

**CRECE tu casa
y tu**



**Patrimonio
Hoy**  **CEMEX**

2006 World Business Awards

*Patrimonio Hoy:
Building a better life*

At CEMEX we view social responsibility programs as the opportunity to help people increase their own wellbeing in a permanent, continuous and sustainable way

Patrimonio Hoy solves the deficit of dignified dwelling for low-income families and increases development opportunities



Micro-Credit

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

Materials

- Supplies the necessary materials
- Fixes prices during the project cycle
- Offer warehousing services

Technical Support

- Creates project according to the needs of each family

Fast and Safe

- Reduces time and costs,
- Increases quality and the functionality of house

Accessible

- Weekly payments of US\$13.50
- Service centers in their communities

The program takes place in communities where most families have an income of between \$10 to \$15 dollars per day.



Community's involvement is key to success of the program

Main Stages of the Program



1. Promotion through women of the communities.



2. Sales sessions



3. Registration in groups of 3



4. Technical advisory



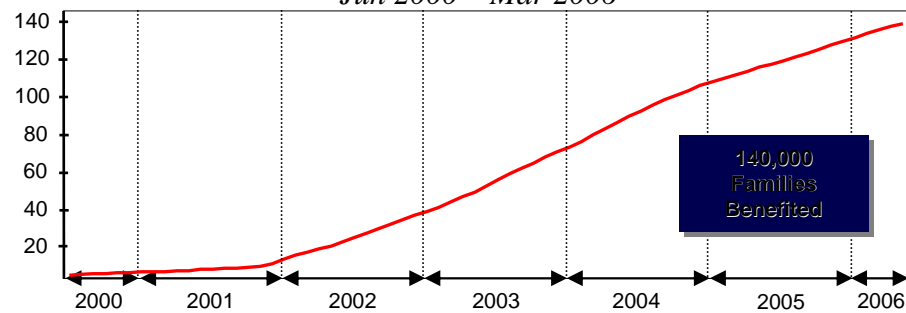
5. Delivery of construction materials

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\$13.50 p/person
 - US\$11.65: materials cost
 - US\$1.85: membership fee
4. Customized building projects
5. Distributor network delivers materials

Since may of 2000, the program has benefited close to a 140 thousand families in 37 cities, in 21 states in Mexico by lending almost 60 million dollars



*Thousands of families benefited
Jun 2000 – Mar 2006*



Benefits of the program

- Substantiates and increases wellbeing
- Potenciates the integration to the formal economy activities (credit and banking)
- Reduces construction time by 60%
- Reduces construction cost by 35%
- Promotes entrepreneurial spirit

What's next?



- Concrete block manufacturing through small community operated facilities
- Financed infrastructure projects for low income communities
- Mortgage based new house in Mexico for migrants living in the US.
- Improve public school infrastructure through school community involvement

Back-up

Value for the Community



- They face intangible barriers that provoke:
 - **The lack of capacity to broaden their life perspective**
 - **Confronting a future which makes them feel they contribute very little to**
 - **Failure, Resignation, Worry**
 - **Tied up to a resignation that immobilizes them**
- Patrimonio Hoy contributes to:
 - **The accumulation of assets**
 - **Potentialize the capacities of the community**
 - **Family Culture**
 - **Change**
 - **Impact the social tissues and productive networks**
 - **Improving the community's experience**
 - **filling in gaps in the process of social interaction – the Patrimonio Hoy “Club”**
 - **identifying the shared central values --maintaining credit/identity**



Back-Up: Basis Design



- **Patrimonio Hoy was conceived with the purpose of capturing the market of the self-construction low income segment**
- **In order to design the program, we put ourselves to the task of understanding their way of life and housing construction habits**
- **A group of professionals (architects, sales people and experts in construction) lived for a year in the target communities**
 - **Attempting to keep a low profile and without mentioning their connection to CEMEX**
 - **The study took place in a low income district in Guadalajara Jalisco**
 - **The program was designed with the information gathered, and was well accepted since it was designed to adapt to the way of life of this segment of the population**
- **The program was first implemented in Guadalajara**
- **The program's success is based on the people's social commitment**
 - **Solidarity to the group they are working with**
 - **The invitation to the program takes place through a Promoter which is part of the community. Failing with the program implies that this Promoter and other people from the community will know of the non-fulfillment of payment, hurting their integrity.**
- **Currently 99.2% of the materials and services sold in payments are paid on time**

Back-Up: Testimonials



- **Diega Chavero, from Guadalajara, Jalisco**
 - **For 8 years she lived with his whole family in a one-bedroom house, without possibilities of remodeling**
 - **She began her participation with Patrimonio Hoy in the year 2000**
 - **Today, thanks to the program, she has been able to add 7 rooms to the house in a period of 5 years**

“CEMEX is basically putting building materials in customers’ hands, on terms tailored towards the way they work and build.”

