



Sustainability in action

CEMEX UK Operations

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SUSTAINABILITY UPDATE – EDITION 2 NOVEMBER 2006



introduction

CEMEX is a global building solutions company with a presence in more than 50 countries. As a leading supplier of concrete, cement and aggregates, CEMEX is dedicated to building a better future and couples financial achievements with a firm commitment to sustainable development

With more than 5,500 employees and 500 sites in the UK, the company recognises the need to proactively manage its business to ensure its positive contribution towards a more sustainable future, in line with the UK Government's wider social, environmental and economic objectives for sustainable communities.

As part of a commitment to improve its sustainable performance to safeguard the ability of future generations to meet their own needs, CEMEX UK is using this, the second edition of Sustainability Update, to report on the issues faced by the company in the UK and how these challenges are being met.

"We have a passion to grow our business in harmony with society and the environment by achieving the right balance between the benefits and impacts of our products and operations."

*CEMEX Chairman and Chief Executive Officer,
Lorenzo Zambrano*

An integrated approach

CEMEX UK sustainability initiatives are an integral part of a holistic, corporate approach, within a rigorous governance structure, including a Code of Ethics, to ensure that employees conduct their daily activities in accordance with the highest standards.

CEMEX UK is this year investing £30 million in sustainability-related projects, and has established a framework for sustainable development into which operations are being embedded. As part of this framework, the company is focusing on three high-level goals:

- 1 Reduce overall emissions.
- 2 To ensure long-term, sustainable supply of building materials for the UK construction industry.
- 3 To ensure CEMEX UK is a good neighbour at all times.

Achieving these goals will contribute to the UK Government's sustainability targets, support the sustainable construction agenda and help to ensure a better quality of life for everyone, now and in the future.



Sustainability commitment

To help the company remain focused on achieving the high-level goals, CEMEX UK has developed a sustainability statement which sets out seven indicators of sustainable performance with which company operations and behaviour are firmly aligned.

Sustainability statement

As one of the UK's largest suppliers of building material solutions, CEMEX UK is committed to sustainable development across the business.

The principal operations of our business are extraction, processing and distribution of building materials. We aim to be socially, economically and environmentally responsible in everything we do to safeguard the needs of future generations.

To deliver this promise we will track the following indicators:

- 1 Reducing emissions.
- 2 Improving efficiency of production and logistics.
- 3 Developing innovative new products and services.
- 4 Engaging employees.
- 5 Increasing transparent dialogue with stakeholders.
- 6 Measuring and controlling impacts.
- 7 Contributing to sustainable communities.

Focusing on the indicators will provide a series of benefits to all key stakeholders, including employees, customers, regulators, neighbours and others.

CEMEX Code of Ethics

A CEMEX Code of Ethics aims to ensure employees conduct their daily activities in accordance with the highest standards

indicator one – reducing emissions

The manufacturing of building materials, such as cement and concrete generates emissions. However, CEMEX UK is committed to minimising these and developing new and innovative ways of improving environmental performance

Did you know?

Detailed test results from a trial using chipped tyres at Rugby cement plant in Warwickshire showed a marked reduction in certain emissions from the chimney during the trial. Most notably, oxides of nitrogen (NOx) which affect air quality, decreased by 30%.

Key objectives

- 1 Secure permits at all cement plants for using more alternatives fuels.
- 2 Increase the use of alternative fuels to heat cement kilns.
- 3 Reduce operational dust emissions.

Where is CEMEX UK now?

- In the past two years, CEMEX UK has increased the use of alternative fuels by 75%. This has helped to reduce certain emissions, save fossil fuels for the future and make use of material that would otherwise go to landfill
- new kiln firing systems have helped achieve a reduction of over 30% in NOx at two UK cement plants. The systems also require less fuel, which in turn has led to a 10% reduction in the emissions of carbon dioxide (CO₂) from the works
- particulate emissions could be reduced by up to 70% once a £6.5 million bag filter has been installed at Rugby cement plant in early 2007. Emissions of operations have also been greatly reduced at Halkyn quarry in North Wales, following a £13.5 million investment that includes screen house dust-extraction, dry foam dust suppression and discharge points and water sprays for lorries and conveyors



Bag filter

A bag filter is being installed at Rugby cement plant to reduce particulate emissions

Emissions

Emissions are constantly being monitored to ensure CEMEX UK operates well within limits



indicator two – improving efficiency of production and logistics

With a complex and large scale network of operational sites across the UK, it is vital that CEMEX UK establishes the most sustainable and efficient means of extracting, manufacturing and distributing products.

