



SUSTAINABILITY REPORT

2019

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MESSAGE FROM THE

GENERAL MANAGEMENT



Carlos Ugás

General Managing Director
UNACEM S.A.A.

Armando Casis

General Manager
Asociación UNACEM

UNACEM

2019

We are pleased to present the UNACEM 2019 Sustainability Report, a document through which we communicate to our stakeholders, and the public at large, the evolution of our sustainability strategy throughout this year, during which time we focused on improving the economic, social and environmental performance of our operations, as well as strengthening the confidence of our stakeholders in us. We have prepared this report pursuant to the standards set in the Global Reporting Initiative, the Sustainable Development Goals of the 2030 Agenda and the United Nations Global Compact.

Our industry faced major challenges in 2019. A slower economy hampered construction investment. However, events such as the Lima 2019 Pan American and Parapan American Games required building major facilities that increased demand for our cement products in the first quarter of the year. Our cement dispatches increased by 5.1% and our sales rose 0.8%. Our net income grew 44.1%, mainly due to the higher dividends declared by our subsidiaries, exchange rate gains and trimmed down financial expenses. Our commercial strategy allowed us to better compete with new players in the cement market and keep our market share at 45.0%.

Two relevant events marked our management throughout the year: first, the entry into force of the merger with Sindicato de Inversiones y Administracion S.A. (SIA), Inversiones Andino S.A. (IASA) and Inmobiliaria Pronto S.A. (Pronto); and, secondly, the merger with Cemento Portland S.A.C. These two operations have aligned the expectations of both our majority and minority shareholders and will optimize corporate management.

Corporate reputation-wise, a 2019 sustainable management milestone was our joining the Dow Jones Sustainability Index of the Latin American Integrated

Market (DJSI MILA). This achievement recognizes the sustainable management of the company and demonstrates its business competitiveness. The exhaustive evaluation required to reach this milestone allows us to compare our sustainability management with that of leading companies in our industry worldwide.

In regards of ethics and the fight against corruption, in May 2019 we obtained ISO 37001 certification for our Anti-bribery Management System, a process that began in 2018 with the approval and dissemination of our Code of Ethics and Conduct, and our Anti-Corruption Policy, as a prior and fundamental step toward certification. This consolidates us, once again, as the leading cement company in Peru, not only for the quality of our products, but also for the transparency and integrity of our management. Considering the social and political context prevailing in 2019, we regard this step forward in the fight against corruption as a differential value to our shareholders and society at large.

»» Through **Asociación UNACEM**, we have strengthened our initiatives in **social infrastructure, health, education, environment and community relations**, hand in hand with the authorities of each sector and with the support of strategic allies in our various activities, always ensuring our communities are involved right from the planning stage of those initiatives.

Regarding our environmental performance, we have continued efforts to mitigate our main impacts, and to measure the carbon and water footprints of our Atocongo and Condorcocha plants. In that sense, it should be noted that Condorcocha again won the Blue Certificate awarded by the National Water Authority (ANA), and Atocongo has made significant progress in the process, which we expect to complete in 2020.

In social matters, 2019 focused on efforts to build culture of safety. The visible leadership of the members of the Directorate and the training and commitment of our team members and business partners have paid off, resulting in improved safety indicators compared to 2018. The well-being of all the people who work with us is not negotiable. We will persevere in this endeavor.

»» **Our sustainability strategy cuts across, and is consistent with, each and all of our initiatives.**

Through Asociación UNACEM, we have strengthened our initiatives in social infrastructure, health, education, environment and community relations, hand in hand with the authorities of each sector and with the support of strategic allies in our various activities, always ensuring our communities are involved right from the planning stage of those initiatives.

In 2019, we put special emphasis in our efforts targeting health issues, through activities focusing on reducing anemia, in line with the Multisectoral Plan against Anemia. We carried out interventions in the areas of influence of our Atocongo and Condorcocha plants, and through a joint effort with our allies, community organizations and local health centers, over 78.0% of the children attended overcame their condition.

