauguration of the first phase of the Eurus wind farm

We expect a new, 250 megawatt wind farm in Oaxaca, Mexico, to be fully operational by the end of 2009; this farm will supply 25% of our power needs in the country. The wind farm has been registered as a CDM project, which will help to offset emissions elsewhere (see the Eurus case study for more information).

Performance

In 2008, our cement operations emitted an average 662 kilograms of net CO₂ per ton of cementitious product, a slight decrease from 681 kilograms in 2007. This represents a 15.8% decrease in specific emissions from our 1990 baseline, and we remain on track to meet our targeted 25% reduction by 2015.

Absolute net CO₂ emissions were 48.2 million tons, down from 53.9 million tons in 2007. The reduction is in part the result of the measures described above, but also due to a cutback of production levels as a response to declining demand.

We continue to participate in the Carbon Disclosure Project (CDP), a voluntary initiative that requests annual information on companies' climate change risk management and performance. We achieved a score of 75% in the most recent round, CDP6. This is nine points higher than any other participating company in our sector. As part of this initiative, we estimated our indirect CO₂ emissions for 2007 related to business travel, distribution and logistics and supply chain activities, which accounted for a total of 6.9 million tons.

See page 11 for information on our involvement in external climate change policy.

Resource management

Extracting raw materials such as the limestone, chalk, clay, sand, and gravel used in our products impacts the land and can affect the habitats of local wildlife. We manage these impacts carefully. We also have a responsibility to manage the rate at which we use raw materials, so we ensure their availability for future generations and the longevity of our business.

Land management

The conservation of biodiversity and natural resources is essential for a sustainable society. We plan our quarrying activities to ensure that we protect biodiversity throughout the life of the site. This process includes using environmental and social impact assessments to plan our operations responsibly (see page 19 for more on social impact assessments).

We have specific plans in place to protect biodiversity during operations at 69% of cement facilities, the same as in 2007, and at 48% of aggregates sites, averaging 51% of applicable sites. We are developing management standards to improve performance in the future. We also put in place rehabilitation plans for restoring quarries during operation and after closure. Our restored quarries are used for farming, recreation, and wildlife habitats. At the end of

GLOBAL CONSERVATION PARTNERSHIP FOR CEMEX SITES

In December 2007, CEMEX and BirdLife International signed a 10-year global agreement, building on the existing relationship between BirdLife and CEMEX in Europe which dates back to 2003.

BirdLife International is a global network of non-governmental conservation organizations, with grassroots membership spanning over 100 countries. They work to conserve wild birds, their habitats and global biodiversity by promoting sustainable resource use. Changes to bird populations are a good indicator of the health of biodiversity in a region.

The partnership harnesses BirdLife's knowledge and capacity to help us monitor biodiversity across our operations and improve our environmental management. In collaboration with BirdLife's partner in Mexico –ProNatura– during 2008, we mapped the locations of all of our quarries in relation to areas which are protected or of high biodiversity value. As a result, we have identified how many cement and aggregates sites operate in environmentally sensitive areas. With these efforts, we hope to enhance conditions for birds and other species at our sites, and help protect threatened bird species and biodiversity at national and international levels. The partnership also aims to raise employee awareness of the importance of biodiversity. We have already carried out several successful projects, including one in collaboration with the League for the Protection of Birds (LPO), BirdLife's partner in France, resulting in the design of biodiversity cards to help quarry managers maintain diverse habitats such as reeds, gravel beaches, dry grasslands, and hedges.



Conservation of biodiversity, UK

BIODIVERSITY PARTNERSHIPS

In addition to our efforts to responsibly manage the land where we operate, we work in partnership with others on wider biodiversity conservation projects. Our common goal is to help protect and restore ecosystems and ensure the long-term health of the planet.

Our series of conservation books is one example of this work. The books contain cutting-edge images from some of the world's best nature photographers, and aim to raise awareness of conservation issues and inspire action. In 2008,

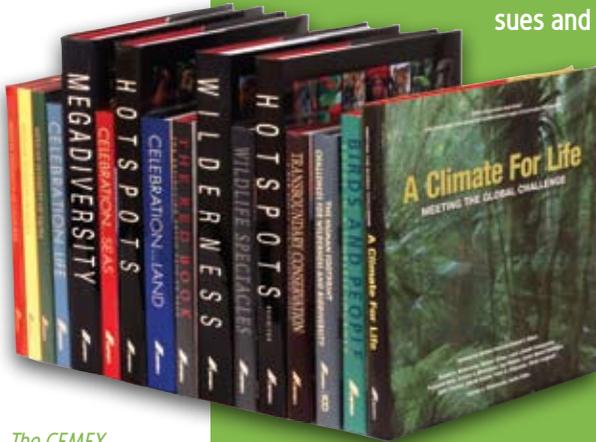
we published our 16th title, *A Climate for Life: Meeting the Global Challenge*¹, in partnership with Conservation International and the International League of Conservation Photographers.

