

2012 SUSTAINABILITY REPORT



**UNACEM**

**BUILDING OPPORTUNITIES**

WELCOME TO OUR GREAT STEP FORWARD



CHILDREN FROM CONDORCOCHA, LA UNIÓN LETICIA, TARMA



CHILDREN FROM ATOCONGO, VILLA MARÍA DEL TRIUNFO, LIMA



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## MESSAGE FROM THE MANAGEMENT

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This year we present our ninth consecutive Sustainability Report, covering our performance in 2012. We subscribe to the United Nations Global Compact since 2004, reporting our compliance with the 10 principles of human rights, employment standards, the environment and anti-corruption. In order to improve understanding of our economic, social and environmental performance, in 2007 we undertook the Global Reporting Initiative (GRI) version G3.1 methodology, the principal international standard for drafting sustainability reports. This year we are proud to submit our first sustainability report with an application level A, which reflects the continuing improvement of our management.

We believe that the road to sustainability goes hand in hand with our stakeholders, so this report seeks transparency and feedback, and to share with employees, clients, suppliers and the community, our goals, challenges and achievements during 2012.

The main event in this fiscal year was the merger of Cementos Lima and Cemento Andino to form UNACEM, providing important synergies and operational improvements. This has enabled us to integrate processes and save in production costs and transport, thus offering more competitive prices to our customers.


Furthermore, our combined strengths have increased our cement production capacity to 5.35 million tons during the year, a 13.2% increase since 2011. This figure is sufficient to supply the whole of the domestic demand for cement, in line with the country's growth and the construction sector dynamism. As far as our clients are concerned, the merger gave us a greater geographic scope, enabling us to meet present and future needs throughout Peru. Thus, in addition to our contribution to the development of Peru and future generations, we are consolidating the competitiveness and profitability of our company, increasing its value in the Peruvian market and that of Latin America.

Furthermore, in our proactive role as the leading company in the cement sector, we are committed to the mitigation of climate change and promoting good environmental practices among all of our interest groups. Aware of the environmental impacts arising from the sector's operations, we are









determined to continue as a leading promoter of environmental culture, among our employees and neighboring communities.

For the second year in a row we received the Socially Responsible Company award from the *Centro Mexicano para la Filantropía*; which has encouraged us to further implement our initiatives throughout the supply chain.

Our success is due to the commitment of our professional team, whose motivation and good performance, based on corporate values, has given us a secure operation that complies with the highest standards of safety.

2012 was a key period for UNACEM, during this time we prepared ourselves with enthusiasm and dedication to new opportunities and challenges. Opportunities and challenges that will encourage the development of local communities, strengthen the cohesion of our great team of collaborators, drive our efforts to protect the environment and strengthen us as agents of change.

We are prepared to address future challenges by developing skills and strengthening the corporate sustainability of our different departments and companies. This will enable us to align, implement and integrate the practices necessary to achieve higher performance.

CARLOS UGÁS  
General Manager  
UNACEM

ARMANDO CASIS  
General Manager  
Asociación UNACEM



## 1. OUR ORGANIZATION

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**The talent behind each achievement.**

“At UNACEM we take advantage of internal synergies to reinforce our commitment to a solid and sustainable construction industry that respects the environment and contributes to the sustainable development of the country”.



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## 1. OUR ORGANIZATION

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Unión Andina de Cementos –UNACEM– has been supplying the construction industry for more than 60 years and has become the leading cement producer in Peru, offering quality products and contributing to the development of the country’s infrastructure. This prestige is based on our corporate values and a team that is committed to the company and to society.

UNACEM was created in 2012 as a result of the merger between Cementos Lima and Cemento Andino, present in the market since 1916. The principal aim of the synergy was to make use of the strengths and positions of both companies to achieve improvements in operations, sales and marketing, extend our scope and take part in new realities.

This merger of skills is a challenge that we have addressed, backed by confidence in our experience and knowledge of the sector, which will enable us to meet demands and a constantly changing market, and always remain in the vanguard of sector requirements. We thus offer our clients high quality products, made to international standards, and always seek to be a solid and sustainable industry making use of technological innovation.

In 2003 we consolidated our model of sustainable management and created Asociación Atocongo (now Asociación UNACEM), a non-profit organization with the mission of implementing the company’s Social Responsibility Policy in relation to its different stakeholders.

## UNACEM Cement Plants



### Atocongo Plant

- ⚙️ Production capacity: 4.5 million tons of cement milling capacity and 3.6 million tons of clinker.
- 👤 Number of employees: 383



### Condorcocha Plant

- ⚙️ Production capacity: 2.1 million tons of cement milling capacity and 1.9 million tons of clinker.
- 👤 Number of employees: 237

## **Vision**

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To always be a leading organization in the national market and to achieve a competitive position internationally.

## **Mission**

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To satisfy our clients by supplying high-quality products and services at competitive prices, protecting business rights within the law and creating value for shareholders, employees and society in general.

## **Values**

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- Excellence
- Responsibility
- Ethical conduct
- Commitment
- Innovation
- Legality



## Our milestones

1916

**First cement manufacturer in Peru founded:**

Compañía Peruana de Cemento Portland, later known as Cementos Lima (1967).

1956

**Cemento Andino founded,**

the highest cement factory in the world, in Tarma.

1996

**Unión de Concreteras (UNICON) created**

from the merger between COPRESA (1956) and HORMEC (1976)

2003

**Creation of Asociación Atocongo,**

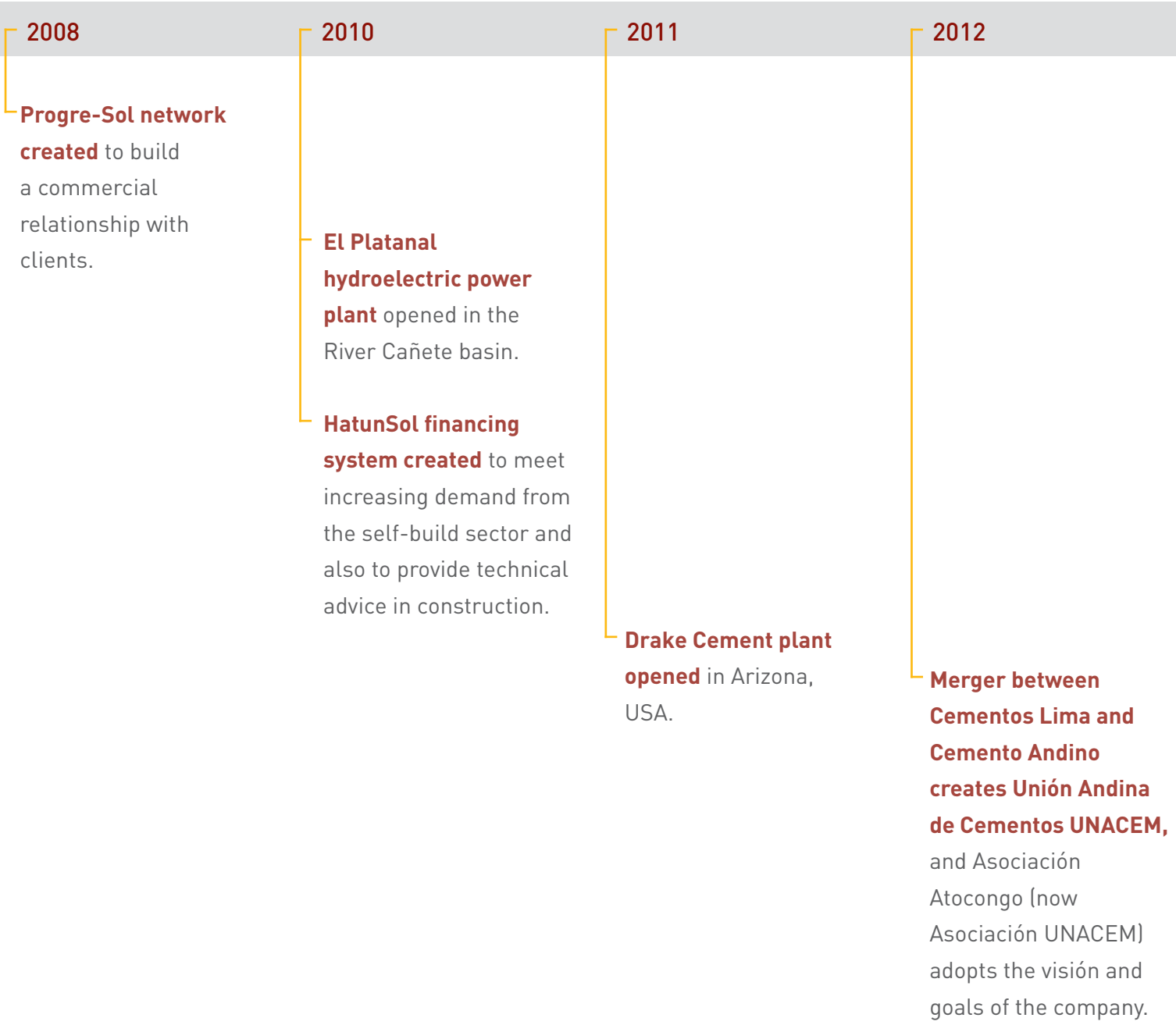
the social responsibility organization of Cementos Lima.

2007

**Preansa is the product of an association**

between Cementos Lima (now UNACEM) and the Spanish Prainsa group. The company is dedicated to the design, construction, transport and erection of industrial concrete structures.





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## 1.1 The business

Our country is undergoing a stage of increasing economic prosperity driven largely by the dynamic construction sector and its supply chain, in which cement manufacturers play a pivotal role. Aware of this fact, at UNACEM we have adopted a business strategy to accompany and encourage this development.

The leadership obtained during this period enables us to meet the present and future needs of construction companies, industry professionals, jobbing builders, self-builders and society in general. We are thus profiled as facilitators and strategic partners, generating opportunities for achievements both within the country and outside it.

That is why today we are the leading producer and trader of cement; clinker, an essential raw material for cement manufacture; and similar products necessary for the construction industry.

We have a wide range of products that are well positioned in the market, and are preferred by the construction industry. These products are divided into bagged and bulk cement.

Our bagged products include the following brands:



- **Cemento Andino** (Portland type I).
- **Cemento Sol** (Portland type I), our flagship product.
- **Cemento Andino type IP** (Portland type IP).
- **Cemento Andino type IPM** (Portland type IPM).
- **Cemento Andino type V** (Portland type V).
- **Cemento Atlas** (Portland type IP).

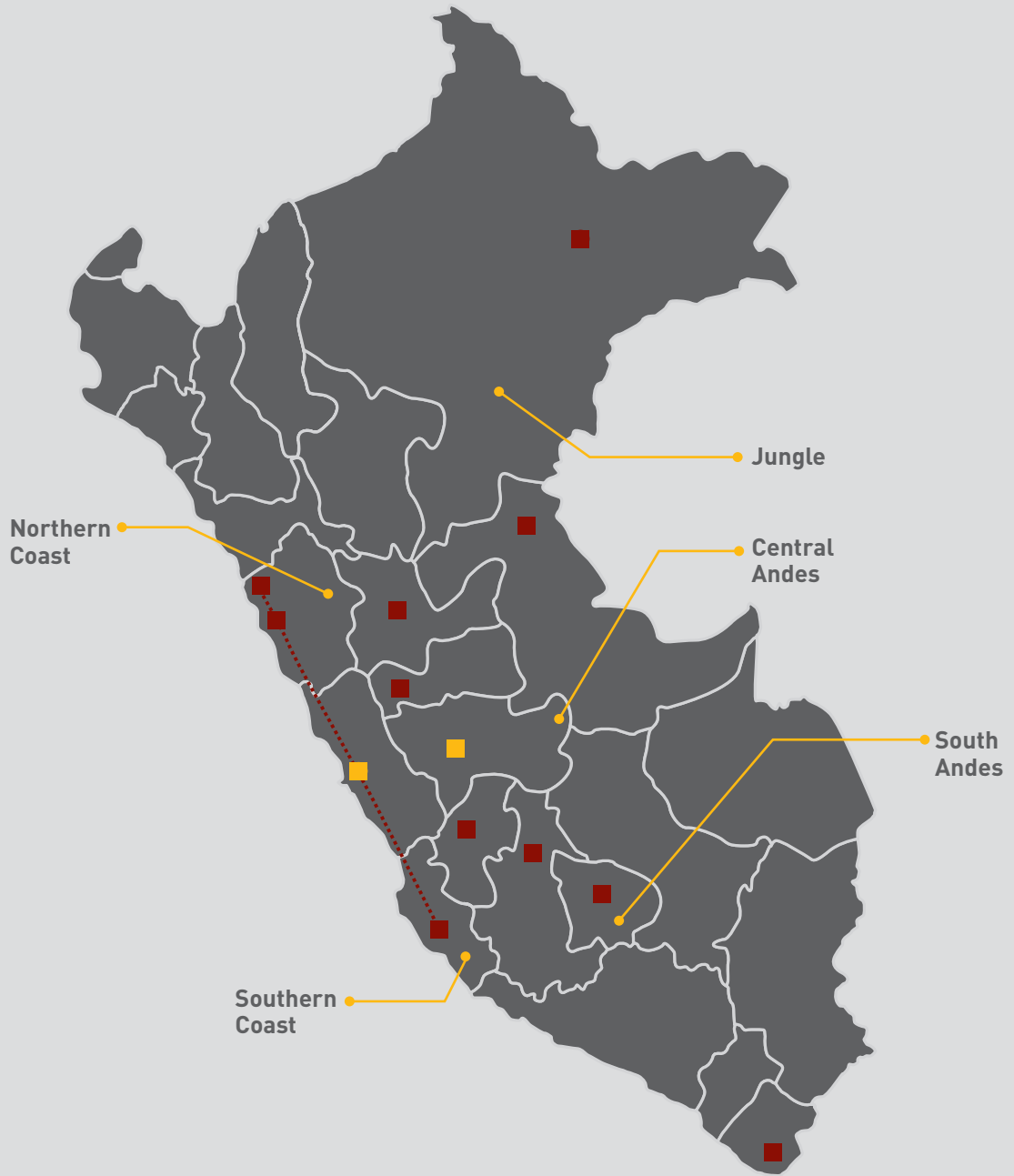
We also provide solutions to the construction industry, guaranteeing the accessibility and affordability of our products. In order to increase the distribution channels for our principal product, bagged cement, and making use of the strategic role of traditional hardware stores, in 2008 we created the Progre-Sol network, aimed at sectors with fewer resources. Its purpose is to increase the availability of our products, strengthen the position of hardware entrepreneurs and increase their sales and profitability. At present we have more than 270 points of sale in the hardware store network, which in turn serve more than 6,500 independent hardware stores in UNACEM's areas of influence.

Furthermore, in line with our commitment to promote development, in 2010 we created the HatunSol micro finance system with the mission of providing self-builders with financing for materials, labor and transport, as well as free specialist advice.

## Our Markets

■ Plants

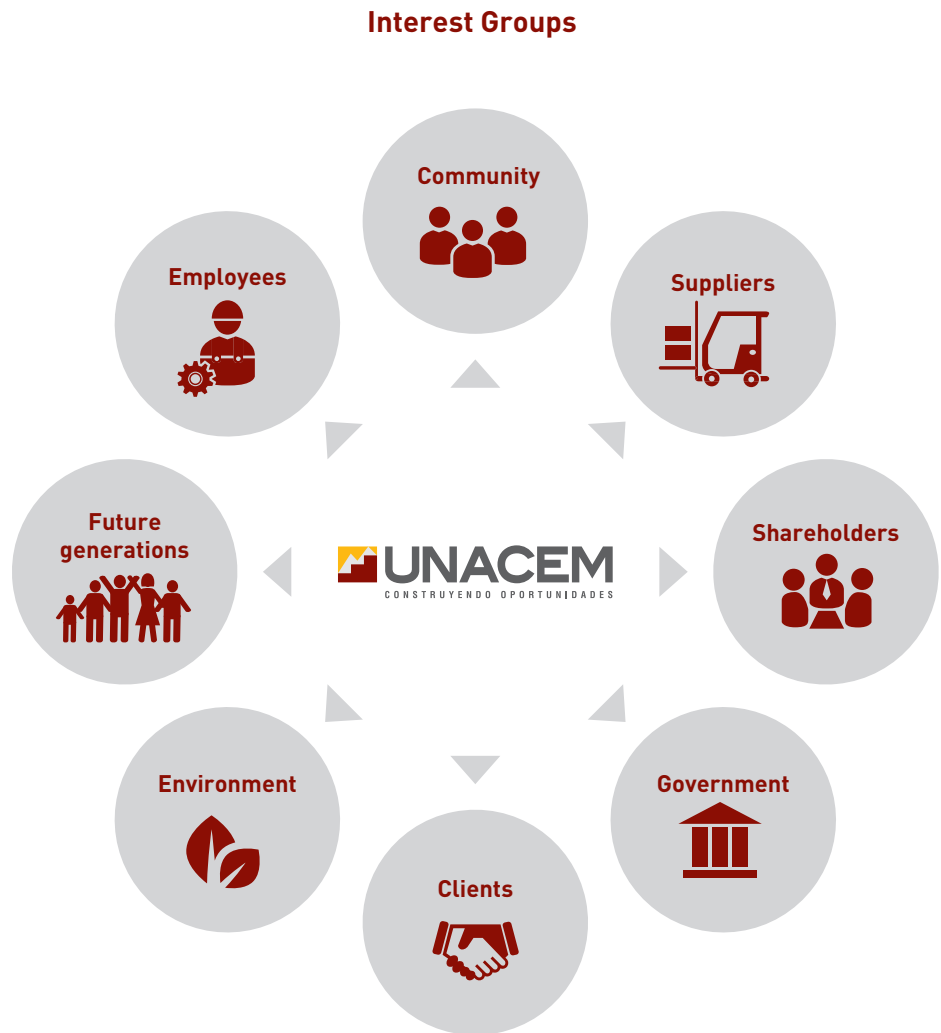
■ Market Presence



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## 1.2 Our Stakeholders

UNACEM seeks to establish relationships with our stakeholders, based on confidence, corporate values, ethics, transparency and mutual respect. In 2006, we carried out a survey of our stakeholders, taking into account the impacts and expectations generated by them in the company and vice versa.



