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CEMEX European Consultative Committee  
Communiqué



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## HEALTH AND SAFETY

Richard Claydon



Richard Claydon

Richard Claydon opened the session by looking at the number of fatalities, a number that, although halved in recent years, has now plateaued and therefore urged delegates to ensure everyone takes steps to prevent further tragedies. The majority of incidents include moving vehicles or machinery with all incidents being preventable. Europe was once one of the strongest regions but has now become one of the worst with increasing risk-taking. The aim is to now reapply health and safety efforts and return to the zero injury target the company is aiming for.

Near-misses and hazard alerts need to be reported to help avoid accidents and it was felt reporting could be increased. Sickness absences are also being reported with a stronger focus on health, which is starting to show in the figures.

Richard Claydon asked the delegates to take a one minute's silence in memory of the colleagues who have sadly lost their lives. Looking at the fatalities, it has been important to react quickly and a comprehensive audit has been implemented to check the correct procedures are in place and are working effectively.

A Health and Safety Academy has now been launched to provide training to managers and leaders. Module 1 has started with teaching health and safety leadership with module 2 looking at the Cemex health and safety model. Module 3 will then go deeper into the proficiency model. A Health and Safety Incident Management System has also been developed to look at action planning and tracking as well as allowing staff to make near-miss reports and record information. This should be fully implemented worldwide by the end of the third quarter.

Jean-Serge Peret introduced an initiative from France looking at the development of waste on site and coming up with preventative measures and rules. It is therefore hoped that similar practices could be presented by other representatives during the next meetings.

Richard Claydon reported that there had been a lot of campaign materials regarding health and that a global health forum has now been set up to allow health specialists from around the world to meet on a monthly basis and share best practices.

Richard Claydon closed the presentation by focusing on the successes with health and safety with Europe featuring prominently in the Health and Safety Awards.



Jean-Serge Peret



Jose Lafuente





Jean-Serge Peret remarked that campaigns change from one week to the next with no real focus on understanding or integrating these into the company culture. Richard Claydon agreed that some places have a 'tick-box mentality', wanting to implement the newest initiative and then moving on before ensuring they've been implemented correctly. The issue of quality over quantity has been discussed and that there needs to be a focus on not overloading people.

Rüdiger Kuhn felt that there were too many initiatives and that near-miss reporting was counterproductive. Richard Claydon responded that near-miss reporting is effective and that it's about encouraging a culture where employees are more confident about reporting.

Jose Lafuente remarked that it was felt that health had been neglected with long hours causing stress and issues caused by new by-products, adding that it's hard to maintain health and safety standards when the rate of subcontracting is so high. Richard Claydon pointed out that working hours are controlled by European legislations and that issues need to be discussed with HR and management. All subcontractors work to the same standards as those expected from Cemex employees.

Jean-Serge Peret commented that employees are taking on an increasing workload.

Richard Claydon closed the session by noting that 95% of operations have been injury free and thanked the delegates for their support.



Rüdiger Kuhn







Derek O'Donnell

**D**erek O'Donnell explained that this year there would be a full engagement survey after last year's Pulse survey. The Pulse survey showed positive results and showed employees understood the engagement process. The response rate was an average of 60% with the highest participation rates coming from Latvia, Finland, Russia and Poland. The engagement survey will test the 4 business priorities of Cemex, to be safe, return to being investment grade, being customer centric and working as one organisation. There are high expectations for this year's survey and Derek O'Donnell urged delegates to promote it to colleagues.

Health surveys are also being conducted to help encourage healthy lifestyles. Fernando González has introduced a zero-tolerance policy for any ethical misbehaviour within the company to help promote working to the highest standards in an organisation where people feel safe and unthreatened. The Ethos line is available for employees to report any behaviour and all matters are investigated with feedback provided to those who don't submit issues anonymously. Derek O'Donnell also reminded delegates that the policy is there to protect employees from any unacceptable behaviour from customers and any forms of abuse should be reported.

A global talent diversity committee has been formed to help ensure equal representation so that Cemex best represents society. Jean-Serge Peret raised the issue that particular work may not appeal to women and they therefore struggle with this. Derek O'Donnell wondered if this was old-fashioned thinking and felt that Cemex is behind in ensuring equal representation. Jose Lafuente commented that some areas have better representation of women and therefore efforts need to be taken to ensure equality in all areas.

Moving to training, Derek O'Donnell revealed that over a third of training is dedicated to health and safety with virtual training increasing by around 10% in the last 2 years. The largest group being trained are operational employees with most receiving 2 or 3 training interventions per year.

Derek O'Donnell hoped that all delegates agreed with the ECC contract and sign it today.