The book examines the impact of climate change on biodiversity, and focuses on the most crucial challenges

currently facing life on our planet. Most importantly, the book discusses the sustainability of the solutions available.

At the field level, our El Carmen initiative has become the model for a new generation of conservation partnerships. El Carmen is an example of cross-border cooperation for biodiversity protection. Established in 2000, it now covers approximately 200,000 hectares of ecologically significant land along the border of the United States and Mexico. The land is owned by CEMEX and other private landowners.

Restoring native grasslands and wildlife habitats is a priority at El Carmen. The initiative uses scientific research coupled with habitat and wildlife management to restore and protect the landscape. Depleted grasslands are being mechanically treated and reseeded as a part of the comprehensive management plan. The initiative provides guidance on habitat and wildlife restoration to our partners and interested adjacent landowners. A highlight in 2008 was the installation of solar and wind power generators for facilities at El Carmen, reducing the use of fossil fuels.



The CEMEX Conservation Book Series

1. Available at www.aclimateforlife.com

2008, 94% of cement quarries had rehabilitation plans in place, the same as in 2007, along with 37% of aggregates sites. This represents an overall coverage of 46% of all quarries. Our target for both segments is 100% by 2015.

We work in partnership with conservation organizations to share expertise and improve biodiversity management. In December 2007, we signed a 10-year agreement with BirdLife International (see the Global Conservation Partnership case study). ProNatura, a BirdLife member organization in Mexico, has mapped the locations of all of our quarry operations globally in relation to protected areas and areas of high biodiversity value. As a result, we have discovered that 37% of all of our active cement and aggregates sites operate in environmentally sensitive areas. This will provide a comprehensive picture of the biodiversity risks and opportunities associated with our operations worldwide. We are using this information to prioritize action at sites with the highest biodiversity impacts and identify opportunities for new collaborative projects with BirdLife partner organizations worldwide.

Alternative materials

We have already described how replacing clinker with by-products from other industries reduces our CO₂ emissions. The use of alter-

native materials is also important because it reduces the need for quarrying and the related impacts on biodiversity and landscapes.

Our use of alternative materials was instrumental in winning a contract to provide the materials for a new, gas-fired power station in the UK. We will supply 70,000 m³ of ready-mix concrete, and will use pulverized fuel ash from an existing coal-fired power station on the same site in its production.

We also optimize material use by carefully monitoring and controlling the physical and chemical properties of raw materials entering cement kilns. This helps maintain consistent characteristics in the mix, ensuring a stable production process and improving productivity and energy efficiency.

Water use

Water is becoming an increasingly scarce resource as a result of climate change and an increasing global population. As a consequence, companies are subject to much more scrutiny regarding their water management. We operate in several water-stressed parts of the world, including Australia, Egypt, Israel, and the United Arab Emirates. This makes it essential for us to monitor our water use closely.



*Bulk cement truck,
Czech Republic*

We use water in cement production for cooling and to prepare slurry in a few kilns that use a wet process. We also use water in concrete and aggregates production and to clean plants, equipment, and vehicles. In 2008, 82% of our operations had water recycling systems. During 2009, we plan to comprehensively assess our water utilization and efficiency levels. We will use this information to improve our water management systems and to identify best practices and regions that may suffer water scarcity in the future.

Our ready-mix operations in Australia have produced a set of storm water management design principles for use at all new sites and existing sites implementing upgrades. These ensure our systems provide an adequate supply of water to the plant and protect the environment from discharges of contaminated water.

By-products

The main by-product of our operations is cement kiln dust (CKD), large amounts of which are reused in the production process. CKD is commonly added to finished products, as well as used to stabilize waste or for environmental remediation. We send a small proportion to landfills. Good operational practices keep it to a minimum, and we seek additional beneficial uses for any CKD that is produced.

