

building a BETTER FUTURE



2010 sustainable
development report



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OUR COVER

Our cover shows the project “El Acantilado – Hábitat Ecológico”, a CEMEX Building Awards sustainable construction project. Photo: Pedro Truyol

GRI A+ SCORE

We applied the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines to produce this report, which meets an application level of A+ for the third consecutive year. We provide a GRI index and an index of United Nations Global Compact disclosures on our website at www.cemex.com/sustainability

CEMEX'S SUSTAINABILITY model focuses on seven PRIORITIES

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about CEMEX



CEMEX, A TRUSTED GLOBAL BRAND

CEMEX is an established brand that represents our whole organization as well as the bulk aggregates, ready-mix concrete, and cement we distribute in the different markets we serve. In many markets, we also have individual brands for our local bagged cement and some of our special concrete products.

We help our customers solve their building challenges

CEMEX is a global building materials company that provides products of consistently high quality and reliable service to customers and communities across the world.

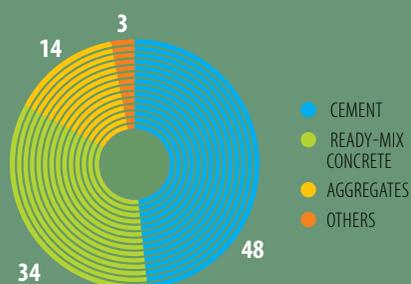
We advance the well-being of those we serve through our relentless focus on continuous improvement and our efforts to promote a sustainable future.

Our company was founded in Mexico in 1906, and we have grown from a local player to one of the top global companies in our industry, with close to 46,500 employees worldwide. Today we are strategically positioned in the Americas, Europe, Africa, the Middle East, and Asia. Our operations network produces, distributes, and markets cement, ready-mix concrete, aggregates, and related building materials to customers in over 50 countries, and we maintain trade relationships in approximately 100 nations.

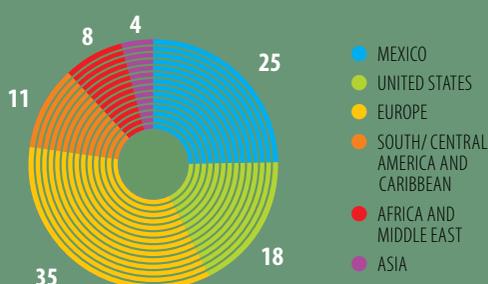
Quick Facts (as of December 31, 2010)

- CEMEX, S.A.B. de C.V., (**NYSE: CX / BMV: CEMEX**), a holding company, is a public stock corporation with variable capital (S.A.B. de C.V.) organized under the laws of the United Mexican States (Mexico)
- Founded in **Mexico in 1906**
- World's **leading supplier of ready-mix concrete**, a leading cement and aggregates producer, one of the world's largest producers of White Portland Cement, and one of the top cement and clinker traders in the world.
- Presence in more than **50 countries** and trade relationships in approximately 100 nations
- Close to **46,500 employees** worldwide
- Annual production capacity of **96 million metric tons of cement**
- Annual production levels of approximately **51 million cubic meters of ready-mix concrete** and more than **158 million metric tons of aggregates**
- **62 cement plants**, close to **2,000 ready-mix concrete facilities**, and a minority participation in 12 cement plants
- **376 aggregate quarries**, **223 land-distribution centers**, and **71 marine terminals**
- Our customers range from global construction firms to individuals building their homes

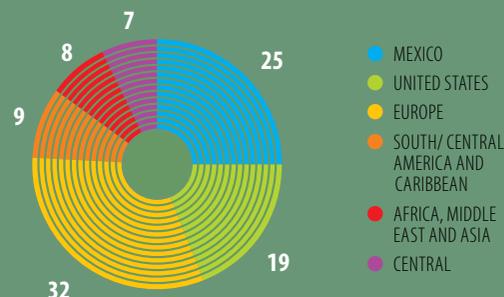
SALES DISTRIBUTION BY PRODUCT
percentage



SALES GEOGRAPHIC DISTRIBUTION
percentage

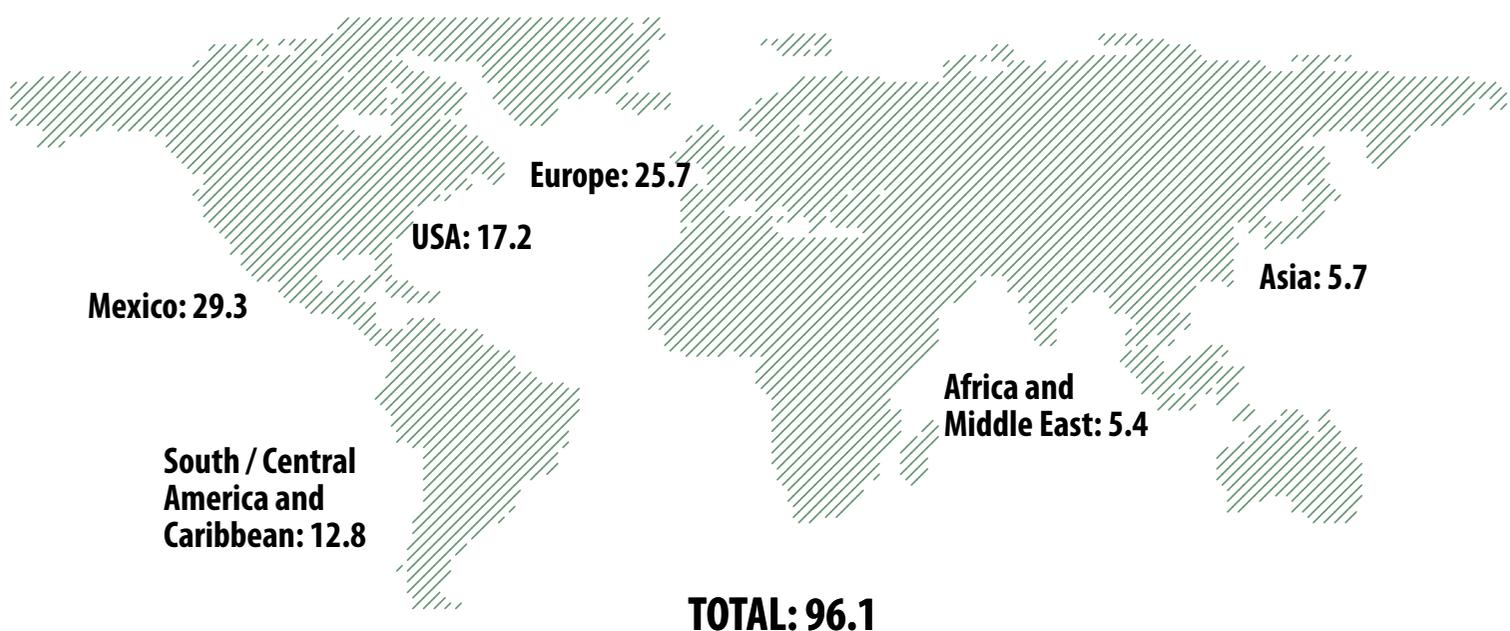


WORKFORCE GEOGRAPHIC DISTRIBUTION
percentage



2010 Global Operations

Cement Production Capacity (million metric tons/year)



our PRODUCTS and SERVICES



CEMENT

In bags and in bulk, CEMEX provides its customers with high-quality branded cement products for their construction needs. These include Gray Ordinary Portland Cement, White Portland Cement, Masonry or Mortar, Oil-well Cement, and Blended Cement.

The main ingredient in ready-mix concrete, cement is created by combining finely ground clinker with gypsum and other chemical additives. The clinker results from the calcination at 1,450°C of a mix of limestone, clay, and iron ore.



AGGREGATES

Aggregates—comprising materials such as stone, sand, and gravel—are an indispensable ingredient in ready-mix concrete, asphalt, and mortar. They account for approximately 60 to 75 percent of ready-mix concrete's volume and, therefore, strongly influence concrete's freshly mixed and hardened properties.

Our customers use our aggregates for a wide array of applications: as a key component in the construction and maintenance of highways, walkways, parking lots, airport runways, and railways; for drainage, water filtration, purification, and erosion control; as fill material; sand for golf course bunkers, beaches, playing field surfaces, horse racing tracks, and related applications; and to build bridges, homes, and schools, among many other applications.



READY-MIX CONCRETE

Concrete, made from a mixture of cement, aggregates, water, and admixtures, is quite versatile, can be cast into many different shapes, and is durable. Increasingly, it is also seen as a fundamental component of sustainable construction.

We constantly work to develop innovative solutions that advance the sustainability of structures made with concrete. These products include concrete with insulating properties that helps buildings use less energy, concrete that requires less water, and concrete that is made with recycled materials. In this way, our customers can design sustainable buildings that take advantage of the benefits of concrete in a wide range of applications.



OUR SERVICES

We respond to our customers' needs by offering them not only high-quality and tailor-made products, but also the most reliable and cost-effective service.

In each market and locality in which we operate, we do our best to provide our customers with the most compelling integrated building solutions. For example, to solve infrastructure needs in major cities, we not only provide ready-mix concrete, but also help to design the project, identify the best technical solution, propose different financing options, and execute the project in collaboration with local builders. Similarly, we work alongside our neighbors in small, less-affluent communities to help them solve their housing needs and pave their streets and sidewalks.

 **For more information about our products or services, visit our corporate website at www.cemex.com.**

financial HIGHLIGHTS

(in millions of US dollars ¹, except per-ADS data)

	2009	2010	%
Net sales ²	14,544	14,069	(3)
Operating income ²	1,165	856	(27)
Operating EBITDA ²	2,657	2,314	(13)
Controlling interest net income (loss)	104	(1,304)	N/A
Earnings (loss) per ADS ³	0.11	(1.30)	N/A
Free cash flow after maintenance capital expenditures	1,215	512	(58)
Total assets	44,483	41,675	(6)
Total debt plus perpetual notes	19,175	17,729	(8)
Stockholders' equity attributable to controlling interest	16,339	15,710	(4)

direct economic IMPACTS

(in millions of US dollars)

	2008	2009	2010
CUSTOMERS			
Net sales ⁴	21,695	14,544	14,069
SUPPLIERS			
Cost of sales and operating expenses ⁵	13,824	9,309	9,240
EMPLOYEES AND THEIR FAMILIES			
Wages and benefits ⁶	3,512	2,605	2,516
INVESTMENTS			
CAPEX ⁷ plus working capital	2,028	862	601
CREDITORS			
Net financial expense	860	914	1,118
GOVERNMENTS			
Taxes	323	291	335
COMMUNITIES			
Donations ⁸	25	19	29
SHAREHOLDERS			
Dividends ⁹	21	0	0
OTHERS			
Free cash flow ¹⁰	1,040	805	387

1 For your convenience, nominal Mexican peso results for 2010 and 2009 were translated to US dollars using the average exchange rate of the year of 12.67 MXN/US\$ and 13.60 MXN/US\$, respectively. For balance sheet accounts, US dollar amounts were calculated by converting the peso amounts at the end of each year using the end-of-year exchange rate of 12.36 MXN/US\$ and 13.09 MXN/US\$, respectively. **2** Amounts have been adjusted to reflect the effect of the divestment of our Australian operations in 2009. **3** Based on an average of 999.2 and 893.2 million American depository shares (ADSs) for 2010 and 2009, respectively. **4** Excludes sale of assets.

5 Excludes depreciation and amortization. **6** Costs and expenses related with personnel reported in 2010 were for non-operational and operational employees. **7** Capital Expenditure for Maintenance and Expansion. **8** 3.07% of loss before taxes. **9** Dividends paid in cash.

10 Mainly used to reduce debt

MESSAGE from our chairman and CEO

“Sustainability is central to our business strategy and key to our future growth”

TO OUR STAKEHOLDERS:

For CEMEX, 2010 was a transitional year, as the global building materials sector continued an uneven recovery from the great recession. We strengthened both our business model and our balance sheet, positioning our company for long-term profitable growth. At the same time, we intensified our commitment to integrating sustainability into all aspects of our world-wide business.

Sustainability is central to our business strategy and one of the keys to our future growth. As the largest concrete producer in the world, we have both a responsibility and a great opportunity to help lead the transition to a truly sustainable construction industry. That, in turn, would be a critical element of a low carbon economy.

The challenges of building the sustainable housing and infrastructure required by a growing global population are immense. Society needs innovations not only in design, materials, and construction processes, but also in creating access to green housing and infrastructure, especially for those who are in most need. CEMEX is committed to helping stimulate those innovations, while improving the sustainability of our own operations and increasing our social investment.

I am pleased to report that we made progress on all those fronts last year.

For example, although concrete is the most inherently sustainable building material, we intensified our work to improve its characteristics. This included developing concretes that improve structural strength, provide extra insulation or allow water to filter through.

We also introduced a carbon footprint tool- the first of its kind in the building materials industry- that allows us to measure the greenhouse gas emissions of our cement, ready-mix, and aggregates products. The tool has already been implemented in all of CEMEX's operating cement plants, and is now being extended across our ready-mix and aggregates operations worldwide. As a result, we will begin to roll out carbon content information for our products during 2011.

We significantly increased the use of lower-carbon alternative fuels in our kilns. In 2010 our alternative-fuel use rose to 20.3 percent of our total fuel mix, almost doubling from the 10.3 percent recorded in 2008. Partly as a result, we are on course to avoid 25 percent of specific net CO₂ emissions related to manufacture of cementitious products by 2015 compared to our 1990 baseline.

CEMEX has a longstanding and well-documented commitment to biodiversity and wilderness preservation. In concert with this tradition, last year we and our partners at BirdLife International completed a multi-year scoping study on the biodiversity status of our worldwide cement and aggregates operations. We assessed 543 sites and identified 131 sites that overlap with areas of high biodiversity value. We are using this study to develop biodiversity action plans.

During 2010, we continued our initiatives to build affordable housing and infrastructure in developing markets. Last year alone, more than 45,000 families were able to improve their homes through our Patrimonio Hoy program, bringing the total to more than 300,000 since we started the program in 1998. The World Business and Development Awards organized by the United Nations Development Program, the International Chamber of Commerce, and the International Business Leader Fund, recognized our contributions towards achieving the Millennium Development Goals through programs such as Centros Productivos de Autoempleo, which we expanded to Colombia in 2010.

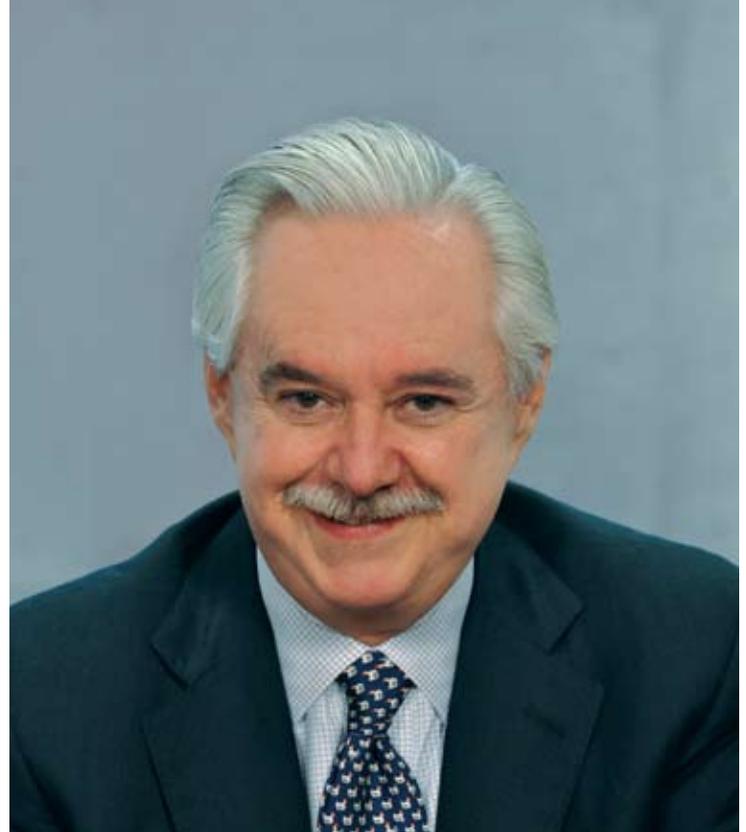
Last year witnessed a number of extreme weather events and natural disasters that severely affected countries and communities where CEMEX operates. In response, we intensified our disaster relief efforts, providing emergency humanitarian aid and supporting long-term reconstruction efforts.

After the 2010 Haiti earthquake, CEMEX raised US\$750,000 in company and employee contributions, with donations from more than 2,500 employees in 29 countries, to help support both emergency relief and reconstruction efforts. Additionally, we provided direct assistance in Haiti itself. After June's catastrophic flooding in Central Europe, CEMEX focused on Poland and northeastern Hungary, where the damage was greatest. We provided machinery to help drain the water and clear roads, and donated construction materials to reinforce flood banks. In Northern Mexico, Hurricane Alex produced record-breaking rainfall during early July, creating widespread flooding and leaving thousands homeless or without access to water or electricity. CEMEX and our employees responded with significant donations of time, money and equipment as part of the cleanup, relief and reconstruction efforts.

An integral part of our sustainability commitment is our continuing, company-wide effort to improve workplace and community safety. The safety and well-being of our employees, contractors, and other third parties involved in our operations is paramount. While we made significant progress in many health and safety-related areas last year, we are profoundly sorry to report that in 2010 there were 46 employee, contractor and third-party fatalities related to our operations. This is unacceptable to us: we refuse to accept even one such tragedy as inevitable.

Zero tolerance for accidents requires constant innovation. In this spirit, we have continued to roll out the LEGACY training program globally. In 2011 we will launch new health and safety policies, implement our new Health and Safety Management System, and require greater accountability for safety performance from all our managers.

At CEMEX, we know that sustainability is a fundamental—and urgent—requirement of planetary survival, and we are deeply committed to pursuing an aggressive sustainability agenda in our industry, in our communities and in the countries where we operate.



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

We have continued to work with a broad range of stakeholders—including customers, suppliers, employees, shareholders, neighboring communities, NGOs, universities and governments—to develop and promote best practices, innovative research and positive policy solutions.

For example, at the 2010 World Economic Forum in Latin America, we proposed a new model for urban development and urged new alliances among key stakeholders to finance housing projects. And, at the end of the year, CEMEX was an official sponsor of the COP 16 meeting in Cancun, Mexico, contributing to the global climate change debate with initiatives that highlighted how existing building and energy technologies can help the transition to a low carbon world.

Every CEMEX employee recognizes that sustainability requires constant effort, innovation and commitment both as individuals and as a company. We are grateful for the input of the Sustainable Development Reporting Advisory Panel in our ongoing effort to report more transparently on our challenges as well as our successes. Their guidance is invaluable to this process. At the same time, we invite feedback from all of our stakeholders and look forward to continually improving our performance in the coming years.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lorenzo H. Zambrano', written over a horizontal line.

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

PROGRESS highlights

Low-Income Housing & Infrastructure



1,502

low-income houses, **170% more than**
in 2009, built with support of CEMEX's
Vivienda initiative, in Mexico

The Comprehensive Road Rehabilitation Project (PIRE) in Tijuana, Mexico, in which CEMEX participated, was completed. During this two-year project, **126 kilometers** of major roadways were **upgraded and rehabilitated**, improving traffic flow and air quality in the region and mitigating the heat-island effect by **reducing road-surface temperatures by up to 15°C**.

CEMEX coordinated the environmental certification required for the project to obtain **more than US\$110 million** in financing from the North American Development Bank and the Border Environment Cooperation Commission.

In Mexico, our infrastructure program supported the completion of

7 million

square meters of urban
concrete paving and over

3 million

square meters of highway
concrete paving

Lead in Sustainable Construction



58%

of our total worldwide production has implemented our new CO₂ footprint tool in 629 of CEMEX's sites

CEMEX introduced a **carbon footprint tool**—the first of its kind in the building materials industry—that allows the company to measure the greenhouse gas emissions (GHGs) of all of our cement, ready-mix concrete, and aggregates products. It measures emissions from raw-material sourcing to the release of the finished product at the factory gate.

To further promote the mainstreaming of sustainable construction practices, we partnered with the **World Green Building Council** to host an event during the 2010 **COP16** Meeting in Cancun, Mexico. **"Key Challenges for Construction in the 21st Century"** was an open dialogue during which experts discussed global emerging sustainable-construction trends. Special emphasis was placed on **concrete's sustainable attributes** and how its proper application can play a significant role in reducing climate change.

Enhance Our Carbon Strategy



20.3%

alternative fuels
substitution rate

We have been very successful in replacing fossil fuels with **alternative sources of energy**. Our fuels substitution rate increased from 16.4% in 2009 to 20.3% in 2010, reducing the usage of an equivalent of 1.4 million tons of coal and avoiding 1.7 million tons of CO₂ emissions.

Our reduction in CO₂ specific net emissions keeps us on track to meet our 25% reduction target by 2015.

In December 2010 we registered a new **Clean Development Mechanism** project at our Zapotiltic, Mexico, cement plant, which aims to substitute alternative fuels for petcoke.

20.5%

reduction in net CO₂
specific emissions vs.
1990 baseline

Excellence in Environmental & Biodiversity Management



543 sites were evaluated for their proximity to high biodiversity value areas

We continued our successful partnership with **BirdLife International** in 2010 and completed a comprehensive, multi-year scoping study on the biodiversity status of CEMEX's operations worldwide. The study mapped 543 sites and identified that 131 of them are located in proximity to areas of high biodiversity value.

CEMEX achieved **significant reductions in the number and severity of environmental incidents.**

85% of our active cement and aggregates sites have quarry rehabilitation plans in place

High Priority to Health & Safety



We are very sorry to report that a total of 46 employees, contractors, and third parties died in connection with CEMEX activities. Such tragedies are unacceptable. We are **redoubling our safety training and incident-prevention measures.**

2,108 CEMEX line-managers completed the two-day **LEGACY CEMEX Safety Leadership Program**. The training covers themes such as leading by example, understanding processes and people, and ensuring accountability for safety. In 2010, we developed the **CEMEX Health and Safety Management System (HSMS)**, a risk-based operating system aligned with OHSAS 18001.

Our **lost-time injury rate decreased to 2.6 per million of hours worked.** This rate slightly exceeds our target of 2.5, but represents significant improvement from 3.2 in 2009.

19% decrease in employee LTI frequency rate in 2010

40% decrease in lost work days

Strengthen Local Communities



45,099 families improved their homes through Patrimonio Hoy in 2010

totaling 308,311 families and more than 1,984,500 m² of housing since 1998

Through the **Centros Productivos de Autoempleo** program, participants built **over one million** construction blocks and 5,158 temporary jobs were created.

After Hurricane Alex struck Mexico, we launched the program **Construimos Juntos** in each of the 10 damaged municipalities and donated 500 tons of cement and 200 packages of building materials for basic-housing units.

In September 2010, the United Nations recognized CEMEX for its contributions toward achieving the UN Millennium Development Goals, specifically with regard to the company's low-income housing.

97% of our operations have community engagement plans

Partnerships with Key Stakeholders



83% employee engagement level

We focused our global training efforts on executives and employees in higher risk positions and locations. Approximately **840 instructor-led training sessions** were delivered on compliance topics such as anti-bribery, antitrust, and insider trading and **more than 4,000** online courses were taken. These efforts will continue during 2011.

84% of countries where we operate regularly conducted **customer-satisfaction surveys**

93% of our purchases were made from locally and nationally based suppliers

84% of countries have a process to screen suppliers in relation to social and environmental aspects

+19,000 of our employees actively use our learning platform

PERFORMANCE summary

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

This year we have added indicators corresponding to our objective to Enhance our Value creation, specifically in our priority to Lead in Sustainable Construction and focusing on our new CO₂ footprint tool.

The indicators marked with  were subject to an external limited assurance process by PwC. The assurance statement detailing the review work and conclusions can be found on page 91 of this report.

Enhance our value creation	2008	2009	2010	Targets	Progress	Assurance
				2015		
Lead in Sustainable Construction						
Production covered with the CO ₂ Footprint Tool (%) ⁽¹⁾	--	--	58	100		
Cement	--	--	100	100		
Aggregates	--	--	50	100		
Ready-mix concrete	--	--	32	100		
CO₂ footprint - Annual average						
Cement (Kg CO ₂ e per ton cement)	--	--	798			
Aggregates (Kg CO ₂ e per ton aggregates products)	--	--	5.3			
Ready-mix (Kg CO ₂ e per m ³)	--	--	298			

Manage our footprint	2008	2009	2010	Targets	Progress	Assurance
				2015		
Enhance our Carbon Strategy						
Absolute net CO ₂ emissions (million metric tons) ⁽²⁾	48.2	39.7	41.0			
Specific net CO ₂ emissions (kg CO ₂ /metric ton of cementitious product) ⁽²⁾	654	627	629	602		
Reduction in CO ₂ emissions per ton of cementitious product from 1990 baseline (%)	17.4	20.7	20.5	25		
Thermal energy efficiency of clinker production (MJ/ton clinker) ⁽²⁾	3,741	3,693	3,696			
Alternative fuels rate (%) ⁽²⁾	10.3	16.4	20.3	35 ⁽⁵⁾		
Alternative fossil fuels rate (%)	8.6	13.2	15.7			
Biomass fuels rate (%)	1.7	3.2	4.6			
Alternative raw material rate (%) ⁽²⁾	12.0	12.2	11.8	12		
Clinker / cement factor (%) ⁽²⁾	75.4	75.2	75.9			

 We have achieved our target  We are currently on track to achieve our target  Extra effort required to achieve target

	2008	2009	2010	Targets 2015	Progress	Assurance
Excellence in Environmental and Biodiversity Management						
Clinker produced with continuous monitoring of major emissions: Dust, NOx and SOx (%) ⁽²⁾	44	60	74	100	○	☑
Specific Dust emissions (g/ton clinker) ⁽²⁾	162	106	89	155 ⁽⁶⁾	●	☑
Specific NOx emissions (g/ton clinker) ⁽²⁾	1,742	1,063	1,134	1,667 ⁽⁶⁾	●	☑
Specific SOx emissions (g/ton clinker) ⁽²⁾	484	410	334	519 ⁽⁶⁾	●	☑
Active sites with quarry rehabilitation plans (%)	46	82	85	100	○	
Active quarries within or adjacent to high biodiversity value areas (#)	NA	112	105			
Active sites with high biodiversity value where biodiversity plans are implemented (%)	NA	29	38	100	○	
Operations with water recycling systems (%) ⁽³⁾	82	76	85			
Environmental investment (US million) ⁽⁴⁾	\$62	\$77	\$93			
Major environmental incidents (#)	19	8	2			☑
Environmental non-compliance cases (#)	67	67	65			
Associated fines (US million)	4.1	1.3	1.4			
Operations with an Environmental Management System implemented (%) ⁽³⁾	30	50	76			

	2008	2009	2010	Targets 2015	Progress	Assurance
Engage our stakeholders						
High priority to Health & Safety						
Total fatalities, employees, contractors, and third parties (#)	45	33	46		●	☑
Fatality rate, employees (per 10,000 employees)	1.16	1.56	0.43			☑
Lost-Time Injuries (LTI), employees (#)	654	360	268			☑
Lost-Time Injuries (LTI), contractors (#)	165	154	123			
Lost-Time Injury (LTI) frequency rate, employees (per million hours worked)	4.8	3.2	2.6	0.5 ⁽⁷⁾	○	☑
Sickness Absence Rate per employee (%) ⁽⁸⁾	–	5.2	2.5			
% Compliance with CSI Driving Safety Recommended Practices ⁽⁹⁾	–	–	64	100	○	
% Compliance with CSI Contractor Safety Recommended Practices ⁽⁹⁾	–	–	63	100	○	
Operations with a Safety Management System implemented (%) ⁽¹⁰⁾	80	98	98			
Operations with a Health Management System implemented (%) ⁽¹⁰⁾	52	76	79			

Strengthen Local Communities						
Sites with community engagement plans (%)	88	85	97			
Families participating in Patrimonio Hoy in Latin America (# accumulated) ⁽³⁾	223,745	263,212	308,311			
Mexico ⁽³⁾	218,637	251,828	294,173			
Other Latin American Countries ⁽³⁾	5,108	11,384	14,138			

⁽¹⁾ The CO₂ Footprint tool was implemented in 2010. All figures are based on 2009 volumes. In October 2010, DNV performed the certification of our carbon footprint calculation methodology based on data from 2009. CEMEX has established a target of 100% implementation by the end of 2011.