The institution responsible for maintaining the relationships with our stakeholders is Asociación UNACEM. One of its responsibilities is to keep them informed through virtual channels and the written media, among others.

In our relationship with the community we take a participatory approach and generate formal spaces for dialogue in order to discover their perceptions and needs. As far as our other stakeholders are concerned, we have other channels through which we provide information about the company's management. We also use satisfaction surveys to collect feedback from our employees and customers, which we use to draw up plans for continual improvement.

As a result of this dialogue, we have identified subjects such as the basic needs of the community, mitigation of environmental impacts, suppliers human and employment rights, and the safety and health of our workforce.



## Prizes and awards

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In 2012 we received the following recognitions for our sustainable management, which confirms our commitment to continual improvement:

- Socially Responsible Company award (SRC), awarded by Peru 2021 and *Centro Mexicano para la Filantropía (CEMEFI)*.
- Prize for Best Corporate Social Responsibility Practices in Latin America in the inter-sector Alliance or business Alliance category, awarded by CEMEFI.
- Recognition in the ranking of Companies with the Highest Reputation, granted by *Monitor Empresarial de Reputación Corporativa (MERCOS)*.
- First place in the ranking of Companies with the Highest Reputation in the cement industry, awarded by MERCOS.
- Recognition in the ranking of Most Responsible Companies, awarded by MERCOS.
- Recognition to a Corporate Donor granted by Make a Wish Foundation.

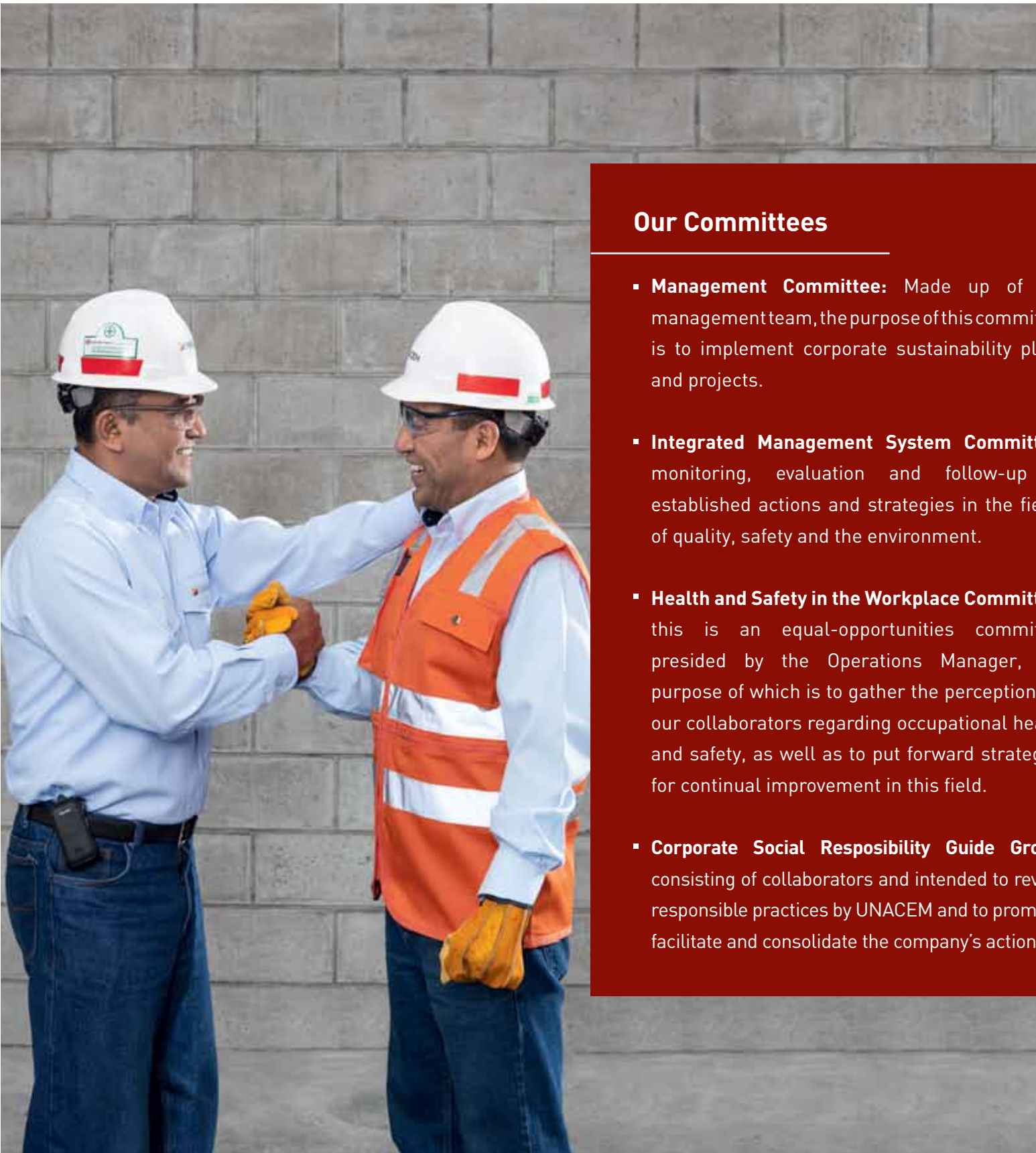
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## 1.3 Corporate Governance

In 2012 Cemento Andino and Cementos Lima merged to produce UNACEM S.A.A. After this change, a general meeting of shareholders elected a new board consisting of thirteen directors, three of which are independent. UNACEM is a public limited company quoted in the Lima Stock Exchange and regulated by the Stock Market Regulatory Authority.

We use corporate governance to promote good business practices that integrate the company and its interest groups. Thus UNACEM incorporates the principles of good corporate governance into its organizational management and culture, guaranteeing information transparency, equal treatment for all shareholders and timely and responsible management of the company's actions. In addition, since 2004 we have adhered to the United Nations Global Compact and its 10 principles, which cover human rights, employment standards, the environment and the fight against corruption. For that reason, we report annually on our progress, which confirms the principles to which we adhere. Not only does this enable us to attract and retain financial and human capital, it also creates sustainable value for the company and its shareholders.





## Our Committees

- **Management Committee:** Made up of the management team, the purpose of this committee is to implement corporate sustainability plans and projects.
- **Integrated Management System Committee:** monitoring, evaluation and follow-up of established actions and strategies in the fields of quality, safety and the environment.
- **Health and Safety in the Workplace Committee:** this is an equal-opportunities committee presided by the Operations Manager, the purpose of which is to gather the perceptions of our collaborators regarding occupational health and safety, as well as to put forward strategies for continual improvement in this field.
- **Corporate Social Responsibility Guide Group:** consisting of collaborators and intended to review responsible practices by UNACEM and to promote, facilitate and consolidate the company's actions.

## **Corporate Social Responsibility Code**

- Ensure that corporate social responsibility programs promote and use best practices aimed at sustainable development.
- Take part in the social development of the community by drafting, designing and implementing projects and programs with community participation.
- Promote participation by the public sector, civil society, private entities, international aid organizations and the community at large in the company's social responsibility initiatives.
- Respect and propagate the values, customs and culture of all our interest groups.
- Communicate and report transparently and ethically on our operating and social activities to all our interest groups and the public in general.

## **Code of conduct**

Is a guide by which we align our corporate values to the daily conduct of UNACEM's collaborators. In 2012, 100% of our new employees received training in our code of conduct. In the event of non-compliance with the code, we have sanctions, detailed in the internal regulations, which are available to all personnel.



## **Integrated Management System**

The Integrated Management System has been gradually implemented in recent years, and enables the company's policies to be aligned with its actions in the fields of health and safety, quality and the environment.

### **We currently hold the following certificates:**

- ISO 9001 (Quality Assurance System) for the Atocongo and Condorcocha plants and Conchan Pier; ISO 14001 (Environmental Management System) for the Condorcocha plant, and OHSAS 18001 (Health and Safety at Work System) for the Condorcocha plant.
- Business Association for Secure Commerce – BASC: Certificate for operations at Conchan Pier. The audit recognized ISO 9001 and ISPS as strengths of the pier's security system.
- Ship and port facility protection - ISPS: The audit confirmed that the management of the pier accords with the ISPS code.

## Dimensions of the reporting organization



N° of Employees (\*)

**620 people**



N° of operations

**2 Industrial Operations**

**1 Port Operation**

**6 Mining Operations**



Total income (in thousands of soles)

**1,769,121 Soles**



N° of program beneficiaries

**36,115 people**



N° of suppliers

**1,601 suppliers**

\*The total number of employees does not include the number of employees at Asociación UNACEM.



## 2. GENERATING VALUE

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**Because our work promotes development.**

“We contribute to the economic growth of the country by connecting cities, providing more people with development opportunities for infrastructure to improve their quality of life, and generating value for society”.



Through UNICON we provided 94,000 m<sup>3</sup> of concrete for the construction of the Real Plaza Salaverry shopping center. San Isidro, Lima. Customer: HV Contratistas S.A.

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## **GENERATING VALUE**

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Peru's economic growth in 2012 was driven principally by the construction sector, due to increased investment in housing, mines, factories, shopping and business centers, among others. This growth is directly associated with the increase in domestic cement consumption, which rose 15.8% in 2012.

In addition to this favorable economic context, our cement production capacity has increased thanks to the merger between Cemento Andino and Cementos Lima, now trading as UNACEM. During the year we produced 5.35 million tons of cement, some 13.2% more than in 2011. Similarly, our dispatch volume increased by 12.9%, compared with the previous year, to 5.31 million tons of cement throughout Peru, nearly the same quantity as that produced by our plants.

This production increase enabled us to cover the whole of the rising domestic demand and to position ourselves as the principal cement producer in Peru.



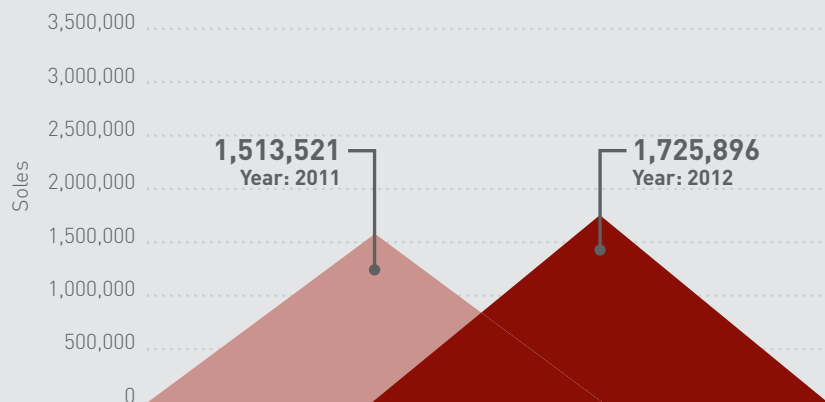


Through UNICON we provided 56,000 m<sup>3</sup> of concrete for the construction of the "Villa Bonita" condominium development. Callao, Lima. Customer: Constructores Interamericanos SAC - COINSA.

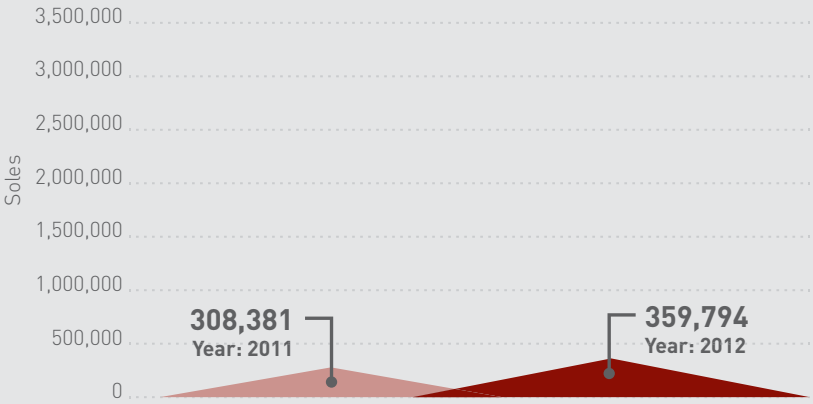
These good economic results had a positive impact on our main stakeholders, by increasing purchases from local suppliers by more than 964 million soles, by providing work for more than 300 local employees, and by creating programs and donations for neighboring communities with an investment of more than 13 million soles.

## 2012 Financial Statements

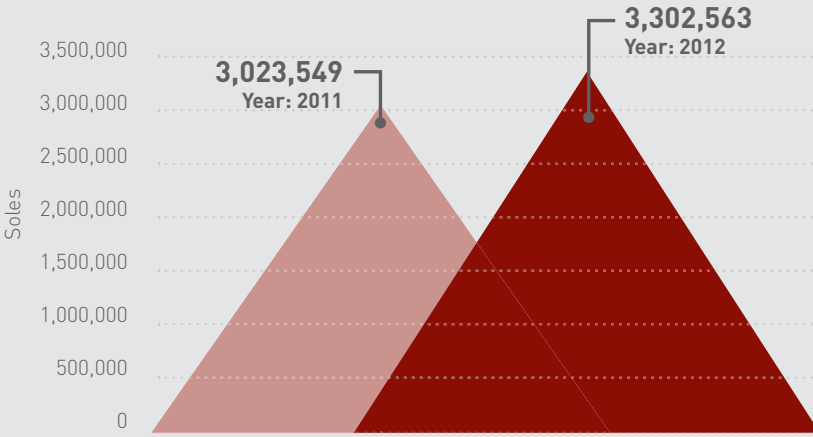
### Net sales (in thousands of soles)



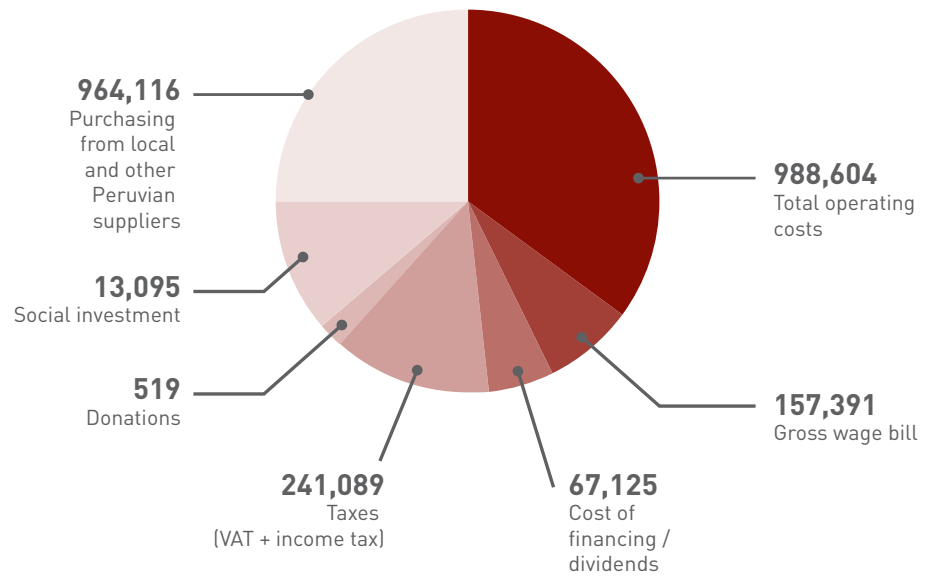
**Net earnings  
(in thousands of soles)**



**Net equity  
(in thousands of soles)**



**2012 Income distribution  
(in thousands of Soles)**





## We create knowledge through our presence in business and other associations

We belong to several associations relating to the construction and cement industry nationally and internationally. We contribute our experience to the development of knowledge of the sector and share our principles of social responsibility with business and academic bodies.

### Principal associations:

- Sociedad Nacional de Industrias
- Sociedad Nacional de Minería, Petróleo y Energía
- Cámara de Comercio Americana del Perú
- Cámara Peruano Británica
- Cámara Española de Comercio
- Cámara Peruana de la Construcción
- American Concrete Institute
- Asociación de Productores de Cemento
- Asociación Nacional de Anunciantes
- Business Alliance for Secure Commerce - Perú
- Colegio de Ingenieros del Perú
- Confederación Nacional de Instituciones Empresariales Privadas
- Instituto de Ingenieros de Minas del Perú
- Federación Interamericana del Cemento
- RedEAmérica
- Lima Cómo Vamos
- Empresarios por la Educación
- Perú 2021



### 3. COMMITMENT TO OUR EMPLOYEES

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**This is the value of our team.**

“Our employees are our main stakeholders and for that reason we concentrate on encouraging their technical and professional development, and on giving them a good working environment”.



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## COMMITMENT TO OUR EMPLOYEES

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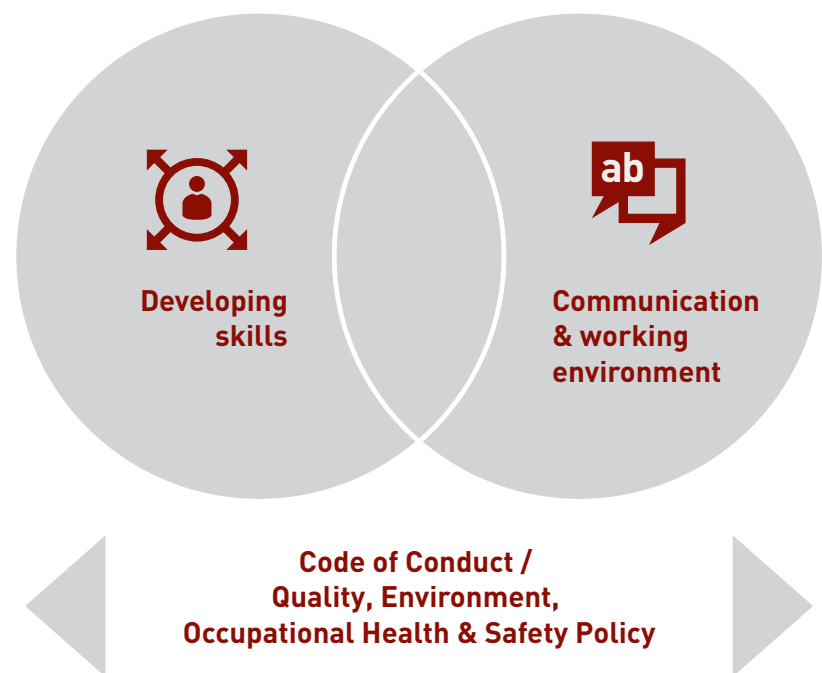
### 2012 Key Figures:

- 620 **UNACEM** employees.
- At the Condorcocha plant, 97% of employees are from the area of influence.
- 20,730 hours of training.
- 623 hours of training in Social Responsibility.
- More than 500 thousand soles of investment in training.