The presentation ended by looking at the reasons for leaving in 2016, which revealed there had been a turnover of 1,027 members of staff in the last year.



Maris Zunda



Justyna Kala

**J**ean-Serge Peret felt there was a risk due to employees not receiving the core training that they were used to. Derek O'Donnell took on this feedback and ensured it would go back to the health and safety network to see if it was a more common problem.

Jean-Serge Peret looked at the turnover of staff and highlighted the issue of talented staff leaving due to overburden and competition from other companies. Derek O'Donnell agreed that this was an issue and understood the necessity of reviewing what opportunities Cemex can offer employees.



Eva Masa



## SUSTAINABILITY

Eva Masa

**E**va Masa explained that sustainability remains embedded within the organisation with a sustainability committee meeting quarterly to maintain this strategy.

The focus is to concentrate efforts on the areas of highest importance and one of the ways in which this is done is through materiality analysis. A survey was last carried out in 2012 and then repeated in 2016 to ensure the company's priorities are aligned with those of the stakeholders. Although participation was only 15%, results allowed for analysis and highlighted concerns regarding 23 items with the majority of responses coming from suppliers. These 23 items have been prioritised with the top 6 in Europe looking at customer experience and satisfaction, health and safety, transport optimisation, innovation, employee development and business ethics.

A new sustainability model is being worked on with stakeholders with the pilot currently running in Mexico and plans for European deployment in October and November this year. This will establish a common methodology and detect the impact of operations on both communities and stakeholders. This information will then help create an investment plan and ensure that resources are being used efficiently.

Looking at environmental compliance with environmental excellence, Eva Masa described the main pillars as low carbon strategy, water management, air quality, waste management and biodiversity. The low carbon strategy is now in phase 3 with phase 4 expected to start in 2021. Eva Masa was pleased to report that they were still to be assigned free allocation due to the benchmark. Regarding air quality control, many polluters are being monitored and with the European Air Quality Regulation one of the strictest in the world, the company is performing well. All plants are fitted with fabric filters and the next stage is to work with plants regarding installing non-catalytic installations.

Moving to biodiversity, Cemex has many requirements regarding quarries, the first being their restoration with particular focus on quarries on near high-biodiversity areas.

A biodiversity action plan has been developed and has now been implemented in 63% of quarries with a goal to be at 100% by 2020.

The commitment to sustainability is also reflected in the company's investments with more than \$18.5 million invested in sustainability projects.

## SUSTAINABILITY

Q & A

**D**erek O'Donnell asked how far the company was from proper institutional EPL accounts that would read positively. Eva Masa confirmed they are still quite far from this as EPL accounting has only just been developed in the UK.





Annick Dumont



Uwe Pommer

## DIGITAL COMMERCIAL MODEL

Derek O'Donnell

Derek O'Donnell introduced the Digital Commercial Model (DCM) to the delegates by outlining the customer journey. Orders will be able to be placed via an app 24/7 with the ability to book delivery slots, pay and view invoices and track deliveries. Credit checks will also be streamlined by using pre-approved credit calling.

The aim of the DCM is to ensure that customers begin to depend on Cemex as a business partner and view Cemex as a company that can help them achieve their objectives. There is therefore a commitment from Fernando Gonzalez to enable approximately half of customers placing their orders online by the second quarter of 2018. To enable this, the first version is currently being piloted in Mexico and the States with the plan for it to go live to technical teams in the UK on 1st November to then be available to customers by the first quarter of 2018.

Implementation will bring great challenges and will require changes in business policies and master data management processes. Deployment will also affect how salespeople working, changing their relationship with the customer from one of purely sales to more customer management and support.

Adoption of the new model is also critical and customers will need to view the product as safe and one that will make their lives easier. Drivers will also need to become proficient in the app via discovery workshops.

## DIGITAL COMMERCIAL MODEL

Q & A

Uwe Pommer raised the issue that the implementation of this model would require current systems to function effectively. Derek O'Donnell agreed with this and commented that the reliability of current systems was unsatisfactory but was being worked on.

Muriel Peretti remarked that despite requests regarding systems not working, it feels like it hasn't been taken into consideration by management. Muriel Peretti added that working in these conditions is unsatisfactory with both customers and employees suffering. Derek O'Donnell understood the frustrations and assured delegates that the issues are being worked on.

Konrad Meier revealed that he had spoken to Jaime Elizondo regarding the issues and that he had confirmed he wouldn't introduce DCM until the basics were fixed.

Jose Lafuente raised the issue of Industry 4.0 and whether this would be discussed as part of the model. Derek O'Donnell assured delegates that this was just to sharpen the customer process and not full automation of industrial processes.