⁽²⁾ Only cement operations

⁽³⁾ Historic figures recalculated due to an improvement in measurement, as well as changes in the consolidation perimeter (increase the in number of sites reporting)

⁽⁴⁾ Include environmental, alternative fuels and cementitious material investments

⁽⁵⁾ Target and year of compliance updated from 2020 to 2015, given 15% was achieved in 2009.

⁽⁶⁾ As emission targets for 2015 have been already met, CEMEX is undergoing a thorough analysis of its operations and market developments to set new, challenging targets for 2015.

⁽⁷⁾ A new target of 0.5 has been established to ensure we continue to work towards our ultimate goal of zero LTIs.

⁽⁸⁾ We believe that the previous Health Indicator for “% employees sickness absence rate in annual medical exams” was difficult to progress globally given the difficulty in some countries to legally conduct these exams for workers. A new indicator showing our employee sickness absence rate is universally tracked and was agreed to be a more relevant indicator to measure our progress in health.

⁽⁹⁾ Having achieved close to 100% of the previous target “% of operations with safety training programs for drivers”, new KPIs to track our progress in complying with the CSI Driving and Contractor standards were introduced.

⁽¹⁰⁾ In 2010, the separate Health and Safety Management Systems were combined to create a single HSMS, hence a new KPI tracking implementation progress of this new system was introduced.

NA = Data not available

Envisioning a sustainable future

As a leading company in the global building materials industry, CEMEX is positioned at the convergence of great environmental and social challenges.

sustainability VISION and model

12

The world we live in is changing rapidly:

The world's population will grow significantly in the next 40 years and there will be a massive migration of people from rural areas to cities.

The general scientific consensus is that climate change cannot be ignored, and that average global temperatures are likely to increase significantly by the end of this century¹. These increases in temperatures will mean not only rising sea levels, but also more intense precipitation in some countries, increased risk of drought in others, and adverse effects on agriculture, health, biodiversity, and water resources around the world.

The global community must find a way to rapidly grow existing cities and build new ones making a better use of resources and responding to the expectations of local communities of having their living standards improve. To achieve this, "business as usual" cannot continue.

As a producer of cement and concrete, CEMEX faces a twofold challenge:

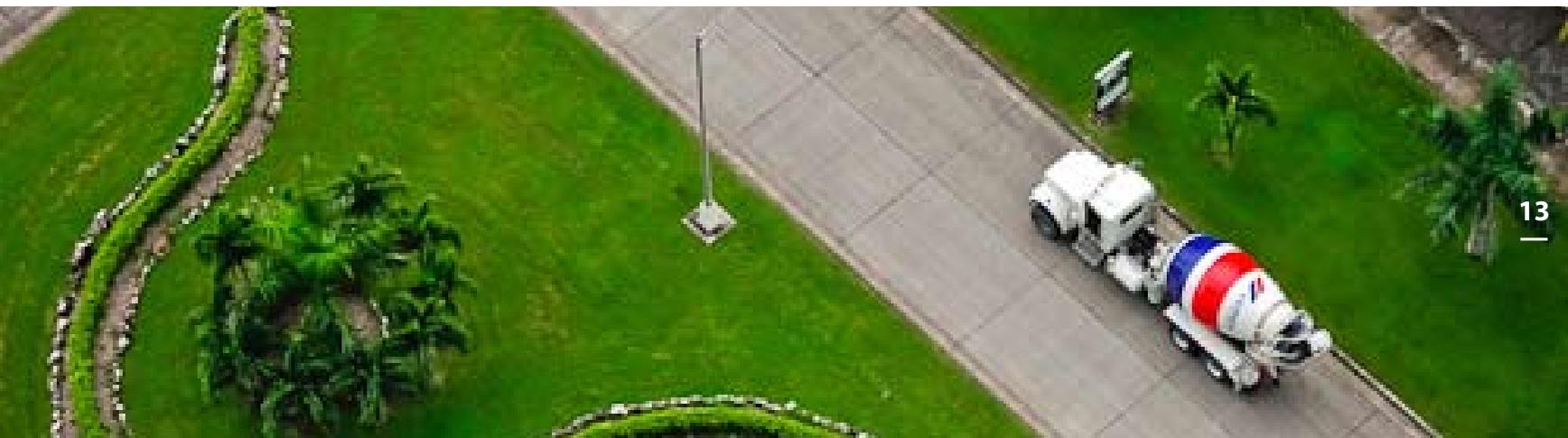
1. Cement and its end product, concrete, are intrinsically related to human development, with a direct relationship between demand for cement and economic growth. The simple human aspiration for a decent home with basic infrastructure means that significant amounts of concrete will be needed. However, the cement industry is a significant emitter of greenhouse gases, with cement manufacturing accounting for approximately five percent of man-made CO₂.² Therefore, it is our aim to reduce our emissions to the lowest levels that are both technically and economically feasible.

2. We firmly believe that concrete must play a major part in any successful transition towards a sustainable society. Be it the installation of renewable electricity generation, the development of more efficient infrastructure, the building of new roads, or the construction of more sustainable buildings, all of these activities and others need concrete.

Given the importance of the sustainability-related challenges that society is facing, CEMEX has integrated sustainability into its business strategy. With the help of our Sustainability Model, we are incorporating sustainability practices into all of our day-to-day operations and decision-making processes worldwide. Our model ensures that we concentrate our efforts and resources on the issues of highest relevance to our business and greatest concern to our stakeholders.

1 Intergovernmental Panel on Climate Change, Climate Change 2007, Fourth Assessment Report: http://www.ipcc.ch/pdf/assessment-report/ar4/syr/ar4_syr.pdf

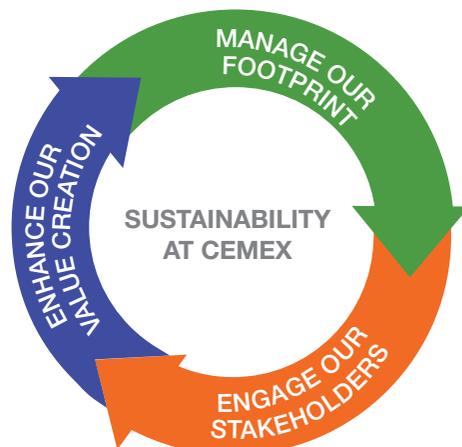
2 WBCSD / IEA: Cement Technology Roadmap 2009 – Carbon emissions reductions up to 2050, Geneva / Paris 2009; http://www.iea.org/papers/2009/Cement_Roadmap.pdf



CEMEX's sustainability model

We have three main sustainability objectives:

Enhance Our Value Creation: CEMEX aims to deliver the innovative, high-performing products, services, and solutions that our resource-constrained society requires in order to create a growing and profitable low-carbon economy. By fulfilling the needs of the construction sector in its efforts to adopt more sustainable operating practices, we aim to create long-lasting competitive advantages.



Manage Our Footprint: CEMEX strives to minimize the ecological impacts of its operations on the communities in which we operate. Such impacts are carefully identified and measured so that we can continuously reduce our footprint to the lowest level that is both technically and economically feasible. We also have a robust pipeline of projects that provide carbon offsets to further reduce our net impact.

Engage Our Stakeholders: CEMEX fosters positive, long-term relationships with key stakeholders to address the pressing needs and concerns of society. With a highly committed and empowered employee base, CEMEX closely collaborates with a broad variety of institutions that allow us to complement our core competences and enable us to generate social benefits that contribute to strengthening local communities.

We have identified seven priorities in our Sustainability Model. The definition of these priorities has followed a structured process of both internal and external consultations where we have measured the impact that the main sustainability issues have on our stakeholders and on CEMEX operations. For this matter, we have performed a Materiality Analysis which is further explained in our About this Report section.

Our seven priorities aligned to each of our three objectives are the focus of our 2010 Sustainable Development Report:

CEMEX's sustainability PRIORITIES

14
—

Enhance our Value Creation:

- Lead in Sustainable Construction
- Low-Income Housing & Infrastructure

Manage our Footprint:

- Enhance Our Carbon Strategy
- Excellence in Environmental & Biodiversity Management

Engage our Stakeholders:

- High Priority to Health & Safety
- Strengthen Local Communities
- Partnership with Key Stakeholders

“Our sustainability strategy rests on the belief that we generate value for society by helping to meet some of the world’s most important needs. We do this by developing concrete that helps buildings conserve energy; manufacturing processes that reduce carbon emissions and water usage; housing and community infrastructure that is safe and affordable; and high impact social programs that foster community development.”

Luis Farías

Senior Vice President of Energy and Sustainability at CEMEX

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

Our People

We aim to be the employer of choice in our markets. We seek to provide the most attractive opportunities for employees’ personal and professional development.

Our Neighbors

We are a good neighbor. We participate with communities openly and directly in order to build trust and address their concerns.

Our Business Partners

We work to be the business partner of choice. We seek to help our suppliers and customers build their businesses and to create enduring value for our shareholders.

Our World

We are a good global citizen. As a global company, we work to contribute to international efforts to address some of the world’s most complex challenges, including climate change, access to housing and community infrastructure, and the conservation of biodiversity.



LEAD in sustainable construction

The average CO₂ equivalent emissions calculated for CEMEX products is:

798kg CO₂e per ton of cement

298kg CO₂e per m³ for ready-mix concrete products

5.3kg CO₂e per ton for aggregates products

CEMEX aims to lead in sustainable construction by developing building products and solutions that have significant positive sustainability attributes and contribute to the transformation of the construction sector.

In 2010, we introduced the first carbon footprint tool in the industry

58% of our total worldwide production has implemented the tool

BUILDING MATERIALS FOR A GROWING WORLD

Concrete is humanity's primary building material. It literally provides the foundation, structural support, floors, and walls for much of the infrastructure of modern civilization: from homes, offices, and factories to bridges and runways, dams, and power plants. That infrastructure must and will continue to grow.

By 2050, world population is expected to increase from today's 6.9 billion to more than 9 billion.¹ Also by 2050, some 70 percent of earth's population will live in cities, up from 47 percent in 2000.² Concrete will be fundamental to providing this burgeoning urban population with housing, energy, transportation, and the many other necessities and enjoyments of life.

At current growth rates, CEMEX forecasts that by 2050, global annual concrete consumption will be at least double the estimated 7.5 billion cubic meters produced in 2006.

¹EBC report "Energy Efficiency in Buildings – Transforming the Markets": http://www.wbcscd.org/DocRoot/rVDgBRKvPngUrqivMHNm/91719_EEBReport_WEB.pdf

² United Nations, World Urbanization Prospects: The 2006 & 2007 Revisions

WITH GROWTH, WE SEE OPPORTUNITY— AND RESPONSIBILITY

As the largest producer of concrete in the world, CEMEX sees an enormous opportunity in the future growth of the global construction industry as. However, along with this opportunity, comes a corresponding responsibility. We believe that the successful transition to a truly sustainable civilization will require the development of new building products and solutions that use resources more efficiently, perform better, and last longer.

CEMEX is rising to the challenge with a three-part strategy to:

- **Develop better building products and solutions** that can be more sustainably produced, facilitate more efficient construction processes, and contribute to the overall sustainability of buildings and other infrastructure.



In 2010, we became the first cement company in the world to provide certified carbon labels for our cement in the United Kingdom, using the UK Carbon Trust's Carbon Reduction Label

- **Support the design and renovation of buildings** to consume significantly less energy, water, and other resources in their use, maintenance, renovation, and disassembly.
- **Promote and enable sustainable urban planning policies and practices**, including regulatory policy and designs that anticipate the main challenges cities will face in the future.

DEVELOPING BETTER BUILDING PRODUCTS AND SOLUTIONS

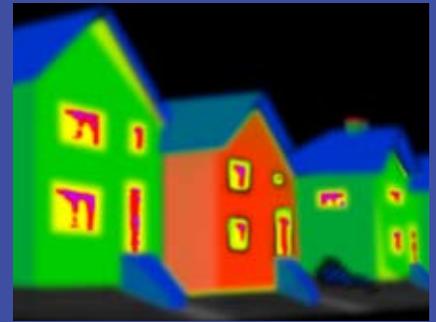
Led by our Global Center for Technology and Innovation (GCTI) in Switzerland, CEMEX technology centers around the world are creating a range of innovative concrete products to meet the construction industry's growing demand for high-performance, low-carbon building solutions.

Some of our most noteworthy offerings within our growing product portfolio are:



Self-compacting concrete that improves the structural strength, durability, and life of buildings while reducing both energy consumption and noise caused by concrete vibration.

Specially designed high-performance concrete with enhanced resistance to demanding environments, such as concrete pipes for potable water, sewage, and wastewater systems, and high acid-resistance concrete for use in cooling towers and various industrial processes.



Structural thermal insulation concrete that reduces the thermal bridges and increases its insulation performance, making homes and buildings more energy-efficient and comfortable.

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



High-strength concrete, that enables the use of less concrete with no loss of strength or structural integrity.



Low CO₂ footprint-self compacting and easy compacting concrete, with all the advantages of the conventional versions, but based on special mix designs that allow for low cement content and embedded energy.



Impervious concrete (Impercem®), which reduces water absorption by buildings while maintaining normal setting times for reliable strength and performance—ideal for landscaped roofs and water transport systems.



Permeable concrete that allows rainwater to filter through, reducing both heat build-up and flood risk.

New CO₂ footprint tool measures greenhouse gas emissions of our building materials

In 2010, CEMEX introduced a carbon footprint tool. The first of its kind in the building materials industry, it is certified in accordance with international protocols by Det Norske Veritas (DNV), one of the world's leading independent certification entities. The tool measures emissions from "cradle-to-gate"—from raw material sourcing to the release of the finished product at the factory gate—which allows CEMEX to track the greenhouse gas emissions of all of its cement, ready-mix concrete, and aggregates products.

We developed the carbon footprint methodology with the following objectives:

- Quantify and communicate the CO₂e emissions from the production of our products to help our customers calculate the footprint of their projects.
- Perform a benchmark of company facilities with the goal of continually reducing our CO₂ footprint.
- Collaborate with our clients in the design phase of their projects and in the selection of materials that will help reduce CO₂ emissions.

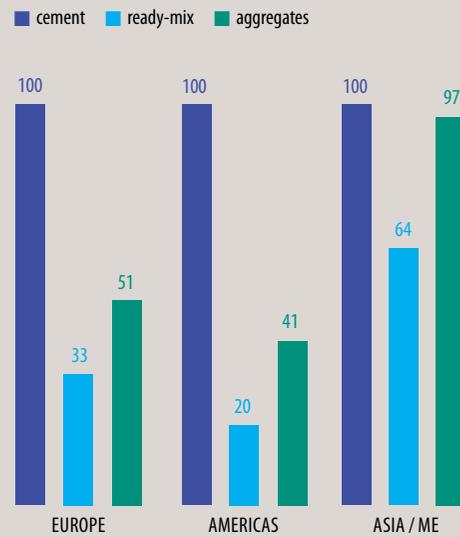
The tool has already been implemented at 629 CEMEX cement, ready-mix concrete, and aggregates sites, corresponding to 58 percent of total production. During 2011, CEMEX will begin publishing product specific carbon content for its products in selected operations, in a rollout schedule that will be driven by market requirements.

CEMEX unveiled its CO₂ footprint tool at the COP16 Meeting in Cancun, Mexico in December 2010 during a round-table discussion the company hosted along with the World Green Building Council.



CEMEX'S FOOTPRINT TOOL HAS BEEN IMPLEMENTED AT 629 OF SITES WORLDWIDE, REPRESENTING 58% OF PRODUCTION ⁽¹⁾

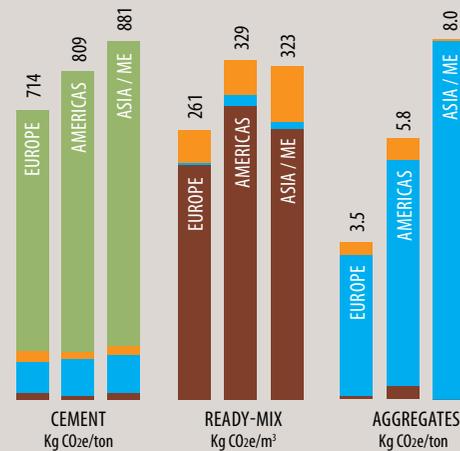
(percentage of production covered) ⁽¹⁾



(1) All figures are based on 2009 volumes. In October 2010, DNV performed the certification of our carbon footprint calculation methodology based on data from 2009.

CEMEX'S INITIAL GREENHOUSE GAS EMISSIONS FOOTPRINT ⁽¹⁾

■ raw materials ■ energy, fuel & others
■ transportation ■ direct emissions



(1) Calculated CO₂e for CEMEX operations, based on sites already implemented, using 2009 data.

In addition to the DNV certification standards, we considered the still-developing requirements of the draft versions of ISO 14067 and the WBCSD/WRI GHG protocol "Product Life Cycle Accounting and Reporting Standard" Review Draft for Stakeholder Advisory Group November 2009.

SUPPORTING THE DESIGN AND RENOVATION OF BUILDINGS

Buildings play a crucial role as they account for approximately 40 percent of global energy consumption. Typically, manufacturing and transportation of building materials and actual construction account for only around 10 percent of a building's total energy consumption. In contrast, nearly 90 percent is used for operation, maintenance, and renovation during the building's lifespan.¹ Given this equation, we have the challenge to develop not only sustainable building materials, but also more sustainable buildings—more energy- and water-efficient in their construction, operation, and maintenance.

We have taken a leadership role in several partnerships and policy organizations focused on sustainable building and development.

- We are a Core Group member of the **Energy Efficiency in Buildings (EEB)** initiative within the **World Business Council for**

Sustainable Development (WBCSD). This initiative is setting new standards for the use of energy in buildings. The goal is to transform the market for commercial buildings worldwide and achieve significant carbon emission reductions by sharing and promoting best practices.

- In the US, CEMEX has been actively involved with other industry players in the establishment of the **Concrete Sustainability Hub at the Massachusetts Institute of Technology (MIT)**. In 2010, MIT released preliminary research findings that will help set a new standard in lifecycle assessment (LCA) modeling (see sidebar). MIT is set to release a follow-up study in 2011 to examine and quantify the benefits and savings from better use of concrete in buildings and pavements, from a total lifecycle cost perspective (environmental and economic).



Skyline of Panama City

The Environmental Expectations of Our Modern Society

The environmental expectations of modern society are beginning to transform our conception of buildings, from their construction to how we inhabit them.

Two lines of action are necessary, which in the end are simply two distinct faces of the same coin. On one side is the lengthening of materials' lifetimes in order to reduce their emissions. This transition requires a profound shift from the traditional perspective of a building as a single object to an understanding of a building as an assemblage of separately manufactured and recyclable components.

On the other side of the coin are the thermal properties of materials, which can stabilize temperatures inside buildings and, used properly, substantially reduce energy consumption.

A new architecture is emerging as an expression of the technological, economic, and ideological achievements of this new shared ideal; this architecture will become our voice in time.

Within this context, CEMEX can have a decisive role both in minimizing the environmental impacts of cement production and supporting the transformation of the construction and architectural sectors.



Felipe Pich-Aguilera
Advisory Panel Member

Understanding the lifecycle impacts of our products

The Concrete Sustainability Hub at MIT is conducting studies to quantify the cradle-to-grave environmental impacts of paving and building materials. Ultimately, this will create the most comprehensive concrete lifecycle analysis model produced to date. Initial findings in the Buildings LCA have shown that more than 90 percent of the lifecycle carbon emissions from residential buildings are due to the use or operational phase. The study also showed that in residential structures, the use of insulating concrete forms instead of code-compliant, wood-framed construction can produce operational energy savings of 20 percent or more, with the highest energy savings occurring in colder climates.

The Highway Pavement LCA showed that for high-volume roads, the use phase of the lifecycle can account for up to 85 percent of total carbon emissions.

We are encouraged by this first report and expect more information on the sustainability attributes of concrete, as well as technical innovations that will result in additional benefits to the industry and society at large.



Jorge Tadeo Lozano University in Bogotá, Colombia

To further promote the mainstreaming of sustainable construction practices, we partnered with the World Green Building Council to host an event during the 2010 COP16 Meeting in Cancun, Mexico. “Key Challenges for Construction in the 21st Century” was an open dialogue during which experts discussed global emerging sustainable construction trends.

PROMOTING SUSTAINABLE URBAN PLANNING PRACTICES

Sustainable development, especially the planning and development of more sustainable cities, may present the greatest challenge of the 21st century—one that will only be met if multiple stakeholders work together. Business, industry, and government must collaborate on integrated solutions based on systems thinking and collaboration across nations and industrial sectors.

With this in mind, we have taken the first steps toward this collaboration by participating as co-chair in the Urban Infrastructure Initiative (UII) created by the World Business Council for Sustainable Development (WBCSD) with the goal to show that business should be involved early on in cities’ strategic planning discussions,

as private sector participation can help unlock opportunities and develop the practical, cross-cutting solutions needed to create sustainable cities.

ENVISIONING THE CITY OF THE FUTURE

During the COP16’s Green Solutions Expo, CEMEX presented “a vision of the city of the future”. Our exhibit showcased how concrete’s properties make it an ideal material for building sustainable cities.

- **Clean energy:** Concrete, as a technically versatile product, can be used in many structural applications, including those that allow alternative energy sources to replace fossil fuels. For example, concrete is required for foundations of large photovoltaic energy installations and for high-performance onshore and offshore wind towers.
- **Transportation and mobility:** Concrete’s durability makes it a great choice for transportation infrastructure projects that reduce fuel use, including track beds for trains, light rail, and trams; guided bus lanes; and bicycle lanes.



Ecological Interpretative Center in
"El Cielo" Biosphere Reserve in Mexico

Recognizing sustainability innovation and leadership

Established in 1991, the CEMEX Building Awards recognize outstanding construction projects and the talented individuals who contribute to their creation. Along with providing recognition for construction excellence, the awards encourage a culture of continuous innovation. In keeping with the spirit of constant evolution, we added Sustainable Development as a separate award category since 2002.

The 2010 first-place winners in the sustainable construction category were the Split University Library in Croatia and the Ecological Interpretative Center in "El Cielo" Biosphere Reserve in Mexico.

 For more information about this awards program, please visit www.cemexbuildingaward.com

- Energy efficient residential and non-residential buildings: Concrete's thermal mass reduces heating and cooling requirements, while its durability minimizes building maintenance. In addition, it provides fire resistance, sound insulation, flood resilience, and air tightness.
- Sustainable urban design and infrastructure: Concrete is used to build infrastructure that reduces the consumption of natural resources, thereby contributing to communities' sustainability. For example, concrete is widely used in water management infrastructure.
- Industrial ecology (systems in which companies in different industries exchange materials so the waste of one industry becomes the feedstock for another): Concrete manufacturers play an essential role in industrial ecologies by building on current practices, such as using fly ash and blast furnace slag as cementitious materials, and using alternative fuels, predominantly waste or by-products from industrial, domestic, agricultural, and forestry processes. In addition, during its lifetime and demolition, concrete captures meaningful amounts of CO₂ that remain embedded in recycled aggregates and can then be incorporated into newly built concrete structures.

 For more information about CEMEX's City of the Future, please visit our corporate website.

¹ EEB report "Energy Efficiency in Buildings – Transforming the Markets": http://www.wbcsd.org/DocRoot/rVDgBRKvPngUrqivMHNm/91719_EEBReport_WEB.pdf



low-income HOUSING and INFRASTRUCTURE

24
—
1,502

low-income houses—170% more than
in 2009—built with support of CEMEX
Vivienda initiative, in Mexico

CEMEX supports social and economic progress, especially in the developing countries where we operate.

In Mexico, our infrastructure program supported the completion of **7 million** square meters of urban concrete paving and over **3 million** square meters of concrete highway paving.

We believe that we can make a tremendous difference by helping to build affordable housing and better, more modern, and durable community infrastructure such as roads and sidewalks, schools, hospitals, parks, and other public spaces.

The world's need for housing is urgent and unrelenting. According to the United Nations:¹

- Worldwide, an estimated 1.1 billion people in urban areas alone live in inadequate housing.
- Between 2000 and 2030, urban areas in developing countries will absorb 95 percent of the world's population growth.
- During the last decade, the annual need for housing in developing countries' urban areas was an estimated 35 million units.
- Nearly 95,000 new urban housing units must be constructed each day in developing countries in order to relieve overcrowding and substandard living conditions.

¹ UN-HABITAT, <http://www.unhabitat.org/content.asp?typeid=19&catid=282&cid=789>

Working together with communities, we focus on:

- organizing and teaching communities to build walls and roofs,
- consolidating alternative models to provide access to housing, and
- building more quickly efficiently while reducing costs through innovative solutions.

REDUCING HOUSING DEFICITS

CEMEX's housing strategy is designed to address the significant housing deficits in developing countries, chiefly Mexico and the countries of South and Central America, the Caribbean, and Asia. Our goal is to demolish building and development paradigms that limit the affordability of home ownership for low-income families by establishing cooperative relationships among low-income communities, government agencies, developers, and the financial sector.



Housing project in Dominican Republic

"Alleviating the housing deficit that prevails in Latin America requires a joint effort between the public and private sectors as well as NGOs. We must build new alliances between governments, developers, financial entities, and communities to develop significant housing projects."

Jesús González

President of CEMEX in Central America

Working with communities

CEMEX's low-income housing strategy is based on the notion that lower-income people are capable of paying for their own homes. Through our financing programs, including private microfinance, we enable low-income individuals and communities to buy building materials on favorable terms as a step toward homeownership. CEMEX then provides training programs, equipment, technology, and our own expertise to help customers build homes, businesses, and stronger communities.

Patrimonio Hoy, an initiative started in Mexico and now successfully replicated in Colombia, Costa Rica, Nicaragua, and the Dominican Republic, offers micro-financing to low-income families so that they can build, expand, or remodel their homes. Through our Patrimonio Hoy program we have proven that, with the right assistance and advice, families and entire communities can put aside the necessary funds to meet their payment commitments.

For more information on Patrimonio Hoy and its achievements during 2010, please see "Strengthen Local Communities" on page 57.

