

# Developing the Low-Income Sector

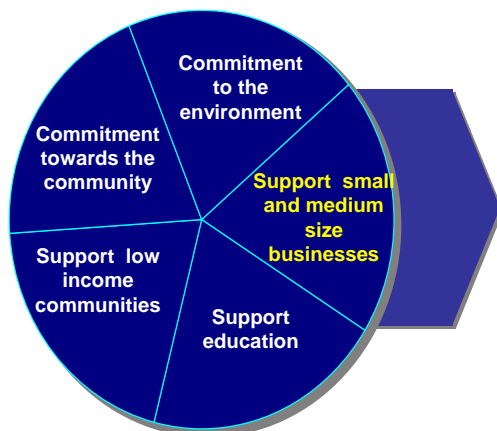
## *The Sustainable Global Supply Chain*

Feb 2, 2007  
Purdue University

**Social Responsibility, fundamental element in CEMEX Mexico's philosophy, has as its primary goal the creation of value through building social capital**

*This is achieved through the development of programs which contribute to improve the quality of life of the communities where we operate.*

Lines of action in Social Responsibility



With the commitment to support the improvement of efficiency conditions in the supply chain, CEMEX developed a Program for the Small and Medium-Size Suppliers

## Why CEMEX is working on developing Social Corporate Responsibility practices in Small and Middle Sized Companies?



Globalization context demand from all companies to be highly competitive; this must involve Small and Middle Sized companies whom are important components of the productive process which impacts the worldwide economy.

Furthermore, CEMEX wants that all members of their Supply Chain to have established Social Responsible practices.

This way, we will know for sure that they not only have quality standards and policies, but also social responsibility programs that will ensure their sustainability in time and improving their productivity.

## Why on Small and Middle Sized Companies?



- Small and Middle Sized Companies are key components of Mexico's exports.
- They represent 90% of industrial companies in Latin America.
- In 2005, they represented 64% of the total source of employment.
- They contribute to:
  - Gross National Product growth.
  - Development of new markets.
  - Usually, they are more innovative than big corporations.

**Which are the tangible benefits for Small and Middle Sized Companies to join this Program?**

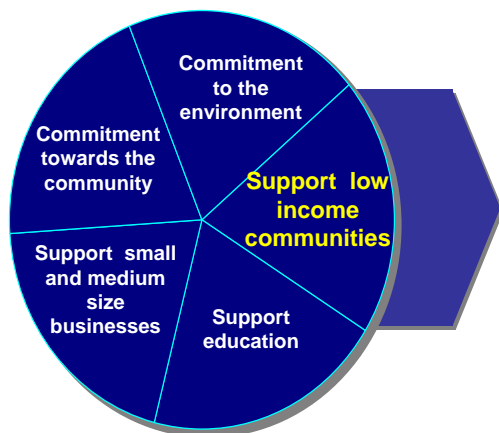


- The establishment of managerial systems with Social Responsibility standards, will help the Small and Middle Sized Companies to:
  - Considerably improve their competitiveness, productivity and market access.
  - To develop sustainable business in the long-term, as part of the Supply Chain of bigger companies.
  - Economic strengthening through cost reduction, improvements in both productivity and product/service quality; implementation of innovation systems in technology and operations, so an increment in revenues and profitability and be achieved.
  - Strengthening of community and social relations.

**Patrimonio Hoy is a successful endeavor, the cornerstone of the Social Responsibility strategy of CEMEX Mexico**



**Lines of action in Social Responsibility**



With the commitment to support the improvement of housing conditions in the self construction segment, CEMEX developed the **Patrimonio Hoy Program**

**Patrimonio Hoy is a program that was designed in order to contribute to the solution of the dignified housing deficit for low-income families**



*By improving life conditions through housing, Patrimonio Hoy fomenta a healthier development and family integration.*



**Micro-Credit**

- CEMEX finances 80% of the cost of materials
- Commits groups of 3 people in solidarity

**Materials**

- **Supplies the necessary materials by LOCAL RETAILERS**
- Fixed prices during the project cycle
- Storage of materials

**Technical Support**

- Housing project created according to the needs of each family

**Fast and Safe**

- Reducing time and costs, incrementing quality and the functionality of housing

**Accessible**

- Weekly payments of US\$13.50, with service centers in their communities

**This program takes place in communities where most of the family's income ranges from \$10 to \$15 dollars per day.**



*The community's involvement is key to the success of the program*

**Main Stages of the Program**



1. Promotion through housewives.



2. Sales sessions



3. Registration in groups of 3



4. Technical Advisory



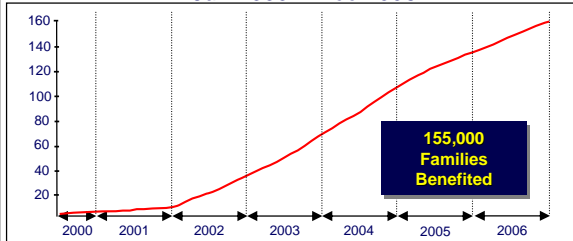
5. Materials Delivery

1. Link the program to the community
2. Explain how the program works and its objectives
3. Registration for self-financing
  - Initiate weekly payments of US\$14.00 p/person
    - US\$12 for materials and US\$2 for membership
4. Develop personalized building projects
5. **CEMEX Distributors delivers materials**

The geographical growth and the social impact of the program allow more participants to build their homes with better quality standards and in a shorter period of time

Currently there are 117 service centers in 47 cities in 24 states in Mexico

Thousands of families benefited  
Jun 2000 – Dec 2006



#### Benefits of the program

- 60% reduction of construction time
- 35% cost reduction
- Fixed prices in material
- Improvement of quality of life through housing
- The feeling of self-sufficiency in order to achieve greater goals

Colombia: 5 offices  
Nicaragua: 1 office  
Venezuela: 2 offices  
Costa Rica: 1 office  
Dominican Rep: Analysis