



**Asia-Pacific
Economic Cooperation**

2015/SOM3/IEG/DIA/007

Inclusive Business

Submitted by: Cemex



APEC
PHILIPPINES
2 0 1 5

**Public Private Dialogue on Inclusive Business
Cebu, Philippines
27 August 2015**



**PATRIMONIO
HOY**
UN COMPROMISO DE 

Inclusive Business

August 2015



Third Senior Officials' Meeting and
Related Meetings (SOM3)



FORTUNE

CHANGE THE WORLD

2015



16.

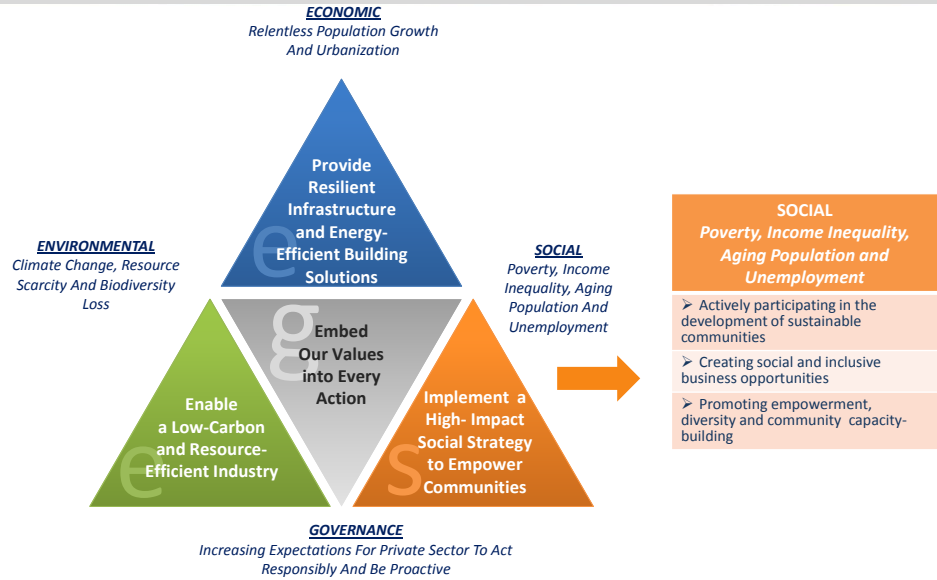


Cemex
Construction Materials

CEMEX announced on 21st August that it has been included in Fortune's Change the World list, **a ranking that recognizes 50 companies worldwide that have made a sizable impact on major global social or environmental problems as part of their competitive strategy.** In the 16th place, CEMEX is the only Latin-American based company included and the only company from the construction materials sector.

CEMEX has been selected among over 200 nominees, thanks to its "Patrimonio Hoy" program.

CEMEX Business Strategy



Source: CEMEX Annual Report 2014 & Sustainability Report 2014

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Patrimonio Hoy's Essence



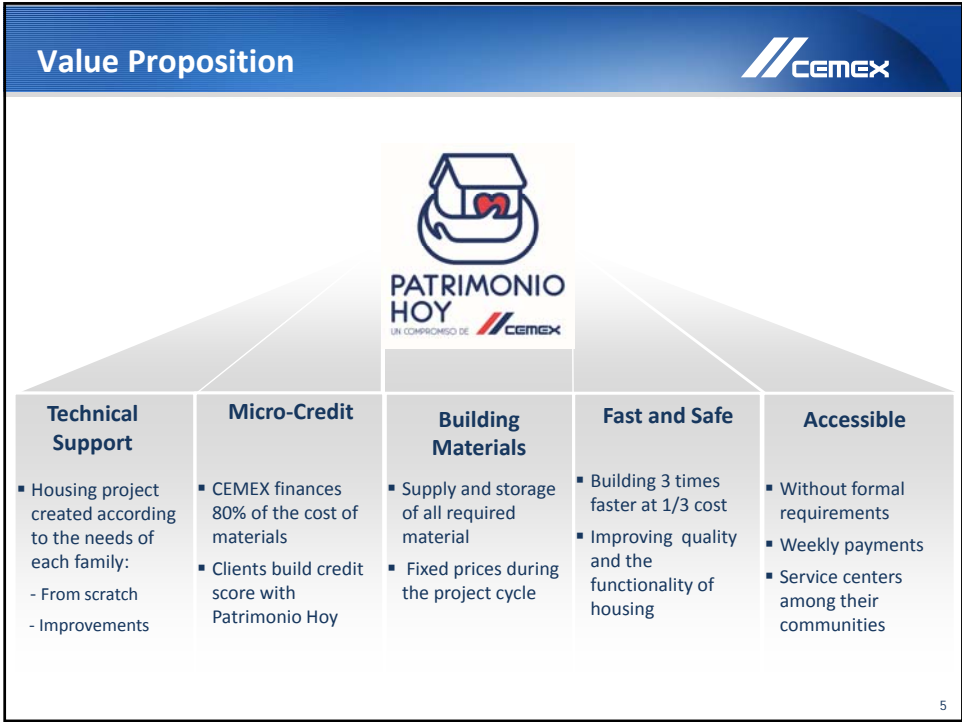
This award-winning inclusive business was established in 1998