UNACEM's success is based on our employees commitment to continual improvement and on their attitude to the challenges facing the industry. The cement sector is characterized by its requirement for highly specialized knowledge of the business, therefore our human resources management strategy concentrates on the technical and professional development of our team.

Professional development is complemented by our concern for providing our collaborators a decent working environment, with companionship and harmony, in which corporate values, mutual respect, honesty and dialogue are the backbone of the labor relationship.

### Personnel management strategy



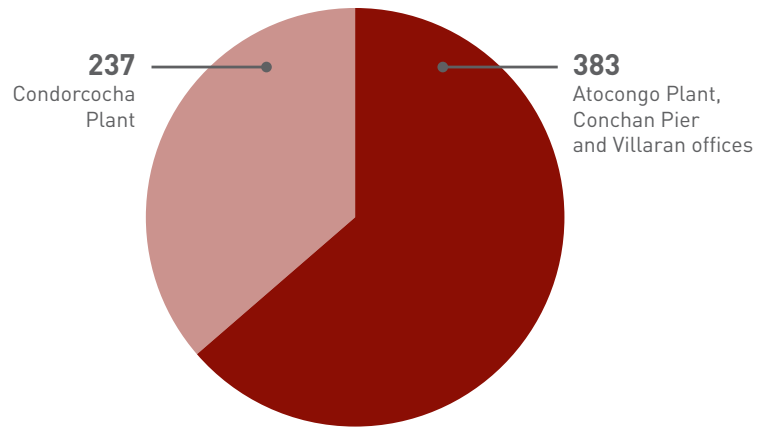


## 3.1 Our Team

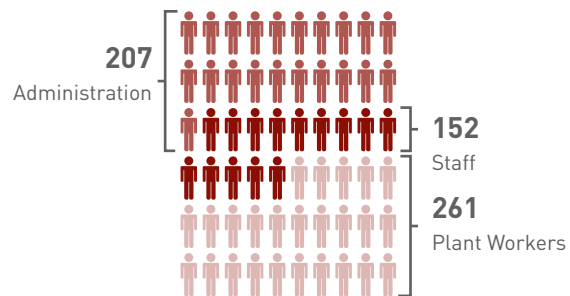
The merge to become UNACEM represented a positive cultural move to address new institutional changes and create the largest cement manufacturer in Peru.

### Our team in numbers

#### Employees (\*)



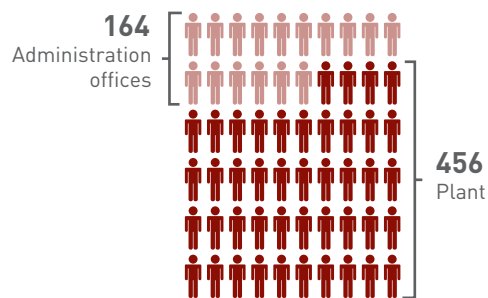
#### Employee category



\* The data on our employees shown in this section is for the total number of employees after the 1st of October, when the merger took effect.

74% of our personnel work in the Atocongo and Condorcocha plants. Bearing in mind that our plants are large employers, we give priority to local hiring for production staff, in order to provide job opportunities, encourage skill development and help stimulate the local economy. At Condorcocha (province of Tarma), 97% of the employees come from the local area, and at Atocongo (Villa María del Triunfo–Lima), 28% live in the area of influence.

### Employees by location



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## 3.2 Developing skills

Our knowledge management is focused on providing our employees with professional training enabling them to develop innovative skills in line with the needs of the industry. We therefore have a training strategy that is divided into two components:

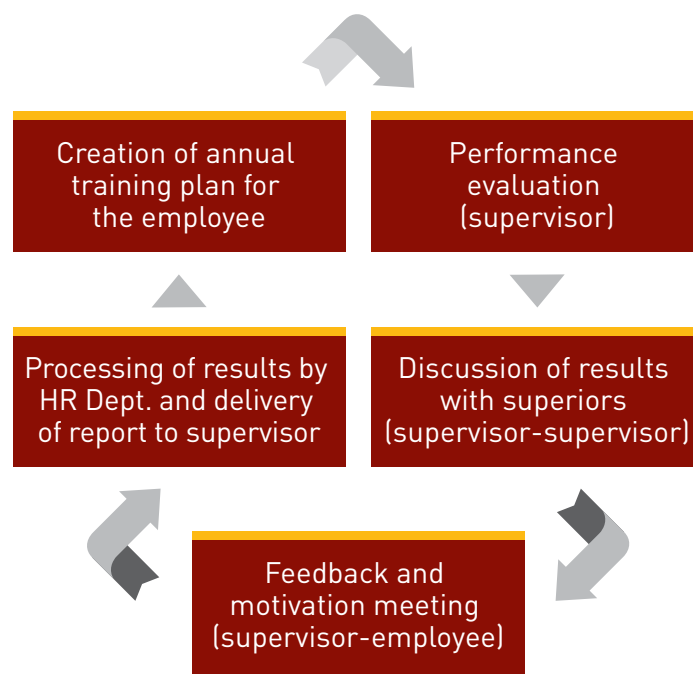




Instruction about the organization is carried out through the induction process as well as courses that keep employees up to date in subjects of importance to the business model, such as: health and safety, culture and work environment, regulations and procedures, the environment and social responsibility, among others.

We have an Annual Training Plan, with the objective of developing technical skills to improve the technical and professional profiles of our employees. These training needs are established on the basis of the results of performance evaluations, which are carried out annually on 100% of our employees. These provide an opportunity for feedback between manager and employee, in which not only the scope of the objectives are evaluated, but also performance, in order to establish personal goals, resolve doubts and, above all, motivate employees and involve them in the company's objectives. If a supervisor finds that an employee has greater development potential he is included in a leadership, supervision and management program, and thus the supervisor becomes the mentor and main support for the employee's development.

### Performance evaluation





## Professional development programs

### With our employees:

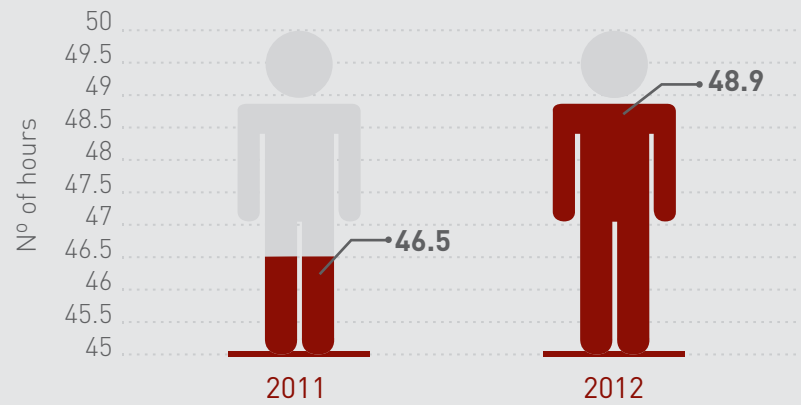
- **Internal courses:** taught by our specialists, who share their knowledge and experience of the business, the company and their jobs with their workmates.
- **External courses and seminars:** our most distinguished employees can take specialized courses abroad, in which, in addition to acquiring knowledge, they meet specialists of international repute.
- As part of our internal exchange program, personnel are rotated for periods of 6 months. In this way they acquire and expand their knowledge of the sector.

### With society:

Pre-Graduate and Internship Programs: Provide students with the opportunity to participate in a period of training in the company, according to their specialty. Depending on their performance, they may be offered work with the company. In 2012, 24 scholarship holders took part in this program. We also sponsor students at the National Industrial Training Service (SENATI) during their studies.

## Hours of training

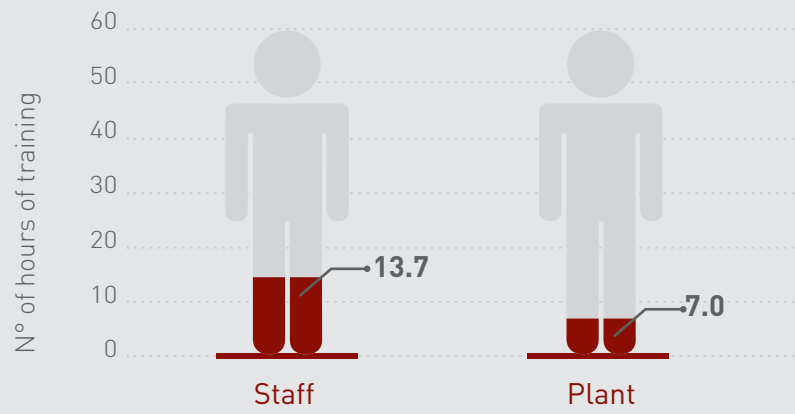
### Man-hours of Training



### Average man-hours of training broken down by employee category Atocongo Plant



**Average man-hours of training  
broken down by employee category  
Condorcocha Plant**







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### 3.3 Health and safety

Our Health and Safety at Work Management System complies with the guidelines contained in OHSAS 18001, as well as with current legislation. During this year, we are in the process of certifying the Atocongo plant to guarantee preventive health and safety management for our interest groups. The guidelines for the management system concentrate on the following aspects:



In accordance with our principles of prevention and awareness raising, we draw up an annual risk prevention program for our manufacturing, mining, port and electricity generating activities. As part of this program, an induction workshop was designed to include matters of industrial health and safety, first aid, fire fighting and care for the environment. This awareness training was also made available to our contractor's personnel, thus ensuring the process of prevention throughout our supply chain.

### Principles of the annual risk prevention program



## Health and safety management results

	Atocongo Plant	Condorcocha Plant
Rate of absentism	5.85	4.98
Accident rate	2.8	19.05
N° of occupational illnesses	0	90
N° of accidents	156	24
N° of fatalities	*	1
Working days lost	137.9	2,206.3

In 2012, there was one fatal accident at each of our plants. \*At the Atocongo plant investigation showed that the event leading to the death did not meet the requirements to classify as a work accident. This event is currently under investigation by the Ministry of Employment to determine whether it was in fact a work accident. The analysis has not identified any causes attributable to the company, but we have taken action to strengthen our training system, and safety awareness to prevent future events.

For accidents we have procedures that include an investigation of the immediate causes (actions and substandard conditions), basic causes (personal and labour factors) or faults in the management system that may have produced the accident. These analyses are reviewed and approved by the Central Safety Committee, which decides on corrective action to be taken immediately and in the medium term. We also monitor the medical condition of the victim, to ensure a satisfactory recovery.



## Emergency Response Preparation

In line with our culture of prevention, we have an Emergency Response Brigade, consisting of a total of 30 Atocongo employees. This team is trained and certified and take part in different drills and exercises for different types of emergency, motivating them and creating a commitment to safety within UNACEM.

This same plant also has a brigade consisting of 25 contract employees.

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## 3.4 Occupational Health

In order to preserve the health and welfare of our employees, we carry out preventive action every year, medical examinations before an employee starts work, annual checks and an examination when he leaves the company. This enables us to identify possible health risks early on, and to monitor them to ensure that employees remain in good health. It also provides us with up to date health indicators, which we use to make improvements to the programs.



## Health and Safety at Work Committee

In 2012 the Atocongo and Condorcocha plants renewed their Health and Safety at Work Committees, consisting of company personnel including staff, plant employees and management, who represent 100% of our employees.

Their main responsibilities include the drafting, approval, implementation and evaluation of policies, plans and programs to promote health and safety at work, accident prevention and the prevention of occupational illnesses.

This committee also forms a channel by which personnel can, through their representatives, report risks and possible improvements in their workplaces.



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## 3.5 Communications and the working environment

As part of our human resources management strategy, we provide a working environment based on our corporate values and seek to keep our employees motivated and committed to the company's strategic objectives.

We are committed to providing them with up to date and relevant information on the company's progress and we encourage feedback on management through our various channels of communication. In addition, we have an open door policy that encourages confidence and transparency between the company and its employees, who know that their queries will be listened to and that they will be involved with management where necessary.

Main channels of communication:

- 1 Working meetings with labor union, employees and management.
- 2 Situation reports on the company (June & December).
- 3 Virtual media: intranet, e-mail and bulletins, among others.
- 4 Written media: "El Concretito" information bulletin, bi-monthly magazine, brochures, Annual Report, Sustainability Report and others.





We use these media to broadcast matters related to social responsibility, the achievements of the organization, recognition of our employees and other matters of interest.

UNACEM's main challenge in 2013 will be consolidating a corporate culture in order to make the merged company competitive, with a cohesive and committed workforce.

### **Workplace environment satisfaction survey**

As we are committed to creating a favorable working environment, every two years we carry out a satisfaction survey in order to find out our team's perception of the company and to identify aspects that can be improved. We did not carry out this survey in 2012 because of the merger.



#### **Objectives 2013-2015**

- Consolidate a culture of safety.
- Create a strong UNACEM culture that our employees identify with.
- Promote strategies and actions aimed at maximizing the work-life balance.



## 4. DEVELOPING OUR COMMUNITIES

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**Because together we create growth.**

“Our community relations strategy encourages the development of skills in our areas of influence, in order to ensure their sustainable growth and to give them control over their own development”.



## DEVELOPING OUR COMMUNITIES

### 2012 Key Figures:

- 24 programs implemented.
- 2 million soles destined for community projects.
- 26,115 beneficiaries.
- 26 educational institutions benefiting.
- 16,700 m<sup>2</sup> of parks and gardens.
- 2,017 plants planted in southern Lima.

Our public relations strategy is built on Grassroots Development (GrD), by which we encourage active involvement of the community in our projects, ensuring the sustainability of the results. We also encourage community participation by creating dialogue mechanisms to prevent and resolve conflicts, and to develop collective initiatives.

As part of this approach we assist with the strengthening and formalization of Grassroots Organizations (GrO), and support their members when drawing up working plans with sustainability strategies.

### Grassroots Development Process





Construction of classroom modules and a central kitchen and storage module for Divino Niño del Milagro school in Picapiedra rural community, Pachacamac.

In order to connect the various projects and programs and to better evaluate and systematize them, we concentrate our efforts on four lines of action: education, social infrastructure, community relations and local development.

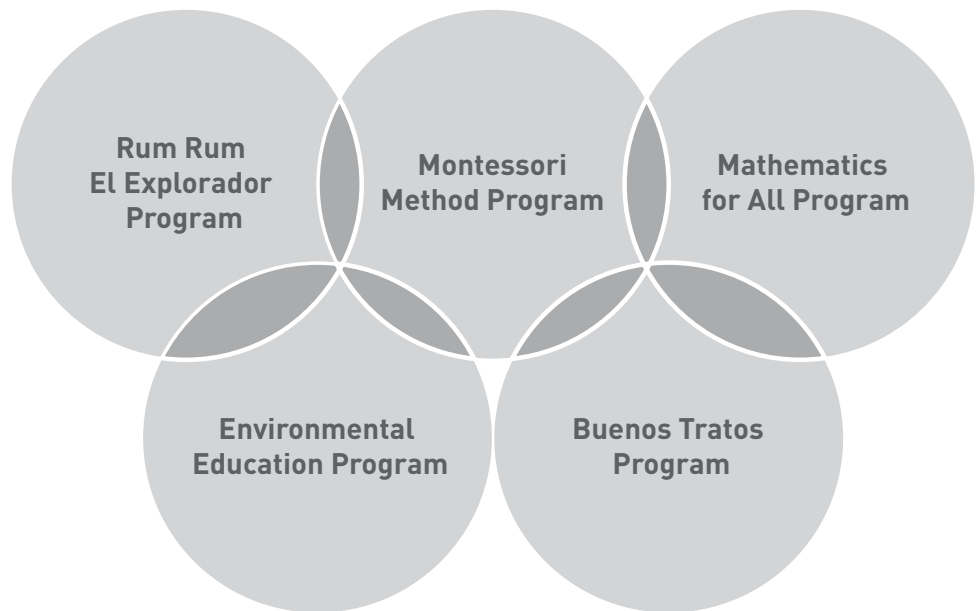
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## 4.1 Education

In line with public policy on education, we have established alliances with public and private actors, civil society organizations and international aid bodies, to develop programs focused on teachers and pupils in elementary, middle and high school.

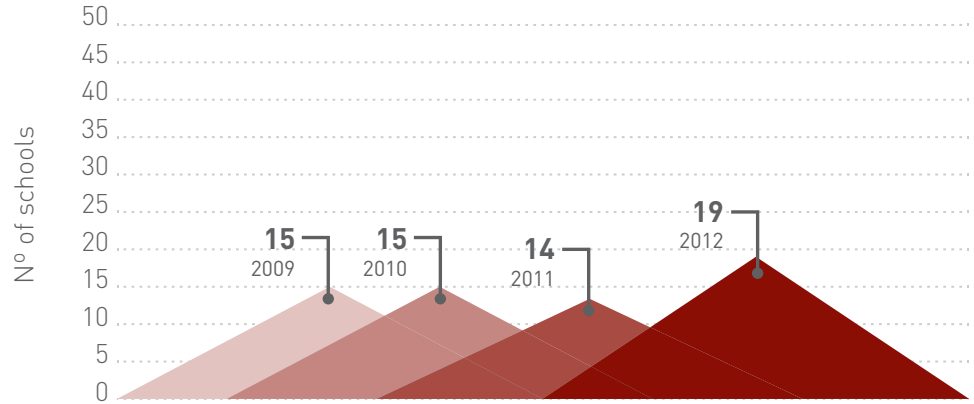


### Educational programs implemented in 2012

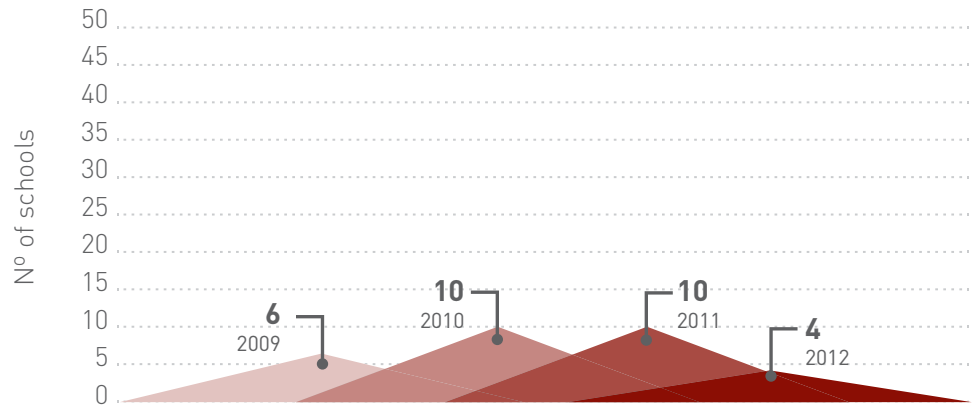


These programs have progressed their quality of education in our areas of influence and are recognized by local authorities, parents and public/ private institutions because of the company's commitment to the future of our children and youth.