Developing prototypes for low-income housing

Starting with a model for semi-urban living in San Marcos, Mexico, CEMEX housing experts have developed several prototypes for affordable housing in various types of communities. The San Marcos prototype, consisting of a living room, two bedrooms, kitchen, and bathroom, offers 35 square meters of living space, expandable to 42, 68, and up to 84 square meters. It comes complete with doors, windows, bathroom fixtures, water tank with base, in-wall water, and electrical and sanitary systems. During autumn 2010, the San Marcos prototype was tested as part of the Nuevo León Reconstruction Program for victims of Hurricane Alex.

For the San Marcos and other low-cost housing prototypes developed by CEMEX, we bring our expertise and experience with advanced building materials and techniques to bear on the challenges of housing a growing world population. Designs based on precast concrete forms make the structures sound and sustainable as well as fast and economical to build. The use of special products such as our sealing and water proofing Impercem® and Hidratium® and our antibacterial concrete add to the soundness and safety of these structures.



Semi-urban housing

San Marcos project: housing basic unit 35 m²

Working with developers

CEMEX works hand-in-hand with private developers to bring needed resources, technology, and know-how to the development of low-income housing. Where public policies facilitate financing to low-income home buyers—such as Mexico and Colombia—developers have shown avid interest in the low-income segment of the housing market. Their support has helped to significantly boost the supply of housing. More financing is needed, however, in order for small and medium-sized developers to make further progress.

To encourage developers to build more and better housing, we provide support through the **CEMEX Vivenda** initiative. Through this partnership we provide assessment, expertise, and introduce construction systems and financial programs that benefit both the developer and the end-user, promoting the building of more sustainable communities and more affordable housing that offer a higher quality of life. In Mexico, the **CEMEX Vivenda** initiative supported developers' construction of 1,502 homes in 2010—170 percent more than in 2009.



Housing unit in Puerto Rico

Attracting private investment

CEMEX believes that private investment has an essential role to play in alleviating the housing deficits that prevail in Latin America. Alliances and joint efforts between financial institutions, governments, NGOs, developers, and communities can develop significant housing projects that provide a step towards homeownership and a decent standard of living for low-income people.

We aim to maintain the interest of all involved stakeholders in order to convert this process into a virtuous cycle—one that improves quality of life and facilitates wellness—which in turn will help developing countries and communities become more productive and competitive.

PROVIDING AFFORDABLE, DURABLE BUILDING MATERIALS TO LOW-INCOME COMMUNITIES

During 2010 we supported several housing projects in Mexico through which over 700 homes are being built and will be finished during 2011, totaling more than 25,000 square meters of construction:

ished during 2011, totaling more than 25,000 square meters of construction:

- In Nuevo León, a northern Mexican state that was one of the most affected by flooding during hurricane Alex in 2010, we launched a program to build 239 houses in the municipality of Anáhuac and 103 homes in Monterrey. These houses will be finished by June 2011.
- In southern Mexico, we launched a similar 394-house project in the state of Campeche. This is a pilot project of a new financial scheme by SHF (Mexican Housing Bank), called the Assisted Self-Construction Program in which a loan will be given to the customer. The goal is to have the 394 homes built by June 2011.
- In the state of Sinaloa in northern Mexico, we participated in the construction of a prototype house. Built in just 10 days, the house was used as a showcase by the Governor to inaugurate the State Housing Program, which will aim to build 5,000 homes during a six-year period and contribute to the reduction of the housing deficit in the area.

Rebuilding infrastructure in Tijuana

CEMEX was a moving force in the recently completed Comprehensive Road Rehabilitation Project or PIRE (Programa Integral de Repavimentación) in Tijuana, Mexico. Despite a significant annual allocation of public-works funds for road maintenance and repair, the city's primary roadway system was unable to handle traffic demands because of severe deterioration due to age, heavy use, erosion, and other factors.

PIRE was a key component in a two-year effort to rehabilitate and upgrade some 126 kilometers of Tijuana's urban roadways. Old asphalt paving was overlaid with a hydraulic concrete layer, thus reducing the environmental impact of disposing of old paving in landfills. Additional work included the rebuilding of storm drains, construction or reconstruction of curbs and sidewalks, and restoration of the landscaping adjacent to roadways in some areas.

By improving traffic flow on the city's roadways, the project has improved air quality in the region, mitigated the heat-island effect by reducing road surface temperatures almost 15°C, and reduced energy consumption for street lighting due to the concrete surfaces' high reflectivity (up to five times that of asphalt surfaces).

At a total cost of nearly US\$125 million, the project also delivered enormous economic benefits for the community by creating more than 5,500 jobs during the construction phase. The project was financed through an innovative irrevocable trust that administers and guarantees payments. CEMEX coordinated the environmental certification required for the project to obtain more than US\$110 million in financing from the North American Development Bank and the Border Environment Cooperation Commission (two US-Mexico binational institutions created under the auspices of the North American Free Trade Agreement to address environmental issues in the border region). The financing of the project became the largest loan in the North American Development Bank's 15-year history.



We also initiated participation in housing projects in Central and South America in 2010:

- In cooperation with local and national governments, CEMEX launched in November 2010 a low-income housing project in San Rafael del Sur, Nicaragua, a community near one of our cement plants. Precast products are being used for the housing units' exteriors and interiors. The project will be finalized by mid-2011 and will benefit 143 families.
- In Colombia, CEMEX spearheaded a four-phase housing initiative in the city of Barranquilla in 2010 to build over 800 houses for low-income families. Through a strategic alliance with the local developer MARVAL, CEMEX will launch the project in 2011 and build 202 houses during the year as part of the first phase of the project.

"Financing the building needs of the 21st century will require new partnerships between the public and private sectors, as well as new economic models. We will have to be as innovative in our financial engineering as we are in our civil engineering."

Gabriel I. García

Infrastructure Projects, Innovation Initiative Leader

Infrastructure project in Colombia



PARTNERING TO MAKE HIGH-SCALE INFRASTRUCTURE A REALITY

CEMEX works with governments and local authorities to identify, coordinate, and develop infrastructure projects. Over the past 15 years, we have participated in 70 concrete road-building projects that have created 10,000 lane-kilometers of pavement surface for highways alone. The use of concrete rather than asphalt provides a more sustainable solution, as concrete allows for greater durability, safety, and light reflection, lower fuel consumption and temperatures, as well as lower lifecycle costs.

In addition to our building materials, technical expertise, and equipment, we also bring turnkey solutions to high-scale infrastructure projects such as concrete paving, asphalt pavement rehabilitation with cement, and concrete pavement rehabilitation. Our involvement in these projects spans the entire lifecycle: from originating new projects and helping to secure and structure financing through third-party financial institutions, to executing and managing construction—and in some cases maintenance and toll-road operation.

We partner with local construction companies that might not qualify to participate on their own, often arranging innovative financing mechanisms that include these local subcontractors. By making them investors in larger-scale developments, we help these companies grow and promote their involvement in future projects while also diminishing long-term risks for all parties. In Mexico we supported the completion of 7 million square meters of urban concrete paving and over 3 million square meters of highway concrete paving in 2010 through our infrastructure program.

By becoming fully involved in each project, we develop closer relationships with our public- and private-sector clients. Ultimately, we provide greater value for them—offering the cost-effective, comprehensive solutions they need—while creating a competitive advantage and generating new market opportunities for CEMEX.

ENHANCE our carbon STRATEGY

30 — **20.5%**

reduction in net CO₂ specific emissions,
compared to our 1990 baseline



Our comprehensive carbon strategy is a key component of our sustainability model because it allows us to reduce our environmental footprint and foster the development of a low-carbon economy.

We have long been engaged in a multi-pronged approach to reducing the overall carbon footprint of our operations, chiefly by:

- replacing traditional fossil fuels with lower-emission alternatives,
- by reducing the clinker content in cement,
- increasing our use of renewable energy and the energy efficiency of our operations
- exploring new carbon-reduction options and policies.

TRANSITIONING TO A LOW-CARBON ECONOMY

Climate change is caused by increasing concentrations of greenhouse gases, primarily CO₂, in the Earth's atmosphere. It is widely believed that this phenomenon is the result of human activity, including the burning of fossil fuels for energy and also emissions derived from a variety of agricultural and industrial processes. Minimizing climate change and its consequences is a critical global challenge.

The global cement industry produces about five percent of all man-made CO₂ emissions.¹ This greenhouse gas is generated chiefly in the production of clinker (the main ingredient in cement). Clinker is produced in large rotary kilns by processing limestone, clay, and other minerals under very high temperatures (>1,400 °C or 2,500 °F). CO₂ results from the fuel combustion required to achieve such high temperatures and from the chemical decomposition of limestone into lime and CO₂. Compared to these emissions, other sources, mainly the transport of raw materials and final products and emissions related to the generation of electricity that CEMEX consumes, are very small, but still offer an opportunity to reduce our total footprint.

(1) WBCSD / IEA: Cement Technology Roadmap 2009 – Carbon emissions reductions up to 2050, Geneva/ Paris 2009; http://www.iea.org/papers/2009/Cement_Roadmap.pdf

On target to meet our carbon reduction goals

Key Performance Indicators	2015 Targets	2010 Progress
Reduction in CO ₂ emissions per ton of cementitious product from 1990 baseline	Reduce emissions per ton of cementitious-product by 25% to 602kg CO ₂ /ton	625 kg CO ₂ /ton, a 20.5% reduction vs. 1990 levels, keeping us on track to meet our 2015 target.
Alternative fuels substitution rate	Changed target from 15% to 35%	We have redefined our goal to set a more ambitious target and continue to have the fastest increase rate in the industry.
Alternative raw materials rate	Substitute use of natural raw materials by 12%*	We achieved an 11.8% alternative raw materials rate in 2010, an improvement that almost meets our 2015 target.

*We have a target of 15% by 2020, currently under review



CEMEX's Beckum Cement Plant in Germany

For an energy-intensive company with worldwide operations like CEMEX, addressing climate change must be of the highest priority. It has been gratifying to see the progress that CEMEX has achieved in this regard, from increasing energy efficiency and its use of alternative fuels, alternative materials, and renewable energy to reducing the levels of emissions and particulates. This improvement process must now go into high gear to achieve the goals that CEMEX has set for itself, as it will become harder and harder to achieve continued efficiencies.

It has also been gratifying to see the support CEMEX has given to the building industry as a whole through the Cement Sustainability Initiative of the WBCSD, as well as in its interaction with the Government of Mexico and the 16th Conference of the Parties to the United Nations Framework Convention Climate Change (COP16) in Cancun.



Antonio Vives
Advisory Panel Member

CEMEX has developed a carbon strategy—the application of company knowledge, skills, technologies, and ingenuity to reduce CO₂ emissions.

We have long been engaged in a multi-pronged approach to reducing the overall carbon footprint of our operations, chiefly by:

- replacing traditional fossil fuels with lower-emission alternatives
- reducing the clinker content in cement
- increasing our use of renewable electricity and the energy efficiency of our operations
- exploring new carbon-reduction technologies and policies

Our CO₂ emissions per ton of cementitious products have dropped by 20.5 percent compared to our 1990 baseline, and we are on track to meet our 25 percent reduction target by 2015.

20.3%

alternative fuels
substitution rate

USING ALTERNATIVE FUELS TO REDUCE EMISSIONS

The use of alternative fuels is a key pillar of our carbon strategy. By replacing traditional fossil fuels with alternative fuels that are less CO₂ intensive or that recover energy from waste, we are measurably reducing both our CO₂ emissions and our fuel costs.

We have quadrupled our use of alternative fuels since 2005. In 2010 alone, the share of alternative fuels in our total fuel mix reached 20.3 percent compared to 16.4 percent in 2009. Our target is to reach an alternative fuels substitution rate of 35 percent by 2015.

Addressing community concerns

To ensure the environmentally and socially responsible use of alternative fuels in our kilns, CEMEX has established corporate guidelines that reflect best practices in our industry. We also engage with communities to address to their concerns and explain how the use of cement kilns for waste disposal is an environmentally friendly solution that mitigates potential harm by avoiding the land use and hygienic challenges of landfills. We further meet with regulators to ensure that our use of alternative fuels is fully compliant with all applicable local, regional, and national policies and regulations.

Record alternative fuel rates in Europe

Our use of alternative fuels is highest in Europe, where we have made significant investments in retrofitting our facilities.

CEMEX Germany has worked for many years to reduce the consumption of fossil fuels by replacing them with alternative fuels. In 2010, the average substitution rate for our operating kilns at our Rüdersdorf and Kollenbach cement plants was 74 percent. This means that both plants burned more than 414,000 tons of alternative fuels, resulting in a net reduction of 337,000 tons of CO₂. With this result, CEMEX Germany is number one among CEMEX operations worldwide in the use of alternative fuels. In addition to the most popular RDF (refuse derived fuels), several other alternative fuels are being used, such as tire chips, dried sewage sludge, and animal meal. In 2011, a sophisticated project will start in the Kollenbach plant in order to ensure a smoother kiln operation due to better homogeneity of the ground fuels. This will further reduce CO₂ emissions and save natural resources.

CEMEX Poland has also been investing in reducing the amount of fossil fuels consumed by its operating kilns by replacing them with alternative fuels derived from waste. In 2010 the average level of substitution at our Polish cement plants reached almost 70 percent, with 76 percent at Chelm. In the old long kilns in Rudniki with a 47 percent alternative fuels rate we have almost reached the technical limit of substitution in terms of quantity. Combined, the plants disposed of more than 300,000 tons of waste last year, recovering energy from the material that would otherwise be land-filled. CEMEX Poland is not only the leader in the use of alternative fuels in the domestic market; it also ranks second among CEMEX operations worldwide. It has responded to the developing market opportunities with numerous investments. In addition to RDF other kinds of alternative fuels are being utilized, such as tires, sewage sludge, and liquid fuels, as well as agricultural biomass wastes in the form of locally sourced straw. Our goal is for the share of alternative fuels to increase again in 2011, due in part to the planned installation of an animal meal facility in Chelm.

In 2010, alternative fuels supplied as much as 40 percent of the fuel needs at our plant in Buñol, Spain and, in Rugby, England, we have replaced 47 percent of fossil fuels with alternative fuels including Climafuel®, a solid, non-hazardous fuel derived from household waste.

 For further information about our use of alternative fuels, please read CEMEX's position paper on alternative fuels which is available for download in our website.

REDUCING OUR CLINKER FACTOR TO CUT EMISSIONS

We continue our efforts to reduce CO₂ emissions by increasing the use of alternative cementitious materials and reducing the content of clinker in cement (the clinker factor). For example, we are increasingly using fly ash, a by-product of coal-fired power stations, blast furnace slag, a by-product of the steel industry, and naturally occurring pozzolanic materials as cementitious materials. In 1990, clinker comprised 84 percent of our cement; by 2010, we had reduced the clinker content of our cement to 76 percent.



providing electricity to our neighboring cement plant. We will continue to expand our use of renewable electricity wherever possible.

STATE-OF-THE-ART EQUIPMENT BOOSTS ENERGY EFFICIENCY

By replacing older equipment with state-of-the-art kilns, mills, and other equipment, we increase thermal energy efficiency and reduce power consumption significantly. The recently installed dry kiln at our plant in Broceni, Latvia, for example, requires just about half as much thermal energy to produce clinker as the wet kiln it replaced. In the English port of Tilbury, our new cement grinding and blending plant employs a vertical cement mill—the first of its kind in the UK—that consumes up to 40 percent less energy than a conventional mill.

We are also redefining our logistics networks and processes to optimize our transport methods in order to reduce fuel consumption. We purchase from locally based suppliers and use rail, sea, and inland waterways to optimize the delivery of our products. The distance raw materials travel is marginal as our cement kilns are located near quarries.

EXPLORING NEW CARBON REDUCTION TECHNOLOGIES AND POLICIES

Much remains to be done to reduce greenhouse gas emissions to the levels that science calls for. CEMEX is committed to leadership in both the research and policy development that will drive effective climate management by the cement industry.

For example, we are engaged in research on carbon capture and storage (CCS) solutions—such as solid sorbent technologies, biological capture using algae, and geological sequestration—that can be integrated into cement production. In late 2009, the US Department of Energy's National Energy Technology Laboratory granted CEMEX funding to conduct groundwork for the development and demonstration of a commercial-scale CCS project at CEMEX's Odessa cement plant in Texas.

This study, completed in 2010 jointly with other industrial partners, concluded that commercial-scale CCS in the cement industry is not yet ready for deployment. Significant research and development, public-private cooperation, and funding, as well as policy changes, will be required in order for CCS to realize its potential. With a grant from CEMEX, Imperial College in the UK is carrying out additional fundamental research on the subject.

 *For additional information on these and other initiatives, please read our position paper on Carbon Capture and Storage available for download in our website*

INCREASING RENEWABLE ELECTRICITY USE AND OPERATIONAL EFFICIENCY

The production of cement requires significant amounts of both fuels and electricity. For example, electricity is used for grinding raw materials and the final product, ventilation of the kiln system, or transport of materials in the plant. Although CEMEX does not control emissions related to the generation of electricity by public utilities, we can reduce them by optimizing the power consumption of our plants and sourcing electricity from renewable sources.

DEVELOPING RENEWABLE ENERGY SOURCES

CEMEX is committed to securing renewable electricity sources by either contracting for power from existing providers or developing new renewable energy projects ourselves, such as EURUS. About 25 percent of the total electricity consumed by our Mexican cement operations comes from EURUS, a 250-megawatt wind farm developed jointly by CEMEX and ACCIONA, the world's largest independent (nonutility) renewable energy developer and owner. Our cement plant in Panama consumes only electricity sourced from a hydropower plant. Moreover, in Rüdersdorf, Germany, a waste-to-energy plant was built for the sole purpose of

Using market incentives to reduce CO₂

The Clean Development Mechanism (CDM) of the United Nations Framework Convention on Climate Change (UNFCCC) is a market-based initiative that allows emission-reduction projects in developing countries to earn certified emission-reduction credits that can be sold on the open market.



Disposing of community waste in cement kilns

With the high temperatures they attain, cement kilns are ideal for safely disposing of waste materials while capturing the recoverable energy in them—energy that might not otherwise be recovered at all. Using it as a fuel also avoids landfilling of waste, where its decomposition produces methane—a greenhouse gas 25 times more damaging to the atmosphere than CO₂.

CEMEX disposes of waste and by-products from industrial, domestic, agricultural, and forestry processes, including used tires, spent solvents and waste oils, processed municipal solid waste, and biomass such as rice and coffee husks, animal meal, and sewage sludge.

CEMEX has successfully registered four CDM projects, for a total reduction of 850,000 tons of CO₂ per year. Achieved in December 2010, the latest UNFCCC approval is for a project at our Zapotiltic, Mexico, cement plant where alternative fuels will be used to substitute petcoke. CEMEX has a pipeline of more than a dozen additional CDM projects under development that could significantly decrease our total CO₂ emissions.

Partnerships and disclosure are essential

We believe that industry must work with government, NGOs and peers to develop policies and practices that address a wide range of environmental and related sustainability issues. CEMEX is a leading participant in the following initiatives, among others:

- **The World Business Council for Sustainable Development Cement Sustainability Initiative** is a voluntary global effort through which cement companies work together to find solutions to the sustainability issues that are most important to the cement industry. CEMEX chairs its Communications Task Force and Concrete Sustainability Task Force.

- **Getting the Numbers Right (GNR)** is a sector-wide global information database developed through the WBCSD's CSI. Covering more than 800 cement facilities in more than 100 countries, GNR provides accurate, verified data on the cement industry's CO₂ emissions and energy performance. We have provided data to GNR since 2007. The first report summarizing the industry's CO₂ emissions, released in June of 2008, showed that while cement production by participating companies increased by 53 percent from 1990 to 2006, absolute net CO₂ emissions increased by only 35 percent.
- **The Steering Committee of the UN Caring for Climate Initiative** is a government body through which business leaders and government decision-makers discuss practical climate-change solutions.

CEMEX's Chelm Cement Plant in Poland



- **The Prince of Wales's Corporate Leaders' Group on Climate Change (CLG)** is a cross-sectorial group of business leaders participating at the highest levels of policy debate surrounding climate change.
 - **The Carbon Disclosure Project** is a voluntary initiative that requests annual information on climate-change risk management and performance.
- 📄 *For additional information on these and other initiatives, please read our position paper on market mechanisms for mitigating climate change available for download in our website.*



excellence in
**ENVIRONMENTAL
& BIODIVERSITY**
management

36
—
76%

of our operations have an Environmental Management System in place, **18%** have an ISO 14001 certification



We are committed to responsible stewardship of the land we use and manage and to conducting our operations in a sustainable manner. We are implementing company-wide guidelines, business practices, and monitoring systems to enable us to better understand and manage our most significant impacts.

543

sites were evaluated for their proximity to high biodiversity value areas

85%

of our active cement and aggregate sites have quarry rehabilitation plans in place

FACING GLOBAL ENVIRONMENTAL CHALLENGES

The global scientific consensus, drawing on research such as the Millennium Ecosystems Assessment and the United Nations Intergovernmental Panel on Climate Change (IPCC) Assessment Report, is that human activity is degrading the planet's environmental health and its ability to sustain current and future generations of life.

Global drivers for ecosystem decline include human population growth, the need for improved living standards across the developing world, increased consumption of goods, and trade flows associated with that consumption. These factors are creating severe stress across global ecosystems, impacting atmospheric balance, water and land availability, and biodiversity. For example:

- 60 percent of ecosystems services—including water purification, medicinal supply from plants, crop pollination, and carbon sequestration—are already in decline¹
- two-thirds of the world's people will likely experience water stress by 2025²

¹ Millennium Ecosystems Assessment, United Nations Environment Programme, 2007

² Global Environment Outlook (GEO4), United Nations Environment Programme, 2007

- driven by land degradation and climate change, 11 percent of terrestrial species may be lost by 2050³

But signs of environmental improvement can also be found. These successes demonstrate that with adequate awareness, resources, and political will, good practices can be widely implemented and replicated. Business can and should play a critical role in leading this change. CEMEX accepts this responsibility.

Independently and in partnership with other businesses and leading NGOs, such as the World Business Council for Sustainable Development (WBCSD) and its Cement Sustainability Initiative (CSI), we are working to minimize the environmental impacts caused by our operations and create environmental benefits whenever possible. As pledged in the CEMEX Environmental Policy, we are more fully integrating management of these issues into business strategy, setting meaningful performance indicators, developing measurement protocols, identifying best practices, and providing training and supervision in order to drive continuous improvement.

ADDRESSING ALL OUR ENVIRONMENTAL IMPACTS

CEMEX uses a systematic approach to manage environmental issues. Our global environmental strategy addresses all the environmental impacts of our plants, quarries, and logistics, including emissions to air, land, and water. We focus on these challenges not only to help preserve the long-term health of people and ecosystems, but also to build strong positive relationships with local communities and preserve our social license to operate.

Regional representatives who are responsible for environmental performance work together as an environmental council to coordinate the alignment of local, regional, and global activities. The council has guided adoption of the company's environmental strategy, promulgation of the environmental governance framework, and in 2011, will assist in the implementation of CEMEX's new global Environmental Management System (EMS).

IMPLEMENTING A CUSTOMIZED EMS GLOBALLY

Managing environmental issues consistently and well across all our quarries and cement, ready-mix, and aggregates locations is a complex undertaking. Currently, 76 percent of our operations have an EMS in place, 18 percent have an ISO 14001 certification. Over the past year, a team of experienced, multinational CEMEX professionals has worked to develop a customized global EMS that is compatible with ISO 14001. Pilot implementation of the new EMS will begin during 2011 with global rollout in 2012.

The global EMS will set a standard approach for managing air quality, biodiversity, water use, waste management, environmental disturbances, and environmental incidents. CEMEX will use it to:

- ensure legal compliance
- identify environmental issues and their impacts
- establish objectives, targets, and corresponding action plans

- ensure compliance with CEMEX's standards and guidelines
- drive continuous performance improvement and common reporting

One early achievement has been the restatement of incident definitions so that they are clearer and more objective. These clarifications enhance the comparability of incident reports and the insights from root-cause analyses.

EMS Goals	Target
Pilot implementation of EMS in selected countries	2011
Full implementation and compliance with CEMEX EMS	2015

US\$93 million in environmental capital expenditure in 2010



CEMEX's Rudniki Cement Plant in Poland

ACHIEVING AIR EMISSIONS TARGETS AHEAD OF SCHEDULE

We have made a significant investment to effectively monitor air emissions from our cement production facilities. Major emissions include dust, nitrogen oxides (NOx), and sulfur compounds (SOx). Other pollutants, such as dioxins, furans, volatile organic compounds, and heavy metals (including mercury), are usually found in very small quantities. By controlling and monitoring emissions, while complying with all applicable national and local laws and regulations, we have achieved significant reductions ahead of our 2015 target date. Our efforts include:

- investing in equipment to reduce major emissions (dust, NOx, SOx)
- establishing the "status analysis" for minor emissions at cement kilns (evaluating the emissions "fingerprint" of each kiln to determine if additional controls are needed)
- developing guidelines for handling fuels and emissions
- participating in industry-based efforts and multi-stakeholder dialogues to develop methods for addressing mercury and dioxin emissions
- reporting emissions in accordance with the CSI reporting protocol

³ The Economics of Ecosystems and Biodiversity Report, TEEB, 2010

Achieving air emissions targets ahead of schedule

Air Emissions Goals	Target	2010 Progress
Clinker produced with continuous monitoring of major emissions (dust, NOx, and SOx) (%)	Monitor 50% of clinker production by 2010 Monitor 100% of production by 2015	2010 target achieved; 74% of clinker produced with monitoring. On track to meet 2015 goal.
Reduce dust emissions per ton of clinker from 2005 baseline (cement operations only)	50x% by 2015	Target achieved with a 60% reduction
Reduce NOx emissions per ton of clinker from 2005 baseline (cement operations only)	15% by 2015	Target achieved with a 19% reduction
Reduce SOx emissions per ton of clinker from 2005 baseline (cement operations only)	10% by 2015	Target achieved with a 25% reduction

74% of our clinker produced with continuous monitoring of major emissions

16% reduction of dust emissions per ton of clinker produced from 2009

7% increase of NOx emissions per ton of clinker produced from 2009

19% reduction of SOx emissions per ton of clinker produced from 2009

WATER MANAGEMENT

Access to sufficient quantities of clean water—a necessity for all life—is becoming an increasingly urgent global concern. In many parts of the world, freshwater resources are under pressure and access to water is already constrained by competing priorities.

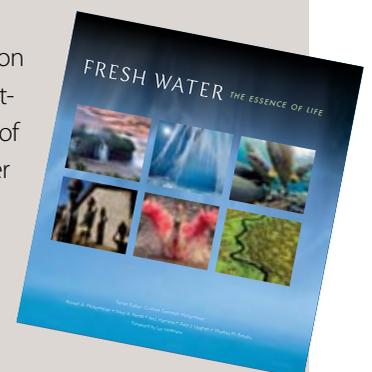
Water scarcity will lead to various social and business challenges that can affect CEMEX operations, among them:

- higher water costs
- limited availability of clean water
- stronger regulations regarding access to land, water withdrawals, and wastewater treatment
- competition with other users, including local communities

Fresh Water: The Essence of Life

In 2010 we published *Fresh Water: The Essence of Life*, the 18th title in the CEMEX Conservation Book Series. This book focuses on Earth's freshwater supplies and ecosystems, showing how they are essential for human survival and that they are in rapid decline. It also offers realistic solutions and actions to be implemented now to protect them.

Begun in 1993, The CEMEX Conservation Book Series program is an editorial partnership with the International League of Conservation Photographers and other leading conservation organizations. Its main objective is to further environmental and cultural conservation through photography.