- ✓ Provides an **integral solution** to the construction needs of low-income families
- ✓ Combines the global presence of CEMEX's distribution network with the power of the microcredit
- ✓ Provides families with financial and technical assistance for the progressive construction of their homes
- ✓ Empowers families to improve their homes or build them faster, more efficiently and with better materials

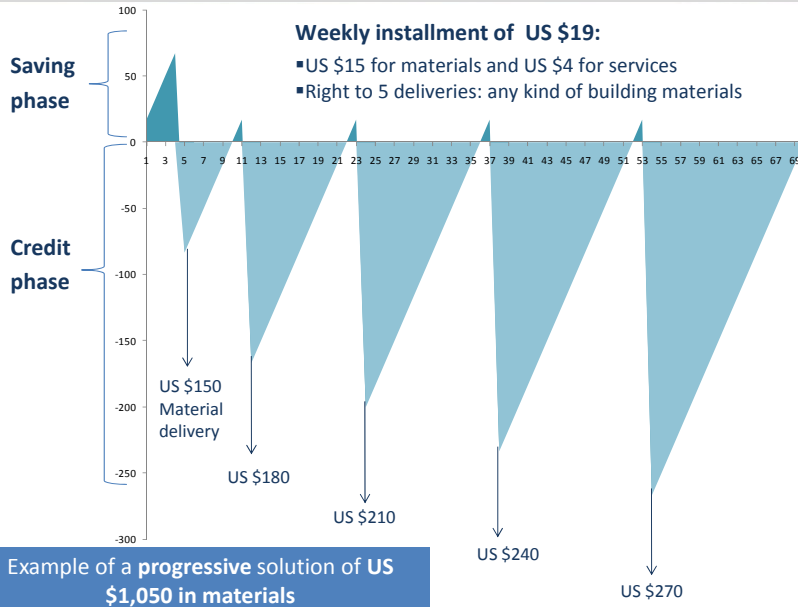


Offering a **market-based solution** to the **housing needs** of low-income families in urban marginalized areas in order to improve their quality of life and to empower them ("**win-win situation**").

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Saving-Credit System



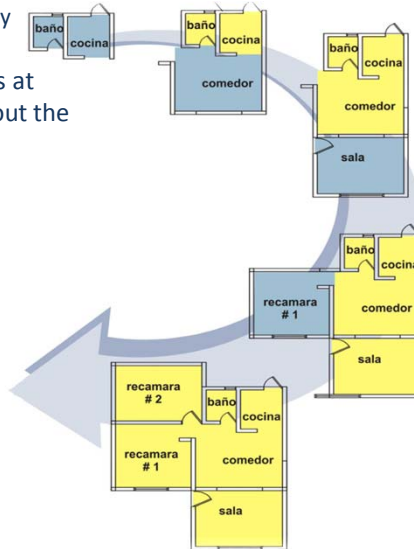
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A progressive Housing Solution



- Option of a 70-week project with a weekly installment of US \$19
- Home-delivered construction materials at average market prices frozen throughout the entire project

Outcome: one self-constructed housing unit of 10m²



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Some considerations



The family must have a place to build

Participating family must help

CEMEX provides technical knowledge and advice

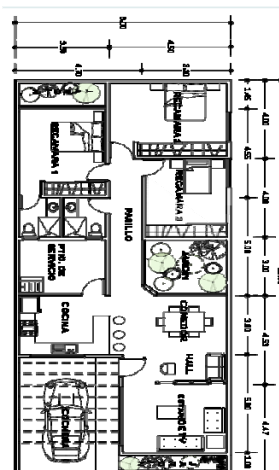
The family can self-construct or receive a "key in hand" solution

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Value for the family



- ✓ Build **3 times faster** and with **savings of 30%**
- ✓ Have access to **micro-credits without requirements**, building credit history
- ✓ Improve the **value of their estate**
- ✓ Contribute to the family's economy
- ✓ **Human dignity** by achieving their goals
- ✓ Possibility to access **Government subsidies** that will accelerate the pace of construction