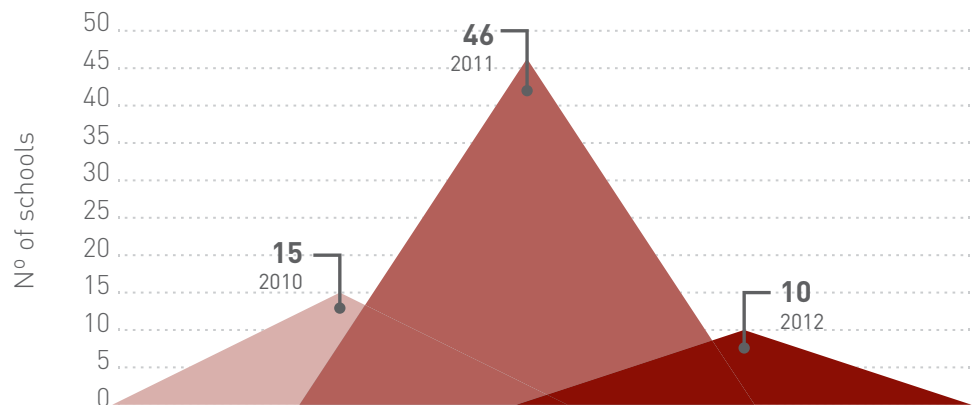
### N° of beneficiary schools 2009-2012 Environmental Education



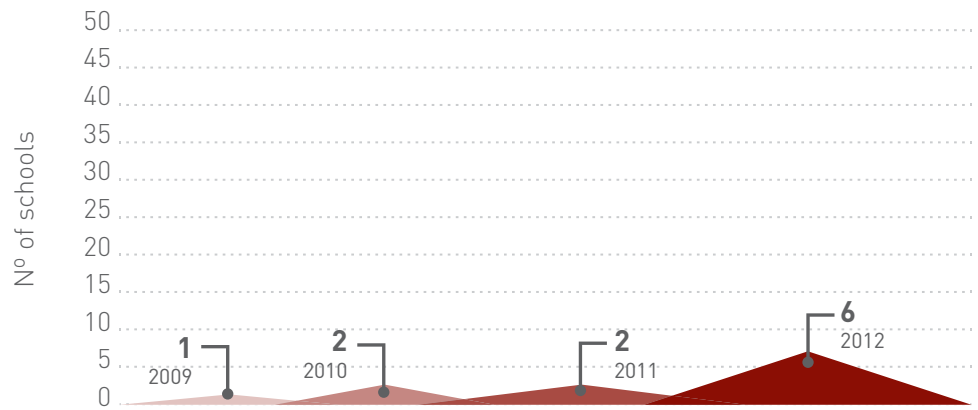
### N° of beneficiary schools 2009-2012 Rum Rum El Explorador



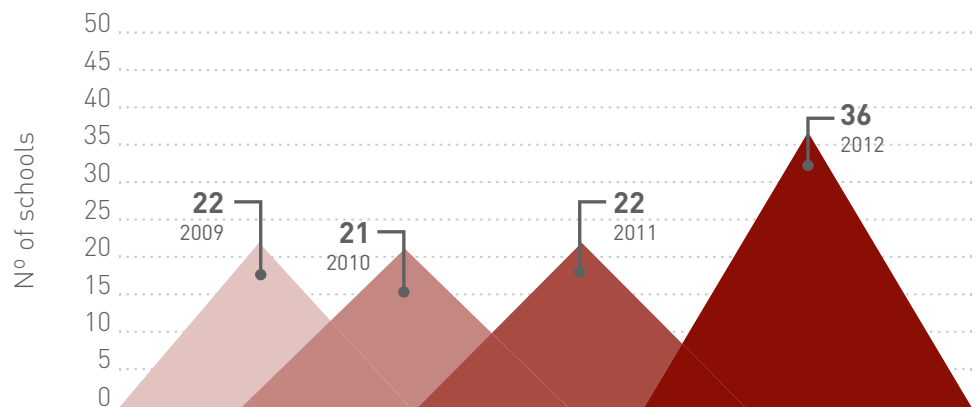
### N° of beneficiary schools 2009-2012 Montessori Method



**N° of beneficiary schools 2009-2012**  
**Buenos Tratos**



**N° of beneficiary schools 2009-2012**  
**Mathematics for All**







## Mathematics for All Program

As part of our commitment to improve the quality and accessibility of education, we have implemented the Mathematics for All program, which is executed by APOYO Institute and financed by UNACEM. This program seeks to provide new methodologies for teachers that will facilitate and motivate pupils to learn mathematics.

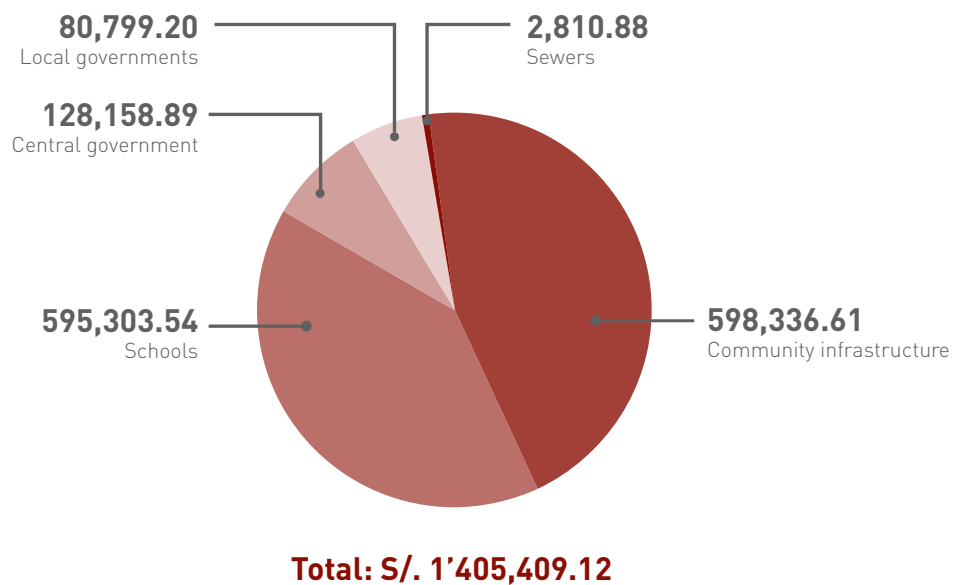
To date we have invested 176,000 soles, trained 123 teachers and benefitted 2,500 students from 36 schools in the districts of Palca and La Unión – Tarma. In addition, to help improve the students' performance, we provide books for teachers to reinforce the mathematics lessons.

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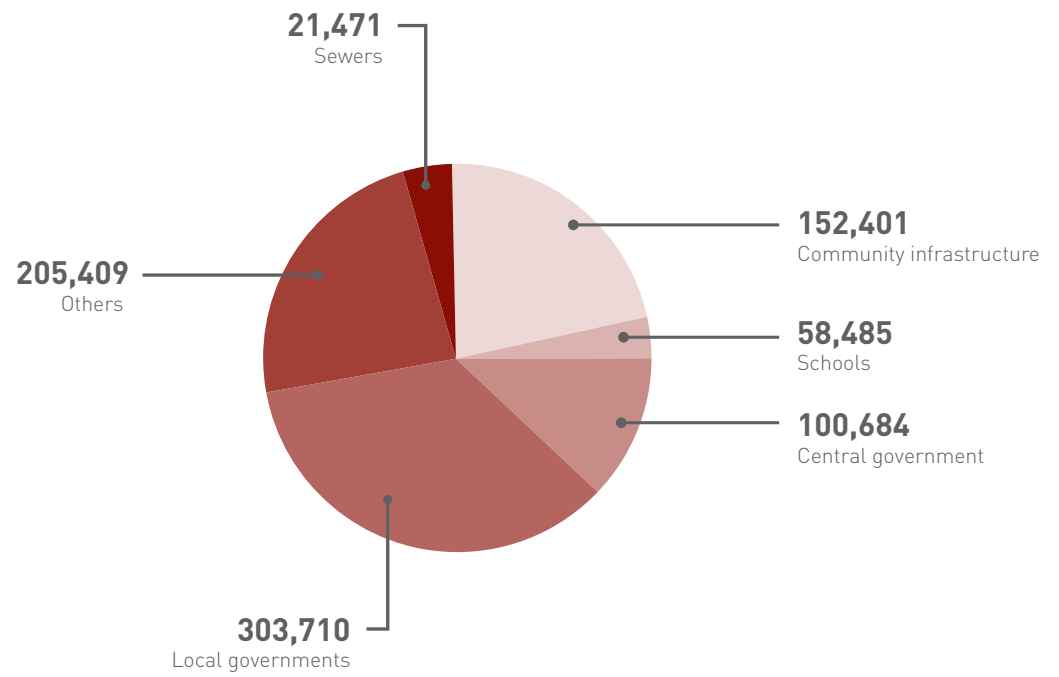
## 4.2 Social infrastructure

We seek to become part of important infrastructure projects that provide safe conditions for the community and a better quality of life. In 2012 we invested more than 2 million soles, benefitting 143 thousand people in our primary and peripheral zones of influence. These projects included: community halls, sewers, new sidewalks and parks, among others.

### Investment in social infrastructure projects in immediate zones of influence (in soles)



**Investment in social infrastructure projects  
in indirect zones of influence  
(in soles)**



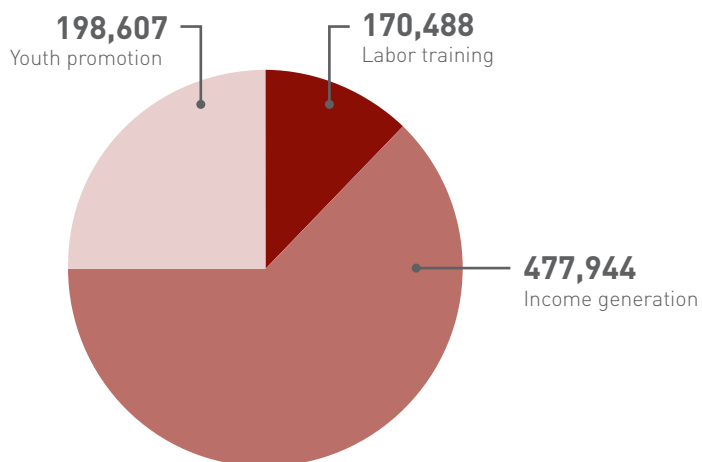
**Total: S/. 842,160**

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## 4.3 Local development

We encourage programs and projects that strengthen companies and organizations, develop the skills needed by the community and are in line with their economic possibilities. We therefore have three spheres of action: labor training, income generation and youth promotion.

### Investment in areas of action (in soles)



**Total: S/. 847,039**

## Programs by sphere of action

### Labor training

- **Labor training program:** Contributing to employability.
  - 187 adults received training
  - 4 training centres
  - 8 courses taught

### Income generation

- **PorAmérica program and Suma program:** Provide financing for grass-roots organizations with productive projects. Jointly financed by UNACEM and international organizations.
- **Achievement:** 15 grass-roots organizations benefitted.

### Youth work

- **Promoting Youth Success program:** provides 650 scholarships for youth in 5 districts of southern Lima.
- **Via Regia scholarship program for youth pursuing technical careers:** benefitted 100 local youth.
- **Xona Urbana Program in southern Lima:** Financing and technical aid for 8 youth organizations and 150 youth.


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## 4.4 Community relations

We seek to strengthen relationships with the communities that surround our operations by means of continual dialogue that will enable us to understand local social dynamics and provide continual feedback. In this sphere, we concentrate on those living closest to our operations. We have entered into agreements with local organizations, such as in Condorcocha where we provide electricity to locals free of charge, to improve the quality of their lives; this year we delivered 7,182 GJ to the population.

Furthermore, we have taken action to provide local communities with medical facilities and encourage socially responsible environmental management in southern Lima. At UNACEM we are pioneers in the creation of an environmental culture, in which appreciation and preservation of the environment is encouraged in all programs implemented in our areas of influence, as is the case with our Community Environment Programs and Environmental Education Programs. In response to the needs of our stakeholders, we have installed dust monitoring equipment in homes near to the Atocongo plant.





## Project “Improving our health in southern Lima: Healthy Communities and Families in Southern Lima”

As part of our Healthy Communities and Families initiative, our goal is to improve children’s health in the “Virgen de Lourdes” settlement located in the District of Villa María del Triunfo. We have developed a health project designed to encourage the adoption of healthy behavior in families with children under five. We provide training by health professionals to implement the initiative and improve children’s health.

This project is implemented by UNACEM in an alliance with USAID and is valued at 224,232 Soles. So far, it has benefitted 645 people and 9 grass-roots organizations.





## Challenges facing the sector

- Joint participation in projects in line with the local agenda.
- Promote productive projects that encourage dynamism in the local economy and social exchange.
- Improve the understanding of operating processes and their impacts.



## 5. GROWING WITH OUR CLIENTS

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**More than an association, an alliance for growth.**

“Our growth as a company goes hand in hand with the growth of our clients and their businesses, as we have become strategic partners for developing the sector and supplying the domestic market”.



Customer: Mr. Orlando Obando, Progre-Sol hardware store "La Libertad", Comas, Lima.  
In 2012 his turnover grew 30% compared with 2011.

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## **GROWING WITH OUR CLIENTS**

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### **2012 Key Figures:**

- More than 270 points of sale in the Progre-Sol network.
- Training for more than 60,000 jobbing builders and bricklayers.
- More than 2 thousand hours of free specialist advice for self-builders.

We strive for a sustainable commercial relationship with our clients, based on the prestige and confidence obtained from high-quality products and services, which are made using processes certified by the ISO 9001, quality assurance system.

Our sales strategy is focused on the clients of our bulk cement business unit (clients who sell ready-mixed concrete) and those who use cement as a raw material in the manufacture of other products and in mining and industrial applications. Similarly, we have direct and indirect clients of the bagged cement business unit, such as regional distributors and the local distributors of the Progre-Sol network, hardware stores, independent builders merchants and self-service hardware stores. We also try to align our business goals not only with our clients aims, but also with those of purchasers and end users of the product.

Thus, in 2008 we created the Progre-Sol network of hardware stores, consisting of independent stores with outstanding distribution and coverage. The purpose of this network is to increase the distribution of our products and to contribute to the commercial growth of this key stakeholder. Furthermore, UNACEM has taken on a commitment to help professionalize the sector through training for builders and self-builders identified by the Progre-Sol hardware store network, the largest network of its kind in Peru.



Customer: Ms. Giovanna Cahuascanco, Progre-Sol hardware store "Total Home", San Juan de Lurigancho, Lima. She has inaugurated two new Progre-Sol hardware stores in recent years.

## Benefits to clients belonging to the Progre-Sol network:

- Help in painting premises and store signs.
- Help in obtaining municipal licenses.
- Performance bonuses for meeting commercial goals.
- Marketing service and promotion for the hardware point of sale.
- Cement trucking.
- Large-scale publicity (television, radio and billboards).

270 points of sale in Lima, north to Huaraz, south to Nazca.



74% increase in client invoicing since 2008 and better profitability.

60,000 builders & masons trained since 2008.

In 2010, we created the HatunSol micro finance system for construction materials, to help self-builders with a limited income, principally in our area of influence. In 2012 this group was responsible for 60% of all homes built in Peru<sup>1</sup>. We also use this system to provide free advice from professional engineers, thus helping combat the informality that is prevalent in the sector, as a result of a lack of training.



<sup>1</sup> SAE Apoyo Consultoría, Panorama de Mercado de Materiales de Construcción, December 2011.

## Client satisfaction

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Each year, as part of our Integrated Management System, we carry out surveys to measure the satisfaction and loyalty of our clients, as well as to identify competitive advantages and opportunities for improvement.<sup>1</sup>

In 2012, Cementos Lima carried out two surveys using IPSOS PERU:

- **Aimed at the Progre-Sol hardware store network** (from the 15th February to the 15th March): the satisfaction level among Cementos Lima distributors was 84%, whilst that for Cemento Andino distributors was 69%.
- **Aimed at independent hardware stores** (from the 15th February to the 6th March): the satisfaction level among Cementos Lima distributors was 86% while that of Cemento Andino distributors was 87%.

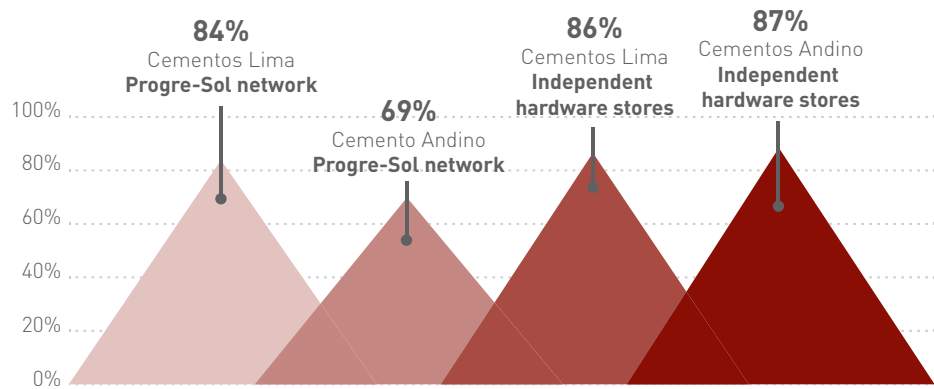
Cemento Andino also measured the satisfaction of its distributors and other clients in 2012. The result (average of the 2 surveys) was a level of satisfaction higher than 97%, which exceeded the goal of 87%.