Developing a comprehensive approach to water management

Water is of paramount importance within CEMEX everyday operations and a key input in the production process. Additionally, water is a primary component of concrete, representing an average of 15 percent of the mixture. It is also used for cooling and preparing slurry for cement, washing aggregates, and cleaning plants and equipment, including concrete delivery trucks. In our operations, therefore, we seek to increase water efficiency and recycling and to carefully control our water emissions, such as hydrocarbons and suspended solids.

Additionally, some of our quarries are in contact with aquifers and can cause changes in ground water levels. However, quarry rehabilitation can also contribute to the conservation and restoration of wetlands and watersheds and can offer water storage solutions and help mitigate floods.



7% less water consumed per ton of cement produced from 2009

6% less water consumed per cubic meter of concrete produced from 2009

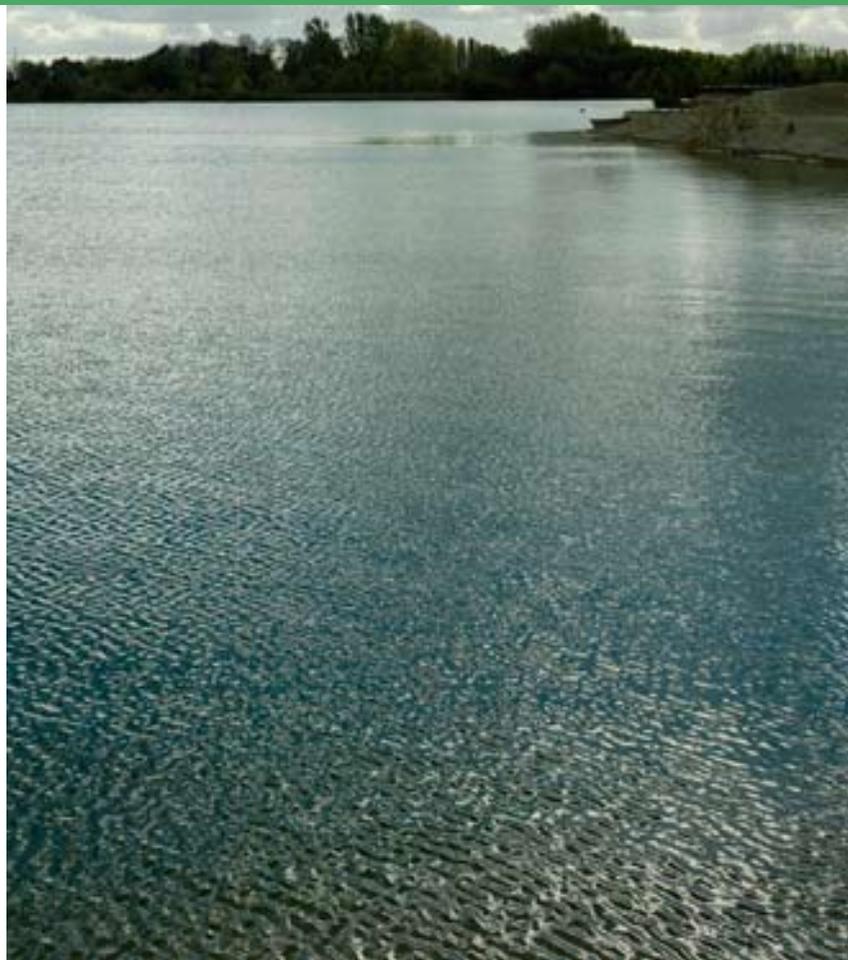
9% more water consumed per ton of aggregates produced from 2009*

85% of our operations have water recycling systems

*Part of the increase is due to more complete reporting

In 2010, we began a three-year partnership with the International Union for Conservation of Nature (IUCN) to strengthen our approach to water issues. IUCN is the world's oldest and largest global environmental network. In this partnership, we will develop a strategy to minimize CEMEX's impacts on water availability and quality and take better advantage of our water-related opportunities by effective water policies and management systems. The partnership will also develop the tools—operating standards and guidelines, measurement protocols and key indicators, best practices, and training materials—we need to implement the strategy. In the first phase, to be completed in 2011, we will:

- more precisely assess CEMEX's global water footprint
- map operational sites against key water issues and identify CEMEX's most sensitive sites
- analyze water trends and stakeholders' expectations with regard to water issues
- explore the role of business in working with stakeholders at the local level to develop sustainable solutions to watershed management
- identify the highest priority issues and begin developing approaches to address them



Beyond 2011, the partnership will continue in order to develop and adopt a corporate water strategy and provide our operations with the appropriate tools and standards to manage water impacts.

ACHIEVING SIGNIFICANT REDUCTIONS IN WASTE DISPOSAL

At CEMEX, we have adopted a manifold waste-reduction strategy based on the philosophy of monitor, minimize, reuse, and recycle. In 2010, this strategy enabled us to reduce, compared to 2009, hazardous waste by 11 percent to 74,553 tons, and non-hazardous waste by 9 percent to 215,788 tons, saving significant resources and money.

Our processes generate waste that is disposed of according to our own standards and the requirements of the law. In terms of operational wastes, cement kiln dust represents the largest amount of waste we produce. We now reuse it in the production process and other processes. As we follow the waste hierarchy, we seek to monitor, minimize, reuse, and recycle our wastes. The actions we undertake in this area include:



- monitoring of hazardous and non-hazardous waste generation in all our operations
- replacing primary aggregates with other discarded materials (e.g. glass and demolished concrete)
- reusing and recycling, insofar as possible, the fresh concrete returned from construction sites

ENVIRONMENTAL PERFORMANCE MANAGEMENT

CEMEX has achieved significant reductions in the number and severity of environmental incidents. By combining technology and careful planning, we minimize disturbances such as noise, vibration, vehicular traffic, unsightly aesthetics, and fugitive dust.

Noise reduction We mitigate the noise associated with our operations through operational controls and measures such as noise suppression, isolation of noise sources, and careful scheduling of blasting activities. To the degree it is possible, we avoid working at night in our quarry operations and coordinate our blasting schedule to minimize disturbance.

11% reduction in total disposed hazardous waste compared to 2009

9% reduction in total disposed non-hazardous waste

Traffic calming To minimize traffic congestion, and as part of our sustainable transport approach, we look for non-truck ways to move raw materials and products. Many sites use conveyor belts to move raw materials from the quarry, and whenever feasible we use multimodal systems comprising road, rail, and water to transport products. We operate and maintain our vehicle fleets to ensure community safety and, by the use of strategic route planning, avoid unnecessary truck traffic during peak travel hours. These efforts reduce noise, vibrations, and congestion, as well as energy use, CO₂ emissions, and costs.

Dust minimization We use dust collection systems at our operations and dust-suppression methods in roads, crushers, and conveyor belt systems. In addition, we maintain trees and other vegetation on and around our operations to prevent erosion, improve area aesthetics, and create a noise barrier.

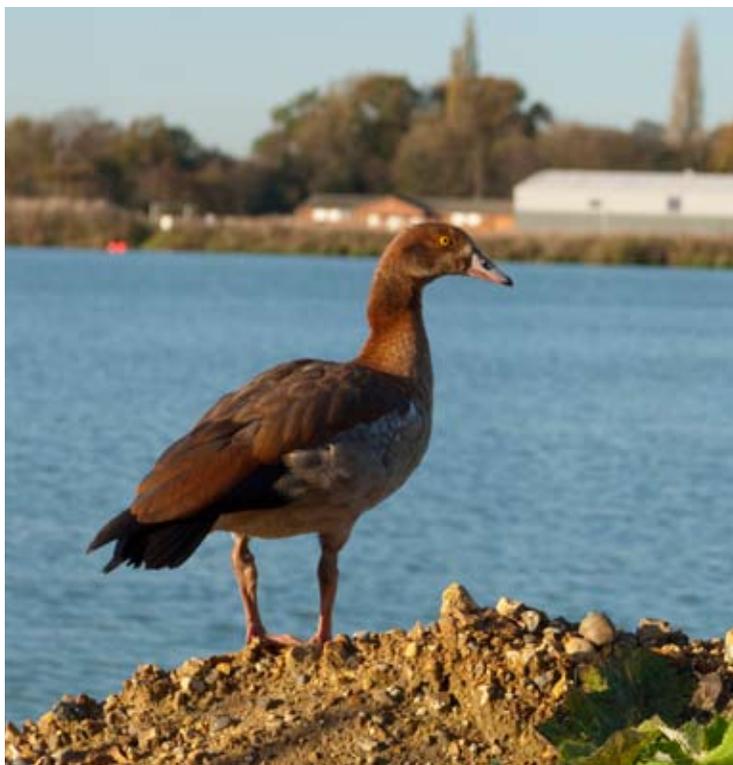
Striving towards zero environmental incidents

Our goal—zero environmental incidents such as spills or uncontrolled emissions—is a priority throughout CEMEX and a responsibility that extends from our top management team to each individual operator.

However, we recognize that, despite our best efforts, occasional incidents can occur. Therefore, we maintain the capacity to respond to any emergency, natural or manmade, that poses a potential threat to our neighbors, host communities, or operations. We start with a foundation of using quality equipment and technology and applying best operating practices and safety standards. We then work with our neighbors, regulatory authorities, public agencies, and other stakeholders to develop contingency plans at each site. We also have Emergency Response Teams that are specifically trained to address environmental incidents; to ensure their preparedness, they complete annual emergency drills. Furthermore, we constantly monitor our operations to receive early warnings and detect incidents as soon as possible. Our tracking of environmental indicators, such as emissions and water use, can provide early warnings of potential problems before they become actual spills or unexpected emissions. In 2010, we reduced the number of Category 1 incidents to only 2, from 8 incidents in 2009.*

2 Category 1 incidents in 2010, compared to 8 in 2009*

* Category 1 incidents are defined as major uncontrolled spills or releases beyond site boundary in breach of internal control procedures that might result in legal action and threat to operating license. Part of this reduction is due to the reduction in the number of sites operating during 2010 as a result of temporary site closures and divestment from our Australia operations.



Learning from past events to prevent future environmental problems

As important as preventing and immediately responding to the effects of incidents are our efforts to learn from them in order to prevent future occurrences. Incident reports and trends are reviewed at every level of our company, including our top management team.

We have developed company-wide standards and definitions to report and record incidents consistently and accurately using an on-line tool. This standardization enables us to identify the root causes of incidents, develop solutions, and disseminate corrective action plans based on best practices. To reinforce the integrity of reporting procedures, CEMEX business unit leaders train operations managers at the country level; the managers, in turn, train their own teams. We are also developing standardized analytical tools and sharing best practices to increase the utility and transparency of our incident reporting systems.

BIODIVERSITY MANAGEMENT

At CEMEX, we recognize the importance of conserving biodiversity and ecosystems—for their own intrinsic value and because they are necessary for the sustainability of our society and the planet. Healthy ecosystems provide food, fibers, medicines, natural regulation of climate variability and water flows; they also support climate change adaptation and mitigation and help to moderate extreme weather events, among other “ecosystem services”.

CEMEX’s operations can potentially affect habitats and species, especially through land clearance for quarrying and emissions to air and water. The opening, operation, and closing of our cement and aggregates sites, in particular, can potentially affect biodiversity and ecosystem health through habitat degradation, species disturbance, changes in groundwater levels, discharges to water bodies, and dust emissions. CEMEX, however, can also contribute to biodiversity conservation by providing valuable habitat for specific species.

For these reasons, we are committed to being a responsible steward of the land we manage and to conducting our operations in a sustainable manner, and thereby protect the biodiversity within our operations and maximize our contribution to nature conservation.

Prioritizing sites with high biodiversity value and enhancement potential

In 2010, CEMEX completed a multi-year scoping study on the biodiversity status of our worldwide operations. This study was undertaken as part of our ten-year partnership with BirdLife International.

The Biodiversity Scoping Study prioritizes 543 CEMEX cement and aggregates operations worldwide in terms of biodiversity sensitivity and opportunities, based on both their proximity to areas of importance for biodiversity and their current biodiversity management practices. It represents a significant milestone in the CEMEX-

BirdLife partnership and provides a solid basis for developing our corporate biodiversity strategy.

Of the 543 CEMEX sites assessed, 131 overlap with an area of high biodiversity value such as international and national protected areas, important bird areas, key biodiversity areas, and Natura 2000 sites. The study further differentiates the 131 sites according to their national, regional, or global relevance: 109 are of national or regional importance and 22 sites have a global relevance. Among the 22 globally important sites, 10 have already implemented voluntary conservation projects, often with assistance from local BirdLife Partners or other conservation organizations. The other 12 sites have the potential to enhance biodiversity management and require further investigation to ensure that impacts on biodiversity are appropriately considered. They were identified as priority sites and will be given highest priority for conservation efforts.

Please see results of the study in graphs below.

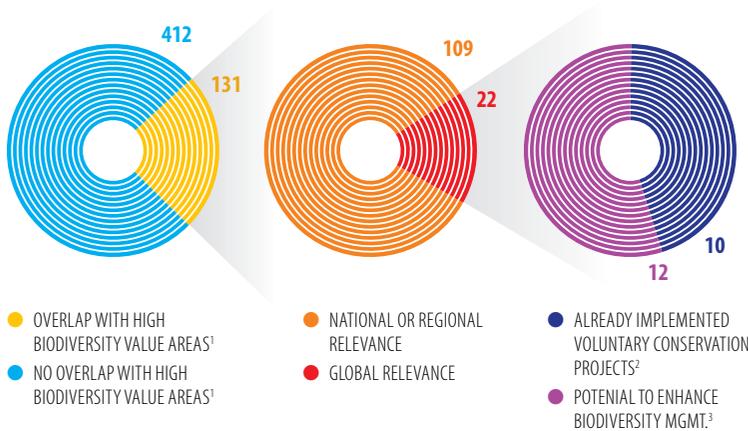
543 CEMEX sites evaluated for their proximity to high biodiversity value areas and biodiversity enhancement potential

131 sites within, containing, or adjacent to high biodiversity value areas

38% of sites with high biodiversity value have implemented biodiversity management plans



CEMEX SITES ASSESSED



The practical outputs of the study are maps and databases that provide detailed information on the biodiversity characteristics of each operational site. This knowledge will enhance site-level land management decision making.

The scoping study provides the baseline analysis from which the strategy is to progressively implement biodiversity action plans (BAPs) for all the sites that overlap with important biodiversity areas, starting with the 12 priority sites. Ultimately, CEMEX's objective is for 100 percent of these 131 sites to have a BAP in place by 2015.

To help this process, we are currently working with BirdLife to develop a BAP standard and projects have been started at 2 priority sites in Spain and the UK. The standard will guide the operations on how to: assess the biodiversity context and potential impacts of sites, set conservation objectives and actions, monitor and report the progress against targets, and engage with stakeholders. Wherever possible, local BirdLife Partner organizations will assist CEMEX operations in the development and implementation of such plans.

¹ Such as international and national protected areas, Important Bird Areas (IBA), Key Biodiversity Areas (KBA), and Natura 2000 sites.
² Often with assistance from local BirdLife Partners or other conservation organizations.
³ Require further investigation to ensure that impacts on biodiversity are appropriately considered. They were identified as priority sites and should be given highest priority for conservation efforts.

CEMEX biodiversity policy

In 2010, we adopted a new Biodiversity Policy to guide our actions in the field of biodiversity conservation. Through this statement, we renew our commitment to being a responsible steward of the land we manage and to conducting our operations in a sustainable manner. More specifically, we will:

- Ensure compliance with all relevant legislation and align our biodiversity initiatives with our business model so that biodiversity is considered in our decision making processes and management systems, throughout the lifecycle of sites.
- Assess, prevent wherever possible and reduce the biodiversity impacts of our operations and seek opportunities for biodiversity enhancement initiatives that contribute to local, national and global conservation priorities.
- Prioritize our operational sites for their biodiversity value and adopt a systematic management approach for sites with high biodiversity potential.
- Establish constructive relationships with local, national and international stakeholders to generate synergies and contribute to knowledge and best practices development.
- Provide instruction and training to encourage greater awareness among our employees and other stakeholders.
- Monitor and review our performance against measurable targets and industry best practices to drive continuous improvement and report on the results achieved.

 *The full CEMEX Biodiversity Policy can be found on www.cemex.com*

The recently completed CEMEX-BirdLife Biodiversity Scoping Study is an ideal platform from which CEMEX can build effective biodiversity management and conservation work across its operations. I hope that CEMEX can now move quickly to develop and implement a focused biodiversity strategy as part of the wider Sustainability Vision, with a clear overall goal and explicit targets and measures referring to the baselines in the Scoping Study. This strategy would consolidate CEMEX's commitment to biodiversity conservation and further raise the standard of the company's sustainability reporting. It would also be a fitting way to mark the start of the UN Decade of Biodiversity in 2011.



Leon Bennun
Advisory Panel Member

MAKING PROGRESS TOWARDS OUR QUARRY REHABILITATION

Quarry rehabilitation aims to turn quarried land into a restored, stable and safe site, compatible with its natural environment and suitable for the future use of the land, which can be as varied as agriculture, forestry, nature reserves, commercial and residential development and recreation facilities. Thus, our quarry rehabilitation work aims to create sustainable quarries, simultaneously minimizing negative impact and contributing to local development.

We are committed to implement quarry rehabilitation plans at all of our operating sites by 2015. At year-end 2010, 85 percent of our sites had such plans in place. In addition, we continue to work with our industry peers in the Cement Sustainability Initiative to establish Quarry Rehabilitation Guidelines and help raise the standard of rehabilitation projects.

Successful quarry rehabilitation concludes with donation of 6,000 acres in Colombia

In 2010 we donated 6,000 acres of land to Chingaza National Natural Park in central Colombia. The donation of the land to the country's park service was the final step of the quarry's restoration and an opportunity for CEMEX to give back to the central Colombian community. Chingaza Park is located an hour from the capital city of Bogota and is a crucial part of the country's ecosystem. It provides drinking water for nearly 11 million people in central Colombia and is home to numerous rare plant and animal species.

 *For more information on this and examples of successful rehabilitation projects, visit www.cemex.com/sustainability*

85% of our sites have quarry rehabilitation plans in place



“Through the donation of the land to Chingaza National Natural Park, CEMEX conveys a message of commitment to the environment and sustainable development. The responsible and controlled use of land resources guarantees respect for nature and, in turn, community development. This is an example that other companies should follow.”

Beatriz Uribe,
Colombian Minister of Environment,
Housing, and Land Development.

Chingaza National Natural
Park in Colombia

El Carmen serves as a new generation conservation model

Established in 2000, our El Carmen Initiative helps protect and conserve approximately 200,000 hectares of ecologically significant land along the United States–Mexico border through a progressive partnership between CEMEX, other private landowners, governments, NGOs, and universities.

Owned by CEMEX and other private landowners, El Carmen is home to more than 500 species of plants, 289 species of birds, 80 species of mammals, 65 kinds of reptiles and amphibians, and 149 species of butterflies. The initiative uses scientific research and proven habitat and wildlife management practices to restore and protect the landscape, native grasslands, and wildlife species. El Carmen staff also provides guidance on habitat and wildlife restoration to our partners and interested adjacent landowners. Solar and wind-power generator systems are used to provide renewable energy to the facilities at El Carmen.

Over the past ten years, El Carmen has averaged two research projects per year, with an average of two scientific papers published annually.

The table below shows the strong response to wildlife restoration in El Carmen thus far, as well as the projection for the next five years. Please note the highlighted large mammal species, which were extinct in the region for more than 50 years and required complete reintroduction.

Species (estimated)	2000	2010	2015
White-tailed deer	300	1500	2000
Mule deer	40	700	1500
Elk	0	200	300
Desert Bighorn Sheep	0	250	350
Pronghorn	0	100	300
Javelina	100	1000	2000
Wild Turkey	30	250	500
Black Bear	25	300	400
Total	495	4300	7350



 For more information on El Carmen, please visit www.cemex.com/sustainability

Desert Bighorn sheep

high priority to
HEALTH and
SAFETY



We are committed to making CEMEX a safe workplace and to supporting all aspects of the health and well-being of our employees, contractors, and third parties. To further this commitment, we are implementing new standards, increasing accountability, and providing more training and information.

19% decrease in employee LTI frequency rate in 2010

40% decrease in lost work days in 2010

CREATING A CONTINUALLY SAFER, HEALTHIER CEMEX

The safety, health, and well-being of our employees, contractors, and the third parties affected by our operations are CEMEX's highest priority. That is why we have introduced industry-leading safety systems to identify and address risks, innovative employee health initiatives to promote well-being, and line-manager ownership of health and safety to ensure that programs are implemented and led as effectively as possible.

Despite our commitment, fatalities increased last year. Such tragedies are unacceptable, and we must learn from the findings of our investigations. We are redoubling our safety training and incident-prevention measures. In 2011, we are radically changing our approach to safety. Leaders at all levels of the company will be held personally accountable for improving the safety performance of their operations. In addition, we will launch new health and safety policies and implement our new Health and Safety Management System.

PRIORITIZING HEALTH AND SAFETY THROUGHOUT OUR OPERATIONS

While health and safety programs are, by necessity, implemented at the country and site level, the chain of responsibility and monitoring extends from CEMEX's top management team and Board of Directors. Line management, supported by health and safety specialists in the country, implement programs by communicating standards, providing appropriate equipment and training, conducting risk assessments and monitoring compliance. Line management is responsible and accountable for implementing initiatives, investigating incidents, and demonstrating correct safety behaviors. In other words, country and business unit leaders ensure that our actions meet CEMEX's commitments and objectives. Oversight, review, and guidance continue all the way up through regional and company-wide levels to the Sustainability Committee, which reports progress and challenges to the top management team.

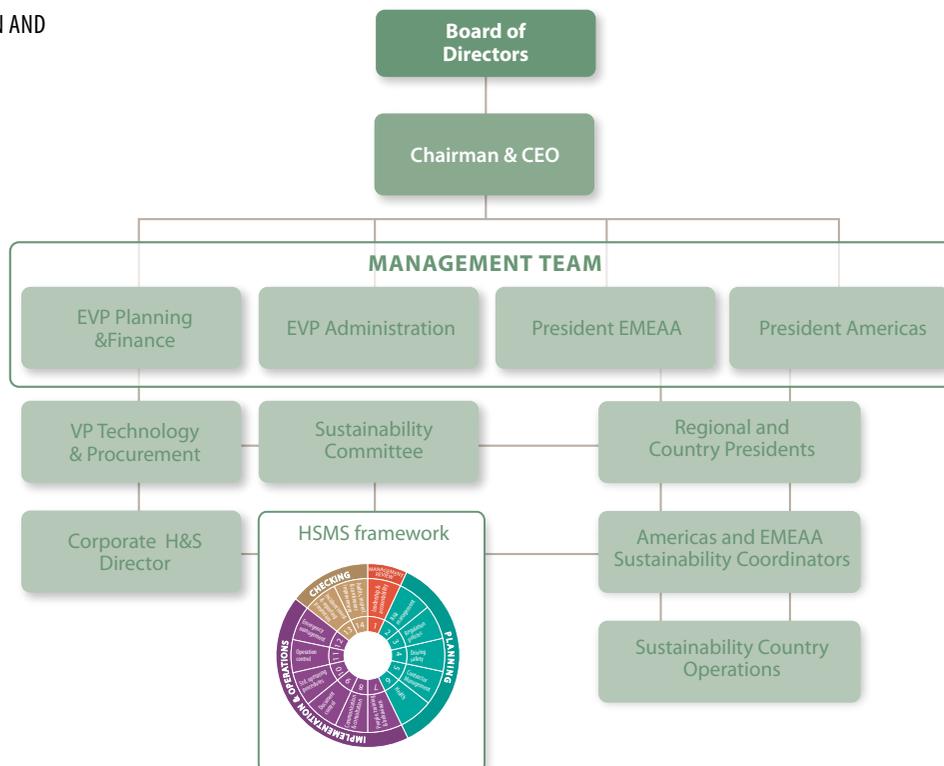
TAKING A SYSTEMATIC APPROACH TO MANAGING HEALTH AND SAFETY PERFORMANCE

As part of our continuous effort to strengthen ownership and accountability for health and safety by line management, we developed the CEMEX Health and Safety Management System (HSMS) in 2010. Aligned with OHSAS 18001, the risk-based HSMS clearly sets out the company's expectations of managers in terms of health and safety performance. The HSMS includes performance requirements and supporting guidance and tools for managers to help them implement our health and safety strategies through:

- risk assessments
- system audits and site inspections
- health and safety training and development
- performance monitoring and tracking
- emergency preparedness
- incident investigation
- identification and sharing of lessons learned and best practices



CEMEX SAFETY ORGANIZATION AND COMMUNICATION STRUCTURE



CEMEX's new Health and Safety Management System set for pilot testing in 2011

During 2010 we developed a practical, risk-based Health and Safety Management System (HSMS) that will be rolled out globally in 2011. The new system is aligned with OHSAS 18001:2007, an international occupational health and safety management system specification created via concerted effort from a number of the world's leading national standards bodies, certification bodies, and specialist consultancies.

It also provides the foundation for the HSMS Framework, which describes the 14 elements that comprise our comprehensive approach to managing risk and improving safety and well-being at CEMEX. We begin with leadership and accountability: we expect everyone at CEMEX to comply with our policies, and we hold managers accountable for the safety of their operations. We then plan the needed initiatives and support, execute the plans, and track and monitor our progress and challenges. In an ongoing process, the performance metrics are used to reinforce leadership and accountability and to develop new initiatives.

The CEMEX HSMS will be used to support sites and businesses across the company globally with the objective to:

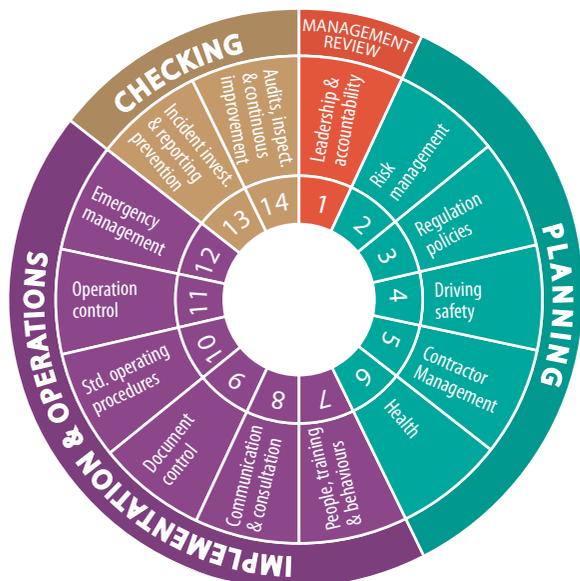
- identify and reduce risks to all persons
- develop supporting standards and guidelines
- share best health and safety practices throughout the company
- continually improve the health, safety, reliability, and efficiency of operations

98% operations with a safety management system in 2010 (unchanged from 2009)

79% operations with a health management system in 2010 (+4% from 2009)

HSMS MANAGEMENT SYSTEM FRAMEWORK

The HSMS framework outlines CEMEX's commitment to Health and Safety and the requirements of top management for the effective management of health and safety, as well as incident prevention.



THE 14 ELEMENTS OF THE CEMEX H&S MANAGEMENT SYSTEM FRAMEWORK

We are launching this system and conducting pilot audits in 2011, and it will be fully implemented in all operations over the course of the next five years.