Our sustainability strategy cuts across, and is consistent with, each and all of our initiatives, as the following pages describe. We invite you to read this report and learn how we move forward in our goal of being a sustainable company that contributes to the development of our nation. **(GRI 102-14)**



Carlos Ugás
General Managing Director
UNACEM S.A.A.



Armando Casis
General Manager
Asociación UNACEM

» HIGHLIGHTS 2019

(GRI 102-7)

- 1** We achieved ISO 37001 certification for our Anti-bribery Management System. This process began in 2018 with the approval and dissemination of our Code of Ethics and Conduct and our Anti-Corruption Policy as a preliminary and fundamental step toward certification. **p.22**
- 2** The success of our efforts to strengthen our safety culture was evidenced in a lower accident frequency rate, which dropped from 4.3 to 2.0 accidents per million man-work hours. **p.36**
- 3** We launched the “Interactive classroom for training in safety and health at work” project to raise awareness of preventive safety among our and our contractors’ team members. Over 3,400 workers were trained in 2019. **p.40**
- 4** We donated more than 22,000 bags of cement to build community and educational infrastructure projects. These works benefited more than 70,000 people living in the communities in our plant’s areas of influence. **p.58**
- 5** Comprised in the Cross-agency Plan against Anemia, we convened civil society organizations, health posts and the community at large to carry out campaigns to detect and eradicate anemia in children in the area of influence of our plants. Thanks to these interventions, 614 children between six months and five years old received care in 2019, and more than 78.0% of them overcame their condition. **p.60**
- 6** 3,373 children and adolescents, living in our Atocongo and Condorcocha plants’ neighboring communities, joined the educational, artistic and sports workshops we organized. **p.62**
- 7** In 2019, for the second consecutive year, we won the Blue Certificate awarded by the National Water Authority of Peru in merit to all our water stewardship efforts and activities at our Condorcocha plant and as a shared value with our neighboring communities. Certification of our Atocongo plant is currently underway. **p.85**



OUR BUSINESS

RECOMENDACIONES
DE USO



PROTECCIÓN

— PROTEGER LA BOLSA DE LA HUMEDAD
CUBRIENDOLA Y COLOCÁNDOLA SOBRE
UNA SUPERFICIE SECA.



SELECCIÓN

— UTILIZAR AGUA LIMPIA Y FRESCA
LEJOS DE IMPUREZAS.



1 OUR BUSINESS

1.1

About us (GRI 102-7, GRI 102-12, GRI 102-13)

We are Unión Andina de Cementos S.A.A. (UNACEM), the leading Peruvian company in the cement industry. We manufacture and commercialize clinker, cement and other construction materials, generate electrical energy independently, and provide port services at the Conchán dock. (GRI 102-1, GRI 102-45)

Our subsidiaries operate in the cement, cement products, ready-mix concrete, industrial concrete structures and energy businesses in five countries.

For further information, visit

- » http://www.UNACEM.com.pe/?page_id=65
(GRI 102-5)

Our headquarters are located at

- » Av. Atocongo 2440, Villa María del Triunfo, Lima, Perú. (GRI 102-3)