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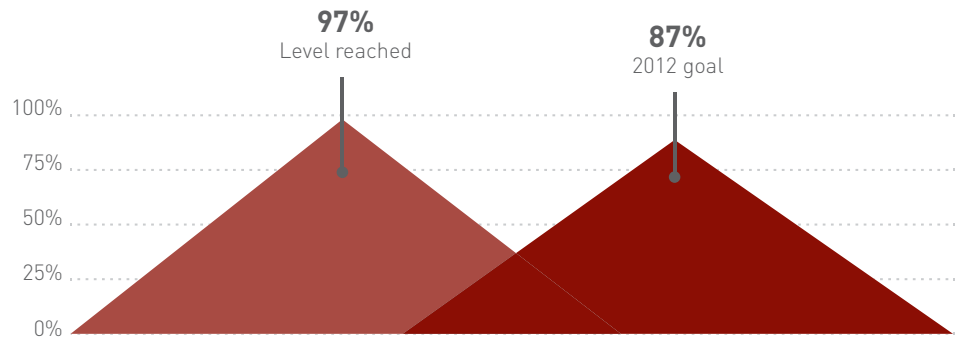
<sup>1</sup> Both companies used a scale of 1 to 5 to measure client satisfaction, in which 3 = satisfied, 4 = very satisfied and 5 = completely satisfied.



## 👍 Client satisfaction survey - 2012



## 👍 Client satisfaction for Cemento Andino 2012



### Challenges facing the sector

- Accompany the dynamic surge in self-building.
- Extend the portfolio of products with efficient and alternative solutions.
- Supply to international markets.



## 6. MANAGING THE SUPPLY CHAIN

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**Because every step is essential.**

“We build confidence-based relationships with our goods and services suppliers, in line with our ethical values, transparency and compliance with our commitments”.



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## MANAGING THE SUPPLY CHAIN

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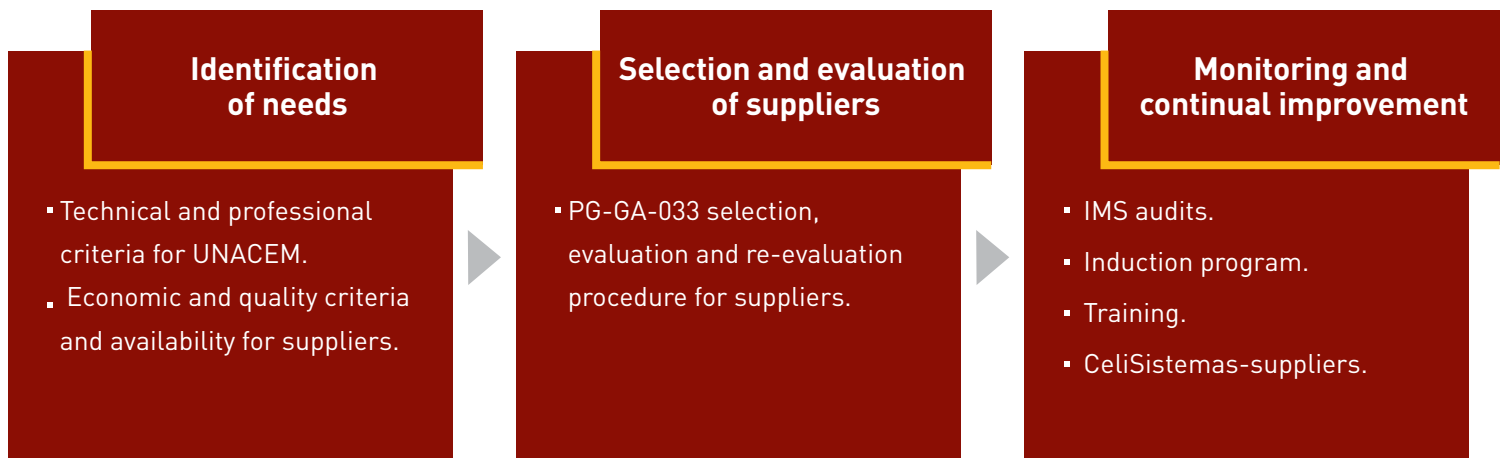
### 2012 Key Figures:

- 950 million soles in purchases from suppliers.
- 1,601 local, national and international suppliers.

Our management approach aims to favor and improve the performance of both our current and future suppliers. Our main management tool is Procedure PG-GA-003, which establishes guidelines for selecting, evaluating and re-evaluating suppliers; we also have a Local Supplier Contracting Policy that sets out the contracting requirements. We determine our needs on the basis of technical criteria, then we identify and contract suppliers of goods, critical and non-critical products, and services. In addition to the rigorous procedure for selecting our suppliers, we take into account service quality, compliance with delivery times and client service.

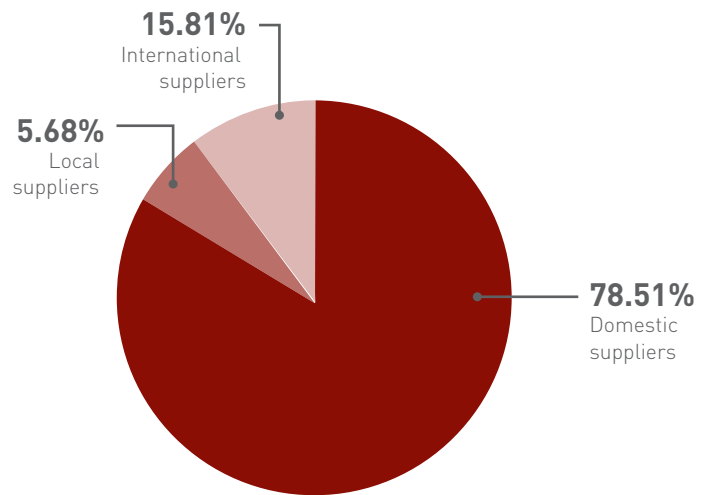
Similarly, UNACEM is committed to meeting agreed payment dates, applying the code of conduct to our value chain and guaranteeing sustainable practices.

### Management of our suppliers



At UNACEM we have 1,601 suppliers, of which 1,257 are Peruvian and 253 foreign, who provide the bags used to pack our cement, transport and materials for the maintenance of our machinery. We are particularly concerned about the 91 suppliers in the zones adjacent to our operations.

### Diversifying our suppliers



In accordance with the requirements of our Integrated Management System, our health, safety and environmental requirements apply from the delivery of the products until entry by suppliers to our Atocongo and Condorcocha plants. With this in mind, our Health, Occupational Health and Environmental aspects for suppliers brochure is made available and is updated regularly to meet new Peruvian and international legislation, as well as UNACEM's own initiatives.

We also provide our suppliers with technical advice and have developed a general induction program covering aspects such as first aid, fire fighting, care for the environment, industrial health and safety and human rights. As a form of recognition, after successfully completing an evaluation, our suppliers receive an induction certificate, which we renew every year in order to ensure that their objectives are being met.

## Payments to suppliers

In 2012 we spent more than 964,116,000 million soles on payments to suppliers, both Peruvian and international.

### Purchases from national and international suppliers

Total national purchases	12.75%
Total foreign purchases*	87.25%

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\* In 2012 we had a larger number than ever of international suppliers, because of the expansion of our operations that required the acquisition of machinery and equipment provided mainly by foreign companies.



## Challenges facing the sector

- Reduce vulnerability to fluctuations in the prices of key raw materials for the sector.
- Promote systems for evaluating human rights compliance by the supply chain.
- Develop the skills of local suppliers, to enable them to supply small businesses.



## 7. COMMITMENT TO THE ENVIRONMENT

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**Growing today, always thinking about tomorrow.**

“At UNACEM we apply international standards and use raw materials and natural resources efficiently, in order to help preserve biodiversity and the environment throughout the chain”.





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## COMMITMENT TO THE ENVIRONMENT

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### 2012 Key Figures:

- 32 million soles in environmental investment.
- 14.5% of this investment was used for the management of environmental commitments.

We accept that one of the main challenges of the cement sector is to minimize Greenhouse Gas Emissions (GHG), given that cement production uses considerably more energy than other industries. For this reason, at UNACEM we employ high quality standards and international certification to ensure that our management is sustainable and make every effort to implement clean technologies and greater process efficiency. Our Atocongo and Condorcocha plants are ISO 9001 certified (Quality Assurance System), and Condorcocha is ISO 14001 (Environmental Management System) certified, thus ratifying our management standards.

We use our Integrated Management System as a commitment to identify environmental opportunities and risks in our activities. We have an Environmental Management Plan and an Environmental Control and Monitoring Program, through which we continually evaluate the consequences of the impacts we have identified, and take action to improve them.

### Environmental management system

#### MISSION

- To manage our activities from an environmental point of view.
- To comply with environmental legislation.
- To satisfy those interested with our good environmental performance.
- To advise and train personnel in the prevention and control of environmental impacts.

#### VISION

- To position the organization as a leader in sustainable development management and in the prevention and control of the environmental aspects of our activities, industrial processes, quarrying and port operations.



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## 7.1 Quarries and cement manufacturing

At UNACEM we give equal emphasis to environmental impacts and safety in our quarries. We use the Environmental Management Plans of our operating units to reduce the risk of rock falls, by maintaining the stability of quarry faces and roads. Though we do not generate tailings, the rubble from five of our operations amounts to 7 million tons and our challenge is to restore disturbed areas through the activities included in our Mine Closure Plans (MCP). 100% of our quarries have a closure plan approved by the Ministry of Energy and Mines.

Proper management of our operations requires an understanding of the stages extracting the raw material, and the manufacture of clinker and cement at our Atocongo and Condorcocha plants.



## The cement manufacturing process

- 1 EXTRACTION OF RAW MATERIALS:** The process starts with the extraction of limestone, gypsum and pozzolan, from our quarries in Lima, Ica and Junín (Tarma).
- 2 PRIMARY CRUSHER:** The limestone is taken to the primary crusher, which reduces it to pieces no larger than 18 cm.
- 3 SECONDARY CRUSHER:** The material is then reduced to less than 8 cm.
- 4 PRE HOMOGENIZATION:** At our Atocongo Plant the material is pre-homogenized to reduce the standard deviation of the chemical composition of the crushed limestone.
- 5 MILLING AND HOMOGENIZATION:** Roller presses and mills are used to mix the materials and to produce a chemically balanced material with adequate particle size, referred to as “crude”. This is then stored and homogenized before being fed into the kilns.
- 6 PRODUCTION OF CLINKER\* (INTERMEDIATE PRODUCT IN THE MANUFACTURE OF CEMENT):** The crude is fed into the pre-heaters, precalcinators and then into the rotary kilns in which the temperature reaches about 1450°C, where it undergoes physical and chemical changes to produce clinker.
- 7 COOLING AND STORAGE OF CLINKER:** To achieve better chemical stability and hydraulic properties for our cement, the clinker is cooled rapidly using air at ambient temperature. It is then taken to a storage area where cooling is completed.
- 8 CEMENT MILL:** The clinker, gypsum, pozzolan and limestone is sent to the feed hoppers. The four materials are mixed in the cement mills in different proportions depending on the type of cement being produced (type I, IP, IPM and V).
- 9 PACKING AND DISPATCH:** We use automatic packing lines with weighing machines to control filling and ensure an exact weight of 42.5 kg for bagged cement. Bulk cement is dispatched in tankers or in big bags (1.5 t) that are sealed before leaving the plant to ensure that the product is not handled before it reaches its destination.
- 10 DISTRIBUTION:** Look for our cement in more than 270 hardware stores of the Progre-Sol network and our authorized distributors outside Lima.
- 11 EXPORT:** We export our cement through our own port facility located 24.5 km south of Lima (Conchán Pier). Cement and materials are transported from the Atocongo Plant to the pier and vice versa using a tubular conveyor belt 8 km long.
- 12 QUALITY CONTROL:** Throughout the cement production process we control and monitor the different materials and inputs, to ensure the quality of our products. For this process we employ highly specialized staff and modern equipment. We also carry out strength, curing and durability tests on our cement and strength tests on the bags used, as well as other physical and chemical tests. In addition, we are testing new products (types of cement) and are involved in a number of research projects.

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\* Limestone is added only to cement type I produced in the Atocongo plant, Lima.

The following is a list of the materials used in the cement production process:

## Materials used in 2012

### Atocongo Plant

	Material	Quantity
<b>Raw materials</b>	Limestone, pozzolan, gypsum, silica & iron	4,829,950 mt
<b>Fuels</b>	Coal	3,253,324 MMBtu
	Oil	25,711 MMBtu
	Natural gas	5,511,953 MMBtu
<b>Semi-finished Products</b>	Clinker	3,367,533 mt
<b>Packaging</b>	Paper bags	59,552,340
	Big bag	11,183

### Condorcocha Plant

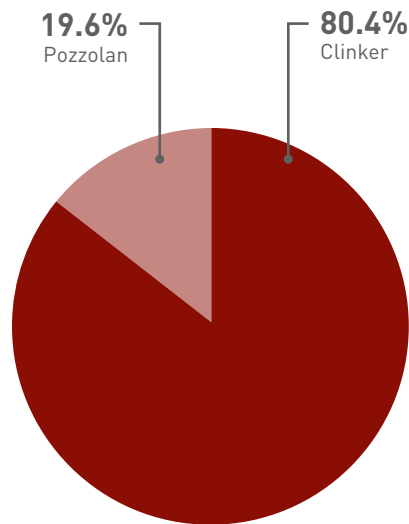
	Material	Quantity
<b>Raw materials</b>	Limestone, pozzolan, gypsum, silica & iron	1,756,701 mt
<b>Fuels</b>	Coal	5,197,800.9 MMBtu
	Oil	238,200.1 MMBtu
	Ash	52,101 mt
<b>Semi-finished Products</b>	Clinker	509,040 mt
<b>Packaging</b>	Paper bags	33,676,469

Our clinker and cement manufacturing processes have been subject to environmental impact studies, in which we identify, evaluate and put forward improvements in significant environmental aspects such as dust emissions from our processes. In order to reduce them, we have implemented modern particle capture systems such as sleeve filters and electro filters.

We also seek better alternatives in cement manufacture, which will make us more efficient users of resources and raw materials. For that purpose we have reduced the percentage of clinker in the composition of cement, replacing it with limestone and pozzolan; this type of cement is known as additive-based cement. This has enabled us to extend the life of our quarries and reduce GHG emissions, since limestone and pozzolan, being raw materials, do not require heat treatment like clinker does.

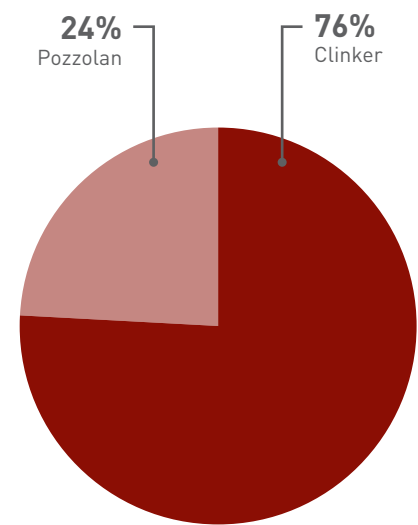
### Value contributions of materials

**Atocongo Plant type IP cement**



In type IP production pozzolan replaces 19.6% of all clinker used\*.

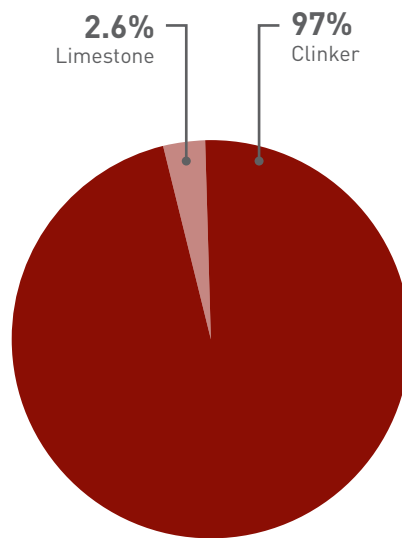
**Condorcocha Plant type IP cement**



In type IP cement production pozzolan replaces 24% of all clinker used.

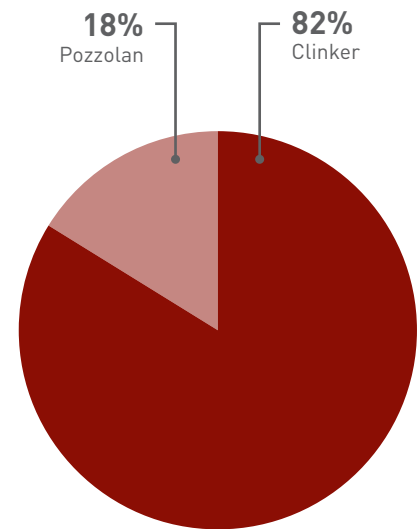


### Atocongo Plant type IPM



In type I cement production limestone replaces 2.6% of all clinker used \*.

### Condorcocha Plant type IPM



In type IPM cement production pozzolan replaces 18% of all clinker used.

In the field of materials management, replacement of clinker by pozzolan enables us to offer pozzolanic cement (type IP and IPM), which makes efficient use of raw materials and energy, as well as reducing GHG emissions.

\*This figure does not include clinker from Condorcocha.