APPLYING ROOT-CAUSE ANALYSIS TO LEARN FROM INCIDENTS

Over the past two years, we have steadily improved our use of root-cause investigation tools and methodologies to understand why incidents happen in our operations. In 2010 root-cause investigations involving line leadership and technical and safety specialists were completed for every fatal incident (both CEMEX culpable and non-culpable incidents), and corrective and preventive action plans were implemented. Despite this effort, we recognize that there are opportunities to further improve the skills of investigation teams and their understanding of the root-cause analysis process. To further our performance, we have developed a training program that will not only enable us to better understand underlying causes of safety incidents, but also identify as-

The course complements other behavior-based safety programs previously established in certain company operations, such as Visible Felt Leadership and 365.

We will continue implementing LEGACY in 2011. We will begin training in the countries that do not yet have it, and in countries that have completed the first phase, we will expand the training to top-level managers who did not yet complete it. In 2010, we completed LEGACY training for 2,108 CEMEX supervisors and managers. Our goal is for all individuals in leadership roles to have completed the training by 2015.

IMPROVING SAFETY THROUGHOUT OUR OPERATIONS

CEMEX has steadily reduced on-site employee injuries and fatal incidents, but significant improvement is still needed with regard to transport activities and contract drivers, which represent a majority of the 2010 fatalities. In 2010, there were two on-site employee



pects of our safety management system that we must strengthen to prevent future injuries.

TRAINING OUR LEADERS TO FOCUS ON SAFE PRODUCTION

We are striving to make CEMEX safer by implementing robust safety systems and standards, and by strengthening safety leadership capabilities to create a safety culture focused on achieving zero incidents. The foundation of these efforts is LEGACY.

Developed in 2009, LEGACY is our company's in-house flagship safety leadership program designed to help us achieve our goal of zero incidents. One of its chief objectives is to shift management focus from "production" to "safe production." When fully implemented, LEGACY will equip managers at all levels with the tools, skills, and behavioral standards required to lead safer, more efficient operations.

LEGACY, which is organized around the seven behaviors of effective safety leadership, covers themes such as leading by example, understanding processes and people, and ensuring accountability.

fatalities and zero employee or contractor fatalities from working at height. However, we must significantly improve our transport activities and management of contract drivers. We deeply regret the deaths of 46 employees, contractors, and third parties in connection with CEMEX activities in 2010. The majority of these fatalities resulted from one incident in September 2010 involving a CEMEX truck and a public bus in which 12 bus passengers died.

REDUCING LOST-TIME INJURIES IN 2010

In 2010, we had a lost-time injury (LTI) rate of 2.6 and lost the equivalent of approximately 15,600 work days. While this rate slightly exceeds our target of 2.5 for 2010, it marks a significant improvement over 2009 with a 19 percent decrease. This progress reflects that fewer people were injured, their injuries were less severe, and they were able to return to work more quickly.

We will continue to address the risks that cause incidents and injuries. In 2011 we will focus on improving near-miss reporting to better identify the root and system causes of incidents that typically result in lost-time injuries.

Safety Goals	Targets
Eliminate employee, contractor, and third-party fatalities	0 fatalities
Reduce employee lost-time injuries (LTI rate)	0.5 by 2015
Full compliance with CSI Driving and Contractor Safety Recommended Practices	December 2014
Full compliance with CEMEX Health and Safety Management System (through risk-based governance audits)	2015
100% top management trained in LEGACY (CEMEX Safety Leadership Program)	2015

2,108 CEMEX supervisors and managers completed LEGACY training in 2010

MEETING THE GREATEST CHALLENGE: DRIVING AND CONTRACTOR SAFETY

Driving-related incidents involving our employees, contractors, and the public represent the majority of fatalities in our company and the industry. Furthermore, approximately 60 percent of all fatalities in the CSI database are related to contractor activities.

In 2009, we led the CSI Driving Safety Working Group in its development of industry-wide standards to address driving risks and incidents and to measure progress in reducing incidents and injuries. The CSI Recommended Good Practice for Driving Safety outlines practices for drivers, their managers, and transport management contractors. Similarly, the Recommended Good Practice for Contractor Safety outlines performance standards and requirements for contractors and contractor managers.

IMPLEMENTING THE CSI SAFETY RECOMMENDATIONS

All 21 CSI member companies approved these practices in October 2009 and are expected to fully implement them in their operations by 2014. In 2010, we immediately began implementation by con-



ducting a baseline gap analysis across all of the countries in which we operate to determine the level of compliance with the CSI Recommended Practices. On average, we achieved 64 percent compliance with the driving standards and 63 percent compliance with the contractor safety standards. Each country will now implement action plans and track and report progress in order to achieve 100 percent compliance by the end of 2014.

In addition to the CSI-related efforts, we incorporated driving safety and contractor safety as high-priority elements in the CEMEX HSMS. The majority of our operations already have a driving certification program that individuals must complete before they can drive CEMEX vehicles as well as systems for addressing poor driver behaviors. Under the HSMS, management will be audited against the requirements of the Driving and Contractor Safety elements to advance the company's leadership in these areas.

FOCUSING ON ENSURING GREATER DRIVING SAFETY

It is clear that more work must be done to ensure driving safety. We operate in geographies where road infrastructure is poorly developed and road safety culture is still maturing. CEMEX will continue to advocate for stricter driving regulations and enforcement in these regions. Meanwhile, we will continue to improve our management of those factors we can control, such as training and selection of drivers, journey planning and risk assessment, vehicle specification, and site safety. We are also increasing accountability at all levels for driving safety performance. We believe these efforts will not only reduce the risks to CEMEX but also make the communities in which we live and work safer.

INVESTING IN OCCUPATIONAL AND PREVENTIVE HEALTH CARE

We are empowering employees to improve their personal health by raising awareness, providing information, and offering assistance. Based on the work of our global health council and other



CEMEX Global Safety Awards

Since 2000, the annual CEMEX Global Safety Awards have recognized business units and country-level operations that have built and continually improved their safety culture to achieve superior safety performance. Businesses and countries are judged based on six criteria: safety performance and continual improvement, safety leadership, innovative practices to reduce risk, incident investigation, analysis, and follow-up and near-miss reporting.

SECTOR	BEST SAFETY PERFORMANCE	MOST IMPROVED SAFETY PERFORMANCE
Cement	Patarra Plant (Costa Rica) Chelm Plant (Poland)	San Pedro de Macoris Plant (Dominican Republic)
Ready Mix Concrete	Country Concrete Operations (Ireland)	Monterrey Concrete Plant (Mexico)
Aggregates	South Region (UK)	Rhein-Main-Donau Region (Germany)
Logistics	Aggregates West and Southwest Region (UK)	Colombia Ireland
Other lines of business	Terminals and Warehouses (Spain)	Indianapolis Pipe Plant (USA)
Country Awards	Ireland	Austria

stakeholder feedback, in 2008 we established the global Health Essentials initiative to address the 12 most important occupational and preventive health issues our people face every day, such as heart disease and stress, on-the-job ergonomics, and vaccines. Our goal is to improve each employee's health by offering beneficial occupational and preventive health programs.

All of our health programs—whether voluntary or required by local law—are designed according to four basic principles that we have integrated into our Health and Safety Management System:

- **Information and promotion of health topics** Better-informed employees can prevent or reduce health-related risks; therefore, we make information on a range of health topics readily accessible.
- **Vaccinations** We have a permanent program that provides our employees, and in some cases their families, with vaccines.



- **Timely diagnosis** Prevention and early detection of health issues are critical; therefore, at 96 percent of our operations, we have a qualified health professional on site or offer access to an external health provider.
- **Rehabilitation** We help employees identify the best recuperation and rehabilitation options following illness or incident.

An essential component of Health Essentials is communication. Each month we provide materials—presentations, brochures, flyers, posters, self-evaluation tests, and recommended actions—related to that month's featured topic.

Some essentials, such as Lung Power and Safeguard Your Back, reflect the risks that many employees face during their daily work at CEMEX. Others, such as Healthy Heart, Vaccines, and Prevent Stress, focus on preventive care and improved daily habits (e.g., healthful eating, regular exercise, and annual exams). By unifying health efforts in all our operations and promoting a culture of well-being at CEMEX, we promote improved employee health and quality of life; reduce incidents, sick days, and healthcare costs; and build trust.

54% of employees participated in annual medical exams, a 23% increase from 2009

52% reduction in absenteeism rate from 2009

96% of operations have a qualified health professional on site or have access to an external health provider

Helping employees reduce and manage their stress

CEMEX is applying 12 years of research on various aspects of stress to help employees reduce and manage their stress levels. We offer seminars, a stress-diagnosis tool, and an online course for stress management.

A photograph of four children in school uniforms. Two boys are in the back row, and two girls are in the front row. They are all smiling and looking towards the camera. The background is slightly blurred, suggesting an outdoor school setting.

strengthen local COMMUNITIES

54
—
45,099

families improved their homes
through Patrimonio Hoy

CEMEX's operations are often an important part of local communities. We employ community members, work with local suppliers, and contribute to the community through tax payments, social investments, and on-the-ground programs.

97%

of our operations have community engagement plans, a 14% increase from 2009

41%

of our operations have employee volunteering programs

Our goal is to always be a good neighbor and trusted member of the community.

MAKING A POSITIVE IMPACT IN EVERY COMMUNITY WE SERVE

Although we are a global company, the impacts of our operations—both positive and negative—are felt locally. Accordingly, we seek to develop strong long-term relationships with local community members.

We engage with the communities where we live and work to more fully understand their needs and concerns. We collaborate with community members, local and regional organizations, and governments to develop and implement social-investment programs that yield positive economic and environmental returns, promote citizenship, empower people, and help build a foundation for long-term well-being. And where possible, we seek to realize business benefits from these programs. Increasingly, we also join national and international policy discussions so that the positive impacts of our contributions can be magnified.

BUILDING TRUST THROUGH OPEN DIALOGUE

Community relations are managed at the country level so that they can be tailored to the particular circumstances of each locale. Before we open, close, or change local operations, we talk with our neighbors in order to improve our mutual understanding of needs and concerns. Approximately 97 percent of our operations have community engagement plans, which help us to identify the communities near our operations, our impacts on them, and their needs; and then develop and implement effective, site-specific social programs. Our new Environmental Management System will also include a requirement that all business units consider community concerns when identifying the potential effects of our operations. Though details are determined locally, the community plans must be in accordance with CEMEX's social-investment guidelines. These internal guidelines provide a common framework for the planning and execution of all of our social-investment strategies: programs we run directly, pro-

grams conducted through partnerships with stakeholders, cash and in-kind donations, and employee volunteer efforts.

USING BUSINESS STRENGTHS AND RESOURCES TO FACILITATE SOCIOECONOMIC DEVELOPMENT

CEMEX leverages its core business strengths—institutional knowledge and experience, employees' talent and time, and capital—to support the social and economic development of communities in ways that foster self-reliance and empowerment. Our efforts include the following:

- promoting access to affordable housing and improved infrastructure for low-income families in developing countries
- supporting education and training opportunities in schools and universities, including funding cultural and sporting activities
- promoting self-employment and the development of microbusinesses within local communities



56
Woman participates in the concrete block production process in a CPA in Mexico

Learning from our neighbors

In Colombia, we have three formalized mechanisms for community engagement: neighbor committees, a complaint management system, and social responsibility programs. During meetings with the public, the neighbor committee listens to the community's concerns and follows up on previously raised issues. Individuals can also communicate concerns and receive timely responses through our complaint management system. Promoting and participating in social responsibility programs related to housing, education, and environmental issues give us the opportunity to spend time in the communities with our neighbors and support their development.

Our programs in Mexico focus on continuous dialogue with our neighboring communities. Through these conversations, we learn about community needs and work together to address them in a sustainable way. In addition, our internally developed Responsible Operations Guidelines inform our actions throughout the business cycle: while searching for land and installing operations, during operational launch and ongoing operations, and as we wrap up operations and rehabilitate the site.



Patrimonio Hoy in 2010

45,099 families assisted

1,984,500+ square meters built through 2010

Lazos Familiares in 2010

6 projects completed

+3,000 square meters built or renovated

700 individuals benefited

Mejora tu Calle:

7,000 families assisted through 2010

+35,000 microloans provided through 2010

400,000 m² paving completed through 2010 in 12 municipalities

Centros Productivos de Autoempleo

22 CPAs operating

5,158 temporary jobs created

1,290 families assisted through 2010

ConstruApoyo

28,000 individuals benefited through 2010

- fostering local environmental awareness
- encouraging employee volunteering
- contributing to disaster relief

PROMOTING ACCESS TO BUILDING MATERIALS AND SERVICES

One of the most important ways in which CEMEX helps to reduce global poverty is by providing low-income customers access to building materials and services. We do this by creating programs that align the values and commercial objectives of our business with the needs of the communities we serve—generating long-term benefits for all. In addition, we advocate policies and financing models that will enable countries around the world to adopt development plans based on our programs.

CEMEX has several initiatives that help families and communities to build and renovate homes and construct and renovate community infrastructure and buildings. The programs also provide social benefits such as job and skills training for community members and volunteer opportunities for CEMEX employees.

Patrimonio Hoy: much more than a house

Our premiere achievement in low-income housing is our award-winning Patrimonio Hoy program, a self-sustaining social enterprise with more than 100 offices in Latin America, that enables families to build or improve their homes more quickly, more efficiently, and with better materials—concrete, cement blocks, and steel—than would otherwise be possible within their means.

Since 1998, Patrimonio Hoy has provided affordable building materials and services and US\$169 million in microfinancing to more than 300,000 families in five countries. In 2010 alone, 45,099 families benefited from the program. Sixty percent of participants in Mexico say they would not have been able to build their home without the program.

In addition, Patrimonio Hoy promotes local economic development and creates jobs for local masons and other workers. In particular, it provides opportunities for meaningful work for women. Most local Patrimonio Hoy “promoters”—the individuals who sell and administer the loans—are women, half of whom had no work experience prior to joining the program. Through Patrimonio Hoy they receive

Recognizing Patrimonio Hoy's success

2006 - Wins the World Business Award

2007 - Receives the Corporate Citizen of the Americas Award

2009 - Honored with the United Nations HABITAT Business Award in the category of accessible housing solutions

PATRIMONIO HOY	Partners	New partners added in 2010
Mexico	294,173	42,345
Latin America	14,138	2,754
Dominican Republic	134	134
Nicaragua	4,561	561
Costa Rica	430	67
Colombia	9,013	1,992
TOTAL	308,311	45,099

Lazos Familiares: building community institutions

Since 2005, Lazos Familiares has helped communities build and renovate local institutions and public facilities such as health centers, hospitals, orphanages, and schools. CEMEX and more than 625 of its clients and distributors donate materials and building assistance. Working alongside individuals from the communities, employee volunteers help communities complete the work more quickly and efficiently. In 2010, six projects were completed representing more than 3,000 square meters of built or renovated infrastructure, benefiting close to 700 people. To date, individuals have completed more than 45 projects representing a total of 15,037 square meters of built or renovated community infrastructure, benefiting more than 33,600 people.

Mejora tu Calle: facilitating community movement

This CEMEX initiative helps communities and governments work together to improve neighborhoods by using microloans from CEMEX

CEMEX again honored at the World Business and Development Awards

The World Business and Development Awards are international awards organized by the United Nations Development Program, the International Chamber of Commerce, and the International Business Leader Fund. In 2010 the Awards recognized CEMEX for its contributions to achieving the Millennium Development Goals through programs that foster and facilitate development, including Centros Productivos de Autoempleo.

This is the third time in four years that CEMEX was recognized by the United Nations for offering viable, innovative solutions for low-income families to improve their quality of life.

training, experience, an opportunity to earn a meaningful income, and an esteemed position within their communities.

We are currently developing an initiative similar to Patrimonio Hoy in the Philippines: a comprehensive community development plan for low-income communities using housing as a core driver. The program will provide microfinancing for those who need to build new houses, as well as those who need to rehabilitate homes that were severely damaged by Typhoon Ondoy.

ConstruApoyo: a model for disaster response and long-term relief

Begun in 2005 to provide disaster relief to the survivors of Hurricanes Stan and Wilma in Mexico, this program has since been used in other government-subsidized housing and community infrastructure initiatives because it is both efficient and transparent. Regional governments identify beneficiaries and provide funds for building or rebuilding, which CEMEX distributes in the form of debit cards. We make results available online to government officials. In 2010, approximately 28,000 individuals benefited from ConstruApoyo.

to pay for the concrete paving of streets and sidewalks. By combining community contributions with government funding, most projects are completed in just 70 weeks—much faster than the 10 years it often takes low-income neighborhoods to complete these projects. The results: easier travel, safer neighborhoods, improved access to public services, and increased income and property values in the communities served.

Since the program began in 2005, more than 35,000 microloans have financed 400,000 square meters of paving in 12 municipalities, benefiting 7,000 low-income families. We are seeking to replicate the Mejora tu Calle model in more Mexican municipalities; as the program continues to succeed in Mexico, we will replicate it in other countries in Latin America.

Centros Productivos de Autoempleo (CPA): pursuing do-it-yourself construction

In this program, CEMEX partners with municipal or state authorities, as well as NGO's and communities, to establish community centers where low-income families can temporarily work. Partici-



CEMEX's investment in local communities is aligned with its values and business objectives. Through innovative market-based solutions like Patrimonio Hoy and Mejora tu Calle, CEMEX addresses the housing needs of low-income families and paving of streets and sidewalks. Through its community centers, CEMEX provides self-employment programs that contribute to the economic and social development of the communities. CEMEX also assists communities in times of great need and devastation by providing assistance for community rebuilding.

Notwithstanding the results achieved to date, CEMEX faces challenges in replicating its social enterprise success model in other countries. The company also needs to improve the development and measurement of key performance indicators, verified by independent institutions, which show the impact of their CSR programs on the well being of the communities.



Irma Gómez
Advisory panel member

pants produce concrete blocks and other precast products, half of which they can use to build, repair, or expand their homes. Municipal or state governments purchase the other half for infrastructure development. The resulting proceeds are reinvested in the centers to make them self-sustaining. In 2010, we used CPAs to assist the victims of Hurricane Alex in northern Mexico (see page 61 for more information).

Also in 2010, we expanded the CPA program to Colombia, where it is called *Bloqueras Solidarias*, through a partnership with the Inter-American Development Bank (IADB). This collaboration, through which the IADB is providing 35 percent of the financing for the first 18 months, allows CEMEX to leverage its investment to help more families and, by extension, their communities. The program not only improves housing conditions but also empowers the community as a whole through the development of relationships with participating local NGOs and government agencies.

In 2010, through our 22 CPAs operating, 5,158 temporary jobs were created and approximately 1,290 families were assisted.

ADVOCATING NEW MODELS OF AFFORDABLE HOUSING DEVELOPMENT

CEMEX is expanding its affordable-housing efforts to policy discussions. At the 2010 World Economic Forum in Latin America, CEMEX proposed a new model for developing affordable housing. The model promotes lease-to-own and cooperative-based ownership options, as well as rental alternatives. Emphasizing the business opportunities that affordable housing projects present, we also urged the development of new alliances between governments, developers, financial entities, and communities to alleviate the housing deficits.

For more information about our progress in 2010 on these housing projects, refer to the Low-income Housing and Infrastructure section on page 24 of this report.

SUPPORTING EDUCATION AND TRAINING OPPORTUNITIES

We partner with educational institutions and programs to nurture future talent. We support a variety of efforts that, together, help to educate the individuals who will serve the global economy in a variety of capacities. For example, CEMEX is a vigorous supporter of the Tec de

Monterrey, university where CEMEX's Chairman and CEO has served as Chairman of the Board since 1998. In 2010, we completed the CEMEX-Tec Center for Sustainable Community Development, a program that seeks to promote collaboration between the public, private, and academic sectors in order to support innovative solutions to challenges in this field.

In addition, several of CEMEX's country operations granted scholarships and supported educational chairs at local universities in the areas of architecture, sustainable construction, and corporate responsibility.

PROMOTING SELF-EMPLOYMENT AND MICROBUSINESSES

As part of our efforts to improve local communities and promote self-sufficiency, we provide resources and advice for motivated individuals to start locally based microbusinesses. For example, at the Community Center of our cement plant in Torreón, Mexico, 20 students enrolled in the sewing and dressmaking course have made and sold more than

The following are some examples of our programs and activities in 2010:

- In the Philippines, as part of the Adopt-a-Wildlife Species program created to actively work on biodiversity conservation in the region, in partnership with Batas Kalikasan (Law of Nature) Foundation, CEMEX provided assistance in 2010 in building the "Sailing of the Seas". This floating training facility provides interactive learning on marine ecosystems, conservation, and environmental education. As a mobile program, it will be able to reach more communities and educate people about conservation.
- During 2010, events for employees and local communities were organized in the UK, France, Latvia, Poland, and the US where participants—employees, their families, and community members—learned about local bird species and how to identify them, as well as the characteristics of the birds' habitats. For example in Latvia, over 1,000 CEMEX employees, their families,



3,000 uniforms for workers at the cement plant. Now, they are beginning to produce uniforms for local schools and have applied for a loan from a government-run development bank; they will use the funds to form a business entity and continue their growth.

Moreover, in Colombia, 80 women and men who have participated in our educational programs have become CEMEX suppliers, providing environmental and maintenance services, performing work at height and in pre-blasting preparations, and selling uniforms and industrial safety clothing.

FOSTERING LOCAL ENVIRONMENTAL AWARENESS

We invest in local environmental projects related to issues such as environmental awareness, conservation, biodiversity preservation, and reforestation. These programs improve our understanding of unique ecosystem characteristics in a particular location, enable us to better address local environmental challenges, provide opportunities for individuals to learn more about their community's environment, and also create volunteer opportunities for CEMEX employees.

and other invitees participated in over 20 activities in support of CEMEX Bird Days, organized in cooperation with the Latvian Ornithological Society, a non-governmental organization that has represented BirdLife International in Latvia since 1994. The participants went on bird-watching excursions along with ornithologists (specialists in the study of birds) and participated in constructing approximately 500 bird homes to help protect the avian biodiversity in the region.

- In 2010, we launched our first CEMEX-BirdLife Nature Photo Competition in honor of the UN International Year of Biodiversity. The objective of this photo competition for our employees was to let them illustrate their appreciation for nature's extraordinary biodiversity—and show off their photographic skills. Over 500 entries were received from employees in 31 different CEMEX countries.

ENCOURAGING EMPLOYEES TO VOLUNTEER IN THEIR COMMUNITIES

In 41 percent of our operations, we have employee volunteering programs, and many of the social projects we support depend on their

participation. For example, on Mexico's "Day of the Tree", we organize reforestation brigades in all of our operations nationwide that have greenhouses. In 2010, employee volunteers and local community members planted more than 45,000 trees. Overall, employees in Mexico dedicated more than 22,000 hours of volunteer work during the year.

Most projects are organized at the country level in accord with local needs and resources. CEMEX Mexico has also instituted a country-wide "Volunteer Day" during which all employees are encouraged to participate in local volunteer work.

CONTRIBUTING TO DISASTER RELIEF

Our disaster relief efforts support employees and global communities during times of great need and devastation.

We took immediate action to support our 115 Haitian employees, their families, and neighboring communities after the January 2010 earthquake by donating money, food, medicines, and heavy machinery to the relief efforts. We delivered shipments of basic goods from Mexico and the Dominican Republic; made heavy machinery available to assist relief teams; and used our vessel "Marianela" to deliver an additional 90 tons of direct aid from Mexico that had been gathered by the CEMEX community and its customers. CEMEX and its employees also donated approximately US\$750 thousand, from joint contributions of the company and more than 2,500 employees in 29 countries. CEMEX has also started the construction of a housing project for our employees in the country who were left homeless. The project in its initial stage consists of building around 30 houses.

In Mexico, we provided recovery assistance to several communities in the wake of floods in Oaxaca and Veracruz; an earthquake in Baja California and Sonora; and Hurricane Alex in Nuevo León, Tamaulipas, and Coahuila. Following Hurricane Alex, we were able to use established programs to provide emergency disaster relief and rebuilding. Our first response was to distribute 250 tons of humanitarian aid, including food and clothing, and provide trucks and heavy machinery to assist in cleanup efforts in the affected areas. To help residents repair and rebuild damaged homes, CEMEX also launched the Construimos Juntos program, which consists in setting up Centros Productivos de Autoempleo in each of the 10 damaged municipalities. As part of this program, CEMEX donated 500 tons of cement and 200 packages of building materials for the production of cement blocks, as well as equipment and training. The municipal governments assigned parcels of land for the centers, selected families to participate, and took charge of providing professionals to supervise the construction process. We have established partnerships with more than 10 institutions interested in helping to rebuild these communities. More than 7,000 individuals have benefitted from this assistance.

In addition, we helped local communities in Colombia, Poland, and Hungary following severe flooding in each of those countries. Through the national program Colombia Humanitaria, CEMEX Colombia supported national and local governments and do-



41% of our operations have
employee volunteering programs

22,000+ hours of volunteer work
dedicated by employees in Mexico

nated 1,205 tons of cement. In addition, 192 employees donated US\$12,000.

In Europe, CEMEX provided Hungary's Central Disaster Recovery Office with machinery, including plunger pumps, a power generator, and a wheel loader, to help drain water and clear roads. CEMEX volunteers then donated their services to operate the equipment. CEMEX offered special discount prices on all materials needed for recovery work, such as washed sand and gravel, classified gravel, ready-mix concrete, and paving stones. Furthermore, in Poland, CEMEX donated materials to reinforce the flood banks in the Dobrzykow area and a mobile plant to reinforce flood banks in Warsaw.

CEMEX is proud to have participated in the efforts to mitigate the unfortunate effects of these devastating events, highlighting its global commitment to foster the well-being of local communities around CEMEX operations.



partnership
with **KEY**
stakeholders

We continuously interact with a wide variety of stakeholders to discuss and address society's most pressing needs.

We have defined four core stakeholder groups:

- our people
- our neighbors
- our business partners, and
- our world.

We engage in continuous communications with stakeholders

We have adopted the following periodic communication channels for each of our stakeholder groups:

Our People: *monthly:* newsletters; *quarterly:* internal magazines, site visits/ dialogue sessions with management; *annually:* surveys; *ongoing:* leadership engagement and communications, CEMEXPlaza (intranet), email and on-site message boards, training programs

Our Neighbors: *monthly:* community meetings; *quarterly:* advisory panels, dialogue sessions; *annually:* open house days; *ongoing:* site visits, local partnerships, social programs, volunteer work

Our Business Partners (including customers, suppliers, investors, and analysts): *monthly and/or quarterly:* financial updates; *annually:* financial and sustainable development reports, commercial events, CEMEX Day, customer-satisfaction surveys; *ongoing:* website updates and press releases, customer service centers and help lines, capacity-building programs (ie. Supplier portal)

Our World (including academic institutions, communities, NGOs, policy-makers, and governments): *monthly:* conferences; *annually:* sustainable development report and conservation books; *ongoing:* public policy discussions, long-term partnerships with NGOs, position papers, educational programs with universities and schools

Aiming to be an employer of choice, strengthening employee engagement

Our people are the key to CEMEX's success. Their talent, energy, and vision make us what we are: a world leader in building materials with a proud past, a strong reputation, and a bright future.