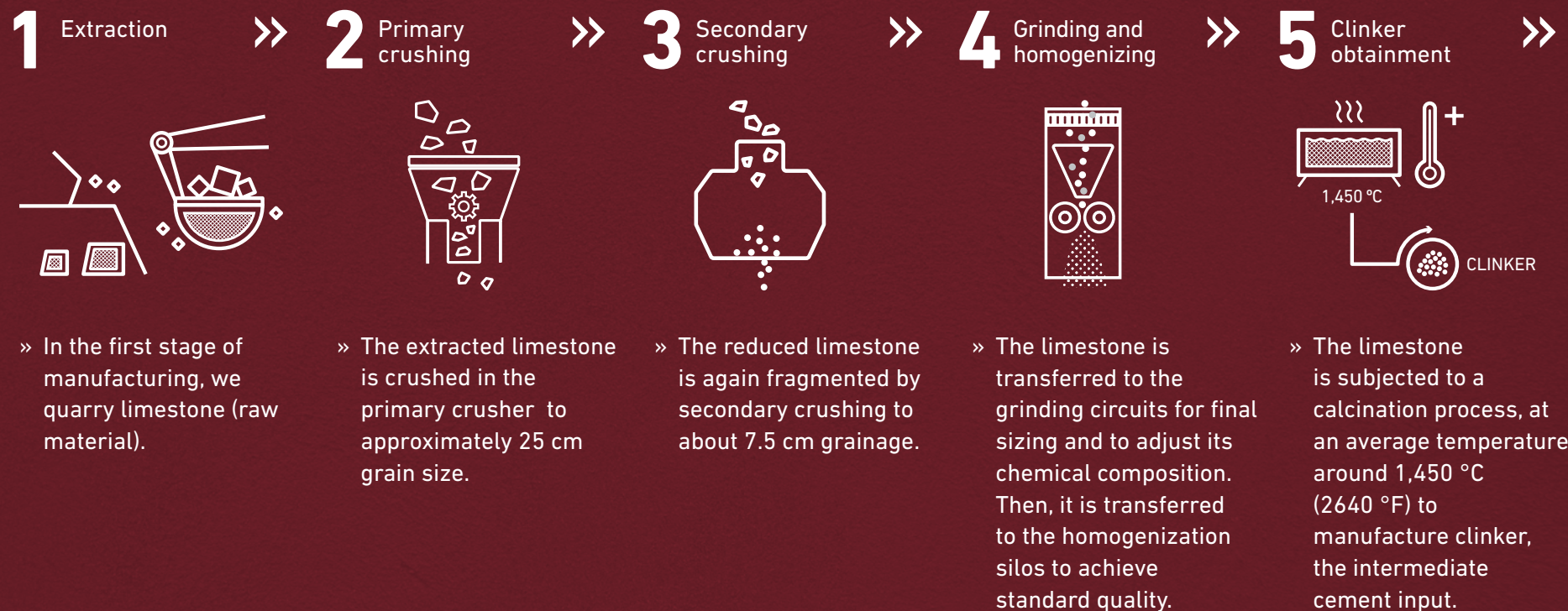
Our two production facilities in Peru are:

- » Atocongo Plant, located in the district of Villa María del Triunfo, province of Lima, Lima region.
- » Condorcocha Plant, located in the district of La Unión Leticia, province of Tarma, Junín region. (GRI 102-4)

»» At the end of 2019, our products' commercialization gave us **45.0% share of the domestic cement market.**

Our production process (GRI 102-9)

Consists of the following strategic stages:



Our production process (GRI 102-9)



ATOCONGO PLANT

(GRI 102-4, GRI 102-7)

The Atocongo plant is located in the district of Villa María del Triunfo, in Lima. It is the largest plant in Perú, with a production capacity of 5.5 million tons of cement milling and 4.8 tons of clinker.

5.5
million
tons of ground cement

4.8
million
tons of clinker

CONDORCOCHA PLANT

(GRI 102-4, GRI 102-7)

The Condorcocha plant is located in La Unión Leticia, in Tarma, Junín. It is the highest-elevation plant in the world, with a production capacity of 2.8 million tons of cement milling and 1.9 million tons of clinker.

2.8
million
tons of ground cement

1.9
million
tons of clinker

Shareholders

»» **26.5%**

Inversiones JRPR S.A.

25.3%

Nuevas Inversiones S.A.

23.0%

AFPs: Integra, Prima,
Profuturo and Hábitat

25.2%

Other shareholders

Our shareholders

Our capital increased as a consequence of the mergers carried out and a new stock issuance from S / 1,646,503,408 to S / 1,818,127,611, represented by 1,818,127,611 common shares at a nominal value of S / 1.00 each. This increase, approved simultaneously with the merger project at the General Shareholders' Meeting of UNACEM held on December 28, 2018, was entered in the Public Registries on April 30, 2019. Through it, we issued 171,624,203 new common shares of the same nominal value as the existing ones (S / 1.00 each), which were distributed among the shareholders of the three absorbed companies, as follows: 64,876,584 new shares to SIA shareholders; 56,302,355 new shares

to IASA shareholders; and 50,445,264 new shares to Pronto shareholders.