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## 7.2 Responsible water management

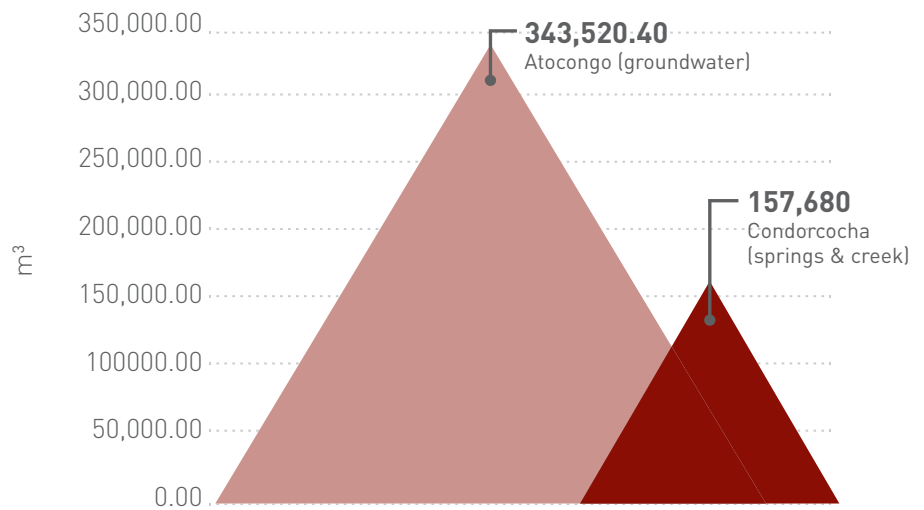
We know that water is a valuable and an essential resource and for that reason our water management is focused on optimizing the resource both in our manufacturing operations and offices.

### Water consumption in 2012:

- Condorcocha Plant: 195,523 m<sup>3</sup>
- Atocongo Plant: 640,764 m<sup>3</sup>

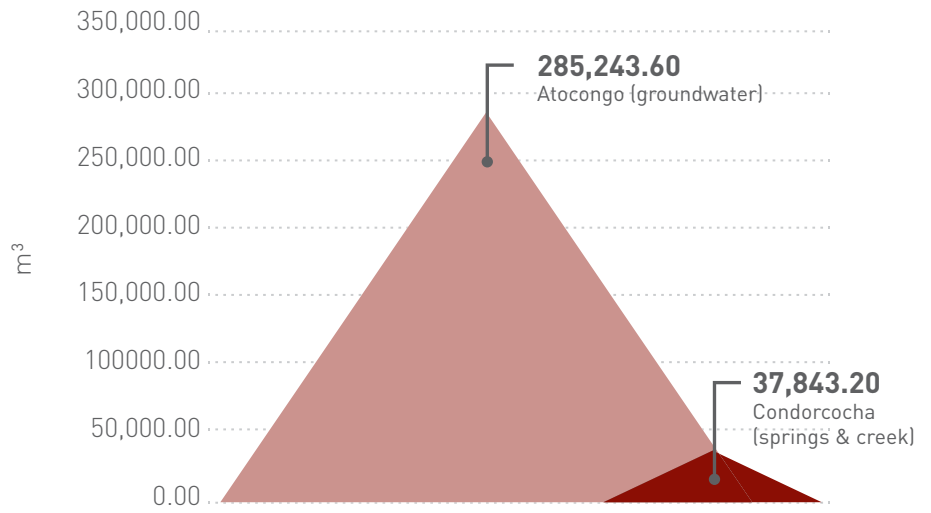


### 2012 Water consumption Domestic use





### 2012 Water consumption Mining and industrial use



Because of the geographical location of our operations, we mainly use ground water and springs, which in some cases we share with local communities.

### Responsible water management initiatives

Initiative	Description and achievements
The "Make a Difference" program	Its objective is to create a culture of the correct use of natural resources. As far as our employees are concerned, we give training and run campaigns encouraging optimum use and stopping waste.
Water balance study	This study has enabled us to reduce the volume of effluent discharged into the public sewers. Reductions: 63% (1999), 43% (2001), 35% (2008) to 0% (2012), the latter being due to the commissioning of the waste water treatment plant. (WWTP).
System for reusing industrial water at Atocongo and Condorcocha	Water is used for cooling motors and bearings, among other items, to enable the kilns, presses and mills to operate normally. This water is diverted to a closed cooling circuit. Achievements in 2012: at Atocongo and Condorcocha we now recycle 100% of the industrial process water.
Waste Water Treatment Plant (WWTP)	We reuse 100% of our waste water.



## Waste Water Treatment Plant (WWTP)

The opening of the WWTP demonstrates our commitment to preserve water by reuse. We reuse 100% of the effluent generated by the plants, offices and camp to irrigate parks and gardens and to supply the fire-fighting system. In 2012 at the Atocongo plant we reduced underground water extraction by more than 10 thousand m<sup>3</sup> a month, which represents 25% of total underground water used. Similarly, at our Condorcocha plant a new oxidation lagoon reduced ground water use by more than 9 thousand m<sup>3</sup> a month, which represents 34.5% of maximum ground water use.

Furthermore, we propose to introduce improvements to the treatment of water for human consumption including physical, chemical and biological processes to generate better quality water, acceptable by the World Health Organization standards.

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## 7.3 Emissions management and Climate Change

The phenomenon of climate change is an incentive to seek environmentally efficient alternatives that enable us to reduce the main cause of emissions into the atmosphere. As a company we are determined to reduce emissions of particulate material and GHG emissions for each ton of cement produced. We have adopted specific guidelines to address climate change:

### 1.- Fuel consumption

- **Use of natural gas:** reduction of more than 120 tons of CO<sub>2</sub> equivalent.
- **Alternative fuels:** co-processing (co-incineration of waste): we are evaluating the feasibility of implementing this, as we are a waste management alternative for the community.

### 2.- Electricity consumption

- **Clean energy:** El Platanal, Carpapata 1 and 2 hydroelectric power stations, with Carpapata 3 under construction.
- **Co-generation of energy.**

### 3.- Industrial processes for cement manufacture

- **Additive-based cements:** use of additives to reduce GHG emissions, such as pozzolan (30,3 tons of CO<sub>2</sub> at Condorcocha) in our cements. The use of fly ash and blast furnace slag are under evaluation.
- **Modernization of the plant:** The implementation process will be completed during the first half of 2013 and will result in heat and electricity savings and lower GHG emissions.

### 4.- Transport of materials (supplies and materials)

- Testing and maintenance of vehicles.
- Watering of internal roads in raw material storage areas and quarries, as well as other roads.

- Atocongo-Conchán conveyor belt: an underground conveyor approximately 8 km long, which has eliminated major spillages, reduced noise and environmental and safety risks to the community.
- Since 2009 the Atocongo plant has produced no CO<sub>2</sub> emissions from transport of materials.
- We have invested more than 108 million soles in initiatives to improve the conveyor zone, reduce GHG emissions and built new roads.

### **5.-The “Make A Difference” program**

- Efficient and responsible use of water.
- The “Plant a Tree, Start a Life” campaign.
- Earth hour.
- Environment week.

With regard to the minimizing of indirect GHG emissions, we have made every effort to standardize the maintenance of our vehicles and offer transport facilities to our employees.

### **Carbon credits**

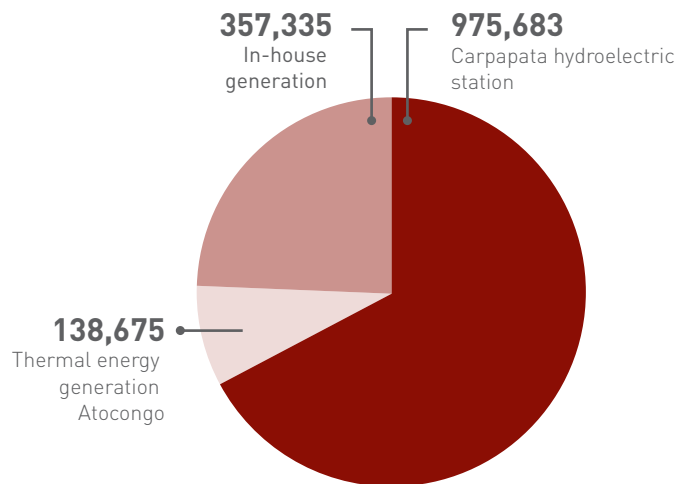
We implemented a Clean Development Mechanism project in adherence to the United Nations Framework Convention on Climate Change. Through this mechanism we are committed to replace most of our fossil fuel use with natural gas in the cement manufacturing process. In order to evaluate our achievements, we perform continual monitoring and at the end of 2011 we passed our third periodic verification of GHG emissions reductions.

## 7.4 Energy efficiency

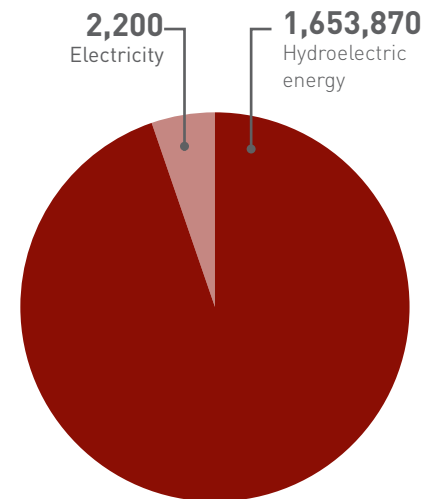
The cement manufacturing process requires high levels of energy use and for that reason we seek to satisfy our energy needs from renewable sources, thus reducing our environmental impact. Our plants are supplied with energy from our Carpapata and Platanal (Celepsa) hydroelectric power stations, in which we are the major shareholder. Furthermore, we have a thermal power station called Generación Eléctrica de Atocongo (GEA), which provides energy at peak times and when energy demand is at its highest. We also save on energy use by modernizing our equipment, particularly the kilns, through the maintenance of machinery and through the use of timers.



**2012 Direct energy consumption (in GJ)**



**2012 Indirect energy consumption (in GJ)**







## **Carpapata hydroelectric power stations – Condorcocha plant**

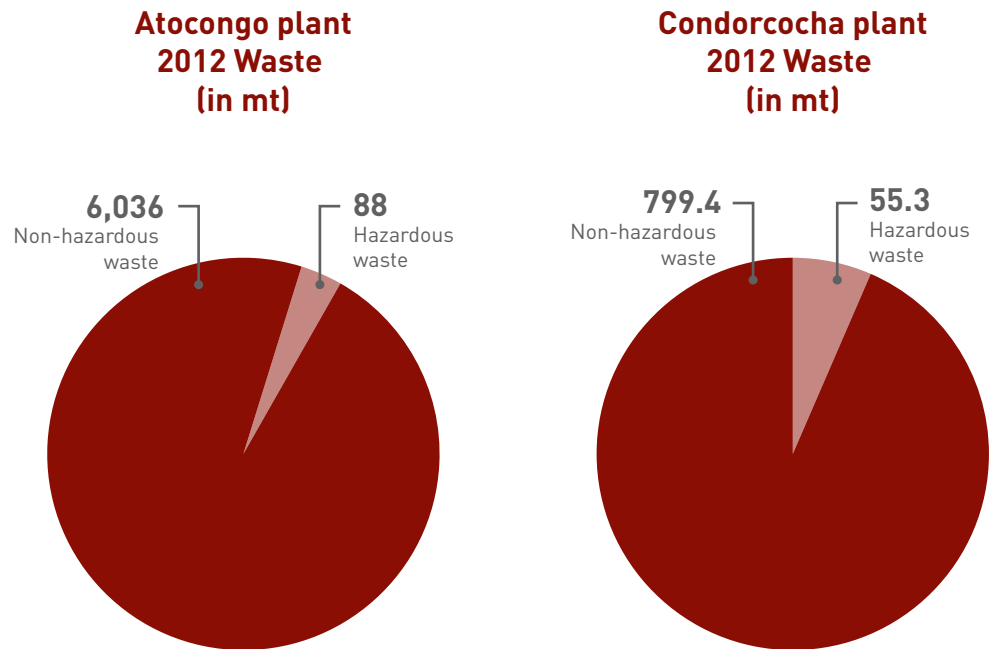
The first hydroelectric power station at Carpapata opened in 1958 and the transmission lines supply our operations and the neighboring community with clean energy. Commissioning of Carpapata 2 considerably increased the generating capacity and enabled us to meet the energy requirements of cement manufacture.

In order to continue expanding its capacity, in 2010 we connected it to the National Grid System. Our goal in 2013 is to commission the Carpapata 3 power station, in order to help preserve the environment by using more renewable energy.

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## 7.5 Integrated waste management

We manage the waste generated throughout our production chain, identifying the best ways to reduce, reuse and recycle, in order to diminish waste. Hazardous and non-hazardous waste at our Atocongo plant amounted to 6,124 metric tons in 2012 and at Condorcocha the figure was 854.7 metric tons.



We use solid waste service companies (EPS-RS) to handle final disposal of waste, and we recycle hazardous waste. As far as Atocongo is concerned, in 2012 we recycled 61.8% of its non-hazardous waste through sales and donations of paper to the “Las Palmeras” recyclers association. At Condorcocha we reused 100% of the glass and tiles generated in the cement production process and recycled 100% of the oil used in the production process. In 2012, 5 tons of glass were used in the production process. We also have a composting plan for garden waste and make use of the sweepings from the plants.

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## 7.6 Managing biodiversity

Our quarrying activities have an effect on the soil, flora and fauna, so we develop and encourage research projects leading to the rehabilitation and restoration of the affected areas.

- **Soil rehabilitation and restoration:** we have helped clean the drains from our *Las Dunas* mining unit in the Department of Ica, in order to optimize the water use in agriculture.
- **Research into seasonal flora** for planting in the areas affected by our activities and reintroduce native fauna.
- **Biological monitoring** of the direct area of influence of our quarrying activities, aimed at understanding the seasonal behavior of local flora and fauna as we develop the quarries.
- **Maintenance of parks and gardens:** we have more than 30 hectares of parks and gardens, provided with efficient irrigation systems that reuse treated waste water from the waste water treatment plant.
- **Atocongo Zoological Garden:** we have 24 species, including ostriches, deer, parrots, coatíes, coastal foxes and other animals, living in appropriate conditions. They receive balanced feed to ensure that they thrive and reproduce, and are cared for by dedicated staff and veterinarians.

It is worth mentioning the importance of mine closure plans, given that they are a determining aspect of the duration of quarrying activities. These plans are concerned with the future management of the area, particularly land use in terms of diversity.



Black-necked Stilt "*Himantopus Mexicanus*" on the "Las Hienas" concession.



## Goals for 2013-2015

- Measure the carbon footprint of Atocongo and Condorcocha plants.
- Measure the Water Footprint.
- Implement an Integral Environmental Plan.
- Compost production.



## 8. ALLIANCES AND MEMBERSHIPS

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**Uniting talents.**

“UNACEM participates in several professional and governmental associations, through which we help to spread knowledge of the cement sector”.



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## ALLIANCES AND MEMBERSHIPS

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### Platforms for participation

- Asociación Empresarios por la Educación
- Ministry of Education Environmental Network
- American Chamber of Commerce – AmCham Perú (Sustainable Development Committee)
- British-Peruvian Chamber of Commerce (Social Responsibility Committee)
- National Industrial Society (Social Responsibility Committee)
- RedEAmérica
- Lima Cómo Vamos
- Round Table for the Fight Against Poverty - Southern Cone
- Association of Municipalities of Southern Lima - AMASUR
- Southern Lima Integral Development Plan
- Citizens Safety Committee of Villa Maria del Triunfo
- Round table “Ciudad Productiva”- Villa El Salvador
- Urban Agriculture Forum of Villa Maria del Triunfo
- José Gálvez Area Environment Committee
- Lurin Area Environment Committee
- Nueva Esperanza Area Environment Committee
- Asociación Promotora de Educación Inicial Caritas Gracianas
- Asociación Escuela Declara
- Fundación Codespa
- Centro de Educación Técnica Productiva “Villa Regia”
- Centro de Educación Técnica Productiva “Raúl Porras Barrenechea”
- Centro de Educación Técnica Productiva “Villa Regia”
- Diocesan Seminary of San José – CPR Guayabo - Pachacámac
- Virgen del Rosario technical education center
- Centro de Educación Técnica Productiva
- Building Peru Program



- Ministry of Education – UGEL N° 1
- Ministry of Health – DISA LIMA SOUTH
- Municipality of Lima
- Municipality of Villa Maria del Triunfo
- Municipality of Villa El Salvador
- Municipality of San Juan de Miraflores
- Municipality of Lurin
- Municipality of Pachacamac
- Asociación Deportiva FUTSAL - Peru
- Red de Responsabilidad Social
- Interamerican Foundation
- Asociación Los Andes de Cajamarca
- The Spanish International Aid Agency - AECID POR AMÉRICA
- World University Service of Canada (WUSC)
- Canadian International Aid Agency - CIDA
- Clinton Foundation
- CONFIEP
- DESCO
- NESST
- The Nature Conservancy
- WORLDVISION
- Embassy of Switzerland Giz - German Development Aid Agency
- Canadian International Development Agency
- PRISMA
- Inter-American Development Bank
- Fundación Elea
- Swisscontact



## 9. THIRD PARTY CHECK

GLOBAL REPORTING  
INITIATIVE (GRI)  
DECLARATION OF CONTROL

INDICATOR CONTENTS INDEX

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# THIRD PARTY VERIFICATION

**A**



**PERÚ 20  
21**

**3rd PARTY  
CHECKED**



Global  
Reporting  
Initiative™

Certified  
Training  
Partner

Lima 15th April 2013

Messrs.  
**UNACEM**

Dear Sirs,

A **Level A** Third Party Checked examination of the 2012 Sustainability Report by UNACEM, required by the Global Reporting Initiative (GRI) was carried out in the following manner:

- The 2012 Sustainability Report was read and analyzed in detail, using the GRI Sustainability Report Drafting Guide – G3.1 as the basis.
- Comments and observations were made on the report.
- The final version of the report was subject to a second review and analysis.

The following aspects were taken into account in the analysis:

- Application of the GRI **principles in defining the content** of the sustainability report.
- Application of the GRI **principles on the quality** of the sustainability report.
- Compliance with the minimum aspects and indicators that must be reported to achieve GRI Level A.
- Recommendations for future sustainability reports.

The following is a brief description of the aspects covered by the analysis:

- **Principles for defining the contents and quality of the sustainability report**

The 2012 Sustainability Report by **UNACEM** adheres to the GRI principles for drafting sustainability reports, as far as both content and quality are concerned.

The principle of materiality should continue to prevail, not only in order to find and report relevant content, but also in the presentation of such content. The report not only covers the principal aspects and indicators, it also reports on the mining and metal supplementary indicators, enabling it to establish significant impacts for the company and its interest groups.

