



## CEMEX's Commitment to the United Nations Global Compact

May 15<sup>th</sup>, 2018

As a leading global supplier of building materials and solutions, we know that each choice we make directly impacts the global community. That's why at CEMEX, we make every effort to support the development needs of society in a resource-constrained world, optimizing our environmental footprint and improving the quality of life of the communities in which we operate.

At CEMEX, we have fully integrated sustainability in every aspect of our business. Our efforts provide growth opportunities, reduce risks and costs, and strengthen our license to operate, creating value for both our stakeholders and shareholders. We provide products, services, solutions and expertise that meet the most demanding standards of construction and sustainability performance.

Corporate citizenship is embedded in our organization and in the decisions that guide our business success. The sustainability agenda is a pillar of our business strategy and we are committed to ensuring our success contributes to the health and wellbeing of our communities and ultimately of our planet and its inhabitants.

As a signatory member of the **United Nations Global Compact** since 2004, CEMEX has embraced, supported, and complied with its principles and values. Now, on behalf of CEMEX, I enthusiastically renew our commitment to the **United Nations Global Compact** and, in particular, reaffirm the alignment of our operations and business strategy with the Compact's 10 principles.

Sincerely,

A handwritten signature in blue ink, appearing to read "Fernando A. González".

Fernando A. González  
Chief Executive Officer



## Communication on Progress of the United Nations Global Compact

CEMEX embraces the United Nation's Global Compact (UNGC), and we continuously work to align our operations and business strategy to its ten principles.

CEMEX and the UNGC:

- CEMEX has been a signatory member of the UNGC since 2004
- Since then, we have annually signed a renewal of our commitment
- On May 3<sup>rd</sup>, 2017 we submitted our latest COP, qualifying for the Global Compact Advanced Level
- CEMEX is part of the Global Compact 100 Index, which identifies 100 publicly listed UNGC signatory companies based on their adherence to the Compact's ten principles

We communicate our progress at implementing the 10 Principles of the UNGC at the Advanced Level. Relevant information for our 2018 Communication on Progress (COP) is available in our 2017 Integrated Report and in our GRI Content Index, both accessible at:

<https://www.cemex.com/sustainability/reports/global-reports>

Please visit the UNGC website to see our disclosure:

<https://www.unglobalcompact.org/what-is-gc/participants/1855#company-information>

To build a platform that allows us to be fully inclusive of stakeholders' concerns in our reports, in 2010 we implemented a materiality analysis, and updated it in 2016. The conclusions of the materiality analyses provided great insight on our stakeholders and top management main sustainability concerns for CEMEX, allowing us to establish a well-defined group of sustainability issues to base our sustainability strategy and reporting. Continuing on this path, and to better align our report with stakeholder's main interests, CEMEX decided to prepare its 2017 Integrated Report using the GRI Sustainability Reporting Standards, opting for the "in accordance" option.

In the following table, we are providing a summary of the various ways in which we have been working to implement the Global Compact's principles. For full information about our progress, performance indicators, and results, please see our 2017 Integrated Report and GRI Content Index.

## HUMAN RIGHTS

For full information about our progress regarding Human Rights, please see our 2017 Integrated Report and GRI Content Index.

- **Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights > GRI 103-2, GRI 410-1, GRI 411-1, GRI 412-1, GRI 412-2, GRI 413-1, GRI 413-2.
- **Principle 2:** Businesses should make sure that they are not complicit in human rights abuses > GRI 412-3, GRI 414-1, GRI 414-2.