Recycling of concrete

Another way to save raw materials is to recycle concrete for use as aggregates in new concrete mixes. Concrete is the most widely used manmade material and, therefore, makes up a considerable portion of the world's waste. CEMEX is a member of taskforce

seven of the World Business Council for Sustainable Development's Cement Sustainability Initiative, which is focused on this issue. The taskforce has produced a report to promote concrete recycling and encourage sustainable thinking in this area. The report identifies key issues to consider, including the benefits of – and barriers to – concrete recycling.

Complex regulation is one barrier. Because recycled aggregates are usually derived from waste, they often carry a heavier regulatory burden than natural aggregates, and this can unintentionally discourage recycling. We are working with governmental agencies in the UK and EU to overcome these barriers, while maintaining high standards of product quality, health, safety, and environmental protection.

Air quality

Cement production generates various atmospheric pollutants which must be strictly controlled. The main emissions our operations release are nitrogen oxides (NOx), sulfur compounds (SOx), and dust. These are covered by national legislation and local regulation in many regions where we operate.

We use the Cement Sustainability Initiative reporting protocol to report our air emissions. Our target is to have continuous monitoring of major emissions (dust, NOx, and SOx) for 50% of our clinker production by 2010. At the end of 2008, 39% of our clinker production was covered by continuous or discontinuous monitoring systems for all emissions, and 44% was covered by continuous monitoring systems for the major emissions.

We also have targets for reducing specific emissions, using 2005 as a baseline. We achieved our 2015 target for SOx emissions and have made good progress on both dust and NOx. In 2008, dust emissions had decreased by 48% from 2005 levels compared with a target of 50% by 2015. NOx emissions had declined by 9.6%, against a targeted 15% by 2015.

Although air emissions vary depending on the raw materials used, our performance remains comparable with the industry. Technology plays a large part in reducing emissions. In Puerto Rico, for example, a more efficient air filtering system has reduced dust emissions by more than 90% since its installation in mid-2007.

Pollutants such as dioxins, furans, volatile compounds, and heavy metals are usually found in very small quantities in emissions from our cement plants. As part of the Cement Sustainability Initiative, we are measuring the above emissions.

Transport

Transport is an important issue for CEMEX, as the weight of our products demands the use of the most cost-efficient distribution methods. Most of our cement kilns are located close to the quarry to reduce the distance that raw materials must travel. Many sites use conveyor belts to transport raw materials from the quarry to avoid road transport. This method is less costly and reduces our impact on the climate, as well as the noise and congestion in our local communities. In some cases, such as our Rugby plant in the UK, chalk slurry mix is transported in high-pressure pipelines.

Distribution by barge is more fuel efficient than by road, and can carry more product per load. We use sea and inland waterways to transport our product where viable.

Rail transport is also more efficient than road. Our aggregates operation in Immelborn, Germany, handles 250 tons of gravel per hour. Since a nearby railroad that had been unused since the 1960s reopened in 2007, we can now transport product to customers in Berlin and Hamburg by train. The first two kilometers of track are within the site's boundary, and then merges with the national rail network. Until the railway reopened, the Immelborn plant was only able to supply customers within a 100km radius. The use of the railway enables the plant to supply long-distance customers competitively. There are currently two trains of aggregates each to Berlin and Hamburg per week (see also case study on sustainable transport in France).

Our Colombian operation has made progress to improve fuel efficiency in its fleet of vehicles. For example, we have begun to fill our vehicles' tires with nitrogen, which offers us better performance and provides us with a 4% reduction in fuel consumption. We are piloting one diesel engine on a dual system that runs on 75% natural gas mixed with 25% diesel fuel. This will reduce CO₂ emissions by 30%, and will reduce CO₂ emissions by more than six thousand tons per year if the whole fleet is converted.

SUSTAINABLE TRANSPORT IN FRANCE

A new rail and river link at our Marolles-sur-Seine site, an hour south of Paris, is the first of its kind in France.

Limestone is carried to the site by rail from a quarry 200 km away. To make this possible, the rail operator agreed to reopen an 8 km stretch of unused line. The limestone travels the final 3 km to the site by conveyor belt, which is covered to contain noise and dust. The rail operator plans to extend the link a further 22 km by 2011, creating a more direct route.

The Marolles site uses limestone to produce aggregates, which it delivers by barge to customers and ready-mix concrete plants in Paris. We can carry larger quantities of product by barge than by road, increasing efficiency. As river transport uses roughly a third less fuel than road haulage, the multimodal link reduces greenhouse gas emissions and will soon pay for itself. The limestone is mixed with alluvial sand and gravel, reducing the amount needed and extending the quarry's life.