As far as participation by interest groups is concerned, it takes a participatory approach and creates space for formal dialog aimed at discovering their perceptions and needs. The tools employed include working meetings, workshops and satisfaction surveys, among others.

In the context of sustainability, the report describes policies that are aligned to the company's Code of Social Responsibility and also demonstrates a long-term commitment to sustainable development through its recent adhesion to the Global Compact.

As far as exhaustiveness is concerned, the report describes the company's economic, social and environmental management and its practices at its two plants: Atocongo and Condorcocha. Practices and performance indicators are developed in accordance with the degree of progress at each plant.

With regard to balance, we would emphasize the commitment shown by UNACEM to information transparency, as it includes not only positive aspects but also situations in which its management can be improved.

■ **Report indicators**

The report covers 67 indicators: 54 main indicators, 13 additional indicators and 11 supplementary indicators concerning mining and metals.

■ **Recommendations**

The analysis gave rise to the following suggested improvements:

- Having been aligned since 2007 with the directives of the GRI Guide, we recommend that future reports should include a comparison with management results from previous years.
- Presentation of the information in the report is relevant and should be given the necessary space and detail in the body of the report rather than the index. It should not be forgotten that the report seeks to inform and communicate the company's economic, social and environmental performance clearly to its interest groups.
- A table of improvement to which the company is committed should be drawn up to enable interest groups to visualize and understand compliance with the company's social responsibility strategy.
- The goals established in the report should be prioritized and followed up.
- Bearing in mind that one of the environmental impacts relevant to the sector is total direct and indirect greenhouse gas emissions, we recommend including further information on these measurements, commitments and actions being taken in this regard.
- Those indicators that are included with a commitment to implementation should be prioritized so that they can be reported in their entirety in the future.

For the reasons described above, we confirm that the 2012 Sustainability Report by **UNACEM** meets the conditions for the following level:

**A: Third Party Checked**



Yours faithfully,  
**Henri Le Bienvenu Mercado**  
**General Manager**  
**Peru 2021**

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## Statement GRI Application Level Check

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## Statement GRI Application Level Check

GRI hereby states that Union Andina de Cementos S.A.A has presented its report "UNACEM Sustainability Report 2012" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see [www.globalreporting.org/SiteCollectionDocuments/ALCMethodology.pdf](http://www.globalreporting.org/SiteCollectionDocuments/ALCMethodology.pdf)

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 12 April 2013

Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative



*The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. [www.globalreporting.org](http://www.globalreporting.org)*

*Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 2 April 2013. GRI explicitly excludes the statement being applied to any later changes to such material.*

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# INDICATOR CONTENT INDEX

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GRI INDICATORS		RESPONSE / PAGE	GLOBAL COMPACT	ISO 26000
<b>Strategy and analysis</b>				
1.1	Declaration of the most senior person responsible for taking decisions in the organization (managing director, president or equivalent) on the relevance of sustainability for its organization and strategy.	Page 12 - 15	Declaration of adherence	Clause 6.2
1.2	Description of the main impacts, risks and opportunities.	Page 12 - 15 The risks and opportunities of the interest groups are described in the performance sections of this report.		
<b>Profile of the organization</b>				
2.1	Name of the organization.	Unión Andina de Cementos S.A.A.		
2.2	Main brands, products and/or services.	Page 24, 25		
2.3	Operating structure of the organization, including the main divisions, operating entities, affiliates and joint ventures.	UNACEM is structured as follows: administration, marketing, project implementation, corporate development, finance, legal and operations. In parallel, the Asociación UNACEM operates as a non-profit-making organization.		Clause 6.2
2.4	Location of the organization's registered office.	UNACEM's registered office is located on Av. Carlos Villarán 514, Santa Catalina, La Victoria, Lima.		
2.5	Number of countries in which the organization operates, and countries in which it has significant activities, or those that are specifically relevant to the sustainability aspects discussed in the report.	UNACEM has units throughout Peru, in Lima, Tarma, Ayacucho and Paracas, among other places.		



GRI INDICATORS		RESPONSE / PAGE	GLOBAL COMPACT	ISO 26000
<b>Profile of the organization (continuación)</b>				
2.6	Nature of ownership and legal structure.	Page 30		
2.7	Markets served (including geographical information on the sectors it supplies and type of clients/beneficiaries).	Page 26		
2.8	Dimensions of the reporting organization.	Page 35, 40		
2.9	Significant changes during the period covered by the report in the size, structure and ownership of the organization.	Page 18		
2.10	Awards and distinctions received during the period covered by the report.	Page 29		
<b>Annual report parameters</b>				
3.1	Period covered by the information contained in the report (for example: fiscal year, calendar year).	January to December 2012.		
3.2	Date of most recent previous report: (if any).	Fiscal year 2011.		
3.3	Frequency of reports (annually, bi-annually, etc.).	Annually.		
3.4	Point of contact for questions about the report or its contents.	Martha Azpur Social Responsibility and Communications martha.azpur@asociacionunacem.org		
<b>Scope and coverage of the report</b>				
3.5	Process for defining the content of the report.	The contents of the report were defined after an analysis of fiscal year 2012, based on the company's strategic goals. Thereafter, information is compiled from all departments, which contribute ideas in accordance with the expectations and perceptions of the interest groups involved with each one.		

GRI INDICATORS		RESPONSE / PAGE	GLOBAL COMPACT	ISO 26000
<b>Scope and coverage of the report</b>				
3.5	Process for defining the content of the report.	The contents of the report were defined after an analysis of fiscal year 2012, based on the company's strategic goals. Thereafter, information is compiled from all departments, which contribute ideas in accordance with the expectations and perceptions of the interest groups involved with each one.		
3.6	Coverage of the report (for example: countries, divisions, associates, leased properties, joint ventures, suppliers).	This Sustainability Report covers the Atocongo and Condorcocha plants operated by UNACEM. Although the company has other units, they are not covered by this report.		
3.7	Indication of any limitations on the scope or coverage of the report.	This document provides information on the economic, social and environmental performance of UNACEM. Practices and performance indicators depend on the degree of progress with the management of the Atocongo and Condorcocha plants.		
3.8	The basis for including information on joint ventures, affiliates, rented installations, subcontracted activities and other entities that could have a significant effect on the ability to compare periods and/or organizations.	Because of the merger between Cementos Lima and Cemento Andino in 2012, we have included the management of the Condorcocha plant (formerly belonging to Cemento Andino) into this report. This new information may affect the comparative evaluation of different periods.		
3.9	Techniques for measuring data and the bases for calculation, including the hypotheses and techniques underlying the estimates used in compiling indicators and other information in the report.	All the calculations used in this report are based on internal methodologies and many are indicators established by		

GRI INDICATORS		RESPONSE / PAGE	GLOBAL COMPACT	ISO 26000
<b>Scope and coverage of the report</b>				
3.9	Techniques for measuring data and the bases for calculation, including the hypotheses and techniques underlying the estimates used in compiling indicators and other information in the report.	the Stock Exchange Regulator (SMV).		
3.10	Description of the effect that may arise from a re-expression of relevant information from previous reports, together with the reasons for such re-expression (for example: mergers and acquisitions, changes in reporting period, the nature of the business or methods of valuation).	The indicators used are as defined in the previous report, nevertheless, this fiscal year saw the merger between Cementos Lima and Cemento Andino (now UNACEM) and for that reason the results of the Condorcocha plant have been incorporated into the report.		
3.11	Significant changes relating to earlier period in the scope, coverage or valuation methods used in the report.	In 2012 the Condorcocha plant was included in the report, and this could affect any comparative evaluation of different periods.		
<b>GRI contents index</b>				
3.12	Table indicating the location of the basic contents of the report.	Page 126		
<b>Verification</b>				
3.13	Current policies and practices relating to requests for external verification of the report.	This Sustainability Report has been subject to a third party evaluation and verification by the Global Reporting Initiative (GRI), in accordance with the guidelines established by the GRI Guide G3.1.		Clause 7.5.3

GRI INDICATORS		RESPONSE / PAGE	GLOBAL COMPACT	ISO 26000
<b>Government, commitments and participation by interest groups</b>				
Government				
4.1	The government structure of the organization, including the most senior committees responsible for tasks such as the definition of strategy or supervision of the organization.	Page 31		Clause 6.2
4.2	4.2 Indicate whether the president of the most senior governing entity also holds an executive position (if so, give his function within the management of the organization and reasons to justify this).	The president of the Board of Directors does not occupy a management post.		Clause 6.2
4.3	In those organizations that have a unitary management structure, indicate the number of independent and non-executive members of the senior governing entity.	Page 30		Clause 6.2
4.4	Mechanisms available to shareholders and employees for communicating recommendations or indications to the senior governing entity.	We have established means of communication, such as weekly meetings between labor unions and the HR Department, and meetings between collaborators and the general management and other departments in which priority matters are discussed. Employees take their queries and suggestions to the departments and these in turn channel them to the board of directors. As far as the shareholders are concerned, communication with corporate management takes place in person.		Clause 6.2
4.5	Link between the remuneration of members of the most senior governing entity, senior management and executives (including severance agreements) and the performance of the organization (including social and environmental performance).	The members of the board of UNACEM receive a fixed remuneration and the management receive a bonus in addition to their remuneration for meeting annual sales targets.		Clause 6.2

GRI INDICATORS	RESPONSE / PAGE	GLOBAL COMPACT	ISO 26000
<b>Government, commitments and participation by interest groups</b>			
Government			
4.6	Procedures for avoiding conflicts of interest in the senior governing entity.	The UNACEM code of conduct also applies to the directors. These regulations ensure that there are no conflicts of interest within the company.	Principle 10  Clause 6.2
4.7	Procedure for determining the training and experience required of members of the most senior governing entity, for guiding the organization's strategy on social, environmental and economic aspects.	UNACEM has a procedure for determining the skills and experience required of its directors, so that they can guide the organization's strategy in social, economic and environmental matters.	Principles 1,2,3,4,5,6,7, 8,9,10  Clause 6.2
4.8	Mission statements and internal values, codes of conduct and principles relevant to the economic, environmental and social performance and their implementation.	Page 20	Clause 6.2
4.9	Procedure used by the senior government entity for supervising the organization's identification and management of economic, environmental and social performance, including related risks and opportunities as well as adherence to or compliance with international standards, codes of conduct and principles.	The board of directors supervises the sustainable management of the company through the Integrated Management System and in compliance with the guidelines contained in the social responsibility policy and the code of conduct.	Clause 6.2
4.10	Procedures for evaluating the performance of the senior governing entity, particularly with respect to economic, environmental and social performance.	The guidelines contained in the code of conduct and social responsibility policy apply equally to the company's directors. We therefore use these directives to evaluate the performance of the board of directors.	Clause 6.2

GRI INDICATORS		RESPONSE / PAGE	GLOBAL COMPACT	ISO 26000
<b>Commitments to external initiatives</b>				
4.11	Description of how the organization has adopted a precautionary proposal or principle.	Page 55		Clause 6.2
4.12	Social, environmental and economic principles or programs developed externally, as well as any other initiative subscribed to or approved by the organization.	Page 30	Principle 7	Clause 6.2
4.13	Main associations to which it belongs (such as business associations) and/or domestic and international bodies supported by the organization.	Page 43		Clause 6.2
<b>Participation by interest groups</b>				
4.14	List of interest groups included by the organization.	Page 27		Clause 6.2
4.15	Base for identifying and selecting interest groups to which the organization is committed.	Page 27		Clause 6.2
4.16	Approach adopted for including interest groups, including the frequency of their participation broken down by type and category of interest groups.	Page 27		Clause 6.2
4.17	Principal concerns and aspects of interest that have arisen from participation by interest groups and the way in which the organization has responded to them in preparing the report.	Page 28		Clause 6.2

GRI INDICATORS		RESPONSE / PAGE	GLOBAL COMPACT	ISO 26000
<b>Economic performance</b>				
		Management approach	Page 38	
Principal	EC1	Direct economic value generated and distributed, including income, costs of exploitation, wages and salaries, donations and other investments in the community, benefits not distributed and payments to providers of capital and the government.	Page 38, 92	Clauses 6.8, 6.8.3, 6.8.7, 6.8.9
Principal	EC2	Financial consequences and other risks and opportunities for the organization due to climate change.	Not applicable.	Principle 7 Clause 6.5.5
Principal	EC3	Coverage of the organization's obligations arising from social benefits programs.	Investment in social benefits: 4,930,267 soles.	
Principal	EC4	Significant financial aid received from government.	We do not receive any government financing.	
Additional	EC5	Range of ratios between standard starting wage and minimum local wage in areas where significant operations are carried out.	Not Available.	Principle 1 Clauses 6.4.4 and 6.8
Principal	EC6	Politics, practices and proportion of expenditure corresponding to local suppliers in areas where significant operations are carried out.	Page 90, 91	Clauses 6.6.6, 6.8, 6.8.5 and 6.8.7
Principal	EC7	Procedures for local hiring and proportion of senior managers from the local community in areas where significant operations are carried out.	Page 48 UNACEM does not have a local hiring policy, but we give priority to people living in our areas of influence.	Clauses 6.8, 6.8.5 and 6.8.7

GRI INDICATORS		RESPONSE / PAGE	GLOBAL COMPACT	ISO 26000
<b>Economic performance</b>				
Principal	EC8	Development and impact of investments in infrastructure and services rendered principally for public benefit through commercial contracts, pro bono or in kind.	Page 72	Clauses 6.3.9, 6.8, 6.8.3, 6.8.4, 6.8.5, 6.8.6, 6.8.7 and 6.8.9
Additional	EC9	Understanding and description of significant indirect economic impacts, including the scope of these impacts.	Not Available.	Clauses 6.3.9, 6.6.6, 6.6.7, 6.7.8, 6.8, 6.8.5, 6.8.6, 6.8.7 and 6.8.9
<b>Employment practices</b>				
		Management approach	Page 144	Principles 2, 3, 4 and 6
Principal	LA1	All employees broken down by job type, contract region and gender.	Breakdown of collaborators by contract: 100% of employees on the payroll have an indefinite employment contract. Breakdown by gender: 80 women, 541 men.	Principle 6 Clauses 6.4 and 6.4.3
Principal	LA2	Total number of employees and average rotation of employees, broken down by age group, gender and region.	Rate of rotation of collaborators: 0.06. By category: employees: 1, plant employees: 0. By sex: women: 3 and men: 17.	Principle 6 Clauses 6.4 and 6.4.3
Additional	LA3	Social benefits for full-time employees that are not offered to temporary or part-time employees, broken down by location of principal activities.	At UNACEM our collaborators enjoy legal benefits, such as: -Family medical insurance: for employees and their dependents (spouse, parents & children).	Clauses 6.4, 6.4.3 and 6.4.4



GRI INDICATORS		RESPONSE / PAGE	GLOBAL COMPACT	ISO 26000
<b>Employment practices</b>				
Additional	LA3	Social benefits for full-time employees that are not offered to temporary or part-time employees, broken down by location of principal activities.	For administrative staff, the company pays 100% of the monthly premium, and for other employees and, plant workers, it pays 80%. -SCTR payment. -Payment of legal life insurance. -Emergency loans.	Clauses 6.4, 6.4.3 and 6.4.4
Principal	LA15	Levels of return to work and after maternity or paternity leave, broken down by sex.	In 2012, Atocongo Plant had one person took maternity leave and ten took paternity leave. All returned to work after these periods were over.	
Principal	LA4	Percentage of employees covered by a collective bargaining agreement.	Our employees are represented by the Sindicato Único de Trabajadores de Unión Andina de Cementos S.A.A, which has 134 members, including staff and plant employees. 38.2% of employees are covered by a collective bargaining agreement and its agreements apply to all staff and plant employees.	Principle 3  Clauses 6.4, 6.4.3, 6.4.4, 6.4.5 and 6.3.10
Principal	LA5	Minimum prior warning period(s) for organizational changes, including whether such notifications are specified in the collective bargaining agreements.	Collective bargaining agreements do not specify minimum warning periods before organizational changes, but in practice we report changes to the labor union in advance.	Principle 3  Clauses 6.4, 6.4.3, 6.4.4 and 6.4.5
Additional	LA6	Percentage of total employees represented on joint management-employee health and safety committees established to assist and monitor health and safety at work programs.	Page 60	Clauses 6.4, and 6.4.6

GRI INDICATORS			RESPONSE / PAGE	GLOBAL COMPACT	ISO 26000
<b>Employment practices</b>					
Principal	LA7	Rates of absenteeism, work-related illnesses, days lost and number of fatal accidents at work broken down by region and gender.	Page 57	Principle 2	Clauses 6.4 and 6.4.6
Principal	LA8	Education, training and risk control and prevention programs applicable to employees, their families or members of the community relating to serious illnesses.	Page 59	Principle 6	Clauses 6.4, 6.4.6, 6.8, 6.8.3, 6.8.4 and 6.8.8
Additional	LA9	Health and safety matters covered by formal agreements with labor unions.	Not Available	Principle 6	Clauses 6.4 and 6.4.6
Principal	LA10	Average hours training per year per employee, broken down by employee category.	Page 52	Principle 6	Clauses 6.4 and 6.4.7
Additional	LA11	Skills management and continual training programs to encourage the employability of workers and support them at the end of their professional careers.	Page 48		Clauses 6.4, 6.4.7 and 6.8.5
Additional	LA12	Percentage of employees who receive regular performance and professional development evaluations, broken down by gender.	Page 50	Principle 6	Clauses 6.4 and 6.4.7
Principal	LA13	Composition of the corporate governance and human resources management broken down by gender, age group, minority presence and other diversity indicators.	The board of directors is made up of 13 men, of which 1 is aged between 30 and 50 and the rest are over 50.	Principle 6	Clauses 6.3.7, 6.3.10, 6.4 and 6.4.3