<p><b>Criterion 3:</b> The COP describes robust commitments, strategies or policies in the area of human rights.</p>	<ul style="list-style-type: none"> <li>• At CEMEX, we believe not only in making strong sustainability commitments, but in taking action to ensure we fulfill those commitments. We are an organization of people with unmatched passion and integrity, with values that result in respectful and productive relationships.</li> <li>• Our updated Corporate Human Rights Policy uses the three pillars that form the foundation of the UN Guiding Principles – Protect, Respect and Remedy. The comprehensive human rights policy expands on our existing programs and reporting mechanisms.</li> <li>• CEMEX is fully committed to the Universal Declaration of Human Rights, the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, and the Inter American Convention on Human Rights.</li> <li>• We embrace the UN Guiding Principles on Business and Human Rights, also referred to as the “Ruggie Framework.”</li> <li>• We proactively work to ensure our own practices, as well as those of our suppliers, partners and others within the value chain, respect the rights of individuals and the communities in which we operate. Our Code of Ethics establishes our commitment to human rights. CEMEX encourages its suppliers to adhere to the standards of its Conduct when Doing Business with Us. Our Sustainability Model has key objectives to address social global challenges, including: Poverty, Income Inequality, Aging Population, and Unemployment.</li> </ul>
<p><b>Criterion 4:</b> The COP describes effective management systems to integrate the human rights principles.</p>	<ul style="list-style-type: none"> <li>• At CEMEX, each of our business units has an Enterprise Risk Management (ERM) process in place. ERM aims to support top management across the organization in the decision-making process, reducing the impact of adverse events and capitalizing on opportunities. Among other topics, ERM monitors and assesses any type of potential risk including human rights violations.</li> <li>• In 2017, we provided more than 12,000 training hours on business ethics and human rights related issues that are relevant to our operations.             <ul style="list-style-type: none"> <li>• We continually launch global communication campaigns to provide information and raise awareness on important ethics and human rights topics; and to promote our reporting mechanism, ETHOSline, as well as our Policy Center, among others. This year, close to 550 communication campaigns were deployed across our operations, reaching our online and offline audiences employees.</li> </ul> </li> <li>• The CEMEX Sustainability Committee assists the Board of Directors in overseeing strategies designed to manage environmental, social, economic, and governance related risks. It also reviews the effectiveness of policies and procedures relating to health and safety, employment practices, stakeholder relationships, environment, human rights, resources preservation, authorities’ involvement and sustainable development.</li> </ul>
<p><b>Criterion 5:</b> The COP describes effective monitoring and evaluation mechanisms of human rights integration.</p>	<ul style="list-style-type: none"> <li>• Employees are encouraged to report any potential ethics violation to the Human Resources Department, the Local Ethics Committee or through our ETHOSline. The ETHOSline is offered as a safe and confidential tool for employees and the public in general to ask questions and report potential violations, including human rights.</li> </ul>

## LABOR

For full information about our progress regarding Labor Practices, please see our 2017 Integrated Report and GRI Content Index.

- **Principle 3.** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining > GRI 304-1, GRI 402-1, GRI 407-1.
- **Principle 4.** Businesses should uphold the elimination of all forms of forced and compulsory labor > GRI 409-1.
- **Principle 5.** Businesses should uphold the effective abolition of child labor > GRI 408-1.
- **Principle 6.** Businesses should uphold the elimination of discrimination in respect of employment and occupation > GRI 202-1, GRI 202-2, GRI 401-1, GRI 403-1, GRI 404-1, GRI 404-3, GRI 405-1, GRI 405-2, GRI 406-1, GRI 414-1.

<p><b>Criterion 6:</b> The COP describes robust commitments, strategies or policies in the area of labour.</p>	<ul style="list-style-type: none"> <li>• At CEMEX, we value our employees. Our people are our competitive advantage and the reason we are successful. That is why we hire the best and the brightest and we take care of them.</li> <li>• CEMEX is determined to comply with the ILO's Declaration of Fundamental Principles and Rights of Work, a set of internationally recognized human rights encompassing a wide range of issues.</li> <li>• CEMEX acknowledges, supports, and respects its employees' rights to freedom of association, provided all actions are legal and that they do not interfere with the employees' duties and responsibilities.</li> <li>• In CEMEX no one is forced to perform any task that is hazardous or detrimental to their health or wellbeing. Employees are free to leave the company at any time and we don't offer any benefit as leverage to force labor.</li> <li>• We are strongly committed to protecting the rules regarding child labor in every country we operate.</li> <li>• Our Code of Ethics establishes CEMEX's commitment to our people. CEMEX encourages its suppliers to adhere to the standards of its Conduct when Doing Business with Us.</li> <li>• CEMEX generates employment opportunities for local suppliers, who account for 89% of our worldwide purchases.</li> </ul>
<p><b>Criterion 7:</b> The COP describes effective management systems to integrate the labour principles.</p>	<ul style="list-style-type: none"> <li>• 57% of our operative workforce is represented by a union or covered under a collective bargaining agreement. Additionally, collective bargaining processes are an essential element in our employee engagement activities.</li> <li>• Our company policy is to only hire people who are 18 or older. Our operations in every country comply with the local laws and the selection and hiring process requires the presentation of government-issued identification, as well as a rigorous investigation of the person's information. This process also extends to our contracted labor suppliers.</li> <li>• Our operations in every country comply with the local laws.</li> <li>• As stated in our Code of Ethics: CEMEX clearly recognizes, supports, and respects the right of its employees to exercise freedom of association in our operations; CEMEX is committed to comply with forced labor prohibitions; the prohibition of the use of child labor is plainly indicated; our employment decisions are made solely on merit, and not on any legally protected traits such as age, race, ethnicity, religion, disability, marital status or sexual orientation, among other factors.</li> </ul>
<p><b>Criterion 8:</b> The COP describes effective monitoring and evaluation mechanisms of labour principles integration.</p>	<ul style="list-style-type: none"> <li>• Employees are encouraged to report any potential labor violation to the Human Resources Department, the Local Ethics Committee or through our ETHOSline. ETHOSline is offered as a safe and confidential tool for employees and the public in general to ask questions and report potential violations, including labor practices.</li> </ul>

## ENVIRONMENT

For full information about our progress regarding Environmental Excellence, please see our 2017 Integrated Report and GRI Content Index.