Reopening the railway has also reduced our impact on our neighbors, as transporting limestone by rail rather than road creates less noise and dust.



Barge and rail for transporting aggregates, France



Performance in detail

This section reports our performance on our most significant impacts in relation to each stakeholder group. We provide data for each business and the company as a whole, where appropriate. Please refer to the relevant chapters of the report for a discussion of our performance.

Direct economic impacts

US million, 2008

Customers	Net Sales ¹	\$21,695
Suppliers of goods and providers of services	Cost of Sales and Operating Expenses ²	\$13,824
Employees and their families	Wages and benefits ³	\$3,512
Investment to maintain and grow our business	CAPEX ⁴ plus Working Capital	\$2,028
Creditors	Net Financial Expense	\$860
Governments	Taxes	\$323
Communities	Donations ⁵	\$25
Shareholders	Dividends ⁶	\$21
	Others	\$62
	Free Cash Flow ⁷	\$1,040

Coverage of EHS Management Systems (2008) ⁸

	Cement	Ready-mix	Aggregates	Total
% of operations with a Safety Management System implemented	82%	94%	69%	80%
% of operations with a Health Management System implemented	89%	77%	79%	82%
% of operations with an Environmental Management System implemented	85%	74%	67%	75%

1. Excludes sale of assets

2. Includes Depreciation and Amortization

3. Wages reported in 2007 were for non-operational employees only

4. Capital Expenditure for Maintenance and Expansion

5. 1.32% of loss before taxes

6. Dividends paid in cash to 3% of shareholders, the other 97% received 284 million CPOs

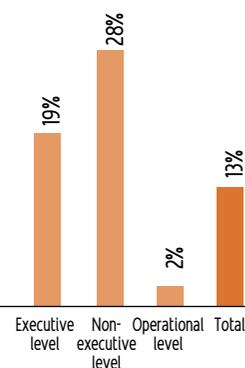
7. Mainly used to reduce debt

8. Information from internal audits/assessments through on-site evaluations in six major countries (Mexico, United States, Spain, France, UK, Germany) and self-assessments in other 20 countries

OUR PEOPLE

Headcount by geographic distribution ¹	2006	2007	2008
Mexico	12,038	12,874	11,969
United States	9,010	16,389	12,487
Spain	3,034	3,151	2,892
United Kingdom	5,920	5,549	4,205
Rest of Europe	11,302	11,765	11,563
South/Central America and Caribbean	6,360	7,158	4,530
Africa and Middle East	1,903	1,984	1,776
Asia and Australia	1,433	4,045	4,133
Others (including Corporate)	3,635	3,697	3,236
Total	54,635	66,612	56,791

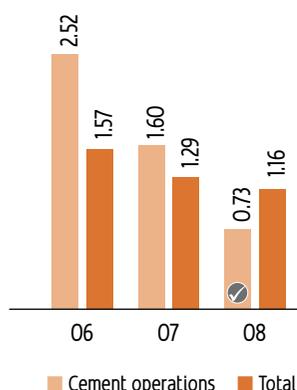
Diversity: % of female employees by employee level 2008



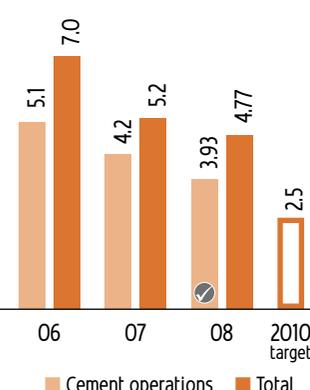
Total Fatalities ²	2006	2007	2008
Employees, total	8	7	7
Employees, cement operations	3	2	1
Contractors, total	10	20	20
Contractors, cement operations	3	7	10
Third parties, total	14	11	18
Third parties, cement operations	0	1	6
Total	32	38	45
Total, cement operations	6	10	17

Lost Time Injuries (LTIs) ²	2006	2007	2008
Directly employed, total	939	672	654
Indirectly employed, total	103	129	165
Directly employed, cement operations	139	115	119
Indirectly employed, cement operations	38	49	66

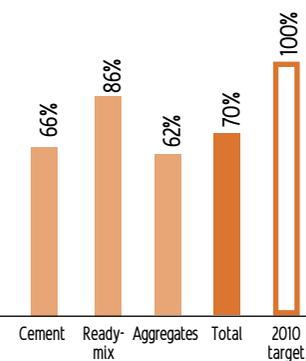
Fatality rate for direct employees^{2,3} per 10,000 employed