GRI INDICATORS		RESPONSE / PAGE	GLOBAL COMPACT	ISO 26000	
<b>Employment practices</b>					
Principal	LA14	Relation between the basic wage for men and for women, broken down by professional category.	Ratio of men's basic wage to that of women: 1.01.	Principle 6	Clauses 6.3.7, 6.3.10, 6.4, 6.4.3 and 6.4.4
<b>Human rights</b>					
		Management approach	Page 12 - 15	Principles 1, 2, 3, 4, 5 and 6	
Principal	HR1	Percentage and total number of significant investment agreements that include human rights clauses or have been subject to an analysis concerning human rights.	We do not have significant investment agreements that include human rights clauses. However we do have clauses in line with the requirements of Peruvian legislation.		Clauses 6.3, 6.3.3, 6.3.5 and 6.6.6
Principal	HR2	Percentage of principal distributors and contractors that have been subject to human rights analysis, and measures adopted as a consequence.	Page 92	Principles 1, 2, 3, 4, 5 and 6	Clauses 6.3, 6.3.3, 6.3.5 and 6.6.6
Additional	HR3	Total number of hours training for employees on policies and procedures relating to those aspects of human rights that are relevant to their activities, including the percentage of employees trained.	Not Available.		Clauses 6.3 and 6.3.5
Principal	HR4	Total number of incidents of discrimination and measures taken.	In the period in question no incidents of discrimination were reported in any of our operations.		Clauses 6.3, 6.36, 3.3.7, 6.3.10 and 6.4.3

GRI INDICATORS		RESPONSE / PAGE	GLOBAL COMPACT	ISO 26000
<b>Human rights</b>				
Principal	HR5	Significant operations and suppliers in which the right to free association and to collective bargaining may be violated or be at significant risk, and the measures adopted to strengthen these rights.	<p>At UNACEM our policy is to respect the right to free association at all our operations and the right to adopt collective bargaining agreements with the company. We thus have two labor unions, one at Atocongo and another at Condorcocha.</p> <p>In order for the union to do its work, not only does it have its own premises and a means of transmitting concerns to the Human Resources Department, round table discussions and social meetings are held with the union.</p>	<p>Principles 1, 2, 4,5 and 6</p> <p>Clauses 6.3, 6.3.3, 6.3.4, 6.3.5, 6.3.8, 6.3.10, 6.4.3 and 6.4.5</p>
Principal	HR6	Significant operations and suppliers where there is a real risk of child labour and the measures adopted to help to effectively abolish child labor.	UNACEM does not have any operations where there is a risk of child labor, as all employees must be of legal age.	<p>Principles 1, 2 and 3</p> <p>Clauses 6.3, 6.3.3, 6.3.4, 6.3.5, 6.3.7 and 6.3.10</p>
Principal	HR7	Significant operations and suppliers identified as at risk of originating episodes of forced or obligatory labor, and the measures taken to help to eliminate all forms of forced or obligatory work.	UNACEM does not have any operations where there is a risk of forced or obligatory labor, as all employees must be of legal age.	<p>Clauses 6.3, 6.3.3, 6.3.4, 6.3.5, 6.3.7 and 6.3.10</p>
Additional	HR8	Percentage of security personnel trained in the organization's policies or procedures in aspects of human rights relevant to its activities.	Not Available.	<p>Clauses 6.3, 6.3.5, 6.4.3 and 6.6.6</p>

GRI INDICATORS		RESPONSE / PAGE	GLOBAL COMPACT	ISO 26000	
<b>Human rights</b>					
Additional	HR9	Total number of incidents relating to the violation of the rights of indigenous peoples and measures adopted.	Not Available.	Principles 1 and 2	Clauses 6.3, 6.3.6, 6.3.7, 6.3.8 and 6.6.7
Principal	HR10	Percentage and total number of operations that have been reviewed or evaluated for human rights impacts.	We do not have any operations that have been evaluated from a human rights perspective, but we are committed to respecting and valuing the culture of the community and to going beyond basic compliance with their rights.		
Principal	HR11	Number of complaints about human rights issues that have been submitted, addressed and resolved through formal conciliatory mechanisms.	We have had no human rights complaints in the period in question.		
<b>Society</b>					
		Management approach	Page 66	Principles 1 and 10	
Principal	S01	Percentage of operations in which development programs and impact evaluations have been implemented and the local community involved.	Page. 66 54% of our operations include an evaluation of impacts as part of our relationship with our interest groups.		Clauses 6.3.9, 6.8, 6.8.5, 6.8.7 and 6.6.7
Principal	S09	Operations with significant real or possible negative impacts on local communities.	Page 76		

GRI INDICATORS		RESPONSE / PAGE	GLOBAL COMPACT	ISO 26000
<b>Society</b>				
Principal	S010	Prevention and mitigation measures implemented in operations with significant real or possible negative impacts on local communities.	Page 66	
Principal	S02	Percentage and total number of business units analyzed for risk of corruption.	This information is not available at present, but we have proposed action to include it in the next report.	Principle 10 Clauses 6.6 and 6.6.3
Principal	S03	Percentage of employees trained in the organizations anticorruption policies and procedures.	Page 32	Principle 10 Clauses 6.6 and 6.6.3
Principal	S04	Measures taken regarding incidents of corruption.	No incidents of corruption were reported in fiscal year 2012.	Clauses 6.6 and 6.6.3
Principal	S05	Position in public policy and participation in the development of such policy and lobbying activities".	UNACEM does not take part in any lobbying. We support draft acts of parliament through participation in professional associations such as the Sociedad Nacional de Industrias.	Clauses 6.6, 6.6.4 and 6.8.3
Additional	S06	Total value of financial contributions and contributions in kind to political parties or related institutions, broken down by country.	Not Available.	Clauses 6.6, 6.6.4 and 6.8.3
Additional	S07	Total number of legal actions taken relating to monopolistic practices and against free competition and their results.	Not Available.	Clauses 6.6, 6.6.5 and 6.6.7
Principal	S08	Monetary value of significant sanctions and fines and total number of non-monetary sanctions deriving from non-compliance with laws and regulations.	No penalties for non-compliance with laws or regulations were imposed in 2012.	Clauses 6.6, 6.6.5 and 6.6.7

GRI INDICATORS		RESPONSE / PAGE	GLOBAL COMPACT	ISO 26000
<b>Product liability</b>				
		Management approach	Page 82	
Principal	PR1	Phases of the life cycle of products and services in which their impacts on the health and safety of clients are evaluated with a view to improvement, and percentage of product and service categories subject to such evaluations.	UNACEM possesses OHSAS 18001 certification, which ensures quality and safety in all stages of the product life cycle. Cement as our end product has no negative impacts on the health and safety of customers. Nevertheless, our cement bags contain information on the precautions to be taken when handling it.	Principle 7  Clauses 6.3.9, 6.6.6, 6.7, 6.7.4 and 6.7.5
Additional	PR2	Total number of incidents derived from non-compliance with legal regulations or voluntary codes concerning the impacts of products and services on health and safety during their life cycle, broken down by type of result of such incidents.	Not Available.	Clauses 6.3.9, 6.6.6, 6.7, 6.7.4 and 6.7.5
Principal	PR3	Type of information on the products and services required by current procedures and regulations and percentages of products and services subject to these information requirements.	Thus UNACEM complies with all the legal requirements and Peruvian standards for labeling product: <ul style="list-style-type: none"> <li>• Law 28405, Product Labeling.</li> <li>• S.D. 020- 2005 PRODUCE Executive Regulations to the Product Labeling Act.</li> </ul>	Clauses 6.7, 6.7.3, 6.7.4, 6.7.5, 6.7.6 and 6.7.9
Additional	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning information and labeling of products and services, broken down by type of result of such incidents.	Not Available.	Clauses 6.7, 6.7.3, 6.7.4, 6.7.5, 6.7.6 and 6.7.9
Additional	PR5	Practices concerning client satisfaction, including the results of client satisfaction studies.	Page 86	Clauses 6.7, 6.7.4, 6.7.5, 6.7.6, 6.7.8 and 6.7.9

GRI INDICATORS		RESPONSE / PAGE	GLOBAL COMPACT	ISO 26000
<b>Product liability</b>				
Principal	PR6	Programs for compliance with legislation or adhesion to voluntary standards and codes mentioned in marketing communications, including advertising, other promotional activities and sponsorship activities.	UNACEM is a member of the National Advertisers Association (ANDA Peru), one of the functions of which is to promote self-regulation of advertising and consumer protection, based on the principles legality, decency and accuracy and fair competition in the advertising industry.	Principle 3  Clauses 6.7, 6.7.4, 6.7.5, 6.7.6, 6.7.8 and 6.7.9
Additional	PR7	Total number of incidents arising from non-compliance with the regulations concerning marketing communications, including advertising, promotions and sponsorship, broken down by type of result of such incidents.	Not Available.	Principle 3  Clauses 6.7, 6.7.3, 6.7.6 and 6.7.9
Additional	PR8	Total number of justified claims relating to privacy and the loss of personal client data.	Not Available.	Clauses 6.7 and 6.7.7
Principal	PR9	Cost of significant fines deriving from non-compliance with legislation concerning the supply and use of the organization's products and services.	No significant fines were imposed relating to the supply and use of our products.	Clauses 6.7 and 6.7.6
<b>The environment</b>				
		Management approach	Page 96	Principles 7,8 and 9
Principal	EN1	Materials used, by weight or volume.	Page 100, 101, 110	Clauses 6.5 and 6.5.4
Principal	EN2	Percentage of materials used that have been valued.	Page 101	Clauses 6.5 and 6.5.4
Principal	EN3	Direct energy consumption broken down by primary sources.	Page 100, 101	Clauses 6.5 and 6.5.4



GRI INDICATORS			RESPONSE / PAGE	GLOBAL COMPACT	ISO 26000
<b>The environment</b>					
Principal	EN4	Indirect energy consumption broken down by primary sources.	Page 110	Principle 8	Clauses 6.5 and 6.5.4
Additional	EN5	Energy savings through conservation and efficiency improvements.	Page 110		Clauses 6.5 and 6.5.4
Additional	EN6	Initiatives to provide products and services that are energy efficient or based on renewable energy, and the reductions in energy consumption resulting from these.	Page 110		Clauses 6.5 and 6.5.4
Additional	EN7	Initiatives to reduce indirect energy consumption and reductions achieved by such initiatives.	Not Available.		Clauses 6.5 and 6.5.4
Principal	EN8	Total water use broken down by source.	Page 104 We do not have a breakdown of water use by source for the Condorcocha plant; this will be included in the 2013 report.		Clauses 6.5 and 6.5.4
Additional	EN9	Water sources that have been significantly affected by water use.	Not Available.		Clauses 6.5 and 6.5.4
Additional	EN10	Percentage and total volume of water recycled and reused.	Page 106		Clauses 6.5 and 6.5.4
Principal	EN11	Description of land adjacent to or within natural protected areas or unprotected areas high in biodiversity. Indicate the location and size of land owned, leased or managed, which has a high biodiversity in areas remote from any protected areas.	The Las Dunas operation is located in the buffer zone of Paracas National Reserve, which is home to several protected species.		Clauses 6.5 and 6.5.6

GRI INDICATORS		RESPONSE / PAGE	GLOBAL COMPACT	ISO 26000
<b>The environment</b>				
Principal	EN12	Description of the most significant impacts on biodiversity in natural protected areas or unprotected areas high in biodiversity, deriving from the activities, products and services in protected areas and in areas of high biodiversity remote from protected areas.	Page 113	Clauses 6.5 and 6.5.6
Additional	EN13	Protected or restored habitats.	Not Available.	Clauses 6.5 and 6.5.6
Additional	EN14	Strategies and action, both planned and implemented, to manage impacts on biodiversity.	Page 113	Clauses 6.5 and 6.5.6
Additional	EN15	Number of species, broken down by danger of extinction, included in the IUCN Red List and in national lists and whose habitats are located in areas affected by the operations, by degree of threat to the species.	Not Available.	Clauses 6.5 and 6.5.6
Principal	EN16	Total direct and indirect emissions of greenhouse gases, by weight.	Page 108	Clauses 6.5 and 6.5.5
Principal	EN17	Other indirect emissions of greenhouse gases by weight.	We have not yet measured indirect emissions of greenhouse gases, but we plan to do this in 2013 to complete our understanding of our carbon footprint and thus attenuate climate change further.	Clauses 6.5 and 6.5.5
Additional	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Page 109	Clauses 6.5 and 6.5.5
Principal	EN19	Emissions of substances damaging to the ozone layer, by weight.	We do not use substances such as CFCs that damage the ozone layer. Our processes do not involve the use of aerosols for surface paintwork, and the refrigerant gases used in air conditioning systems receive continual maintenance.	Clauses 6.5 and 6.5.3

GRI INDICATORS		RESPONSE / PAGE	GLOBAL COMPACT	ISO 26000	
<b>The environment</b>					
Principal	EN20	EN20, NOx, SOx, and other significant atmospheric emissions, by type and weight.	<p>Atocongo Plant:            -Particulate Materials: Kiln I: 59.6 mg/m<sup>3</sup>, Kiln II: 6.8 mg/m<sup>3</sup>            -NOx emissions: Kiln I: 684.5mg/m<sup>3</sup> mg/m<sup>3</sup>, Kiln II: 499.8 mg/m<sup>3</sup>            -SO<sub>2</sub> emissions: Kiln I: 944.9mg/m<sup>3</sup>, Kiln II:1963.4mg/m<sup>3</sup>.</p> <p>In no case do we exceed the maximum limit allowed by law.</p>		Clauses 6.5 and 6.5.3
Principal	EN21	Total discharges of waste water, by nature and destination.	Page 106, 107		Clauses 6.5 and 6.5.3
Principal	EN22	Total weight of waste managed, by type and method of treatment.	Page 112		Clauses 6.5 and 6.5.3
Principal	EN23	Total number and volume of the most significant accidental spillages.	Page 108		Clauses 6.5 and 6.5.3
Additional	EN24	Weight of waste transported, imported, exported or treated, considered hazardous according to the Basle Convention classification, annexes I, II, III and VIII, and percentage of waste carried across international borders.	Not Available.		Clauses 6.5 and 6.5.3
Additional	EN25	Identification, size, state of protection and biodiversity value of water resources and related habitats significantly affected by discharges of water and runoff from the reporting organization.	Not Available.		Clauses 6.5, 6.5.4 and 6.5.6
Principal	EN26	Initiatives to mitigate the environmental impacts of products and services, and degree of reduction of such impacts.	Cement as such is not a contaminant, and for that reason our environmental approach concentrates on the production process.	Principles 8 y 9	Clauses 6.5, 6.5.4, 6.6.6 and 6.7.5

GRI INDICATORS			RESPONSE / PAGE	GLOBAL COMPACT	ISO 26000
<b>The environment</b>					
Principal	EN27	Percentage of products sold and packaging materials recovered at the end of their useful lives, broken down by product category.	This information is not available at present, but we are considering reporting it in the next fiscal year.		Clauses 6.5, 6.5.4 and 6.7.5
Principal	EN28	Cost of significant fines and number of non-monetary sanctions for non-compliance with environmental legislation.	There were no significant fines or monetary penalties in 2012 for non-compliance with environmental legislation.		Clause 6.5
Additional	EN29	Significant environmental impacts arising from the transport of products and other goods and materials used in the organization's activities, as well as transport of personnel.	Page 108		Clauses 6.5, 6.5.4 and 6.6.6
Additional	EN30	Total environmental expenditure and investments broken down by type.	Page 96	Principles 8 and 9	Clause 6.5
<b>Mining supplement</b>					
Principal	MM1	Amount of land (owned or leased and used for production or extraction activities) disturbed or rehabilitated.	This information is not available but will be reported in future fiscal years.		
Principal	MM2	Number and total percentage of locations where a biodiversity management plan is required and percentage of sites where such plans are being implemented.	All of the 5 quarries at Atocongo have an environmental biodiversity management plan.		Clauses 6.6.6, 6.8, 6.8.5 and 6.8.7
Principal	MM3	Total quantity of rubble, stone, tailings and mud and associated risks.	Page 98		
Principal	MM4	Number of strikes lasting more than one week.	No strikes were reported in 2012.		

GRI INDICATORS			RESPONSE / PAGE	GLOBAL COMPACT	ISO 26000
<b>Mining supplement</b>					
Principal	MM5	Total number of operations in or adjacent to indigenous lands and number and percentage of operations where formal agreements with indigenous communities have been reached.	No UNACEM operations are near to or adjacent to indigenous communities.		
Principal	MM6	Number and description of significant conflicts concerning land use and common law rights of the community.	In 2012 one incident was reported, because a person in the area of influence acquired land that is part of a UNACEM concession. Given this situation, we sought a solution firstly by direct negotiation and compliance with legal procedures and legislation.		
Principal	MM7	A measure in which claims mechanisms are used to resolve disputes about land use and common law rights of local communities and their results.	UNACEM has complaints and claims procedures that enable us to resolve controversies over land use and common law rights of local communities, among other matters.		
Principal	MM8	Number and percentage of the company's operations that are close to artisanal mining operations or in which such operations take place, the associated risks and action taken to manage and mitigate these risks.	No UNACEM operations are near to any artisanal mining.		
Principal	MM9	Locations where resettlement has taken place, number of homes affected and how the lives of the people involved have changed.	No resettlement took place in 2012.		
Principal	MM10	Number and percentage of operations with closure plans.	Three of our five operations at the Condorcocha plant have closure plans.		
Principal	MM11	Materials management programs and progress.	Page 101		



## 10. YOUR OPINION IS IMPORTANT

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**Because in the end, you are the ones who  
determine our achievements.**

**1. To which of UNACEM's stakeholders do you belong?**

- a. The general public
- b. Shareholders
- c. Employees
- d. Community
- e. Clients
- f. Suppliers

**2. Choose the part of the report that interests you most**

- a. Our organization
- b. Generating value
- c. Commitment to our employees
- d. Developing our communities
- e. Growing with our clients
- f. Managing the chain
- g. Committed to the environment
- h. Third party verification
- i. GRI declaration of control
- j. Alliances and memberships

**3. What is your opinion on the extent of the report?**

- a. Very good
- b. Good
- c. Regular
- d. Poor

**4. What is your opinion on the contents of the report?**

- a. Very good
- b. Good
- c. Regular
- d. Poor

**5. What is your opinion on the design and format of the report?**

- a. Very good
- b. Good
- c. Regular
- d. Poor

**6. Is there any other medium or means of communication by which you would be interested in receiving the report?**

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**7. Would you like to see published any information in which you are interested that is not included in this report? If yes, what would it be.**

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Thank you very much!

Please send this to:

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EN 71-3	Safety of toys, migration of certain elements



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