- **Principle 7.** Businesses should support a precautionary approach to environmental challenges > GRI 202-2, GRI 301-1, GRI 302-1, GRI 303-1, GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-6, GRI 305-7
- **Principle 8.** Businesses should undertake initiatives to promote greater environmental responsibility > GRI Standards GRI 301, GRI 302, GRI 303, GRI 304, GRI 305, GRI 306, GRI 307, GRI 308.
- **Principle 9.** Businesses should encourage the development and diffusion of environmentally friendly technologies > GRI 203-1, GRI 302-4, GRI 305-5.

<p><b>Criterion 9:</b> The COP describes robust commitments, strategies or policies in the area of environmental stewardship.</p>	<ul style="list-style-type: none"> <li>• For CEMEX, reaching environmental excellence is a main objective. We dedicate significant efforts to address key sustainability-related issues, from biodiversity and conservation to renewable energy, climate change and emissions monitoring.</li> <li>• CEMEX commitment is reflected through our key policies: Environmental Policy, Biodiversity Policy, Water Policy, and Conflict Minerals Policy; as well as the Biodiversity Action Plan Standard.</li> <li>• Other key principles that guide our effort towards environmental excellence include our position papers: Aggregates Recycling, Green Building Schemes, Climate Change, Alternative Fuels, Environmental Management and Biodiversity, Sustainable Construction.</li> <li>• Our Code of Ethics establishes our commitment to improve our processes and procedures to minimize our impact on the environment. CEMEX encourages its suppliers to adhere to the standards of its Conduct when Doing Business with Us.</li> <li>• Our Sustainability Model has specific objectives to address environmental global challenges, including: Climate Change, Resource Scarcity, and Biodiversity Loss.</li> <li>• We have established 2020 goals for: alternative fuel rate, reduction in CO<sub>2</sub>, clinker produced with continuous monitoring of major emissions, dust emissions, NO<sub>x</sub> emissions, SO<sub>x</sub> emissions, active quarries with high Biodiversity Action Plans implemented, and water consumption.</li> <li>• One-third of our ready-mix concrete sales are derived from products with outstanding sustainability attributes.</li> </ul>
<p><b>Criterion 10:</b> The COP describes effective management systems to integrate the environmental principles.</p>	<ul style="list-style-type: none"> <li>• It is our goal to have our operations under the CEMEX Environmental Management System (EMS) – compatible with similar standards such as ISO 14001 and the EU Eco-Management and Audit Scheme (EMAS).</li> <li>• CEMEX has developed a user-friendly online learning tool to help top and middle management gain a solid understanding of sustainability. The Leadership in Sustainability Training Program covers key issues impacting executives' lives and the sector in which CEMEX operates, as well as the implications for how we manage and run our operations and provide value to customers.</li> <li>• The CEMEX Sustainability Committee assists the board in overseeing strategies designed to manage environmental, social, economic, and governance related risks. It also reviews the effectiveness of policies and procedures relating to health and safety, employment practices, stakeholder relationships, environment, human rights, resources preservation, authorities' involvement and sustainable development.</li> </ul>
<p><b>Criterion 11:</b> The COP describes effective monitoring and evaluation mechanisms for environmental stewardship.</p>	<ul style="list-style-type: none"> <li>• Committed to transparency, for the 6<sup>th</sup> consecutive year, in 2017 we received an A- from CDP under their new evaluation system which assigns scores from A to D. With this result, CDP recognizes CEMEX among the leading group of companies in the field of Climate Change.</li> <li>• As part of the Supplier Sustainability Program, created in 2010, we work with a third-party sustainability supply management firm that monitors suppliers in terms of social, environmental, ethical and financial performance, including the UN Global Compact principles.</li> <li>• To enhance reliability, since 2007, we conduct external assurance for a number of our key performance indicators for our industry, including CO<sub>2</sub>, dust, NO<sub>x</sub> and SO<sub>x</sub> emissions, and Environmental Incidents.</li> <li>• We continually invest in new technology to monitor hazardous and nonhazardous waste generation in our operations; major and minor emissions; and other new systems, for example new technology required to comply with the U.S. EPA amended National Emission Standards for Hazardous Air Pollutants (NESHAP).</li> </ul>

## ANTI-CORRUPTION

For full information about our progress regarding our Anti-Corruption Actions, please see our 2017 Integrated Report and GRI Content Index.