Lost-time injuries (LTI) frequency rate for direct employees^{2,4}



% of operations with safety training programs for drivers 2008



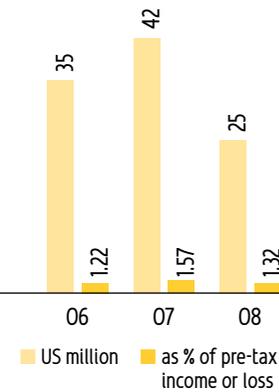
1. Includes restructuring and the nationalization of our operations in Venezuela
 2. Safety indicators are consolidated according to the Safety in the cement industry: Guidelines for measuring and reporting, from the Cement Sustainability Initiative (CSI), updated October 2008 version 3.0. In some countries however, the cement safety data does not include cement logistics operations, as the organizational structure does not enable the separation of cement logistics from other materials' logistics. The total CEMEX safety data presented does include all operations. Data for Rinker Legacy not included for 2007: overall headcount was 7,577 average with 69 lost-time injuries for direct employees and 0 fatalities.

3. Fatality Rate (directly employed) = (Number of fatalities in a year / number of directly employed) x 10,000
 4. LTI Frequency Rate (directly employed) = Number of Lost Time Injuries x 1,000,000 hrs (1 million hrs) / (Total actual hours worked in a year)

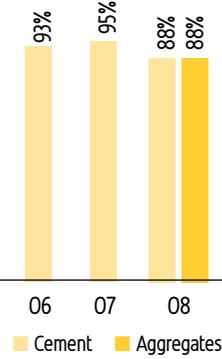
The figures identified with the symbol were subject to an external limited assurance process from PricewaterhouseCoopers. See page 43 for the complete assurance statement

OUR NEIGHBORS¹

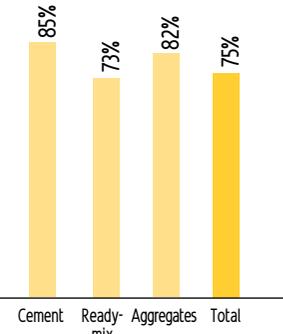
Donations



% of sites with community engagement plans²

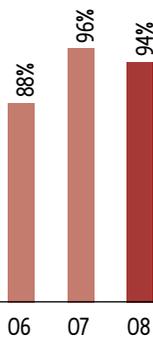


% of sites conducting social impact assessments 2008

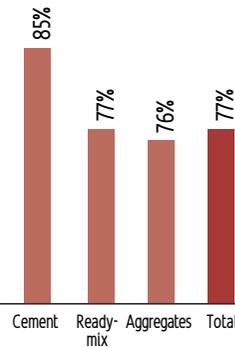


OUR BUSINESS PARTNERS¹

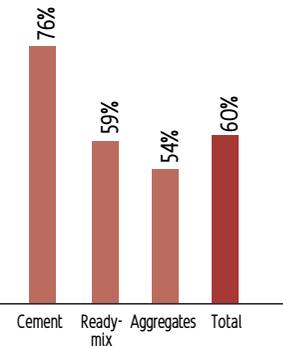
% of purchases sourced from locally-based suppliers



% of countries with a process to screen suppliers and contractors in relation to social and environmental aspects 2008



% of countries that conduct regular customer satisfaction surveys 2008



OUR WORLD

	2006	2007	2008
Specific heat consumption of clinker production (MJ per metric ton of clinker)	3,707	3,770	3,741
Alternative raw materials rate	9.90%	10.69%	12.00%
Clinker/cement factor	79.80%	78.07%	75.54%
% of clinker produced with monitoring of major and minor emissions	37%	39%	39%
% of clinker produced with continuous monitoring of major emissions	41%	44%	44%
Environmental Investment (US million)	\$54.7	\$56.5	\$50.0

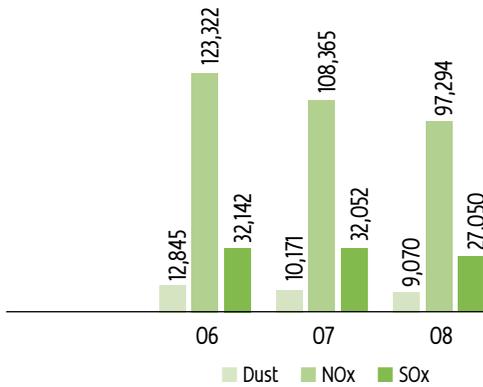
2008	Cement	Ready-mix	Aggregates	Total
Environmental incidents ³	17	3	1	21
Environmental non-compliance cases	42	24	1	67
Associated fines (US million)	na	na	na	\$4.1