Key objectives

- 1 Reduce impact on road congestion by increasing night time deliveries.
- 2 Increase movement of materials using rail, sea and river freight to minimise road journeys and reduce emissions.

Where is CEMEX UK now?

- a new 24/7, out-of-hours delivery service has been established to ease pressure on congested roads and sites, ensuring that customers start the day with full silos and aggregate bins
- where possible, deliveries take place at night to reduce day time congestions and maximise utilisation of the CEMEX UK fleet. 25% of deliveries to and from the Rugby cement plant are now made at night



Energy conservation

Driver training helps reduce fuel consumption

- safety and fuel efficiency training breeds better driving and economy. Following training, drivers' fuel consumption is reduced by an average of 11%
- reducing road journeys helps reduce congestion and CO₂ emissions. CEMEX UK uses short sea journeys where possible, and transports products via rail, rivers and underground pipeline, the longest of which is 57 miles long and saves more than 400 lorry journeys per day
- to keep journeys to a minimum, sophisticated planning and tracking systems have been adopted to ensure vehicle efficiency and that 95% of lorries are at payload, or fully loaded, before traveling

Transporting aggregates

CEMEX UK has introduced freight to the River Sever for the first time in 30 years, transporting aggregates from Ripple quarry to Ryall processing plant by river. Over the next 10 years this will save over 340,000 lorry journeys, reducing congestion, fuel consumption, CO₂ emissions and noise



indicator three – developing innovative new products and services

CEMEX UK carefully considers the full product life cycle, from procurement, during manufacture and in application, to the ultimate goal of re-use or recycling. New product developments and service innovations are firmly aligned to the sustainability commitment

Key objectives

- 1 Maximise opportunities for recycling and reuse of materials.
- 2 Increase the use of blended cements to reduce CO₂ emissions.

Did you know?

Concrete is the second most consumed product on the planet after water, with nearly 3 tonnes per annum produced for each man, woman and child on earth.

- CEMEX UK is planning a new £27 million facility for the manufacturing of blended cement, CEM3, at Tilbury in Essex. CEM3 gives improved workability in unhardened concrete and helps to improve the long-term durability of concrete structures that are subjected to aggressive environments. CEMEX UK also manufactures CEM2. Blended cements are more sustainable. For each tonne of blended cement produced, emissions of CO₂ are typically half that of traditional cements. At Tilbury, this would mean a saving of 600,000 tonnes of CO₂ per annum. Blended cements also incorporate by-products from other industries



Where is CEMEX UK now?

- The use of recycled asphalt has been increased by 86% and availability has been expanded to a network of plants across the country



Recycled asphalt

Recycled asphalt was recently used in a five-kilometre stretch of the M4, constituting 25% of surface material, while 1,000 tonnes of left over planings also went to the National Eisteddfod and used for footpath construction

indicator four – engaging employees



Sustainability begins at the heart of every company. That's why CEMEX UK encourages employees to work and behave in a way that contributes to a more sustainable future.

Key objectives

- 1 Integrate sustainable practices in the workplace through education and motivation.
- 2 Improve employee behaviour and thinking before acting to demonstrate understanding and willingness to contribute.
- 3 Encourage employees to act as sustainability ambassadors and spread the word inside and outside of the business.

Where is CEMEX UK now?

- regular communications and events to update employees on sustainability achievements and initiatives
- Trees To Employees Programme to raise awareness of trees' positive impact on the environment in terms of biodiversity and CO₂ absorption
- provide employees with the necessary tools to improve recycling efforts
- review existing human resources practices and develop new policies to ensure alignment to sustainability
- review company processes to ensure sustainability of corporate actions

As part of CEMEX's 100th anniversary celebrations and commitment to conservation and sustainability, 100 trees were planted at each of eight CEMEX UK quarries throughout the country, building up to National Tree Week.

In addition to the planting events, CEMEX UK has planted many trees to shield operations and for restoration purposes. The company this year also presented each UK employee with a tree. Tree planting can help tackle global warming and reduce the effects of carbon emissions on the climate.

Did you know?

CEMEX UK will have planted over 30,000 trees during 2006. Over the next 100 years, these trees will provide habitat for a wide range of wildlife and could help absorb more than 9,000 tonnes of CO₂.