After the corporate restructuring and the capital increase, Inversiones JRPR S.A. and Nuevas Inversiones S.A. hold 26.5% and 25.3% of the company's shares, respectively. It should be noted that Inversiones JRPR S.A. is the new parent of the company and the group. The effective date of the merger was January 1, 2019.

At the close of 2019, UNACEM has 2,846 common shareholders, six of which hold 73.4% of its stock. (GRI 102-2, GRI 102-7, GRI 102-10)

Merger with Cemento Portland S.A.C.

The General Shareholders' Meeting of UNACEM held on May 28, 2019 agreed to the simple merger between UNACEM, as absorbing company, and Cemento Portland S.A.C. (CEMPOR), as the absorbed entity. This merger was approved without a capital increase but with the observation that a new assessment of the CEMPOR assets transferred to UNACEM was not made. The merger went into effect on June 1, 2019. (GRI 102-10)

Our Board of Directors

Our Board of Directors is composed of 13 male members, four of whom are independent directors. The Board of Directors, as a collegiate body, has among its main functions to ensure the development of the company through the monitoring of its strategic plan, the evaluation of internal control systems, and to oversee its risks and sustainability. To fulfill its functions, the Board of Directors relies on its Audit and Risk, Commercial, and Ethics and Conduct committees. (GRI 102-18)

1.2

Creating economic value


(GRI 201-1, No GRI Profitability)

Our economic and financial management is aimed at providing the necessary economic resources for activities to be carried out in a timely manner, and ensuring our contribution to the entire value chain. In this way, we seek to efficiently fulfill all the commitments made to all our stakeholders.

In 2019, cement dispatches increased by 5.1% compared to 2018. Dispatches billed as of December 31, 2019 amounted to S / 1,810.1 million, or 0.9% higher than dispatches billed to December 31, 2018. This increase was mainly due to a higher volume of cement sold, after discounting for lower average prices.

Meanwhile, net income increased by 44.1% (from S / 242.2 million as of December 31, 2018 to S / 348.9 million as of December 31, 2019), accounting for 17.6% of net sales, and higher than the 12.3% figure earned as of December 31, 2018. This result was mainly due to the higher dividends declared by subsidiaries, larger exchange rate gains and lower financial expenses.

Item (000 soles)	2018	2019	Change 2019
Sales	1,968,994	1,985,111	16,117
Gross profit	746,817	673,393	(-73,424)
Operating income	616,764	624,207	7,443
EBITDA	869,327	862,817	(-6,510)
Profit before tax	323,700	466,322	142,622
Net income	242,216	348,916	106,700

»» **Net profits rose 44.1%**, equivalent to 17.6% of net sales, higher than the 12.3% earned as of December 31, 2018. 

In spite of the political juncture that the country went through, our sound financial performance allowed us to distribute economic value among our stakeholders as follows:

It should be noted that, at the end of each fiscal year, different types of audits and examinations assure the quality of the financial data, which supports and guarantees the truthfulness of the information we provide to government bodies and our stakeholders. These audits include the following:

- » Independent financial audit.
- » Independent tax consulting.
- » Transfer pricing studies.
- » Other consultancies, as required.

Economic value distribution among our stakeholders (GRI 201-1)

Item (000 soles)	2018	2019	Change
Direct economic value created	2,147,025	2,212,080	65,055
a) Sales revenue	1,968,994	1,985,111	16,117
b) Other income	178,031	226,969	48,938
Economic value distributed	1,904,809	1,863,164	(41,645)
c) Remuneration and other worker social benefits	201,772	223,304	21,532
d) Suppliers of goods and services	1,154,178	1,152,089	(2,089)
e) Financial expenses (interest)	246,900	197,294	(49,606)
f) Taxes and payments to governments	283,976	274,706	(9,270)
g) Social responsibility and private social investment	17,983	15,771	(2,212)
Economic value retained	242,216	348,916	106,700
Dividends to shareholders	85,618	92,312	6,694