1. Information from the CEMEX Sustainability Outlook's self-assessment questionnaires applied to the 25 countries which represent 100% of those with infrastructure to produce cement, ready-mix concrete or aggregates

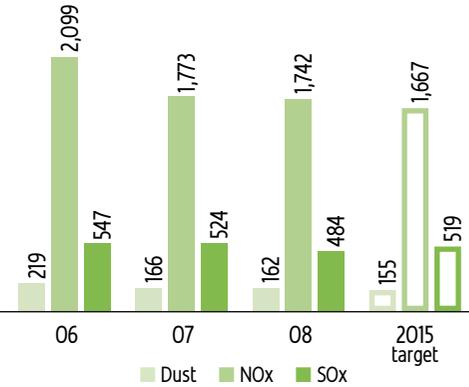
2. The figures for years 2006 and 2007 were only for cement operations. The variation in 2008 is due to an improvement in measurement, as well as changes in the consolidation perimeter

3. Environmental incidents refer to major environmental events outside of normal operating conditions resulting in a significant emission release to air, land or water followed by potential legal action

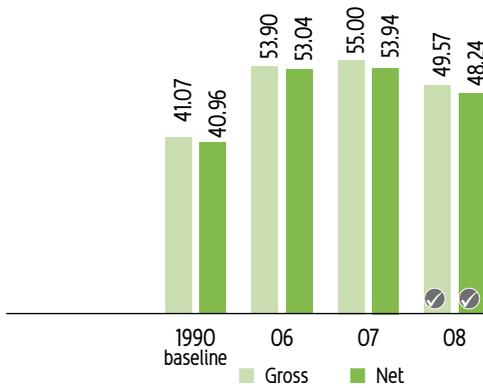
Absolute major emissions¹
tons/year



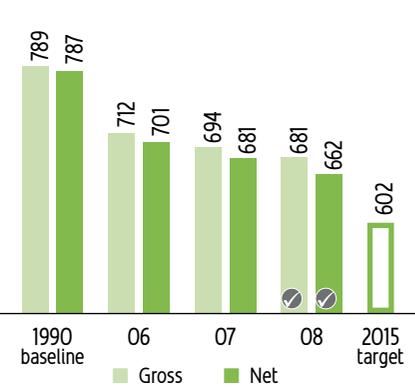
Specific major emissions¹
g/ton clinker



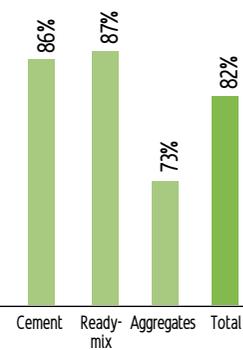
Absolute CO₂ emissions²
million metric tons



Specific CO₂ emissions²
kg CO₂ / metric ton of cementitious product



% of operations with water recycling systems
2008



Indirect CO₂ emissions by weight³
million tons

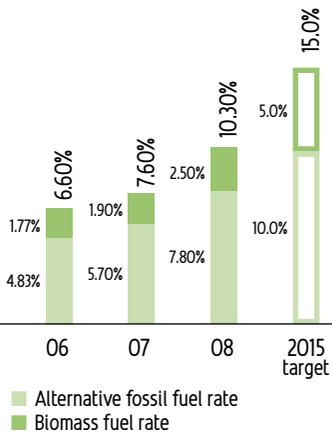
Employee business travel	2.25
External distribution/logistics	1.21
Supply Chain	3.44
Total	6.9

1. These figures are estimates only from cement main kiln stacks. Historical data has been recalculated to reflect changes in consolidation perimeter, according to acquisitions/divestments. Major emissions refer to dust, NOx, and SOx and minor emissions to Volatile Organic Compounds, Mercury, Cadmium, Thallium, Dioxins, and Furans
 2. The emissions inventory was calculated according to the Cement CO₂ Protocol version 2.0 released in June 2005
 The reporting perimeter includes CEMEX cement business division:
 • 64 cement plants and 18 cement grinding plants.
 • 100% of the emissions of those operations over which CEMEX has operational control have been consolidated

