CEMEX TODAY  Founded in 1906, CEMEX is one of the three largest cement companies in the world, with approximately 65 million metric tons of production capacity. Through operating subsidiaries positioned in four continents, CEMEX is engaged in the production, distribution, marketing, and sale of cement, ready-mix concrete, aggregates, and clinker. In addition, the company is the world’s leading producer of white cement and the world’s largest trader of cement and clinker.

During 1999, CEMEX reached USD 4.8 billion in consolidated net sales.

Contents

Sustainable development strategy
We are proud to have strengthened our safety culture

Lorenzo H. Zambrano
Chairman & CEO

Nineteen ninety-nine was a year of significant progress, particularly with respect to the substantial reduction in CEMEX’s annual accident rate.

We are proud to have strengthened our safety culture within all of our operations around the world. This is a clear indicator of our overall effort to ensure the well-being and the quality of life of our people.

Also, we continued to demonstrate that environmental protection and operational productivity are compatible objectives. The CEMEX Ecoefficiency Program has continued to benefit the company and the environment by enabling us to optimize raw material and energy consumption. By realizing positive results in both the economic and
environmental aspects of our business, we confirm our vision to work “In Harmony with Nature.”

This year we continued our growth strategy with the acquisition of two companies, one in Egypt and another in Costa Rica. We have already begun the process of implementing our operational and administrative practices at both of these facilities, including the CEMEX Environmental Management System and the Safety and Health Manual.

The enthusiastic participation and commitment of our people has continued to move us toward our goal: to be the most efficient, most profitable, and safest multinational cement company in the world.

Safety

We again improved our safety indicators
Our Safety Strategy  The primary focus of the company’s accident prevention strategy continues to be intensive training and certification of personnel, combined with a strong and consistent emphasis on the importance of living and working in a culture of personal safety.

Each business unit routinely conducts safety programs and risk analyses. These, along with insurance inspections performed in conjunction with our Risk Management department, enable us to focus and to maximize the effectiveness of our improvement projects.

Additionally, our internal electronic communications system allows all the business units in the countries in which we operate to share performance indicators and accident analyses with each other. This system has proven truly beneficial.

Results  In 1999 we again improved our safety indicators, achieving a 34% reduction in the accident rate (the percentage of lost-time cases1 per year), to 2.5 from 3.6 in 1998. The cement sector showed a 45% reduction, reporting a 1.9% accident rate.

The average severity, measured in lost workdays per case2, was reduced to 20.5 from 21.8 in 1998 – a 6% improvement. CEMEX Venezuela achieved an accident rate of 0.74%, becoming the first business unit to reach our company-wide goal of less than 1%.

Rewarding Achievement  CEMEX Venezuela’s Pertigalete cement plant and Ferrocarril concrete plant will each receive the “CEMEX Safety Award” for their excellent performance in 1999. Moreover, CEMEX Mexico’s Valles, CEMEX Spain’s Morata-Muel, and CEMEX Panama’s Bayano cement plants, as well as 135 concrete facilities, will receive awards for reducing their accident rates to zero lost-time cases.

Special Driver Training Program  Because we use a large number of vehicles to transport our products, primarily in the concrete sector, this year we used audio-visual materials and special courses to reinforce our special training programs for drivers. The main objective of this program is to minimize the potential for accidents while traveling the public roadways.
As a fundamental facet of our effort to improve our employees’ quality of life, in 1999 we developed the Health Program, which emphasizes the importance of the prevention and early detection of disease. In support of this program, we created the General Health Criteria Manual, which serves as a guide for designing specific programs that address the special needs of our employees in each of our regional operations.

**Focusing on Health Education** Early recognition and understanding of a potential health problem is the key to ensuring its effective diagnosis and treatment or, ideally, preventing it altogether. With this in mind, we distribute a series of educational booklets to our employees that describe symptoms of some common health problems and diseases as well as methods of prevention and treatment.

**Training** As part of their continuing medical education, six CEMEX physicians earned their certifications in occupational health at the University of California, while other doctors participated in various Medical Occupational Congresses in the United States.

**Pilot Program** Our Women’s Integral Development program offers personal development alternatives for employees and their families. The program provides monthly workshops on such topics as family values, interpersonal relationships, personal finance, and stress management. Currently, more than 100 women from the corporate departments and from CEMEX Mexico participate in this program.