- **Fernando Salazar, from Toluca, State of Mexico**

- **He was in the process of building his house for more than 10 years , without being able to finish it**
- **His children, now married and without their own house, live with their father**
- **Currently, as part of Patrimonio Hoy and after forming a team with his two children, his family has three houses under construction**

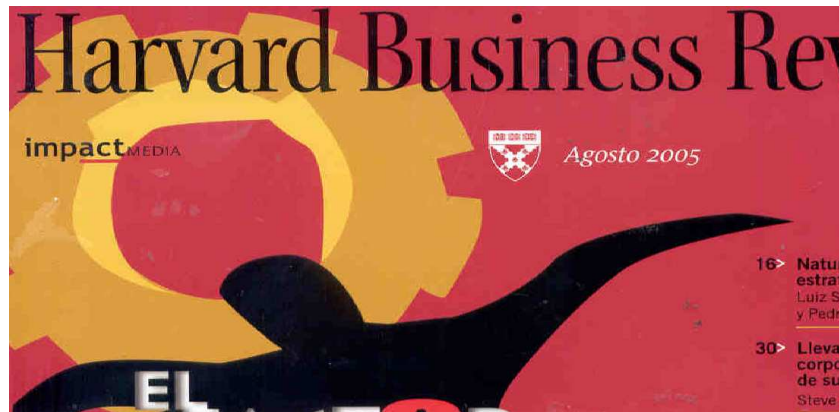
***“We would never have done it so fast, and because the materials are more affordable, I’m building my home stronger and better.**”*

“When they see how fast their neighbors are building, and how nice the homes look, they want to join.”

Patrimonio Hoy's success has reached international audiences

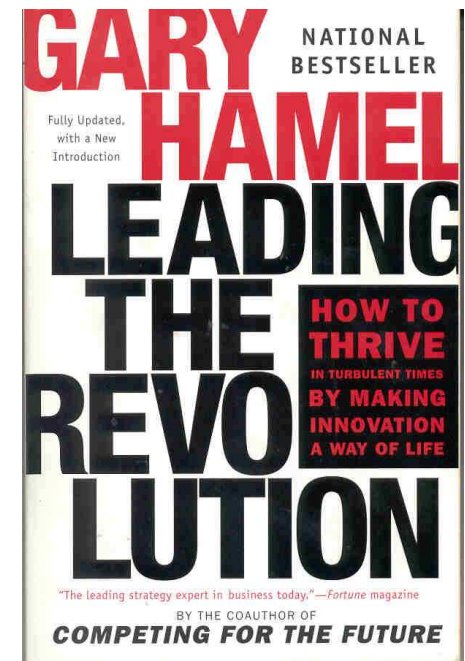
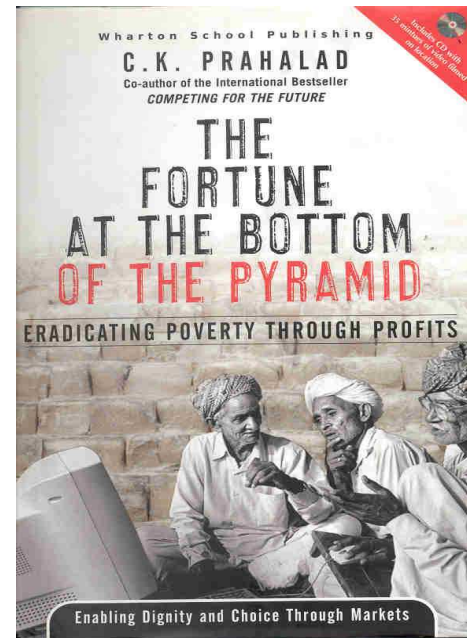


- "case study" for the Universities of Harvard, Michigan, North Carolina, Stanford, IPADE, ITESM



El caso de la...
Cemex muestra que ello no sólo genera una organización socialmente responsable, sino también económicamente rentable.

Llevar la
responsabilidad
corporativa
al ADN
de su empresa



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



- **So far, USD \$55MM have been granted in micro credits**
- **The equivalent of 80 thousand 10 m² new rooms have been built**
- **In 2005 alone, the effort of the Promoters and Employees dedicated to improving communities corresponded to 100,000 days of manpower**
- **41 new cities are contemplated to be opened within the next 3 years**
 - **The 70 principal cities of the country will be covered**
- **In April 2005, Patrimonio Hoy inaugurated its first international operation in Bogota, Colombia**
 - **The plans to expand for this year include**
 - **50 more offices in Mexico**
 - **5 in Colombia**
 - **3 in Nicaragua**
 - **5 in Venezuela**
 - **Costa Rica and Dominican Republic, under feasibility analysis**

Calle Digna Program (Dignified Street)



- **PATRIMONIO HOY finances Hydraulic concrete to low income families in weekly payments in order to improve infrastructure, access to better services, increase surplus value and dignify their lives.**
- **We have financed more than 1,000 families from 5 different states and the payment rate is superior to 97%**
- **Reynosa, Tijuana and Monterrey: the next main projects.**