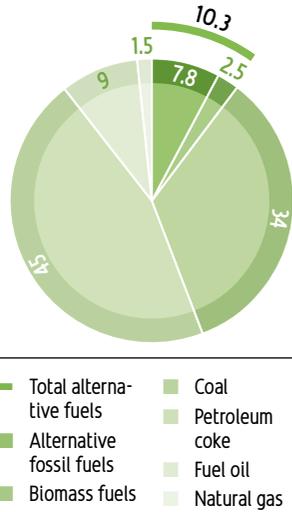
• Net emissions are the result of gross emissions minus emissions from waste combustion "alternative fuels"
 • Historical CO₂ emissions are recalculated to reflect changes in consolidation perimeter, according to acquisitions/divestments
 3. Carbon Disclosure Project (CDP) estimates for 2007

The figures identified with the symbol were subject to an external limited assurance process from PricewaterhouseCoopers. See page 43 for the complete assurance statement

Alternative fuel rate¹
% of thermal energy consumption



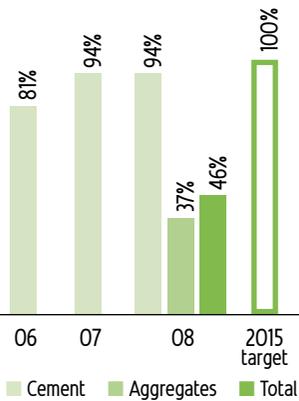
% of energy mix²
2008



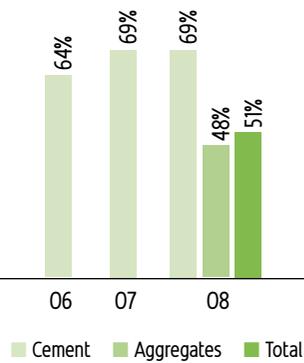
Indirect energy consumption²
GWh



% of active sites with quarry rehabilitation plans in place³



% of active sites where biodiversity issues are addressed³



% of active sites operating in environmentally sensitive areas⁴
2008



1. These figures are estimates only from kiln phase. Historical data has been recalculated to reflect changes in consolidation perimeter, according to acquisitions/divestments

2. Only cement operations

3. The figures for years 2006 & 2007 were only for cement operations. The values for year 2008 include cement and aggregates operations

4. Sensitive sites refer to those which contain or are adjacent to protected areas

Assurance statement



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Independent Limited Assurance Report on the CO₂ emissions and safety Key Performance Indicators reported by CEMEX for the year 2008

To the Board of Directors of CEMEX

At the request of CEMEX, we have carried out an independent limited review of CO₂ emissions and safety Key Performance Indicators ("The KPI's") reported by CEMEX for the cement sector. The reviewed KPI's are disclosed in the 2008 Sustainable Development Report, and identified with the symbol :

CO₂ emissions, as calculated according to the WBCSD-CSI "*Cement CO₂ Protocol*" (June 2005 version):

- Absolute gross CO₂ emissions
- Absolute net CO₂ emissions
- Specific gross CO₂ emissions
- Specific net CO₂ emissions

Safety indicators, as calculated according to the WBCSD-CSI Guidelines "*Safety in the cement industry: Guidelines for measuring and reporting*" (updated October 2008 version 3.0):

- Fatality rate for directly employed
- Lost Time Injury Frequency rate (LTI FR) for directly employed

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

Bases, objective and scope of the verification

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

- We assessed CEMEX reporting procedures for the KPI's with regard to their consistency with the WBCSD-CSI "*Cement CO₂ Protocol*" and "*Safety in the cement industry: Guidelines for measuring and reporting*", respectively;
- At corporate level, we conducted interviews with the individuals responsible for the preparation and application of the reporting procedures as well as for the consolidation of data. At this level, we performed analytical procedures and verified, on a test basis, the calculations and data consolidation;
- At regional coordination level, we conducted interviews with the individuals responsible for The KPI's reporting and performed analytical tests;
- We selected a sample of cement plants for site visits, and for each one of them:
 - we reviewed site organization and procedures, especially those regarding KPI reporting;
 - we assessed the control procedures on key parameters, and

- on a test basis, we performed reconciliation of reported data with the supporting documentation and verified the arithmetical accuracy of calculations.
- We analyzed the consolidated KPI's reported by CEMEX in the 2008 Sustainable Development Report to verify the coherence with the results of our work.