EMPLOYEE DEDICATION LEADS TO COMPANY SUCCESS

We know that employee engagement is critical for the successful implementation of our business strategy. Loyal, involved employees go above and beyond what's required to satisfy customers and achieve business goals. Therefore, we continuously invest in identifying, recruiting, and retaining top talent by making CEMEX a safe, healthy, ethical place to work and to develop professionally.

We constantly monitor our business needs, strengths, weaknesses, and stakeholder feedback regarding employee engagement. Then

We seek to attract, hire, and retain key talent by offering a value proposition that includes:

- interesting, challenging and innovative work
- a variety of career choices and opportunities
- skills training for current position
- programs and services that support work-life balance and employee health
- competitive compensation packages
- international perspective

we devise strategies to address gaps and improve our performance. We are continuously implementing initiatives that support our employees' professional and personal lives.

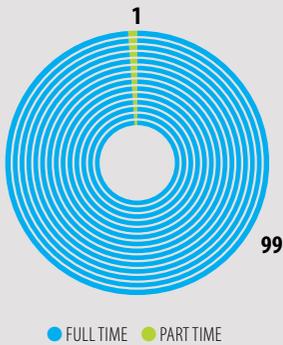
At the end of 2010, CEMEX had 46,533 employees and approximately 14,790 contractors. These numbers reflect voluntary turnover of six percent. Unfortunately, we also had involuntary turnover of nine percent. The decision to reduce headcount was difficult, but necessary to ensure our continued competitiveness.

All restructuring efforts were performed in accordance with local employment laws and applicable employment agreements. When significant operational changes required a notice period, we complied with local employment laws and collective agreements and provided an average of 30 days' notice. In some business units, we also offered support services to help affected employees, including financial and recruiting advice and job-placement services.

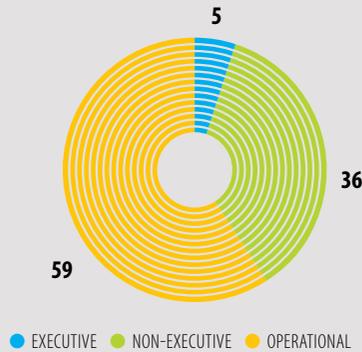


Our global workforce

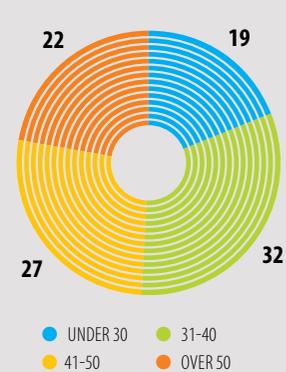
BREAKDOWN BY TYPE OF CONTRACT
percentage



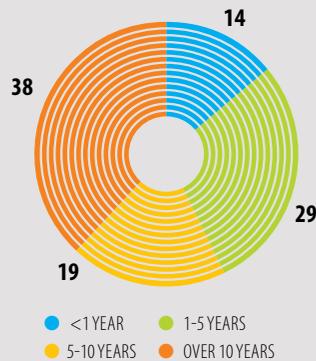
BREAKDOWN BY LEVEL
percentage



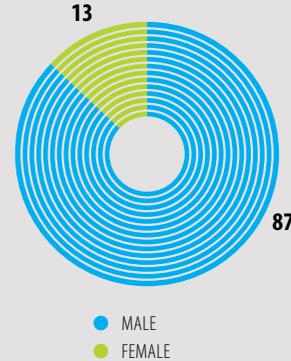
BREAKDOWN BY AGE
percentage



BREAKDOWN BY SENIORITY
percentage



BREAKDOWN BY GENDER
percentage



LISTENING TO OUR EMPLOYEES

We ask for our colleagues' feedback—on topics ranging from ethics to innovation to operations— through mechanisms that include the CEMEX Survey, town-hall meetings, global webcasts, and team briefings. In addition, Employee Councils are consulted on major organizational topics when their input is appropriate. Other types of engagement initiatives are tailored to meet the needs of particular operations. For example, meetings with country managers or department managers are held to address particular issues.

Since 2006, we have conducted the CEMEX Employee Survey. This survey measures the degree to which employees feel motivated by their job, supervisors, and team, as well as their commitment to stay with the company and contribute to its success. In 2010, the Employee Survey showed an 83 percent employee engagement⁽¹⁾ level. Guided by these results, which are reported by business unit and functional areas, we develop action plans and, in 2010, we had 674 initiatives implemented or ongoing based on employee input.



Tailored to the needs of each location, initiatives include regularly scheduled meetings and interactions between line workers and managers, open dialogues with leaders, training programs to improve leadership communication and managerial skills, expanded health insurance coverage, salary surveys to ensure market-appropriate remuneration, picnics and sporting events for employees and their families, as well as an employee product purchase policy.

During 2010 we also launched Shift, a social networking platform designed to make the company more innovative, efficient, and agile by building strong relationships among employees. Shift enables employees worldwide to easily collaborate on projects and share their experiences, insights, information resources, and best practices.

To encourage diverse candidates to apply for positions, CEMEX's hiring procedures seek candidates from a variety of sources. We promote that open positions are publicly posted in our job posting site, which is available to both internal and external candidates; we ask employees to make referrals; and we look for qualified candidates at local universities and through job-search websites and social media. After reviewing the candidates' files, we generally interview two to five people before selecting the individual to hire.

As part of CEMEX's broader commitment to ethical conduct, employees are encouraged to report violations of CEMEX's non-discrimination policy. They can report violations to the local Ethics Committee or through ETHOSline, a secure, confidential website. A phone-based ETHOS hotline is also available for about 50 percent of employees; we are working to make it available to all employees.



83% employee engagement level⁽¹⁾

EMPLOYEES DESERVE—AND RECEIVE—EQUAL OPPORTUNITIES AT CEMEX

Fairness is a fundamental value at CEMEX, and treating people fairly begins at the level of individual interactions. That's why we design our organizational structures and choose and train our managers with great care. We develop leaders who have not just the knowledge and skills to keep CEMEX competitive, but the people skills to bring out the best in the employees who work for them.

Our Equal Opportunity Employment Policy

As formalized in our Equal Opportunity Employment Policy, CEMEX hires, develops, and promotes all employees on an equal-opportunity basis—that is, without regard to race, gender, sexual orientation, religion, appearance, age, national origin, and/or physical disability. And we are uncompromising in maintaining a civil, pleasant working environment free of harassment, intimidation, and discrimination toward anyone.

Supporting diversity at CEMEX

We are working to increase diversity throughout our workforce, in particular with regard to gender. As women comprise 13 percent of CEMEX's workforce, we have implemented initiatives to encourage more women to join the company, such as formal work-life balance programs in some of our operations (e.g., Corporate, Mexico, Dominican Republic, Czech Republic and Ireland).

At the management level, we are succeeding in our diversity aims. Over 30 nationalities are represented in senior management and approximately 60 percent of senior management positions at significant CEMEX operations are local hires. This mix reflects a balancing of several CEMEX commitments: to promote local development; to place our employees in the right role at the right time; and to encourage employees to take challenging assignments in order to enhance their growth, facilitate the exchange of best practices, and strengthen our shared corporate culture.

⁽¹⁾ Engagement level is calculated as an average of the answers to a set of questions. It could vary from 0-100%.

Performance Evaluation

Over 20 percent of our executives and employees have access to a formal online system to register evaluations, and 97 percent of these employees reported receiving feedback in 2010. The remainder of our employees and operators also receive regular performance evaluations with their individual managers, though the process is not registered in a global tool.



700+ online courses available through CEMEX Learning

19,000+ employees with access to CEMEX Learning platform

UPHOLDING EMPLOYEES' RIGHT TO FREEDOM OF ASSOCIATION

We recognize the right to freedom of association and collective bargaining among our workers. We negotiate collective bargaining in good faith, balancing our business needs with our employees' needs. We also use these union interactions as another opportunity to learn valuable information regarding employee needs and ideas. In 2010, 54 percent of CEMEX employees were members of an independent union or covered by a collective bargaining agreement.

HELPING ALL EMPLOYEES TO LEARN, GROW, AND ADVANCE

At CEMEX, we promote a culture of consistent high performance worldwide. To help our employees meet this standard, we provide them with work experiences, tools, and guidance that allow them to improve their professional skills and interact effectively. Through CEMEX Learning, over 700 courses are accessible and available to approximately 19,000 employees worldwide.

Since we consider experience the cornerstone for growth, we encourage employees to seek advancement opportunities throughout the company. Our Job Posting Policy supports this goal by giving

employees opportunities to apply for positions that will afford them professional growth. We help our employees succeed in each position by providing comprehensive support in the form of personal career guidance from their supervisor, department head, and Human Resources, as well as training.

CEMEX's human resources processes allow supervisors to effectively provide feedback and coaching to their colleagues through direct interactions and performance reviews. CEMEX's Talent Review is a dialogue-based employee-development process through which the employee's performance and potential are assessed collectively by the employee's direct supervisor and peers, as well as the area leader.

At the supervisory level, Talent Reviews open a forum for discussions about our people, build a common language to evaluate and identify talent, and empower the organization to actively participate in employee development. They also help CEMEX address two ongoing challenges: the identification of talent gaps in specific operations and the development of strategies to fill those gaps.

Supporting skills development and lifelong learning

Our employee engagement efforts identified a need for training on specific skills tailored to the needs of different functional areas. To address that need, CEMEX offers and is continually developing an array of instructor-led and online courses. Several of these programs are aimed at strengthening the skills and competencies of people already in leadership positions and individuals rising to those levels. These courses give our future leaders the opportunity to learn about decision-making models, business trends, and strategy; strengthen interpersonal skills; build a strong international network that promotes knowledge and best-practice sharing; and experience working in virtual and multicultural teams. In 2010 we developed a Manager Training Program that focuses on providing basic management tools for collaboration; we will now offer it to colleagues with collaborators at operations around the world.

To complement our onsite training efforts, we have a state-of-the-art online learning management system, CEMEX Learning, through

We also encourage CEMEX employees to contribute to sustainability in their own way and in their own backyards by giving their time and talents to local community programs. We lend company support to many social projects in which CEMEX employees participate.

Total rewards to attract and help retain the best talent

CEMEX's reward package is intended to both motivate employees and recognize their performance. Our goal is to provide all employees with a competitive compensation package for their position and level of responsibility. As a global company operating in diverse markets, however, we are challenged in our effort to design a globally consistent compensation package. To ensure that our offerings are appropriate, we consider the following:

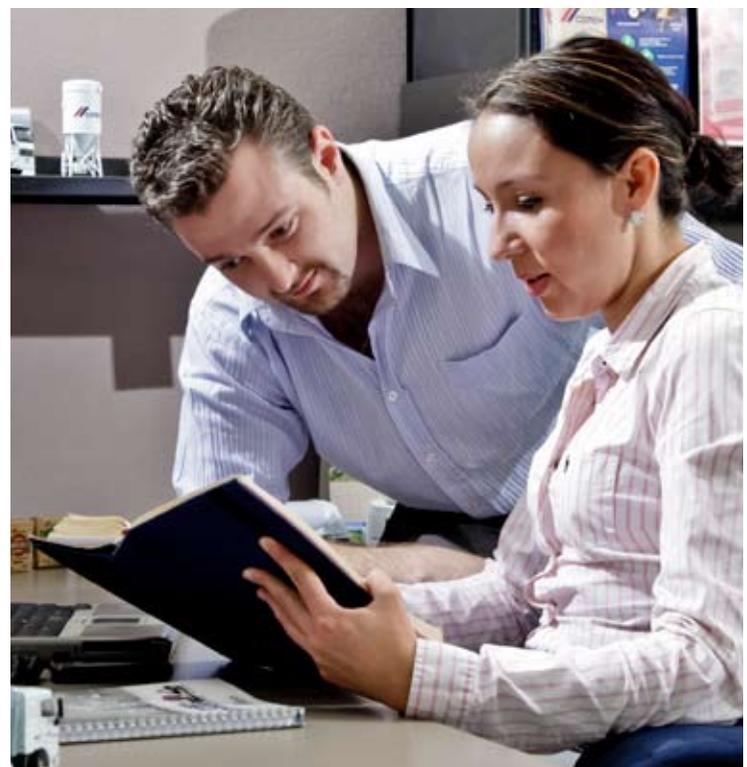
- the total compensation provided by comparable companies
- the labor markets in which a given CEMEX business unit competes for talent
- data compiled from independent, professional, third-party surveys

69% of our operations have work-life balance programs

which our employees can design and pursue their individual development plans. Course subjects range from interpersonal skills and project management to specific business issues, such as our CO₂ emissions challenge, use of alternative materials in products, and technology strategy. In addition, during 2010 more than 350 employees received support to complete university courses and degrees.

Supporting employees' lives outside of work

We value and support our employees as individuals, family members, and citizens of their communities. To help them balance all their roles, CEMEX offers employees flexible work arrangements as tailored to their particular culture and business unit needs; 69 percent of our operations have work-life balance programs, including dependent care, child care, elderly care, sabbaticals, parental leave, or other flexible benefits. In Spain, for example, we have two voluntary programs: "Banco de días," which grants employees up to 10 compensation days in exchange for accumulated work hours; and a work-reduction program in which employees voluntarily reduce both their hours and compensation.



We always comply with the applicable local laws of the countries where we operate, including pension plan and health and safety benefits requirements. Indeed, we provide additional health and insurance benefits at different levels in over 90 percent of our operations and additional pension benefits in approximately 45 percent of our operations.

Moreover, we are committed to paying the same wages to men and women who perform similar jobs at the same level of experience, as evidenced by our male-to-female salary ratio of 1.02—with seniority accounting for the slight difference.

Continuous investment

We make significant investments to help our employees develop their skills and be more effective at executing our business strategy. We have set the following objectives to address issues of immediate priority to our colleagues and the company and to build a strong foundation for the future:



Short-Term Objectives

- Retain key talent and recruit highly qualified individuals who have the competencies CEMEX needs
- Continue to develop career planning alternatives
- Continue providing leaders with communication and leadership training

Medium-Term Objectives

- Develop organizational capabilities to support our strategy
- Implement a redesigned leadership development program that is aligned with talent management
- Continue to build a solid talent pipeline in critical areas
- Ensure the availability of growth and development opportunities

Focusing on customer needs

Loyalty happens by design, not by chance. That's why we intensely focus on every customer, whether a construction giant building a skyscraper or an individual building his family's first home.

We work with our customers to identify and implement effective ways to create more value for them. Because commercial needs and building practices vary greatly from region to region, we are careful to respond to market challenges in locally specific ways. In some regions, we have launched new value-added cement and ready-mix products that streamline the construction of housing and other infrastructure. In other areas, we have helped develop financial mechanisms that enable local governments to build roads and other infrastructure and partner with developers to produce low-income housing. In the wake of the worldwide recession, the public sector has become the most important customer in many markets, and we are developing new skills and solutions to best serve its needs.

We are continuously improving our processes to make them more customer-friendly and are launching new technology-based tools to help our customers execute and manage their projects. Our "24/7 Load" delivery service allows customers to receive products whenever they need them, thus optimizing delivery schedules to fit the needs of their projects. In the same vein, "Mobile Solutions" sends automated SMS messages to the customer each time an order of cement or ready-mix concrete is ready for delivery. This free service keeps customers up-to-date on project logistics and lets them plan for the arrival of the materials. In addition, with just a single call to our one-stop Service Centers, customers can place orders, make inquiries, review the status of orders, or request technical assistance.

In addition, we work hard to ensure that our products are safe to use and that customers use them properly. All of our production processes are certified locally and many of our cement plants are certified to ISO 9000, an internationally recognized quality management standard. We also offer local training programs to help our customers improve their construction skills and better manage their businesses.

Listening to our customers

We use customer surveys, including end-of-project satisfaction surveys, and ongoing dialogue to gain a clear understanding of our customers' needs and preferences. Then we collaborate with them to develop efficient, effective building solutions that fit their budgets.

In 2010, 84 percent of the countries in which we operate regularly conducted customer-satisfaction surveys, up from 78 percent in 2009.

 [Learn more about our products and service online.](#)

Fostering supply chain sustainability

We recognize that our responsibility for sustainable business practices extends to the farthest reaches of our supply chain. Our customers and other stakeholders hold us just as accountable for the sustainability of our sourcing and procurement practices as for the sustainability of our products and services. Thus, our success in part relies on the support and participation of our suppliers, who provide valuable local perspectives, expertise, and practices and whom we view as partners.

WE HELP CREATE SUSTAINABLE COMMUNITIES THROUGH LOCAL SOURCING

We believe that local sourcing is in and of itself a sustainable business practice: it creates jobs, which in turn stimulate local economies while developing new skills among local workers. Whenever feasible,

Fulfilling our global commitments

CEMEX is the only building materials company that participates in the United Nations Global Compact (UNGC) Advisory Group on Supply Chain Sustainability. We collaborated with other members of the Advisory Group to produce the UNGC's *Supply Chain Sustainability: A Practical Guide for Continuous Improvement*, which was published in June 2010. As we do every year, we attended the UNGC's annual meeting in Oslo, Norway, in January 2010, and will attend the 2011 meeting, to be held in Mexico.

93% of our purchases were made from locally and nationally based suppliers

84% of the countries in which we operate have a process to screen suppliers' social and environmental practices

we support small and locally based suppliers everywhere we operate; in fact, in 2010, 93 percent of our purchases were made from locally and nationally based suppliers. Our procurement teams participate regularly in events to identify new, local suppliers, in particular small-to-medium-sized enterprises. We also provide training and development programs to help suppliers strengthen their business practices and integrate sustainability into their business processes.

In addition, we are now developing basic training materials for all CEMEX employees who deal with suppliers—as well as the suppliers themselves—to help everyone better understand the many sustainability aspects of the supply chain process.

Responsible sourcing for a better world

In 2010, CEMEX started the first phase of a new Sustainable Procurement Program that will systemize and expand the various sustainable sourcing practices that have been used for several years. In brief, the program's objectives are to:

- inform all employees and main suppliers about CEMEX's commitment to sustainable sourcing policies and practices, and what we expect from them

- ensure that all current and potential new suppliers are qualified and evaluated thoroughly, fairly, and at regular intervals on the sustainability of their own business practices
- enable main CEMEX suppliers to adopt and develop more sustainable practices and empower them to assist us to do the same
- extend sustainable procurement practices beyond the procurement area to include all departments that use suppliers
- strengthen the lines of communication between CEMEX and our suppliers in order to facilitate collaboration

To launch the first phase, we developed a supplier survey to assess the sustainability practices and performance of current suppliers. That survey was sent to a selected number of suppliers in Mexico, Colombia, the Dominican Republic, and the Philippines; it will be distributed in other countries in 2011. CEMEX offices in some countries have separately conducted similar surveys of their local suppliers. To complete the first phase of the program, we will consolidate information from all the surveys to build a global picture of the company's supply chain sustainability. By 2010, 84 percent of the countries in which we operate had processes to screen suppliers' social and environmental practices.

In the second phase, CEMEX will communicate to all of its suppliers its philosophy of and commitment to sustainable sourcing, as well as what it expects of its suppliers. We will incorporate basic sustainability clauses into all our purchase orders and contracts during the third phase. We have already drafted and are reviewing the language for these clauses, which is based on the UNGC principles regarding human rights, labor, the environment, and anti-corruption. In the fourth and last phase, we will develop a supplier sustainability scorecard and roll it out as appropriate in each country.

While we expect to complete the first three phases of the Sustainability Procurement Program in many of the countries in which we operate in 2011, CEMEX offices in each country will determine the appropriate pace for implementation based on local circumstances. With their more mature supply chain and sustainability management environments, Spain and Croatia have already implemented all four phases of the Sustainability Procurement Program.

COMMUNICATION IS FUNDAMENTAL

Just as our suppliers, both current and prospective, need to know what we expect of them, we must understand their sustainability challenges and achievements in order to help them move toward more sustainable business practices. As we continue to roll out the Sustainability Procurement Program in 2011 and beyond, a fundamental goal is to better communicate it worldwide.

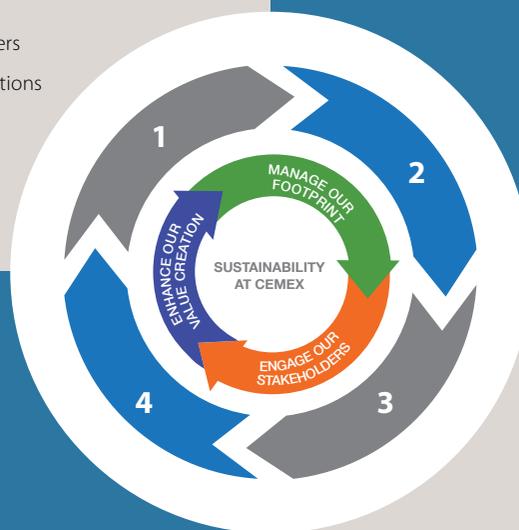
We have long had a Supplier Portal that is unique in our industry (www.cemexsuppliers.com). In the coming year, the portal will be completely redesigned to function as a more friendly and useful website, enabling greater interaction with suppliers through online courses and training, newsletters, and best-practice forums. The goal is to build a network of close collaboration with and among our suppliers so that we can share experiences, know-how, and best practices to improve our businesses and the communities in which we operate.



Sustainable supply chain management is a continuous process

- Concentrate on a selected group of suppliers
- Focus on Procurement and Corporate functions personnel
- Sustainable products and services
- Require to suppliers what our customers require from CEMEX

- This process is **continuous**
- Continue searching for sustainable suppliers, products and services
- Suppliers Sustainability program aligned to the Sustainable Corporate Strategy



- Include other areas dealing with suppliers
- Increment the communication strategy
- Increase on a wider group of suppliers
- Exploit the Innovation Program for supplier

- Measure a wider group of suppliers
- Establish the sustainable policy for suppliers
- Reinforce the sustainability in the supply commitments to internal personnel

Our partnerships

We leverage our knowledge and resources through global partnerships and memberships. CEMEX maintains more than 300 partnerships and memberships with global and local organizations, including NGOs, trade associations, educational institutions, and intergovernmental organizations such as the United Nations. Among them are the following:

BirdLife International. In 2007, CEMEX established a ten-year global partnership with BirdLife International, the largest network of independent conservation organizations in the world. This partnership helps us build on our efforts to protect biodiversity and create healthy, natural habitats in and around our sites. For more information, www.birdlife.org

Prince of Wales's Corporate Leaders Group on Climate Change. This group, brought together by the Prince of Wales and managed by the University of Cambridge Programme for Sustainability Leadership, gathers leaders from a cross-sector of influential European and international companies, governments, and NGOs to build their capacity to meet the needs of society and address global challenges. CEMEX participates in the policy debates regarding climate change that are happening at the highest levels.

United Nations Environment Program's Sustainable Building and Climate Initiative (SBCI). We are a member of this initiative, which promotes sustainable building practices worldwide. Through this initiative we foster networking with SBCI participants that are key in the sustainable building and construction market, to identify and/or generate new opportunities for CEMEX. www.unepsbci.org



Conservation International (CI). We collaborate with CI to support global biodiversity conservation efforts and raise awareness. We have worked with them to publish several of our conservation books. For more information www.conservation.org

International League of Conservation Photographers (ILCP). We work in partnership with ILCP for the production of books that inspire and raise awareness for the conservation of nature. In 2010 we published our 18th book in this series titled "Fresh Water: the essence of life". For more information, www.ilcp.org

International Union for Conservation of Nature (IUCN). In 2010, we began a three-year partnership with IUCN to strengthen our approach to water issues. With more than 1,000 government and NGO members and almost 11,000 volunteer scientists in more than 160 countries, IUCN is the world's oldest and largest global environmental network. For more information, www.iucn.org

United Nations Global Compact (UNGC). The UNGC 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 information www.globalcompact.org

World Business Council for Sustainable Development (WBCSD). As member of the WBCSD, a CEO-led, global association that serves as a platform for companies to explore sustainable development, share knowledge, experiences, and best practices, we were one of the companies to found the Cement Sustainability Initiatives (CSI). We are also members of the WBCSD's Energy Efficiency in Buildings (EEB) project, and we co-chair the Urban Infrastructure Initiative (UII), another WBCSD project. For more information. www.wbcscement.org

www.cemex.com/sustainability To see a full list of partnerships and memberships, visit www.cemex.com/sustainability

CEMEX plays a leadership role at COP 16

CEMEX took an active role both behind the scenes and on stage at COP 16 (the sixteenth Conference of the Parties to the United Nations Framework Convention on Climate Change) held in Cancun, Mexico November 29 through December 10, 2010.

CEMEX hosted a series of events that showcased the company's own efforts at reducing GHG emissions and protecting biodiversity and also demonstrated the significant role ready-mix concrete can play in a low-carbon world. At the Green Solutions Expo, CEMEX used an innovative interactive platform to present "concrete solutions" for the prototype low carbon footprint city of the future, including ready-mix concrete applications in urban design, mobility, clean energy, and efficient buildings. The Climate Change Village provided a space for public participation and collaboration at COP16 through conferences, exhibits, and cultural events.

In addition, CEMEX's Vice President of Energy and Sustainability participated in the meeting's plenary sessions—the first time that private sector representatives were included.

Off-stage, CEMEX sponsorship helped to offset the conference's carbon emissions and support the Mexico-based SEMARNAT Environmental Leadership for Competitiveness Program. The offsetting of 10,000 tons of CO₂ emissions, equivalent to approximately 25% of the conference's total emissions, is being completed through the reforestation and maintenance of 1,300 hectares of land in Oaxaca, Mexico. The funds donated to the Environmental Leadership and Competitiveness Program will provide resources to small and medium-size companies to help them implement environmentally responsible practices.



Top: Round-table "Key Challenges for Construction in the 21st Century-Open Dialogue with Experts on Sustainable Construction," hosted by CEMEX and the World Green Building Council

Bottom left: Cristina Mittermeier, Executive Director of the International League of Conservation Photographers (ILCP) at the Conservation Book Presentation "Fresh Water: The Essence of Life"

Bottom right: Sustainable concrete products in display at the CEMEX stand at the Climate Change Village

our PERFORMANCE in detail

Our Performance in Detail section presents our global performance indicators in full, broken down by business segment when available. Unless otherwise specified, the information provided is for the company as a whole, all monetary amounts are reported in US dollars, and tons are metric tons. Furthermore, "operations" refers to country business units by segments: cement, ready-mix concrete, and aggregates; "countries" refers to the markets covered by the SDR Survey, and "sites" refers to the total number of operations locations for the different business segments in the countries covered.

The indicators marked with were subject to an external limited assurance process by PwC. The assurance statement detailing the review work and conclusions can be found on page 91 of this report.

For more information about our reporting methodology, view section About this Report on page 94.