**Environmental Protection and Culture**

Our vision: to work "In Harmony with Nature"
At CEMEX, realizing our vision to work “In Harmony with Nature” involves a two-pronged approach: first, we strive to maintain ecoefficient operations, and second, we support conservation programs through projects with local and international organizations.

The CEMEX Ecoefficiency Program (CEP) This program integrates the various applications of the ecoefficiency concept throughout the company. Though formally introduced in 1994, the concept of ecoefficiency has always been a part of our technological optimization and environmental protection programs. The application of this concept is accomplished primarily by integrating into the corporate culture an understanding of the ecological and economic benefits of this program.

To maximize the efficient use of energy and natural resources, the CEP uses technology and the knowledge and experience of CEMEX’s people. Also, the CEP seeks to reduce costs and to minimize the environmental impact of the company’s operations, while at the same time maximizing the company’s economic return.

CEMEX’s success is derived, in part, from capitalizing on expansion opportunities and meeting the challenge to quickly transform the outdated technology that usually exists in our newly acquired cement plants. We do this by applying our expertise and innovative operating practices to maximize the efficient consumption of materials and energy, simultaneously reducing environmental impact and achieving economic benefits. The results are cleaner and safer operations for our people and the communities and environments in which we operate.
Through year-end 1999, the CEP reported savings of more than USD 30 million, mainly as a result of the following actions:

- Developing technology for production processes, mining, and new plant design;
- Recycling and reusing materials;
- Using natural cementing materials;
- Using alternative and waste fuels; and
- Promoting a culture of ecoefficiency.

An example is the high-efficiency separator that was recently installed in the milling area of Venezuela’s Pertigalete cement plant. The separator increased the mill’s capacity by 30% and reduced its energy consumption by more than 10%. It also decreased atmospheric emissions and the consumption of nonrenewable resources from the electrical generation process.

**Teamwork**

Teamwork, synergy, and the free exchange of information are essential to CEMEX’s ability to take full and efficient advantage of opportunities and meet the challenges that often arise within a multinational company. In order to share and benefit from our employees’ many experiences throughout the year, CEMEX held its Third Annual EHS Multinational Meeting in Caracas, Venezuela, from October 27 to 29, 1999. Participating in this meeting, coordinated by the company’s Corporate EHS department, were the Environmental and Safety Coordinators from each of the countries in which we operate. Also actively participating were representatives of the concrete sector and corporate departments such as Security, Risk Management, and Communication.

**Support of Conservation Programs**

Additionally, we continue to support conservation programs in Mexico with the operation of the Santa Maria field – a wildlife conservation, research, and species recovery area managed directly by CEMEX – and the reintroduction of the desert bighorn sheep, an endangered species. In accordance with our principle that "we take care of those things we know", we continue to publicly promote nature conservation through the production of a series of books that, through their beautiful images of nature, foster the world’s ecological culture. We donate these books to conservation organizations, which sell them and use the proceeds to fund their conservation and education projects.
This year we sponsored the publication of Hotspots: Earth’s Biologically Richest and Most Endangered Terrestrial Ecoregions, which presents a strategy for worldwide conservation. In an effort to increase the awareness of our audiences to the critical need to conserve the world’s endangered areas, we have prepared a detachable pamphlet at the center of this report, which describes the book in greater detail.

CEMEX formally launched this important book in November at the World Bank building in Washington, D.C., before an international audience from the political, diplomatic, scientific, business, and media worlds. The launch was accompanied by a week-long exhibit of wildlife pictures from the book in the World Bank building’s atrium.

The International Photography Award The second annual Nature’s Best & CEMEX International Photography Awards ceremony was held at the Lafayette Centre in Washington, D.C., in September 1999. The purpose of the award is twofold: it encourages the creation of a popular ecological culture through the images depicted by these photographers from around the world, and it also promotes public connection with nature and its beautiful biodiversity.

Since 1993, CEMEX has sponsored the publication of a series of important ecological books. Under the direction of Agrupación Sierra Madre, CEMEX published Mexican Natural and Cultural Diversity, Celebration of the Seas, and Celebration of Life. The company also published Megadiversity: Earth’s Biologically Wealthiest Nations, in coordination with Conservation International (CI).

CEMEX has donated tens of thousands of copies of these books to several conservation organizations and academic institutions. These organizations sell the books to obtain necessary funding for conservation research and education projects around the world.
In 1999, again under the direction of Agrupación Sierra Madre and in coordination with Conservation International (CI), CEMEX produced the book entitled Hotspots: Earth’s Biologically Richest and Most Endangered Terrestrial Ecoregions.