- **Principle 10.** Businesses should work against corruption in all its forms, including extortion and bribery > GRI 102-16, GRI 102-17, GRI 205-1, GRI 205-2, GRI 205-3, GRI 415-1.

<p><b>Criterion 12:</b> The COP describes robust commitments, strategies or policies in the area of anti-corruption.</p>	<ul style="list-style-type: none"> <li>• We have zero tolerance for bribery in any form.</li> <li>• At CEMEX, we must comply with applicable laws and policies, without exception. To instill a strong, responsible culture within our workplace, CEMEX recognizes that “Act with Integrity” is one of the five main values that reflect who we are as a company and guides our daily actions and decisions.</li> <li>• Our Code of Ethics establishes our anti-corruption commitment. CEMEX encourages its suppliers to adhere to the standards of its Conduct when Doing Business with Us.</li> <li>• Our Anti-Bribery/Anti-Corruption Policy, Antitrust Compliance Policy and Insider Trading Policy further demonstrate our expectations and global standards and are continuously updated to reflect the latest developments and corresponding regulations.</li> <li>• Supplier contracts include not only anti-bribery clauses, but also anti-bribery certification letter. Moreover, CEMEX makes its best effort to analyze suppliers’ historical corruption behavior prior to signing a contract.</li> </ul>
<p><b>Criterion 13:</b> The COP describes effective management systems to integrate the anti-corruption principle.</p>	<ul style="list-style-type: none"> <li>• Critical to our ethics and compliance program is leadership involvement. Continually, country managers promote expected behaviors and reinforced our institutional reporting mechanisms.</li> <li>• To keep everyone up to speed with a firm understanding of the values and expectations outlined in the Code of Ethics and Business Conduct, we provide regular training and communication about our policies and human rights issues.</li> </ul>
<p><b>Criterion 14:</b> The COP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption.</p>	<ul style="list-style-type: none"> <li>• At CEMEX, we rely on the ETHOSline as our secure reporting channel. Available 24 hours a day, seven days a week, ETHOSline provides employees with an online portal and phone line for sending comments, requesting advice and submitting complaints. To protect employees, the service is managed by a third-party that gathers incident information, documents concerns and relays the information to CEMEX.</li> <li>• ETHOSline is available to the public, providing an outlet where they can voice their concerns and report any suspected violations to our policies, values and Code of Ethics.</li> <li>• To further ensure employees are acting in a manner consistent with our values, CEMEX Compliance Legal Department conducts internal legal audits directed to executives of sensitive business areas in numerous countries.</li> </ul>

Other Criteria	GRI Reference
<b>Implementing the Ten Principles into Strategies &amp; Operations</b>	
Criterion 1: The COP describes mainstreaming into corporate functions and business units.	GRI 102 -18 - GRI 102-39 and GRI 56
Criterion 2: The COP describes value chain implementation.	GRI 102-9, GRI 102-10, GRI 102-25  GRI 204-1, GRI 302-2, GRI 305-3, GRI 308-1, GRI 308-2, GRI 403-2, GRI 407-1, GRI 408-1, GRI 409-1, GRI 414-1, GRI 414-2  Topic specific GRI 103 on Supplier Assessment for: Impacts on Society, Human Rights Assessment, Environmental Assessment, and Labor Rights.
<b>Taking Action in Support of Broader UN Goals and Issues</b>	
Criterion 15: The COP describes core business contributions to UN goals and issues.	Disclosures on Management Approach for Aspects under Economic, Environmental, and Social (Labor Practices and Decent Work, Human Rights, Society, Product Responsibility)
Criterion 16: The COP describes strategic social investments and philanthropy.	
Criterion 17: The COP describes advocacy and public policy engagement.	
Criterion 18: The COP describes partnerships and collective action.	
<b>Corporate Sustainability Governance and Leadership</b>	
Criterion 19: The COP describes CEO commitment and leadership.	GRI 102-14, GRI 102-15
Criterion 20: The COP describes Board adoption and oversight.	GRI 102-18 – GRI 102-39
Criterion 21: The COP describes stakeholder engagement.	GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44
<b>Context of Operation and Verification</b>	
Organizational Profile	GRI 102-1 - GRI 102-10 and GRI 102-41
Assurance	GRI 102-56