Enhance Our Value Creation	2008	2009	2010	Assurance
Lead in Sustainable Construction				
Production covered with CEMEX CO ₂ footprinting tool implemented (%)			58	
Cement			100	
Aggregates			50	
Ready-mix			32	
Sites covered with CEMEX CO ₂ footprinting tool implemented (%)			29	
Cement			100	
Aggregates			42	
Ready-mix			22	
CO ₂ footprint - Annual average				
Cement (Kg CO ₂ e per ton cement)			798	
Aggregates (Kg CO ₂ e per ton aggregates products)			5.3	
Ready-mix (Kg CO ₂ e per m ³)			298	

Manage Our Footprint	2008	2009	2010	Assurance
Carbon Strategy⁽¹⁾				
Absolute gross CO ₂ emissions (million metric tons)	49.6	41.7	43.5	<input checked="" type="checkbox"/>
Absolute net CO ₂ emissions (million metric tons)	48.2	39.7	41.0	<input checked="" type="checkbox"/>
Specific gross CO ₂ emissions (kg CO ₂ /metric ton of cementitious product)	672	658	667	<input checked="" type="checkbox"/>
Specific net CO ₂ emissions (kg CO ₂ /metric ton of cementitious product)	654	627	629	<input checked="" type="checkbox"/>
Thermal energy efficiency of clinker production (MJ/ton clinker)	3,741	3,693	3,696	
Fuel mix (%) ⁽¹⁾				
Total alternative fuels	10.3	16.4	20.3	
Coal	34.3	26.1	25.4	
Petroleum coke	46.1	46.8	45.0	
Fuel oil	8.7	10.1	8.8	
Natural gas	0.6	0.6	0.6	

See footnotes on page 76

	2008	2009	2010	Assurance
Alternative fuels rate ⁽¹⁾	10.3	16.4	20.3	✓
Alternative fossil fuels rate	8.6	13.2	15.7	✓
Biomass fuels rate	1.7	3.2	4.6	✓

Waste types used as alternative fuels (%)				
Industrial and household waste	60	64	61	
Tires	23	17	16	
Animal meal	9	6	4	
Agricultural organic waste	6	11	14	
Other biomass	2	2	4	

Alternative raw material rate ⁽¹⁾	12.0	12.2	11.8	
Clinker / cement factor (%) ⁽¹⁾	75	75	76	
Indirect Energy Consumption (GWh) ⁽¹⁾	8,000	6,887	7,108	
Specific energy consumption, cement sector (Kwh/ton cement)	117	115	118	
Specific energy consumption, ready-mix concrete (Kwh/cubic meter) ⁽²⁾	NA	3.1	3.3	
Specific energy consumption, aggregates (Kwh/ton) ⁽²⁾	NA	6.2	6.0	

Environmental & Biodiversity Management	2008	2009	2010	Assurance
Air Quality ⁽¹⁾				
Absolute dust emissions (tons/year)	9,070	5,052	4,421	✓
Specific dust emissions (g/ton clinker)	162	106	89	✓
Absolute NOx emissions (tons/year)	97,294	50,562	56,239	✓
Specific NOx emissions (g/ton clinker)	1,742	1,063	1,134	✓
Absolute SOx emissions (tons/year)	27,050	19,499	16,556	✓
Specific SOx emissions (g/ton clinker)	484	410	334	✓
Clinker produced with continuous monitoring of major emissions (Dust, NOx and SOx) (%)	44	60	74	✓
Clinker produced with monitoring of major and minor emissions (Dust, NOx, SOx, Hg, Cd, Tl, VOC, PCDD/F) (%)	39	47	69	✓

Water Consumption ⁽³⁾				
Cement (l/ton) ⁽²⁾	NA	315	293	
Ready-mix (l/cubic meter) ⁽²⁾	NA	211	199	
Aggregates (l/ton) ⁽²⁾	NA	145	158	
Operations with water recycling systems (%) ⁽²⁾	82	76	85	
Cement ⁽⁴⁾	86	85	88	
Ready-mix ⁽⁴⁾	87	78	86	
Aggregates ⁽⁴⁾	73	64	78	

Waste Management				
Total disposed hazardous waste (tons)	NA	83,920	74,553	
Cement ⁽²⁾	NA	25,209	38,000	
Ready-mix ⁽²⁾	NA	3,060	1,249	
Aggregates ⁽²⁾	NA	55,652	35,304	

See footnotes on page 76

Waste Management (continued)	2008	2009	2010	Assurance
Total disposed non-hazardous waste (tons)	NA	238,144	215,788	
Cement ⁽²⁾	NA	67,309	65,936	
Ready-mix ⁽²⁾	NA	142,128	141,054	
Aggregates ⁽²⁾	NA	28,707	8,798	
Volume of returned ready-mix concrete material from total delivered				
%	NA	0.78	0.73	
Cubic meters	NA	323,963	279,909	
Secondary and recycled aggregates used as a direct replacement of primary aggregates (tons)				
%	NA	0.20	0.25	
Tons	NA	261,800	284,356	

Biodiversity Management				
Active sites with quarry rehabilitation plans (%) ⁽⁵⁾	46	82	85	
Cement ⁽⁶⁾⁽⁷⁾	94	79	82	
Aggregates ⁽⁷⁾	37	83	86	
Number of active quarries within or adjacent to high biodiversity value areas ⁽⁸⁾⁽⁹⁾	NA	112	105	
Cement	NA	11	12	
Aggregates	NA	101	93	
Active sites with high biodiversity value where biodiversity management plans are actively implemented (%) ⁽⁸⁾⁽¹⁰⁾	NA	29	38	
Cement	NA	45	58	
Aggregates	NA	28	35	

Environmental Management				
Operations with an Environmental Management System implemented (%) ⁽¹¹⁾	30	50	76	
Operations with ISO 14001 Certifications ⁽¹²⁾	NA	NA	367	
Operations with ISO 14001 Certification (%) ⁽¹²⁾	NA	NA	18	
Environmental investment (US million) ⁽¹³⁾	62	77	93	
Major environmental incidents (#) ⁽¹⁴⁾	19	8	2	✓
Environmental non-compliance cases (#)	67	67	65	
Associated fines (US million)	4.1	1.3	1.4	

(1) Only cement operations. (2) 2009 data was adjusted due to changes in the reporting process. (3) New in 2009. (4) Changes in the indicator reflect an increase in the number of sites reporting. (5) For cement quarries, 2009 data was adjusted due to changes in the reporting process. Changes from 2008 to 2009 reflect an increase in the number of sites reporting. (6) Decrease is due to changes in the consolidation perimeter. (7) The change from 2008 to 2009 reflects an increase in the number of sites reporting. (8) In 2009, the Cement Sustainability Initiative (CSI) adopted new biodiversity indicators with the aim to increase the materiality, objectivity, and comparability of the efforts conducted by CSI members. Given the change, the 2009 results cannot be compared with past years. (9) The previous indicator was “% of active sites operating in environmentally sensitive areas”. (10) The previous indicator was “% of active sites where biodiversity issues are addressed”. (11) Historical data recalculated due to an improvement in measurement, as well as changes in the consolidation perimeter. (12) New in 2010. (13) Refers to environmental CAPEX in all business segments. In 2009 we recalculated the historic figures to include environmental investments in alternative fuels and cementitious materials, hence the increase. (14) Refers to incidents—either internal or external to site boundaries—reportable under country legislation and resulting in a significant emission release to air, land or water. NA = Data not available

Engage Our Stakeholders	2008	2009	2010	Assurance
Health and Safety				
Total fatalities	45	33	46	
Employees, total	7	8	2	✓
Employees, cement	1	2	2	✓
Employees, ready-mix	4	3	0 ⁽⁸⁾	✓
Employees, aggregates	0	2	0 ⁽⁸⁾	✓
Employees, other businesses ⁽¹⁾	2	1	0	

Health and Safety (continued)	2008	2009	2010	Assurance
Contractors, total	20	11	15	
Contractors, cement	10	5	7	
Contractors, ready-mix	3	3	7	
Contractors, aggregates	4	3	1	
Contractors, other businesses ⁽¹⁾	3	0	0	
Third parties, total	18	14	29	
Third parties, cement	6	2	7	
Third parties, ready-mix	4	9	7	
Third parties, aggregates	3	0	0	
Third parties, other businesses ⁽¹⁾	5	3	15	
Fatality rate, employees (per 10,000 employed)	1.16	1.56	0.43	
Cement	0.73	1.68	1.71	✓
Ready-mix	1.77	1.81	0.00 ⁽⁸⁾	✓
Aggregates	0	3.54	0.00 ⁽⁸⁾	✓
Other businesses ⁽¹⁾	1.16	0.58	0.00	

Lost Time Injuries (LTIs)	2008	2009	2010	Assurance
Employees, total	654	360	268	
Employees, cement	119	61	52	✓
Employees, ready-mix	321	151	125 ⁽⁸⁾	✓
Employees, aggregates	49	41	18 ⁽⁸⁾	✓
Employees, other businesses ⁽¹⁾	165	107	73	
Contractors, total	165	154	123	
Contractors, cement	66	50	32	
Contractors, ready-mix	36	36	27	
Contractors, aggregates	19	24	12	
Contractors, other businesses ⁽¹⁾	44	44	52	
Lost-time injury (LTI) frequency rate, employees (per million hours worked)	4.8	3.2	2.6	
Cement	3.9	2.4	2.1	✓
Ready-mix	6.2	4.0	3.3 ⁽⁸⁾	✓
Aggregates	3.3	3.3	1.7 ⁽⁸⁾	✓
Others ⁽¹⁾	4.2	2.9	2.4	
Compliance with CSI Driving Safety Recommended Practices (%) ⁽²⁾	NA	NA	64	
Compliance with CSI Contractor Safety Recommended Practices (%) ⁽²⁾	NA	NA	63	
Operations with a Safety Management System implemented (%)	80	98	98	
Cement	82	95	98	
Ready-mix	94	99	99	
Aggregates	69	95	97	
Operations certified with OSHAS 18001:2007 (Occupational Health and Safety Management System) (%) ⁽²⁾	NA	NA	9	
Cement	NA	NA	32	
Ready-mix	NA	NA	7	
Aggregates	NA	NA	16	
Employees trained in our CEMEX LEGACY Safety Leadership Program (#)	NA	533	2,108	

See footnotes on page 79

Lost Time Injuries (LTIs) (continued)	2008	2009	2010	Assurance
Employees trained in the CEMEX Root Cause Analysis incident investigation methodology (#)	NA	956	623	
Sickness Absence Rate (%)	NA	5.2	2.5	
Operations with a Health Management System implemented (%)	52	76	79	
Operations with a qualified health professional onsite or with access to an external health provider	NA	96	96	

Corporate Governance	2008	2009	2010	Assurance
Reports of alleged breaches to the Code of Ethics received by local ethics committees (#)	266	216	184	
Reports related to employee relations	84	70	31	
Reports related to a form of harassment	32	14	46	
Reports related to discrimination	22	9	11	
Disciplinary actions taken as a result of reports of non-compliance with the Code of Ethics, other policies or the law (#) ⁽³⁾	NA	92	77	
Countries with local mechanisms to promote employee awareness of procedures to identify and report incidences of internal fraud, kick-backs, among others(%)	90	90	90	
Investigated incidents reported and found to be true related to internal fraud, kick-backs, among others (#) ⁽³⁾	NA	10	0	

Partnership with Key Stakeholders	2008	2009	2010	Assurance
Workforce	56,791	47,624	46,533	
Mexico	11,969	10,663	11,409	
United States	12,487	10,065	8,860	
Europe	18,660	15,786	15,054	
South/Central America and Caribbean	4,530	4,226	4,317	
Africa, Middle East and Asia	5,909	3,976	3,646	
Others (including Corporate)	3,236	2,908	3,247	
Breakdown of workforce by type of contract (%) ⁽³⁾				
Full time ⁽³⁾	NA	86	99	
Part time	NA	14	1	
Breakdown of workforce by level (%)				
Executive positions	6	6	5	
Non-executive positions	40	32	36	
Operational positions	54	62	59	
Breakdown of workforce by age (%) ⁽³⁾				
Under 30	NA	19	19	
31-40	NA	32	32	
41-50	NA	28	27	
Over 50	NA	21	22	
Breakdown of workforce by gender (%)				
Male	87	88	87	
Female	13	12	13	
Female employees by level (%) ⁽⁴⁾				
Executive	19	13	13	
Non-executive	28	28	24	
Operational	2	3	6	

See footnotes on page 79

Partnership with Key Stakeholders (continued)	2008	2009	2010	Assurance
Male to female wage ratio	1.08	1.09	1.02	
Engagement level	NA	88	83	
Participation rate in engagement survey (%)	NA	77	NA	
Employee turnover rate (%)	8	5	6	
Employees represented by an independent union or covered by a collective bargaining agreement (%)	43	51	54	
Notice to employees regarding operational changes (average days)	24	30	30	
Countries with policies to promote local hiring (%)	75	76	76	
Training provided by operations (average hours)				
Executive (face to face and online)	NA	33	20	
Non-executive and operational (face to face)	21	24	22	
Online courses through CEMEX Learning (#)	600	683	1,036	
Employees with access to CEMEX Learning (#)	16,000	15,621	19,002	

Partnership with Key Stakeholders	2008	2009	2010	Assurance
Sites conducting social impact assessments (%) ⁽⁵⁾	66	67	67	
Cement ⁽⁶⁾	66	75	75	
Ready-mix ⁽⁶⁾	64	61	61	
Aggregates ⁽⁶⁾	66	67	67	
Sites with community engagement plans (%) ⁽⁷⁾	88	85	97	
Cement	88	88	96	
Aggregates	88	86	97	
Operations with employee volunteering programs (%) ⁽³⁾	NA	41	41	

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

Low Income Housing and Infrastructure				
Families participating in Patrimonio Hoy in Latin America (# accumulated) ⁽⁹⁾	223,745	263,212	308,311	
Mexico ⁽⁹⁾	218,637	251,828	294,173	
Other Latin American Countries ⁽⁹⁾	5,108	11,384	14,138	

(1) Other businesses include: Logistics, Building Products, Asphalt, and Offices. (2) New in 2010. (3) New in 2009. (4) The basis for these percentages is the total number of female employees per level, hence the numbers do not add to 100%. (5) Social impact assessments are generally conducted in sites where an operational change (raw material extraction, plant upgrades, and new production projects) occurred. (6) 2008 data recalculated due to an improvement in measurements, as well as changes in the consolidation perimeter. (7) Decrease from 2008 to 2009 reflects a change from reporting at a country to a site level starting 2009. (8) Logistics data for ready-mix concrete and aggregates are included for first time inside each sector in this report, according to the "Safety in the cement industry: Guidelines for measuring and reporting" CSI document, October 2008 version, and where pre-assured by PwC for their inclusion in the 2011 review. (9) Historic figures recalculated due to improvement in measurement as well as changes in the consolidation parameter.

NA = Data not available

corporate GOVERNANCE, policies, and ETHICS

COMMITTED TO THE HIGHEST STANDARDS OF CORPORATE GOVERNANCE

The Board of Directors is responsible for supervising the overall operation of our company. Chaired by our CEO Lorenzo H. Zambrano, the board consists of 13 directors, seven of which qualify as independent directors¹.

Our corporate by-laws contemplate the existence of an Audit Committee and a Corporate Practices Committee to help the Board of Directors in the performance of its duties. A Finance Committee has also been incorporated for the same purpose.

CEMEX shares are listed on the Mexican Stock Exchange and the New York Stock Exchange ("NYSE"). We therefore abide by both Mexican corporate regulations and NYSE and US Securities and Exchange Commission requirements for foreign issuers, including the Sarbanes-Oxley Act of 2002 (SOX). We are in compliance with SOX



section 404 and our Code of Ethics incorporates SOX requirements. In addition, we have in place the systems and processes required by SOX, including:

- A formal internal process to verify the information included in periodic reports to the US Securities and Exchange Commission that are certified by our Chief Executive Officer and our Executive Vice President of Planning and Finance
- A system to ensure that relevant information reaches senior management in a timely manner
- A system for anonymously and confidentially communicating complaints and concerns regarding accounting and audit issues to the Audit Committee
- A process for anonymously and confidentially submitting complaints related to unethical conduct and misuse of assets
- A task force that ensures we follow corporate governance legal requirements and best practices and, when appropriate, proposes further improvements

¹ Independent Directors according to criteria specified under Mexican Securities Law

In addition, CEMEX voluntarily complies with the Mexican Code of Best Corporate Practices issued by a committee established by the Consejo Coordinador Empresarial (Mexican Corporate Coordination Council). The Code of Best Corporate Practices advises on best corporate governance practices for listed companies in Mexico. These recommendations complement the rules and obligations included in Mexican securities and corporate laws and have been endorsed by the Mexican Banking and Securities Commission.

RESPONSIBILITY FOR SUSTAINABILITY AT CEMEX

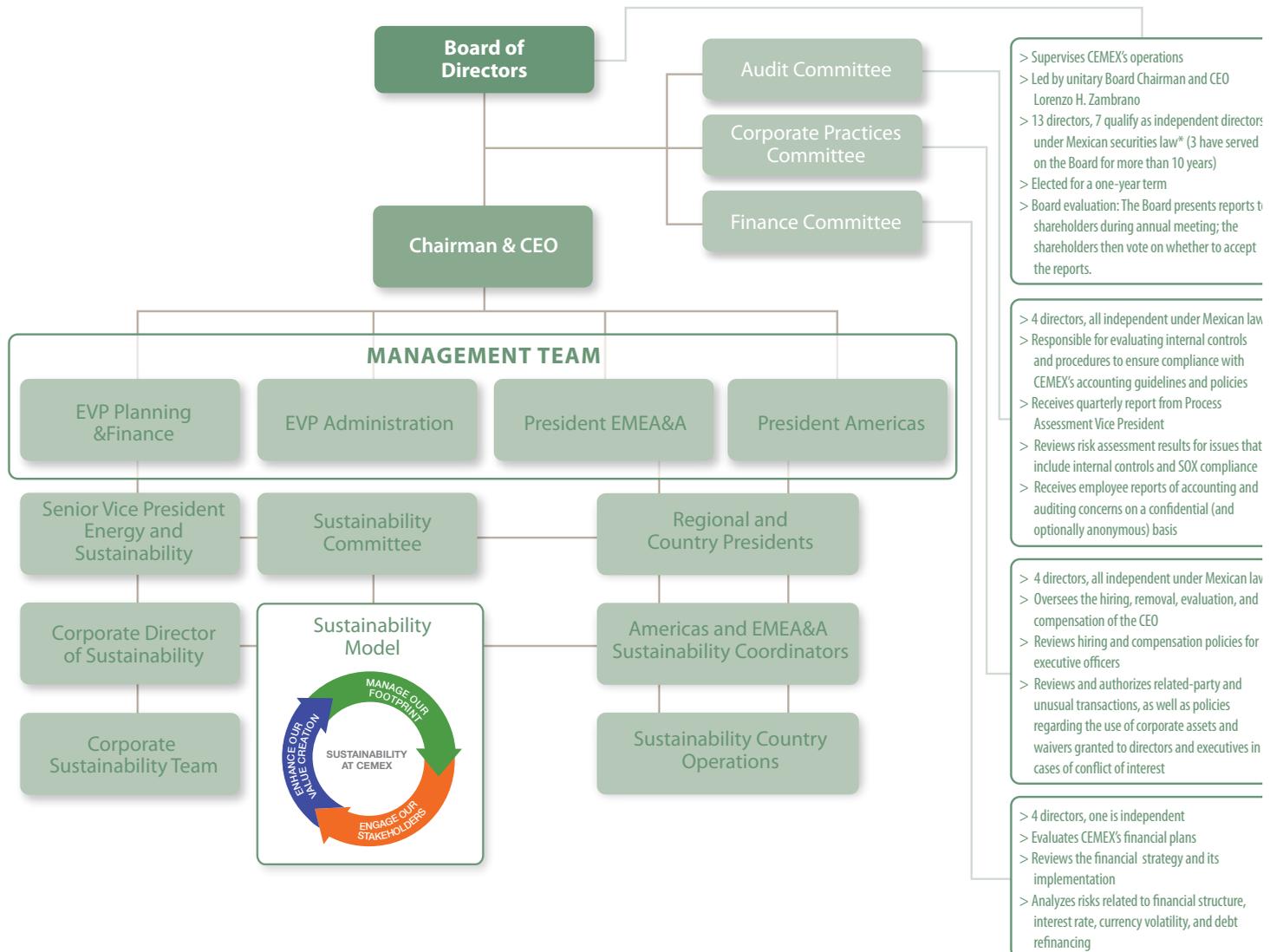
We conduct our business with integrity and act as stewards not only of our shareholders' assets, but also of the health and well-being of the environment, our employees, local communities, and society at large.

Responsibility for sustainability at CEMEX starts at our Board of Directors and flows all the way through our company to our local operations. Within the management team, the Executive Vice President

for Planning and Finance delegates the sustainability functions to the Senior Vice President of Energy and Sustainability. Every quarter, these two executives provide CEMEX's Board of Directors with an update on the progress achieved in the main sustainability key performance indicators and on the company's main global sustainability initiatives.

In parallel to the functional responsibility for sustainability, CEMEX has created a global coordination structure that ensures that best practices are continuously shared and that the main global initiatives are implemented in all geographies. The Sustainability Committee, a body formed by 19 top executives that report to various members of the CEMEX management team, meets on a quarterly basis to analyze, discuss and provide guidance on the sustainability program at CEMEX. Through their work, sustainability priorities are defined and resources are allocated to those initiatives that have the highest impact and provide the largest improvement opportunities.

CEMEX Global Sustainability Coordination Scheme



* A detailed explanation of the differences between our practices and those followed by U.S. companies under NYSE standards is available in the Corporate Governance section of the CEMEX Investor Center in our website.

More information about the Board of Directors is available at the Investor Center webpage.

Decisions made by the Sustainability Committee and validated by the CEO, the management team and the Board of Directors are swiftly executed with the support of the two regional Presidents, through their regional teams and the individual country operations.

COMPANY POLICIES

At CEMEX, in addition to our Code of Ethics and Business Conduct, we communicate our expectations and set global standards through several company-wide policies, covering:

- Code of Ethics
- Health and Safety
- Environmental
- Biodiversity
- Anti-bribery
- Antitrust

- Sponsorship of and participation in international dialogues (e.g., COP16 summit)
- Discussions with regulators, such as regional policy discussions in North America, in which we highlight the importance of cement and concrete in sustainable construction
- Engagement through trade associations and industry forums, including the European Cement Association (CEMBUREAU), EU Corporate Leaders Group on Climate Change, the World Business Council for Sustainable Development, the Cement Sustainability Initiative, and the United States Portland Cement Association
- Dialogues and partnerships with non-governmental organizations (NGOs), think tanks, and academic institutions, including BirdLife International and IUCN

Taking a public stance on important issues

We published six position papers in 2010, all of which are available on our website, which explain CEMEX's stance on:

- Alternative Fuels
- Climate Change
- Market Mechanisms
- Capture and Storage
- Environmental Management & Biodiversity
- Sustainable Construction

Public policy activities

We actively follow public policy developments in many of the countries and regions in which we operate, and advocate in support of our business and sustainability priorities. Current priorities include:

- Environmental protection
- Climate change
- Carbon markets
- Sustainable construction
- Economic policies and financing models to encourage investment in sustainable infrastructure

CEMEX's Chairman and CEO and the top management team determine the company's priorities and public positions on issues. Our Vice President for Corporate Communications and Public Affairs then works with regional managers to devise an appropriate strategy for each region, depending on which issues are of highest priority for the operations and what forms of engagement are available in each country. The following are some examples of the ways in which we contribute to public debate and the development of solutions:

Personal political activity

As detailed in the CEMEX Code of Ethics, we respect the right of our employees to participate in political activities of their own choosing. Their participation must be on a personal basis, however, and must not interfere with their work duties or obligations. Employees cannot use company facilities or assets for political purposes, nor imply in any way that CEMEX endorses or supports their positions.

LAYING THE FOUNDATION FOR ETHICAL, RESPONSIBLE BUSINESS

In 1999, representatives from all of our operational areas participated in the development of the CEMEX Code of Ethics and Business Conduct, which was unveiled by Lorenzo H. Zambrano, Chairman of the Board and Chief Executive Officer, on April 13, 2000.

In all of our interactions, in every part of the world in which we work, we endeavor to act lawfully and with integrity. Our Code of Ethics and Business Conduct—inspired by our core values of collaboration, integrity, and leadership—ensures that all employees understand CEMEX's high standards of conduct. As such, new

Respecting and protecting human rights

We are committed to supporting and respecting the protection of internationally proclaimed human rights, as well as ensuring we are not complicit in any human rights abuse.

In addition, several sections in CEMEX's Code of Business Ethics and Conduct—including Employee Relations, Customer Relations and Fair Dealing, Supplier Relations and Fair Dealing, Government Relations, and Political Contributions and Activities—clearly communicate our expectation that employees will conduct themselves in a way that respects and protects human rights. This obligation is reinforced by our public pledge as a signatory to the United Nations Global Compact to align our business practices with the 10 UN Global Compact principles (which address human rights, labor relations, environmental protection, and anticorruption practices), and our membership in Foro Soria 21—an international organization focused on social ethics and values.

Pursuant to these commitments, we do more than just comply with local employment laws; we forbid all forms of discrimination, we do not use child or forced labor, and we guarantee the right to freedom of association. We have implemented company procedures to prevent inadvertent violations of these policies: we have delineated hiring processes, we do not hire people under 18 years old, and in more than 90 percent of our operations, we have adopted local overtime policies.

We provide ongoing communication and training around human rights issues to further raise employee awareness about their rights and obligations. For example, we make clips and training materials available to our employees through our intranet, and promote our Code of Ethics and make it available on our intranet and internet.

Strengthening our systems to uphold human rights

Based on stakeholder concerns and CEMEX's greater understanding of the human rights risks the company may be exposed to, we are taking steps to ensure that human rights are respected not only across all of our company's operations but also to the full extent of our influence. Among other measures, we are:

- updating our Code of Ethics,
- including explicit references to the Code of Ethics and our human rights commitments in vendor and supplier contracts, and
- enhancing the systems we use to screen suppliers' social and environmental performance.

Learn more about 10 UN Global Compact Principles at www.unglobalcompact.org

Learn more about Foro Soria 21 at www.forodesoria.org

employees are required to sign the code as part of their orientation and it is always available on our internet site, and intranet. Our code has been translated to over 20 languages.

The code governs our relationships with all of our stakeholders and encompasses such areas as:

- non-discrimination and fair treatment of employees, customers, and suppliers
- government and community relations
- political activities and contributions
- workplace safety
- compliance with laws and policies
- environmental responsibility
- conflicts of interest
- financial controls
- confidential information

	Instructor-led training	Online courses	TOTAL
Code of Ethics and Business Conduct		183	183
Compliance	380		380
Anti-bribery	382	768	1150
Insider Trading	28		28
Antitrust	51	2,949	3,000
Conflict of Interests		15	15
Sarbanes-Oxley		13	13
Protecting Confidential Information		150	150
Harassment		18	18
TOTAL	841	4,096	4,937

Training efforts were supported by a robust global communication campaign on topics such as giving/receiving gifts, antitrust, anti-bribery, and harassment.

Topic-specific policies provide more detailed guidance on complex issues such as anti-bribery, insider trading, and antitrust.

Managing ethics and compliance issues through ETHOS

ETHOS is a company-wide effort to raise awareness of ethics and compliance issues and improve and more fully integrate procedures to detect, manage, and reduce ethics and compliance risks. It includes training for individuals, employee perception surveys, communication campaigns on specific topics, ETHOS@Plaza (the company's employee intranet), and the ETHOS*line* reporting channel. Training, which is tailored according to employees' responsibilities and specific circumstances, includes in-person and online courses on the Code of Ethics and Business Conduct and other topics for all employees.