Annick Dumont remarked that the DCM would require the standardisation of all procedures across participating countries and would therefore force the company to become organised and ensure clear procedures. The DCM is about efficient interaction with customers by providing a simpler tool and allowing salespeople to be more customer-focused.

Derek O'Donnell thanked the delegates and reminded them that the idea of the DCM was to ensure that people aren't fighting systems and that they are instead fighting the competition and then brought the day's session to a close.



Jose Cascajero

## FINANCIAL PERFORMANCE AND INVESTMENTS

Jose Cascajero

Jose Cascajero opened the day's session by looking at the financial performance of 2016 as well as looking ahead to 2017. Although signs looked negative, it was felt there were positive signals when looking at information per country with more and more countries getting zero or positive cash value added. The markets are recovering and performance is improving so the expectation is that more countries will become either positive or neutral.

Cemex continues to invest in Europe with capex increasing, showing Cemex's commitment to investment. Investment has been heavy in micro markets where plants are close to city centres to ensure smoother operation.

Aggregates are key to the company and a team of experts are assessing quarries and the hope is to have strong projects across the whole of Europe.

Looking at the agreement to sell assets in Croatia, this process ended in April after being denied by the European Commission and the Director General with no plans to appeal this decision Cemex.

## FINANCIAL PERFORMANCE AND INVESTMENTS

Q & A

Jean-Serge Peret asked if markets that can't improve their profitability would be divested. Jose Cascajero admitted that they did not want to make decisions where they didn't fully understand the drivers of profitability and the root cause of underperformance.

Jean-Serge Peret requested further information on future plans for Croatia. Jose Cascajero explained that the decision to divest Croatia had been during a time when export markets were difficult but with Mediterranean countries now performing better, the plan is to now keep investing in Croatia. Jaime Elizondo added that there are no further conversations to sell Croatia and the only aim was to strengthen their position. Heidelberg have decided to appeal the decision but this is not supported by Cemex.

Muriel Peretti asked about the current level of debt and what the amount would be by the end of 2017. Jose Cascajero explained that the group had planned to reduce the debt through divestment with strong divestments in Europe and the US. The group is looking to reduce the debt by \$1.7 billion this year taking the current debt to around \$10 billion from its starting point of \$23 billion in 2007.

Muriel Peretti asked if bringing the debt down would result in investments in Europe or elsewhere. Jose Cascajero explained that the company is always looking to grow and that they look at attractive and emerging markets but with a focus on sustainable growth and long-term profitability.







Jaime Elizondo



Konrad Meier

## CEMEX BUSINESS PERFORMANCE

Jaime Elizondo

Jaime Elizondo began by looking at the group's 4 main strategies, starting with having zero incidents. Health and safety is a priority and will remain as the group's main concern. More needs to be done to ensure the safety of employees and Jaime Elizondo implored the delegates to assist him in this challenge.

The next strategy looks at returning to investment grade and Jaime Elizondo reveals that 2017 wasn't as positive as 2016 but that they were paying the debt. Europe generated an EBITDA of \$418 million in 2015, which was reduced by 3% in 2016, caused by the devaluation of the pound. The goal with working capital is to reach zero and, with the average below zero in 2016, inventories have been reduced and accounts payable increased.

The next focus is on customer centricity. Markets are evolving fast and market distribution systems need to be updated. Jaime Elizondo admitted that they needed to resolve the basic issues first, such as delivering on time, before launching a new platform. The issues regarding SAP and RMS were addressed and the delegates were reassured that technical experts are working on these issues.

The next priority is building One Cemex to ensure people and experiences are integrated through a supportive and knowledgeable network.

## CEMEX BUSINESS PERFORMANCE

Q & A

Konrad Meier explained that RMS isn't working and that employees are facing enormous problems with many finding themselves working up to 17 hours a day and facing illness through burnout. Jaime Elizondo understood the issue and that this isn't just a problem in Germany. The delegates were reassured that new software has been installed to fix the issue. Jaime Elizondo committed to the group that he would follow this issue until it was resolved.

Konrad Meier responded that they would face the same issues if the new model was implemented before current issues were resolved. Jaime Elizondo explained that the new system is being tested in the US and Mexico with a view to start in the UK in February or March. Internal testing will be carried out alongside a pilot with customers to analyse how the system is working and progressing. Jaime Elizondo reassured the group that SAP would be resolved before the new system was launched.

Konrad Meier confirmed they had drawn up a list of the 350 things that don't work with the RMS and pleaded with Jaime Elizondo to work through this list as soon as possible.