Recommendations:

We included and detailed the following recommendations in the report submitted to CEMEX management, to be considered in future improvements to the safety KPI's reporting process:

- to separate cement logistic operations from other materials' transportation activities in some countries, in order to include them in the Cement sector KPI's, as required by the WBCSD-CSI Guidelines "*Safety in the cement industry: Guidelines for measuring and Reporting*";
- to strengthen internal controls on data and information reported through the designated corporate system, to ensure the KPI's completeness and integrity;
- to reinforce the information collection systems and processes of certain regions to prevent mistakes in the compilation of the data.

Conclusions:

Based on the results of our review, nothing has come to our attention that causes us to believe that:

- the CO₂ emissions and safety KPI's reported for the cement sector have not, in all material respects, been prepared in accordance with the WBCSD-CSI "*Cement CO₂ Protocol*" and "*Safety in the cement industry: Guidelines for measuring and reporting*", respectively;
- the CO₂ emissions and safety KPI's, for the cement sector, contain material misstatements.

Mexico, March 30th, 2009

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



Advisory Sustainability Panel

We are advised by a panel of six independent sustainability experts. Their role is to provide us with feedback on our reporting and to challenge us to improve our performance.

The experts have agreed to remain on the panel for a minimum of two years and to provide their personal advice for free. The panel's joint statement on this report and the panelists' full biographies are available on our website www.cemex.com/sustainability

Panel members

■ Magali Delmas

Associate Professor of Management UCLA Institute of the Environment

■ David Hertz FAIA, LEED.AP

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

■ Claude Mandil

Former Executive Director, International Energy Agency

■ Russel Mittermeier

President, Conservation International

■ Djordjija Petkoski

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

■ Antonio Vives

Principal Associate, Cumpetere
Consulting Professor, Stanford University

Terms of Reference

Objective

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

The Advisory Panel

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

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

Panelists offer views in their personal capacity. All discussions between the panelists and CEMEX senior executives are treated in confidence with the panel issuing an agreed joint statement

annually for unedited publication in relation to the CEMEX Sustainable Development Report.

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

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

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

Continuous Improvement

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

Awards

Our commitment to sustainability is reflected in the various awards that we have received across the world. Some of the major awards we received in 2008 are listed below. A full list is available online.

- Placed fifth in the Opportunities for the Majority Index (OMI) among 75 Latin American and Caribbean companies by Innovest and the Inter-American Development Bank
- Ranked fourth in the Construction and Materials sector of the 2008 Covalence Ethical Ranking Index of 540 global companies
- Five ENERGY STAR cement plant certifications by the Environmental Protection Agency (EPA), United States
- Corporate Social Responsibility Award by the Hispanic National Bar Association (HNBA), United States and Mexico
- Socially Responsible Company Distinction for the fifth consecutive year by CEMEFI, Mexico
- Best Achievement in Transport & Logistics Award by the Safety and Health Practitioner and Institute of Occupational Safety and Health (SHP IOSH), United Kingdom
- Environmental Performance Award by Ministry of Environment and Energy, Costa Rica
- Corporate Social Responsibility Award by the Cairo and Alexandria Stock Exchanges (CASE), Egypt

Partnerships

We work with a range of local and global organizations to ensure we make the best possible contribution to sustainable development. A comprehensive list of partnerships and public policy memberships is available online. Key partnerships include:



United Nations Global Compact (UNGC)

We became a signatory of the Global Compact in 2004. This is a voluntary initiative that promotes good corporate practices in human and labor rights, the environment and anti-corruption. We are committed to its ten principles which are fully integrated into our Code of Ethics, our policies, and our sustainability approach. For more on the UNGC visit www.unglobalcompact.org, and for a summary of our performance against the ten principles go to www.cemex.com/sustainability/reports



World Business Council for Sustainable Development

World Business Council for Sustainable Development (WBCSD)

We are members of the World Business Council for Sustainable Development's Cement Sustainability Initiative and the Energy Efficiency in Buildings project, which help us to address the challenges of sustainable development. For more information visit www.wbcsd.org



BirdLife International

In 2007 we signed a ten-year global agreement with BirdLife International, the largest network of independent conservation organizations and a leading expert on protecting bird species. This partnership helps us build on our efforts to protect biodiversity and create healthy, natural habitats in and around our sites. For more information visit www.birdlife.org



Conservation International (CI)

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





www.cemex.com/sustainability/reports