ETHOS@Plaza is hosted on our intranet and allows all employees to access a range of resources, including:

- Global and local CEMEX policies
- Guidance on ethics, compliance, and governance topics

184 reports of alleged violations received in 2010

88% allegations that have been investigated and resolved

(12% of the allegations are currently being investigated)

77 disciplinary actions implemented

48% allegations found to have merit



84

- Courses related to ethics and compliance (e.g., antitrust, anti-corruption, conflicts of interest, the Sarbanes-Oxley law, confidential information, intercultural relations, and workplace harassment)
- Advice and tools to help employees manage ethical dilemmas, including "Ethos Clips"—30 mini-courses that illustrate the behaviors expected of employees
- Explanations of the business and personal implications of misconduct
- ETHOS*line*, a confidential channel to ask questions and report violations related to ethics, compliance, and governance topics

During 2010 we focused our global training efforts on executives and employees in higher risk positions and locations. Approximately 840 instructor-led training sessions were delivered on compliance topics such as anti-bribery, antitrust, and insider trading and more than 4,000 online courses were taken, as detailed below. These efforts will continue during 2011.

Responding to reported concerns

Reports of violations of our Code or policies can be made directly to the Audit Committee, Global Ethics Committee, Legal Department,

local Ethics Committee, local Human Resources Department, or immediate supervisors. Where permitted by law, concerns can also be anonymously reported via ETHOS*line*, a confidential and secure communications channel through which any employee can seek advice or report a violation. Retaliation against any employee for reporting a concern or violation in good faith is strictly forbidden.

Depending on the type of issue, the individuals involved, and the severity of the conduct, the appropriate internal authority will investigate and address the reported issue. All allegations are thoroughly investigated, and when found true, disciplinary actions are taken to prevent further misconduct. These disciplinary actions can range from a written warning to dismissal, and may involve legal action, depending on the type and severity of the violation.

The ethics committees received 184 reports during 2010; 88 percent have been investigated and resolved. Of the 11 cases related to discrimination, 10 are closed. Only four were found to have been substantiated, and appropriate disciplinary action—from warning letters to employee termination—has been carried out in each case.

Main sustainability-related risks and how we address them

A multitude of risks can affect CEMEX, its assets and employees, as well as our neighbors. Accordingly, we use risk management systems and tools to gather information from a range of sources, analyze the data, identify and assess potential risks, and then respond to them. Since 2007, these processes have included an evaluation of environmental, health, and safety risks.

We have several processes that test the robustness of our systems, evaluate compliance across all business units, and encourage continuous improvements. These processes include compliance training for employees, periodic reviews of our policies and procedures, and regular internal audits.

OUR OPERATIONS ARE SUBJECT TO ENVIRONMENTAL AND HEALTH AND SAFETY LAWS AND REGULATIONS

Our operations are subject to a broad range of environmental and health and safety laws and regulations in each of the jurisdictions in which we operate. These laws and regulations impose increasingly stringent environmental protection standards regarding, among other things, air emissions, wastewater discharges, the use and handling of hazardous waste or materials, waste disposal practices, the remediation of environmental damage or contamination and health and safety of employees and contractors. These standards expose us to the risk of substantial environmental, health and safety costs and liabilities, including liabilities associated with divested assets and past activities, even conducted by prior owners or operators and, in some jurisdictions, without regard to fault or the lawfulness of the original activity.

Efforts to address climate change through domestic federal, state and regional laws and regulations, as well as through international agreements and the laws and regulations of other countries, to reduce the emissions of greenhouse gases (GHGs) can create risks and uncertainties for our business. This is because the cement manufacturing process requires the combustion of large amounts of fuel and creates carbon dioxide (CO₂) as a byproduct of the calcination process. Such risks could include costs to purchase allowances or credits to meet GHG emission caps, costs required to provide equipment to reduce emissions to comply with GHG limits or required technological standards, or decreased profits or losses arising from decreased demand for goods or higher production costs resulting directly or indirectly from the imposition of legislative or regulatory controls.

Our operations can be affected by some of the associated effects of climate change

In addition to the risks identified above arising from actual or potential statutory and regulatory controls, severe weather, rising seas, higher temperatures and other effects that may be attribut-

able to climate change may impact any manufacturing sector in terms of direct costs (e.g., property damage and disruption to operations) and indirect costs (e.g., disruption to customers and suppliers, higher insurance premiums). We do not believe that any such impacts on our operations would significantly differ from those to other sectors and the public at large.

Higher energy and fuel costs may have a material adverse effect on our operating results

Our operations consume significant amounts of energy and fuel, the cost of which has significantly increased worldwide in recent years. To mitigate high energy and fuel costs and volatility, we have implemented the use of alternative fuels such as tires, biomass, and household waste, which has resulted in less vulnerability to price spikes. We have also implemented technical improvements in several facilities and entered into long-term supply contracts of petcoke and electricity to mitigate price volatility. Despite these measures, our operations would be materially adversely affected in the future if energy and fuel costs increase.

Securing the supply of raw materials is a key element in our production processes

Due to the nature of our business, we have a high degree of integration into the mining and sourcing of the key raw materials required in our production processes. Failure to maintain the land and mining rights in our sites could have a materially adverse effect on the continuity of our operations and potentially increase the cost of some of those raw materials.

Our operations are subject to antitrust and anti-bribery regulations

Antitrust laws seek to prevent monopolies, collusions, and other anti-competitive behaviors, based on the principle that competition benefits consumers and promotes economic growth. Governments across the world are increasingly active in enforcing antitrust and competition laws, and are cooperating with each other to prevent anti-competitive behavior. Furthermore, local laws are converging on basic antitrust principles and concepts. CEMEX as a global company operating in many different countries is exposed to different civil and/or criminal penalties that can have a significant impact on our profitability.

Under applicable laws in the United States, Europe, and other places where CEMEX does business, it is a crime for CEMEX directly, or through an intermediary, to offer, pay, or promise to pay, a bribe or anything of value to a government official (including employees of state-owned enterprises and officers of public international organizations) for the purpose of obtaining or retaining business. The term "anything of value" includes both monetary and non-monetary gifts and bribes, and can include favors and other types of consideration. The civil and/or criminal penalties for violating the different local and international anti-bribery laws can be severe.

CEMEX's risk management

The company's sustainability-related risks are addressed by our Enterprise Risk Management System, which is ultimately supervised by our Board of Directors and the management team. The day-to-day responsibility for risk management at CEMEX has been delegated to the Executive Vice President of Planning and Finance, under which tasks and activities have been distributed to the functional departments that have the relevant skills and expertise:

- The Executive Vice President of Planning and Finance addresses risk management (including sustainability-related risks):
 - Periodically identifies, analyzes, maps and communicates enterprise risks using risk assessment methodologies.
 - Provides early warning on emerging risks that could affect the company's business model.
 - Proposes actions and preventive measures to mitigate these risks.
 - Determines and implements a Business Continuity Program across the company.
- The Process Assessment Vice President, as mandated by our Audit Committee, carries out:
 - A conventional internal audit approach to detect risks and protect the company's assets,
 - A certification system that: a) identifies strengths and weaknesses in every process, b) evaluates the degree of compliance with policies and procedures and the risk level of every reviewed process, c) establishes a reference that promotes a healthy environment of internal competition, maintenance of the standardization and the continuous improvement among business units, integrated areas and countries.
 - A continuous improvement process to support to all operations through the initiative of sharing best practices identified around the globe and submitting them bi-annually worldwide.
- The Internal Control Vice President carries out:
 - Design and implementation of adequate controls and procedures (including SOX-mandated controls and procedures).
 - Strict monitoring of critical controls and procedures.
 - Regular monitoring of control compliance and participation in special reviews, as required or requested by business units/areas.
 - Follow-up of remediation measures for weaknesses identified by internal or external auditors.
 - Roll-forward reviews of operating units not included in Process Assessment's audit plans.
 - Design and management of the Company's Global Policy Center.
 - Cooperation with other areas of the Company in investigating violations of policies and procedures.
- The ETHOS Committee (directly or through delegation to our Compliance, HR, Legal, Security, Comptrollership, and Communications functions) carries out:
 - Periodic risk assessment and mapping of ethics and compliance issues.
 - Annual work plans to implement and continuously improve an effective ethics and compliance program.
 - Global and targeted training and communication campaigns.
 - Evaluation of the effectiveness of our ethics committees and our case management systems, and recommendations of improvements to senior management and our Audit Committee.
 - Risk-based audits and reviews throughout the company on ethics and compliance topics.
 - Design and review of quantitative and qualitative mechanisms to identify trends and developments on ethics and compliance issues, and presentation of suggestions for improvement or remediation to senior management and our Audit Committee.

Our efforts benefit considerably from the knowledge, perspective, criticism, and advice of experienced professionals who work in various fields related to sustainability.

For this reason, in 2008 we assembled a group of independent sustainability experts to advise us on our efforts. CEMEX's Sustainable Development Reporting Advisory Panel provides feedback on our sustainability reporting and encourages us to continue improving it.

For the 2009 reporting period, while we have not been able to immediately respond to all the concerns raised in the last year's report, we have made progress on a number of fronts and will continue to improve our performance and reporting in the coming year. To read CEMEX's response to the 2009 Sustainable Development Reporting Advisory Panel's recommendations, please refer to our website at www.cemex.com/sustainability

For the 2010 reporting period, CEMEX invited new experts to take part in the Advisory Panel. The new panel first met with CEMEX's sustainability team in December 2010 in Cancun, Mexico, while attending the events and exhibits in which CEMEX participated during the 16th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 16). In addition, the panel members and CEMEX's sustainability team met in a private session during which CEMEX shared its Sustainability Model and its progress in the implementation of its most relevant initiatives.

In January 2011, panel members reviewed the outline for this 2010 report and provided recommendations that we have incorporated into the report development. This marks the first time we involved panel members at the beginning of the reporting process; we found their perspective very helpful. For example, based on their feedback, we crafted the introductory sections such that they can be used as a stand-alone summary of the entire report. With this structure, readers who read only the introduction will still gain a balanced understanding of our priorities, the progress we've made in achieving them, and where we need to improve. We have also incorporated key performance indicators into each priority section—in addition to including a consolidated data section at the end of the report—and have more fully explained our efforts to protect biodiversity and develop a comprehensive water-management strategy.

We thank the panel members for their time and efforts and look forward to more productive—and challenging—discussions with them throughout the year.

CEMEX's sustainability reporting ADVISORY panel



In 2008 we assembled a group of independent sustainability experts to advise us on our efforts.

Felipe Pich-Aguilera



- PhD in Architecture, Polytechnic University of Catalonia, Spain
- Professor of architecture and sustainability, Superior School of Architecture of the International University of Catalonia ESARQ/UIC (2008 – present)
- Director of environmental and industrialization investigation area, Superior School of Architecture of the International University of Catalonia ESARQ/UIC (2010-present)

Mr. Pich-Aguilera currently serves as president of the Green Building Council in Spain, where he actively promotes sustainability in the construction sector. He has been instrumental in promoting social and environmental responsibility in the architecture sector in Spain and abroad. He is a Founding Member of the Superior School of Architecture of the International University of Catalonia ESARQ/UIC and “AuS” (Architecture and Sustainability) group at the Catalonia Association of Architects.

Leon Bennun



- MA in Natural Sciences, Cambridge University, England; DPhil in Zoology, Oxford University, England
- Director of Science, Policy, and Information, BirdLife International (2002 – present)
- Head of Ornithology, National Museums of Kenya and Chairman of Nature Kenya (BirdLife in Kenya) (1991-2002)

Mr. Bennun is a biologist focused on biodiversity assessment and monitoring and the application of science to policy. He has nearly 30 years of experience in field research, practical biodiversity, conservation, and organizational management.

Irma Adriana Gómez Cavazos



- PhD in Applied Economics and Master’s Degree in Economics, Texas A&M University
- Director of Corporate Affairs, CEMEX for the Americas (2009–2010), and Director of Analysis, International Information Development Vice-presidency, CEMEX headquarters (2007-2009)
- Undersecretary of Economic Relations and International Cooperation, Ministry of Foreign Affairs, Mexico (2004-2006)
- Chief of Staff of the Secretary of Foreign Affairs, Mexico (2003-2004)
- Member of the board of PEMEX, Bancomext, and Conacyt (2004-2006)
- Associate Dean for Academic Affairs, EGADE Business School, Mexico (1999–2003) where coordinated research in Corporate Strategy and Sustainability.

Ms. Gómez Cavazos currently serves as the dean of EGADE Business School in Mexico City. She is an expert in environmental economics with broad experience in Foreign Affairs. She has authored numerous articles for periodicals, including The Review of Economics and Statistics, Empirical Economics, and Natural Resource Modeling.

Antonio Vives



- PhD in Corporate Finance, Carnegie Mellon University
- Consulting Professor, Civil and Environmental Engineering Department, Stanford University (2008–present)
- Professor, graduate business schools of IESA, Venezuela; Carnegie Mellon, George Washington, and Virginia Tech, United States
- Held several positions at the Inter-American Development Bank (1979-2007) culminating as Manager of the Sustainable Development Department (2005–2007)
- Creator of the Inter-American Conferences on CSR

Mr. Vives is the principal Associate at Cumpetere (infrastructure investment and sustainability consulting firm) since 2007. He has lectured at more than 100 international conferences on corporate social responsibility (CSR), infrastructure finance, financial markets development, business climate and microfinance, and small- and medium-sized enterprise (SME) finance. He has also authored several books and dozens of articles on financial management, private infrastructure, finance, and CSR.

sustainability reporting advisory

panel STATEMENT

We commend the work of the previous Panel in challenging CEMEX to continue improving its sustainability reporting. We note that CEMEX has taken the Panel's recommendations seriously and addressed many of the issues raised. This augers well for our relationship with CEMEX and we look forward to a productive two years of work.

Completeness and clarity

The advanced draft of CEMEX's 2010 Sustainable Development Report, which we reviewed, is comprehensive, informative, well balanced and clear. We note a marked improvement of quality, balance and readability compared with previous reports. We do, however, have concerns on specific elements. We have communicated these to management, including suggestions on improving the reviewed draft. Below, we highlight areas where we expect improvement in future reports.

Overall, the report's clarity and consistency are significantly enhanced by using the CEMEX Sustainability Model as the organizing structure. This could be further improved by making clear how the seven Sustainability Priorities map onto the three main Sustainability Objectives, and by ensuring that the terminology used to describe the Priorities is consistent across different sections of the report.

Governance

We welcome the better explanations of corporate governance and policy development. But the report concentrates on describing process and not on explaining how decisions are made and who is accountable. In particular, we recommend including more detail on the link between executive compensation and sustainability performance.

Materiality

The report fails to clarify how the Sustainability Model itself is designed, agreed, updated and how targets are set. Reporting on the materiality analysis of sustainability issues is valuable, but it is not made explicit how this analysis was determined and how it informed revision of the Sustainability Priorities. In relation to the seven Sustainability Priorities, the set of targets still appears to have significant gaps. It would be helpful to have in the report an assessment of these gaps and an explanation of how they will be filled.

Human rights

Reporting on human rights remains wholly inadequate and we look forward to CEMEX responding to the work of the United Nations' proposed guidelines on the subject. In particular, we would like to see reporting on how CEMEX deals with human rights issues in specific high-profile countries in which it operates, especially Egypt, the Philippines and the United Arab Emirates.

Safety

The previous panel drew particular attention to the need for CEMEX to improve its safety record. We note that CEMEX has responded and provided details on how its executives are being held accountable for operational safety. We are, however, extremely concerned about the continuing poor safety record and especially the performance of its contractors.

Biodiversity

The detailed sections on quarry rehabilitation projects and on El Carmen provide interesting real-life examples of biodiversity conservation. They illustrate that it should be possible for CEMEX now to go beyond the fairly vague commitments in the CEMEX Biodiversity Statement and develop a biodiversity strategy with clear and quantifiable targets, based on an overall commitment to Net Positive Impact on biodiversity across the company's operations. In future, the reporting emphasis should shift to Biodiversity Action Plan implementation at active sites. We caution CEMEX to be mindful of the danger of continuing to highlight its good work in El Carmen at the expense of dealing with more challenging issues, such as safety and human rights.

Key performance indicators

We find these indicators useful to track CEMEX's performance over time. A clearer set of headline indicators is needed that covers the most important issues, aligned with filling the gaps in the set of targets. Clarity would be improved by using normalized (rather than absolute) measures and more explanation of changes.

Data and context

We commend the range of performance data published and the shift to include more quantitative information in the text sections, which enhances understanding. We look forward to further improvements to enable the reader to gauge the significance and relevance of the data.

Stakeholder engagement

We would like to see a clearer account of how CEMEX uses stakeholder feedback to inform the development of its Sustainability Model and strategy, and the actions it takes in response to the feedback.

We look forward to a considered response from CEMEX and working with the company to help it further improve its reporting.



Independent Limited Assurance Report on the CO₂ emissions, safety, environmental incidents and other emissions Key Performance Indicators reported by CEMEX for the year 2010

To the Board of Directors of CEMEX

At the request of CEMEX, we have carried out an independent limited review of CO₂ emissions, safety, environmental incidents and other emissions Key Performance Indicators (“The KPIs”) reported by CEMEX for the year 2010. This assurance process covers The KPIs disclosed in the 2010 Sustainable Development Report identified with the symbol :

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

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

Bases, objective and scope of the verification

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

- We assessed CEMEX reporting procedures for The KPIs with regard to their consistency with the WBCSD-CSI “Cement CO₂ Protocol”, the “Safety in the cement industry: Guidelines for measuring and reporting”, the internal Administrative and Operative Procedure “Environmental Incident Reporting” and the “Guidelines for Emissions Monitoring and Reporting in the Cement Industry”, respectively;
- At corporate level, we conducted interviews with the individuals responsible for the preparation and application of the reporting procedures as well as for the consolidation of data. At this level, we performed analytical procedures and verified, on a test basis, the calculations and data consolidation;
- At regional coordination level, we conducted interviews with the individuals responsible for The KPIs reporting and performed analytical tests;



- We selected a sample of operations for site visits, and for each one of them:
 - we reviewed site organization and procedures, especially those regarding KPIs reporting;
 - we assessed the control procedures on key parameters, and
 - on a test basis, we performed reconciliation of reported data with the supporting documentation and verified the arithmetical accuracy of calculations.
 - We analyzed the consolidated KPIs reported by CEMEX in the 2010 Sustainable Development Report to verify the coherence with the results of our work.
- The KPIs have not, in all material respects, been prepared in accordance with the WBCSD-CSI “Cement CO₂ Protocol”, the “Safety in the cement industry: Guidelines for measuring and reporting”, the revised CEMEX “Environmental Incident Reporting” procedure and the “Guidelines for Emissions Monitoring and Reporting in the Cement Industry”.
 - The KPIs contain material misstatements.

Mexico, March 21th, 2011

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

Conclusions:

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



Statement GRI Application Level Check

GRI hereby states that **CEMEX S.A.B. de C.V.** has presented its report "2010 Sustainable Development Report" to GRI's Report Services which have concluded that the report fulfills the requirements of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

12 April 2011, Amsterdam

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a large, faint watermark of the GRI globe logo.

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because CEMEX S.A.B. de C.V. has submitted (part of) this report for external assurance. GRI accepts the reporter's own judgment for choosing its assurance Provider and for deciding the scope of the assurance.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 28 March 2011. GRI explicitly excludes the statement being applied to any later changes to such material.

AWARDS and recognitions

Our commitment to sustainability is reflected in the various awards that we have received around the world, including the following in 2010:

World Business and Development Awards by the United Nations Development Program, the International Chamber of Commerce, and the International Business Leader Fund recognized CEMEX for its contributions to achieving the Millennium Development Goals through programs that foster and facilitate development, including *Centros Productivos de Autoempleo*.

Forrester Groundswell Award in Management–Collaboration System category recognized CEMEX for its Shift platform. Shift uses social media—social networks, wikis, discussion groups, and other communications tools—to enable meaningful collaboration among employees around the world through the sharing of innovative ideas and best practices.

Big Tick Award from the *Business in the Community (BITC)* was granted to CEMEX for its *Patrimonio Hoy* Program in Mexico and Latin America.

Sustainable Development Award was granted to CEMEX in France for two of its quarries by the *National Union of Aggregate Producers (UNPG)*

UNICEM Environmental Award recognized CEMEX in France for its quarry rehabilitation efforts by *L'Union Nationale des Industries de Carrières et Matériaux de Construction (UNICEM)*

Health & Safety Award for zero accidents at four of CEMEX in Germany's operations granted by the German Association of Cement Industry (VDZ)

Sustainability Index Silver Award to CEMEX in Latvia granted by the *Employers Confederation and Free Trade Union Association*

CLARES for CSR recognizing CEMEX's CSR programs in Mexico was granted by *Universidad Anáhuac*

Best CSR Practices for CEMEX's *Centros Productivos de Autoempleo Centro Mexicano para la Filantropía*

Best Safety Award and Zero Lost Time Accident Award to CEMEX in the Philippines by the *Philippine Mine Safety & Environment Association*

Award for innovative application of self-compacting concrete was granted to CEMEX in Poland by the *Association of Readymix Concrete Producers*

Economic Contribution to Society Award to CEMEX in Spain by the *European Aggregates Association*

Environmental Defense Award for CEMEX in Spain's commitment to the environment by the *ADM Business School*

International Safety Award for risk assessments and safety systems at all CEMEX sites in the UK granted by the *British Safety Council*

RoSPA Occupational Health & Safety Awards recognition for 12 CEMEX operations in the UK, granted by the *Royal Society for the Protection of Accidents (RoSPA)*

William W. Howard C.E.O. Award for environmental stewardship to CEMEX in the USA by the *Wildlife Habitat Council (WHC)*

ENERGY STAR® Partner of the Year awarded to CEMEX in the USA and ENERGY STAR® rating awarded to three plants in United States for superior energy performance by the *United States Environmental Protection Agency (EPA)*

Cement Industry Energy & Environmental Awards recognized two CEMEX's plants in the United States by the *Portland Cement Association and Cement Americas*

 To see a full list of awards received by CEMEX in 2010, as well as in previous years, please visit our Awards section in www.cemex.com/sustainability

about this REPORT

We began publishing an annual environmental, health, and safety report in 1996, and then in 2003 began issuing Sustainable Development Reports.

This report covers our global cement, ready-mix concrete, and aggregates operations, presenting our sustainability performance, progress, achievements, and challenges for the 2010 calendar (and fiscal) year. We have emphasized those issues identified as high-priority through our materiality analysis, as reflected in the seven priority areas of our Sustainable Development Model. For more information as well as updates throughout the year, please visit our Sustainable Development section in our website.

Unless otherwise indicated, the information provided in this report is for the company as a whole. We are including information for the operations in which we have financial and operative control. If a plant is sold, its information is no longer included in our data nor considered in our targets. We have restated certain data sets from previous years because of improvements to our data-collection systems or changes to our business; each case is clearly marked. All monetary amounts are reported in US dollars. Tons are metric tons.

The information for this report came from several sources, including internal management systems and performance databases and our Sustainable Development Report Survey, a global questionnaire. This approach has enabled us to report against our key performance indicators for the whole company.

We aim to improve the transparency and completeness of each report we produce. We include a statement from PricewaterhouseCoopers, which verified our data on greenhouse gas emissions; atmospheric emissions; alternative fossil and biomass fuels rates; environmental incidents; and safety for our cement, ready-mix, and aggregates operations. In addition, we engaged with our Sustainable Development Reporting Advisory Panel, which provides feedback on our reporting.

CO₂ Emissions

CEMEX reports absolute and specific CO₂ emissions following the CSI Cement Protocol CO₂ Accounting and Reporting Standard for the Cement guidelines and spreadsheet. As defined in the protocol, it considers direct emissions excluding CO₂ emissions from biomass fuels and purchased electricity. All historical information from base-line to current year is calculated under these procedures to reflect appropriate trends and allow year-to-year comparison analysis.

Dust, NO_x and SO_x emissions

Absolute and specific figures are calculated based on kilns emissions measurements taken from Continuous Emissions Monitoring Systems (in those sites where kilns are equipped with such technology) or spot analysis. These methods fully comply with the CSI Guidelines for Emissions Monitoring and Reporting. All information is reported to CEMEX databases, processed, calculated, and validated to provide a final group value.

Energy

Fuel consumption indicators are reported to internal CEMEX databases in which "conventional," "alternative," and "biomass fuels" are classified according to the CSI Cement CO₂ protocol spreadsheet. Heat values are obtained from on-site analysis (where applicable), value provided by supplier or standards from the CSI Guidelines for the Selection and Use of Fuels and Raw Materials in the Cement Manufacturing Process

Clinker Factor & Alternative Fuels

All material consumption is reported to internal CEMEX databases in which "alternative materials" are defined following the standards from the CSI Guidelines for the Selection and Use of Fuels and Raw Materials in the Cement Manufacturing Process. The "clinker /cement factor" is calculated using the procedures from the CSI Cement CO₂ protocol spreadsheet with information obtained from the databases.

Safety

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

We applied the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines to produce the full report, which meets an application level of A+ for the third consecutive year.

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

The indices for the GRI and the UNGC are found in our website and are available for download at www.cemex.com/sustainability

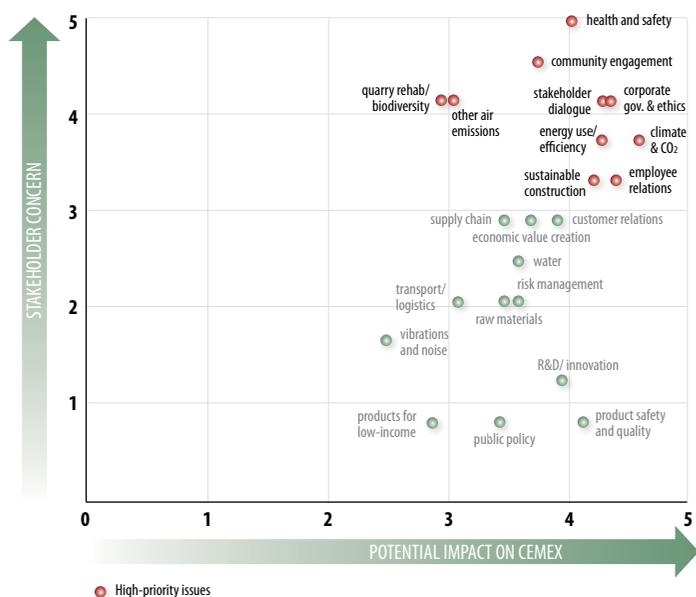
MATERIALITY ANALYSIS, THE BASIS FOR IDENTIFYING THE HIGHEST PRIORITY ISSUES

CEMEX faces an array of issues related to the operation of our business and how it impacts society. To ensure that we are focused on the most important issues, we conducted a materiality analysis. This analysis examined the potential impact of specific sustainability issues from both a stakeholder and a company perspective.

The materiality analysis took into account a broad range of stakeholders input, both direct and indirect. We considered opinions and evaluations from investors and sustainability analysts and rating agencies; feedback from customers, suppliers, employees, and local community leaders and representatives; news media coverage; feedback given by CEMEX's Sustainable Development Reporting Advisory Panel; and the public reports of our industry sector, among other sources.

At the same time, we conducted an internal evaluation of the potential impact on CEMEX of specific issues from a financial, reputational, and operational standpoint.

The results of the materiality analysis provided the basis for identifying the issues of highest importance to stakeholders and highest impact to CEMEX.



We welcome your feedback on our sustainability reporting and performance.

Please send your comments and suggestions to sd@cemex.com, or write to us at

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Please consider the environment before printing all or part of this report.

To conserve resources, we neither printed this report nor the annual report.

www.cemex.com