Tree planting

Tree planting during National Tree Week

indicator five – increasing transparent dialogue with stakeholders

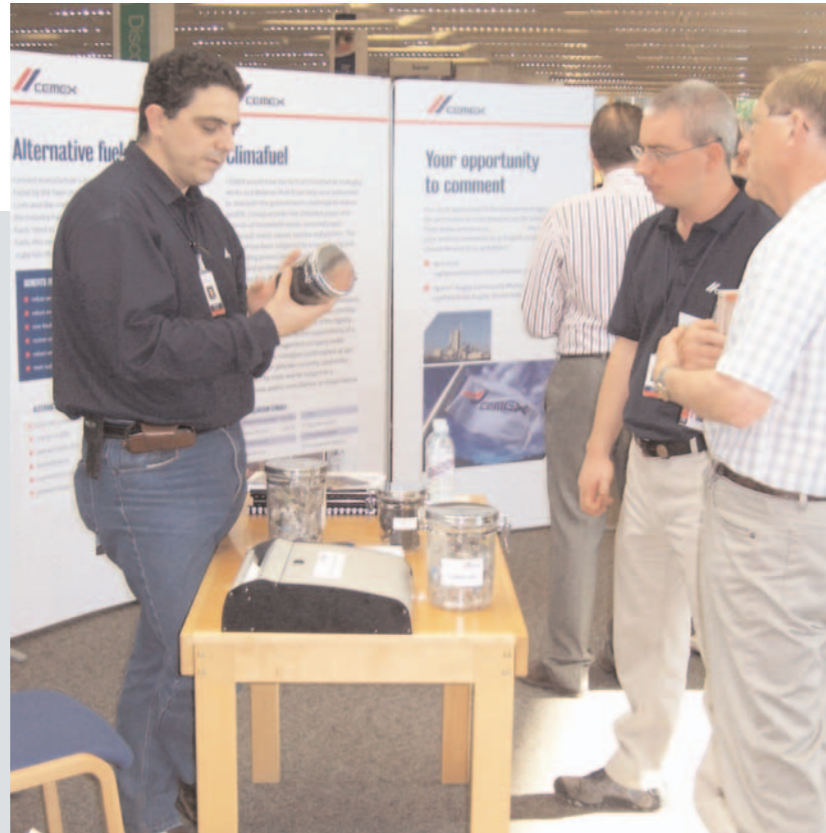
CEMEX UK makes efforts to take on board stakeholders' views and ensure operations are fully understood. And it is vital to the future of the company that relationships with stakeholders are collaborative and transparent in order to be constructive.

Key objectives

- 1 Consult with interested parties regarding new developments, planning applications and operational issues.
- 2 Provide stakeholders with up-to-date and accurate business information.
- 3 Establish and maintain industry partnerships to improve industry performance and reputation.

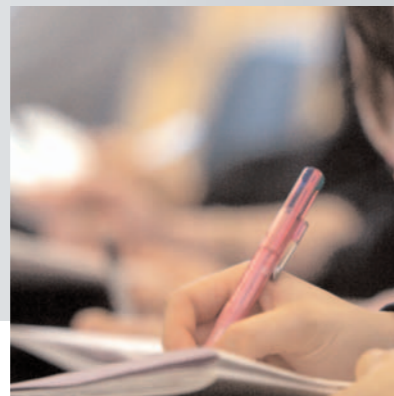
Where is CEMEX UK now?

- working with the British Cement Association (BCA), World Business Council for Sustainable Development, the Quarry Products Association (QPA) and Construction Products Association to improve the industry's sustainability focus and performance
- establishing and maintaining liaison groups and new channels of communications with local groups, and providing regular information updates on plans and progress
- instigating robust and timely procedures for dealing effectively and promptly with complaints



Alternative fuels

As part of its public consultation regarding plans to use alternative fuels at Rugby plant, CEMEX UK sought to communicate widely and extensively with key stakeholders. The plant was opened to visits from the media and others. Information was made available on the web, at an exhibition in the public library and feedback was sought through newsletters that were distributed to 13,000 households. CEMEX UK also participated in a public meeting and facilitated fact finding trips to other plants



indicator six – measuring and controlling impacts

Archaeological survey
Excavation at Barrington quarry

Key to improving performance is the ability to accurately measure the impact of CEMEX UK's activities. This is a process where continuous improvements are key. A number of mechanisms are being put in place.

Key objectives

- 1 Have systems and procedures in place to focus on high-level goals and identify areas for improvement.
- 2 Report on and meet targets set by the UK Government and the EU on CO₂ emissions, protection of the environment, use and conservation of natural resources and minimising waste.
- 3 Achieve ISO 14001 compliance for all major operational sites.