Our

3,135

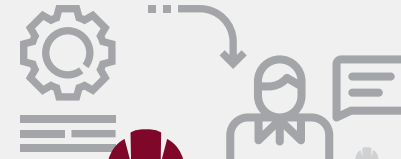
suppliers sold us goods and services worth over **1,398 million soles.**



We reach

1,000 points

of sales of the Progresol network of home improvement hardware stores with a **79.0% rate of customer satisfaction.**



We have trained

128,732

construction master builders and workers

through **1,746 technical talks** taught from **2008 to 2018**, thanks to our Building Masters program.



Economic management



S/ 1,863 million soles
distributed economic value



Investor services.

Open door policy through one-to-one meetings, conference calls and quarterly publications, together with presentations at seven local and international conferences.



ISO 37001

Our Anti-corruption Policy and the Anti-bribery Management System, approved and implemented in 2019, are ISO 37001 certified.

Code of Ethics and Conduct (CODEC)

Our Code of Ethics, based on our corporate values, is our main guideline for our activities and our relations with our stakeholders.

Comprehensive Complaints System (SID)

We have processed 18 anonymous complaints through SID, all of which were investigated and addressed by the Board of Director's Ethics and Conduct Committee.

Transparency of our value chain

We support 21 companies in our value chain to prepare their sustainability reports following GRI standards so they can identify and manage their reputational risks and thus improve their competitiveness.

Memberships (GRI 102-13)

- » Alliance for Works for Taxes (ALOXI)
- » Friends of the National Police of Peru (SINACOOB-PNP)
- » BASC Perú Non-Profit Organization (BASC Perú)
- » Banking and Trade Club (CBC) – Associate
- » Exporters' Association (ADEX)
- » Cement Producers' Association (ASOCEM)
- » National Advertisers' Associations (ANDA)
- » Peruvian Roads Association (APC)
- » Port Operators' Association (ASPPOR)
- » Peruvian Human Resources Association (APERHU)
- » Peru – USA Chamber of Commerce (AMCHAM Perú)
- » Lima Chamber of Commerce (CCL) – Associate
- » Peruvian Chamber of Construction (CAPECO)
- » Economic Operating Committee of the National Grid System (COES-SINAC)
- » National Confederation of Private Business Institutions (CONFIEP) – through ASOCEM
- » Yaqua Social Enterprise
- » Ibero-American Civil Society Conferences (EISC)
- » Intra American Cement Federation (FICEM) – through ASOCEM
- » Global Cement and Concrete Association (GCCA)
- » Global System, Global Standard, and Global Solution-1 (GS1)
- » Peruvian Institute of Mining Engineers (IIMP)
- » Mining Safety Institute (ISEM)
- » Peruvian Institute of Business Action (IPAE)
- » Peruvian Institute of Economics (IPE)
- » "Lima Cómo Vamos" Citizens' Observatory
- » Perú 2021
- » RedEAmérica
- » National Industrial Training Service (SENATI)
- » National Training Service for the Construction Industry (SENCICO)
- » Peruvian Foreign Trade Association (COMEXPERÚ)
- » National Association of Industries (SNI) – Class AAA
- » National Mining, Oil, and Energy Association (SNMPE)

1.3 Ethics and compliance

Anti-corruption practices

The company, led by the Board of Directors, has made a firm commitment to fight corruption. An important milestone was the approval and publication, in 2019, of our Anti-Corruption Policy, which is available for all our stakeholders on our website and for our team members, on the intranet.

The Ethics and Conduct Committee is made up of three members of the Board of Directors. One of the main actions of this committee in 2019 was to deliver a series of talks to reinforce the ethical behavior message of our Code of Ethics and Conduct, and the Anti-Corruption Policy. These talks, led by our General Manager and by our Central Manager, were attended by 100.0% of our personnel and our business partners.