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Value for the government



- ✓ Have an effective, serious and transparent **ally to disperse and distribute subsidies** for the improvement and / or expansion of housing
- ✓ Decrease quantitative and / or qualitative **housing deficit**
- ✓ Contribute to advancing the **Millennium Development Goals (MDGs)**



- MDG1: Eradicate extreme poverty and hunger
- MDG3: Promote gender equality and empower women

- ✓ Promote the **legal possession** and regularization of the land

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Value for CEMEX



Patrimonio Hoy is a model of self-sustainable business that creates:

- ✓ **Positive reputation**
 - Brand loyalty and high positive perception of the company
 - Brand preference from different segments
- ✓ Knowledge and experience that can be shared with stakeholders to **replicate the effect of the initiatives**
- ✓ **Opportunities to strengthen the partnerships** it has developed with government institutions

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International awards



- + UN-Habitat Business Award for the best practice in Affordable Housing Solutions 2009
- + World Business Award in support of the Millennium Development Goals (MDGs) 2006

Being business case of prestigious universities



- ✓ Harvard University
- ✓ Northwestern University
- ✓ University of Michigan
- ✓ Stanford University
- ✓ Cornell University
- ✓ University of North Carolina

A profitable inclusive business

+470,000 
 benefited families,
 +2 million benefited people

+3.7 
 million square meters built

+290 million USD granted in credits | **99%** repayment rate

+100



Offices in 5 Latin-American countries

Key lessons



To help the low-income self-builders segment:

- ✓ It is crucial to develop a **deep understanding** of the needs and perceptions of the segment
- ✓ It requires a **culture of business administration, flexible and open** to change
- ✓ Understand that buying a **new home is virtually inaccessible** to the segment
- ✓ Consider that the issue of **housing is a family theme**, where the income of everyone in the household should be involved in solving needs
- ✓ Building materials stores and financial solutions alone have existed for some time, but they have not solved all the problems related to having better housing

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Vertical Housing Option

Recommended for social programs: 4 floors, 4 units per floor, 24 m² per unit



- ✓ Vertical Housing **maximizes** the use of the land.



Ground Floor



Front Elevation

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Cast In Place implies 30-40% savings in total construction time



| Activities | Time (month) | 1 | 2 | 3 | 4 | 5 | 6 |
|---|--------------|--|-------------------------|-------------------------|-------------------------|-------------------------|---|
| Concrete Hollow Block Construction (CHB) | 6.0 | [Gantt chart showing a continuous bar from month 1 to 6] | | | | | |
| Foundation | 1.0 | [Bar from month 1 to 1] | | | | | |
| Columns | 3.5 | [Bar from month 1 to 1] | [Bar from month 2 to 3] | | | | |
| Masonry | 1.7 | | [Bar from month 2 to 3] | | | | |
| Floor beams and suspended slabs | 2.5 | | [Bar from month 2 to 3] | | | | |
| Plastering | 1.0 | | | [Bar from month 3 to 4] | | | |
| Roof framing | 2.0 | | | [Bar from month 3 to 4] | | | |
| Doors and windows | 0.8 | | | | [Bar from month 4 to 5] | | |
| Ceiling | 1.8 | | | | [Bar from month 4 to 5] | | |
| Finishing (painting, tile works) | 3.2 | | | | [Bar from month 4 to 5] | | |
| Utilities (water, sewage, electrical) | 4.5 | [Bar from month 1 to 1] | [Bar from month 2 to 3] | | | | |
| Cleaning | 1.5 | | | | | [Bar from month 5 to 6] | |
| Cast-in-Place Construction (CIP) | 3.5 | [Gantt chart showing a continuous bar from month 1 to 3.5] | | | | | |
| Foundation | 1.0 | [Bar from month 1 to 1] | | | | | |
| Cast-in-place walls & slabs (use of molds) | 0.8 | [Bar from month 1 to 1] | | | | | |
| Walls cleaning and finishing details | 1.0 | | [Bar from month 2 to 3] | | | | |
| Utilities (water, sewage, electrical) | 1.2 | | [Bar from month 2 to 3] | | | | |
| Doors and windows | 1.5 | | | [Bar from month 3 to 4] | | | |
| Finishing (painting, tile works) | 1.8 | | | [Bar from month 3 to 4] | | | |
| Cleaning | 1.0 | | | | [Bar from month 4 to 5] | | |
| Roof framing | 0.8 | | | | [Bar from month 4 to 5] | | |
| Ceiling | 0.8 | | | | [Bar from month 4 to 5] | | |

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Thank you for you attention!

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