Did you know?

As part of the planning conditions for new excavations at Barrington quarry, CEMEX UK commissioned an archaeological survey which un-earthed the remains of an Ichthyosaur – a marine reptile that lived at the same time as dinosaurs. The remains have been donated to the Natural History Museum in London.



Where is CEMEX UK now?

- UK performance and progress is being communicated to regulators and other interested parties through a bi-annual Sustainability Update (this publication)
- CEMEX publishes a corporate responsibility report once a year
- CEMEX UK has implemented an integrated Environmental Policy for all areas of the business and for the first time, the company's cement business has, through the BCA, reported its performance against the Environment Agency's Sector Plan targets
- CEMEX UK's cement division has achieved a significant reduction in dust emissions to air, exceeding Environment Agency 2006 targets, as well as considerable decreases in NO_x and oxides of sulfur emissions, which are below 2006 targets and well ahead of the industry average for 2005
- ISO 14001 accreditation has been achieved for 16% of sites and will be extended to quarries and building product sites during 2007



indicator seven – contributing to sustainable communities

Building products are essential for development, quality of life and the creation of sustainable communities. In line with UK planning guidance, CEMEX UK strives to minimise the impact of quarrying operations and involve the local community in opportunities around after use of land. The company has achieved a number of outstanding developments through partnerships with the Wildlife Trust, and collaboration with neighbours, community groups and local authorities. Many of the UK's best angling lakes, nature reserves and recreational sites were created that way.



Restoration

Attenborough Nature Reserve in Nottinghamshire this year secured CEMEX UK the prestigious restoration award, the Cooper Heyman Cup at the QPA Restoration Awards. CEMEX UK was also presented with a Restoration Award with Special Merit for its Powburn Quarry in Northumberland for working closely on bio-diversity plans with local partners to restore two lakes for local wildlife.

Did you know?

That the average family uses one tonne of cement per year.

Key objectives

- 1 Ensure that the need for minerals is balanced against the impact of extraction and processing on people and the environment.
- 2 Implement sensitive working, restoration and after care to enhance the quality of the environment once extraction has been completed.
- 3 Engagement with community and environment groups around after use of land.
- 4 Identify opportunities for investment in regeneration through the CEMEX UK Foundation.
- 5 Improve local understanding through education and dialogue with schools and neighbours.

Where is CEMEX UK now?

- a number of CEMEX UK sites have been awarded Sites of Special Scientific Interest (SSSI) status following restoration, including Lackford Lakes in Suffolk, Attenborough Nature Reserve in Nottinghamshire and Taff's Well Quarry near Cardiff, where an area of beech woodland has been upgraded from SSSI to Special Area of Conservation (SAC) by the European Union
- with 40,000 members, CEMEX Angling is today the largest commercial angling organisation in the UK and a good example of how quarry operations can be restored to the benefit of the public
- CEMEX UK uses noise suppression equipment, quieter motors on vehicles and sophisticated filtering equipment and dust suppression systems on silos to minimise affects of operations on nearby neighbours
- since 1993 CEMEX UK has published an annual book with leading not-for-profit organisations to highlight key conservation issues
- CEMEX UK has also launched the CEMEX UK Foundation to provide a channel for investment in local areas, in support of sustainable schemes which make significant contributions to the quality of land, air or water environments

looking ahead



Over the coming months, CEMEX UK will be working towards achieving the high level goals outlined in this report, while addressing a number of regulatory issues, including the appeal of a fine for a dust incident that occurred in October 2005. There are also a number of local authority noise and air quality issues at CEMEX UK sites that need to be tackled.

Further priorities include an extension of the ISO 14001 coverage to include all aggregates operations and building product sites, and the establishment of an internal Sustainability Management System (SMS) to ensure the consistency of processes in CEMEX operations across the world.

There are good opportunities for extending the stakeholder programmes to non-cement sites, and for strengthening dialogue with local communities, partners and regulators. Customers should be reliant on CEMEX UK to provide them with sustainable products and approaches to help meet demand for the construction challenges of the Thames Gateway and London 2012 Olympic Games.

While CEMEX UK is making good progress in terms of commitment, investment and continuous performance improvements, the journey continues, to achieve long term business success through the proactive management of environmental, social and economic issues; the three pillars of sustainability.

Stakeholder dialogue

Extending stakeholder dialogue is a key priority for CEMEX UK