Based on scientific data and complemented by captivating and beautiful photographs, this book showcases the research of over 70 experts from around the world. The book also presents their proposals for a long-term strategy to optimize global conservation efforts.

The central aspect of this strategy is the identification of 25 "hotspot" regions that account for only 1.4% of the earth’s land surface but are home to more than 60% of all plant and animal species. Various factors place the biodiversity of these regions in very real danger of disappearing. These areas have therefore become critical to maintaining life on Earth.

The book Hotspots is a legitimate call for the world’s attention, support, and participation in conservation efforts benefiting these regions and the countless species that reside therein.
73% of the cement plants are ISO 14001 certified

As a result of their risk reduction programs, the Monterrey & Guadalajara cement plants in Mexico and the Balcones plant in the U.S. have been certified as HPR (Highly Protected Risk Property) by Factory Mutual Global, an international insurance company. This certification recognizes the company’s high performance in risk control and loss prevention.

CEMEX Mexico We have made significant progress in safety. The accident rate for 1999 declined to 2.3%, a 19% reduction compared to 1998. The Valles cement plant and 33 operating concrete units had zero lost-time cases in 1999 – we consider this an outstanding result. Additionally, the Zapotiltic, Monterrey, Torreon, CPN, Huichapan, and Hidalgo plants are worthy of recognition for having an accident rate of less than 1%.

For the second time, the Barrientos, Torreon, and Guadalajara cement plants received Clean Industry Certificates from the Secretariat of Environment, Natural Resources and Fisheries (SEMARNAP). These Certificates are effective for a two-year period, after which the certification can be renewed.

The Ensenada, Torreon, Hidalgo, Merida, Atotonilco, and Barrientos cement plants received ISO 14001 certification during the year. With these certifications, 73% of our Mexican cement plants are now ISO 14001 certified.

We also initiated the Zero Water Discharge Program, which promotes water conservation through the optimization of this natural resource. The CPN, Yaqui, Torreon, Guadalajara, Merida, and Huichapan cement plants already have wastewater treatment systems and reuse treated water for green-area irrigation.

At the beginning of the year, CEMEX Mexico became a participant in the PAAM (Environmental Management System in Monterrey Project), which seeks to enhance cooperation between large companies and their suppliers and to promote the development of their environmental management systems.
CEMEX USA In 1999, the accident rate declined to 2.6%, a decrease of 28% over 1998. Additionally, average lost workdays per case decreased 54% over the same time period during 1998, to 10.6. Vehicular accidents were reduced 31% compared to the previous year. These results are due primarily to the emphasis on training programs and to the EHS audit programs conducted at 35 sites, including cement terminals and plants, ready mix concrete units, and aggregate quarries.

The company has initiated local community outreach programs, which include orientation sessions and facility tours. The objective of these programs is to increase general public awareness regarding the cement manufacturing process and the company’s stringent environmental protection systems.

Together with other cement manufacturers, CEMEX USA participated in the development of new regulations for nitrogen oxides emissions applicable to the cement industry in the U.S. These regulations are proposed to go into effect in 2003.
CEMEX Venezuela The accident rate in 1999 was 0.74%, a 33% decrease compared to 1998. Top performers in this area were the Pertigalete cement plant and 13 operational concrete units, all of which operated in 1999 with zero lost-time cases.

In 1999, wastewater treatment systems began operation at the Pertigalete, Lara, and Mara cement plants, allowing us to reuse 336,000 liters of treated water per day for the irrigation of green areas.

Continuing the reclamation program for exhausted quarries, we reforested a total of 5.4 hectares using plants cultivated in the nurseries of our cement plants. CEMEX Venezuela constructed and donated the Casa Hogar Sonrisa ("Smiles Home"), a nonprofit center that cares for children with terminal cancer. The center also supports health promotion and disease prevention activities for the patients and residents of the surrounding area.

The Self-Improvement Movement for employees’ spouses was launched in 1999, with community health-related activities and hobbies like cooking and crafts. In addition, we initiated the publication of a children’s newsletter, CONVENCemos, covering subjects related to environmental protection. The newsletter is distributed to schools close by the cement plants.

CEMEX Colombia The 1999 accident rate was 3.8%, a 44% reduction compared with 1998. Specifically, four operational concrete units had zero lost-time cases, and the Caracolito cement plant achieved an exceptional 83% reduction in the accident rate, to 1.8%.