Muriel Peretti shared the same issues as Germany and also raised concerns about IBM, something that had been brought up in previous years, explaining there was no IT contact and that these issues are causing stress and exhaustion for colleagues. Muriel Peretti also highlighted concerns with the service centre in Czech Republic, feeling that staff was under-qualified and that current staff are relocating to SMEs. Jaime Elizondo acknowledged these concerns and noted that, with unemployment at almost zero in Prague, staff recruitment is an issue. Cemex needs to become more agile and be responsive to both customers and employees.

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Muriel Peretti added that IBM had not improved in the last 4 years and that local positions are doing a part of the job in France to compensate for the work not done by IBM. Jaime Elizondo acknowledged these issues.

Muriel Peretti noted that One Europe was created to reduce costs but that temps had to be hired to roles not carried out correctly, wondering what the cost was to employees. Jaime Elizondo commented that he needed to understand why this was happening first before analysing different options but that service areas need to be changed if they're becoming ineffective.

Jean-Serge Peret explained that the losses aren't just monetary but also the impact on colleagues regarding burnout and dissatisfaction. The company is experiencing a turnover of staff and staff are unable to work effectively due to stress and long hours. Jaime Elizondo agreed that it was concerning that people were leaving and they therefore need to revise their initiatives.

Jaime Elizondo urged the delegates to use the upcoming engagement survey to put down ideas to help fix these issues and closed the session by thanking the group for their comments.



Muriel Peretti



Miroslav Plachy

## ANY OTHER BUSINESS

**D**erek O'Donnell opened up the floor for the final part of the committee for any other business.

Muriel Peretti asked if the Digital Commercial Model would be deployed across all products. Derek O'Donnell explained that implementation would be phased and understood that they needed to fix basic systems before anything new was added. Version 2, currently being tested in the US, will cover bulk cement and bulk aggregates with version 21 introducing ready mix.

Muriel Peretti commented on Brexit and wondered if it would have any impact on the EWC. Derek O'Donnell felt that he was unable to currently answer this as they didn't know how Brexit would work out but that they hoped to all still work together as Cemex Europe.

Annick Dumont confirmed that all signatories for the agreement had been received and that each country would receive a copy for their HR department, hoping that each new representative would receive a signed copy complete with comments.

Jean-Serge Peret reminded management that the delegates are here to represent workers and that their concerns must be taken into account. A health and safety policy that ensures the wellbeing of staff is needed and there needs to be a recruitment and training policy to effectively fill vacancies and ensure customers receive the services they need.

Jean-Serge Peret and Derek O'Donnell closed the session by thanking the delegates, German hosts and translators for all their hard work.



# ATTENDEES

## EMPLOYER REPRESENTATIVES

**Jaime Elizondo**, *Regional President Europe, Chairman of the ECC*  
**Derek O'Donnell**, *Regional Vice President, HR Europe, Secretary of the ECC*  
**Richard Claydon**, *Global Health and Safety Director*  
**Jose Cascajero**, *Regional Vice President Planning Europe*  
**Eva Masa Pinto**, *Sustainability & Development Manager, Corporate*  
**Carmen Burgos Casas**, *Vice President Human Resources*  
**Benedikt Jodocy**, *Vice President Human Resources, Legal, Communication & Public Affairs*  
**Annick Dumont**, *Vice President Human Resources. Legal, Communication & Public Affairs*

## GUESTS

**Rüdiger Kun**, *President Germany and Central Europe*  
**Jana Welsch**, *Director Human Resources*

## UK

**Andrew Raeburn**, *Plant Manager for Asphalt*  
**Paul Whyte**, *Fitter*  
**Sonny Netto**, *Production Foreman*  
**Ian Horstwood**, *Process Team Operator*

## SPAIN

**Jose Lafuente**, *Works Council*  
**Robert Serrano**, *Works Council*

## GERMANY

**Uwe Pommer**, *Chairman of the General Works Council*  
**Konrad Meier**, *Deputy Chairman of the General Works Council*

## FRANCE

**Jean-Serge Peret**, *Aggregates Operations Manager, Vice Chairman of the ECC*  
**Muriel Peretti**, *Regional Operations Performance Manager*  
**Pascal Williate**, *Laboratory Technician*

## POLAND

**Justyna Kala**, *HR Services Consultant*  
**Barbara Szyszkowska**, *Admin Specialist*

## CZECH REPUBLIC

**Petr Votava**, *Chairman of Trade Union, Coordination Body*  
**Miloslav Plachy**, *Cluster Technologist*

## LATVIA

**Maris Zunda**, *Shift Production Manager*

## CROATIA

**Mladen Radic**, *Internal Supply Specialist*