Additionally, we implemented the Safety, Order, and Housekeeping Programs within the operational concrete units and conducted audits of operational areas, safe-driving courses, epidemiological control examinations, and training for our contractors’ employees.

This year the Caracolito, Cucuta, and Santa Rosa cement plants obtained certifications as Highly Protected Risk (HPR) properties.

In the concrete sector, Hormicemex was honored with the 1999 Environmental Award from the Association of Valencia Industrialists in Construction. Hormicemex received this award for building the first ecological concrete unit in Spain. Located in Albuixech, Valencia, the plant was designed and constructed with attention to environmental considerations.

CEMEX Philippines Special training courses on topics such as fire prevention and protection, family health care, and x-ray equipment management were held in 1999. The company also held seminars on risk management and prevention, environmental auditing, and general environmental policy compliance (based on ISO 14000 standards). All of these were incorporated into the new employee orientation program.
We also reinforced transportation safety through the use of an equipment inspection checklist and by increasing the number of safety signs on the roads. These actions brought the accident rate to 3.2%, a reduction of 30% compared to 1998.

In addition to donating and helping distribute relief goods in areas that were flooded, CEMEX Philippines also helped give medical assistance in these areas in an effort to prevent disease within the community. Additionally, through donations of cement, aggregates, and saplings, the company supports the reforestation project in Barangay, San Jose.

**CEMEX Egypt** In November 1999, we acquired a cement manufacturing company in Egypt and immediately initiated our operative and administrative practices for that facility. The Environmental Management System and Safety & Health Manual were among the first to be initiated.

**South America & Caribbean**

**CEMEX Venezuela** The accident rate in 1999 was 0.74%, a 33% decrease compared to 1998. Top performers in this area were the Pertigalete cement plant and 13 operational concrete units, all of which operated in 1999 with zero lost-time cases.

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CEMEX implemented industrial water recycling in three operational concrete units, saving 30% of water destined for industrial use. Through the planting of 5,000 trees of native species within the perimeter of the Caracolito Plant, we have reforested approximately 60,000 square meters of land. Similarly, the operation of nursery facilities has, through the end of 1999, allowed us to produce more than 3.2 million trees and plants.

We also reclaimed an exhausted portion of a mineral quarry in Bogota and established an ecological reserve named La Fiscala. This reserve will provide a niche for the recovery of various species of flora and fauna in the southern sector of Bogota.

As in previous years, Diamante Samper Foundation has continued to support the community through various programs.

**CEMEX Panama**
The accident rate for the year was 2.4%, representing a reduction of 35% compared to 1998. Notably, the Bayano cement plant operated with zero lost-time cases during 1999. To promote employee health, we sponsored a weight loss and blood pressure control program as well as various sports activities.

Areas surrounding the Bayano cement plant were reforested with about 5,000 trees of species native to the area. Together with the National Association for the Conservation of Nature (ANCON), we conducted educational programs on environmental preservation and sponsored a poster contest for schoolchildren. We also implemented an educational program to prevent trash contamination and began reforestation efforts in areas close to the schools.
CEMEX Panama supports a number of community improvement projects, makes donations for road repairs, and has constructed a health care building and donated an ambulance.

Copies of the book entitled Celebration of the Seas were donated to the Smithsonian Tropical Research Institute.

**CEMEX Dominican Republic** In 1999, we initiated the Titan 2000 Safety Program for the evaluation of the employees’ safety performance. We also conducted a hearing protection program and a Hepatitis B vaccination program.

In the wake of Hurricane George, we have been working to improve the plant’s emergency response planning.

Our employees participated in the Quisqueya Green National Plan by planting 3,700 eucalyptus trees.

Copies of the book Celebration of the Seas were donated to Grupo Jaragua in an effort to support programs for the conservation of endangered native species, including the iguana, the crocodile, and the manatee.

CEMEX Dominican Republic launched its weekly electronic EHS newsletter for its employees. It has also organized plant visits for students, clients, and other interested groups to increase public awareness of its operational safety and environmental performance.

**CEMEX Costa Rica** In September 1999, CEMEX completed a new acquisition in Costa Rica. As is our usual practice when acquiring a new plant or facility, we immediately initiated our operative and administrative practices. The Environmental Management System and the Safety & Health Manual were among the first to be initiated.

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