It should be noted that these messages are also displayed on screens located throughout our facilities with a view at permanently reinforcing the principles that our staff must follow to make ethical decisions. (GRI 205-2)

ISO 37001

In May 2019, we obtained certification under the international standard ISO 37001 for our Anti-bribery Management System. This certification was obtained after a process launched in 2018. The Integrated Management System (IMS) and Internal Audit areas led the preparation of documents, verified compliance with the regulatory requirements, and supported the other areas in making the necessary adjustments.

In March 2019, an internal audit concluded that our company was ready for certification. In April 2019, the BASC firm performed the certification audit, which concluded in certification in May.



» HIGHLIGHTS 2019

We achieved **ISO 37001 certification** for our **Anti-bribery Management System**. **This process began in 2018** with the approval and dissemination of our **Code of Ethics and Conduct** and our **Anti-Corruption Policy**.

Compliance

The Legal Management department is in charge of safeguarding the rights and interests of the company, ensuring compliance with our regulatory duties and minimizing contingencies through preventative initiatives. Our GEORGE software allows us to monitor, identify and verify regulatory legal (safety, environment, mining and electricity) and contractual obligations, helps us appoint a compliance official, and generates alerts. The Legal Management department's semiannual audits ensure we comply with these obligations.

Additionally, we perform internal audits to monitor environmental and legal compliance, as well as an annual independent audit of the ISO 14001 management system.

The main mechanisms to assure compliance with our regulatory environmental obligations are the following:

- » **The Quality Plan**, which includes the environmental emissions monitoring program; air, water and effluent quality monitoring; and biological monitoring. At Condorcocha, our participatory environmental monitoring addresses queries and comments regarding water and air quality monitoring, with participation of local authorities and residents.
- » **Unannounced inspections of our activities** by the Environmental Assessment and Control Agency (OEFA) to verify regulatory compliance.

» **Compliance reports addressing our environmental commitments** comprised in our existing environmental management instruments, in addition to additional reports filed with technical authorities (ANA, SERFOR, OEFA, MEM, MINCUL, among other institutions) addressing material environmental events.

» **Internal and external audits**, as required in our Integrated Management System. (GRI 307-1, GRI 419-1)

A landscape photograph featuring a large, dark red, semi-transparent graphic element on the left side, resembling a stylized '2' or a large arrow pointing right. The background shows a grassy field with a concrete-lined stream flowing through it, leading towards a large, rocky mountain peak under a cloudy sky. The text 'SUSTAINABLE MANAGEMENT' is overlaid in white, bold, sans-serif font across the center of the image.

SUSTAINABLE MANAGEMENT

2. SUSTAINABLE MANAGEMENT

2.1

Sustainability strategy

The approval of the 2016-2021 Strategic Plan redefined UNACEM's principles, which cut across our entire corporate management: (GRI 102-16)



Excellence



Responsibility



Ethics



Commitment



Innovation



Legality

Pursuant to these principles, our sustainability management approach aims at striking a balance between economic, social and environmental elements, for the benefit of both our business and stakeholders. This management approach is sustained by the Integrated Management System (GIS) of UNACEM, as well as by the guidelines set forth in our Sustainability Policy and Code of Ethics and Conduct. In addition, it is aligned with the principles of the United Nations' Global Compact and the Sustainable Development Goals (SDGs). It helps in managing issues concerning quality, the environment, and health and safety at work. In addition, it helps us to protect ourselves against the illicit use of our processes and facilities, and to prevent bribery.

Meanwhile, Asociación UNACEM is responsible for promoting and facilitating relations with communities, as well as designing and executing social investment projects and initiatives. **(GRI 102-11)**

Management system

- » Quality, Environment Health and Safety Policy.
- » Anti-Corruption Policy.
- » Skills-driven management model.
- » Sustainability Policy.
- » Annual training and skill-building plan.
- » Performance evaluation system.

Organizational culture

- » Corporate values.
- » Code of Internal Standards of Conduct (ISC).
- » Organizational culture onboarding.

In order to consolidate our commitment to sustainability, we have adhered to, and obtained certification in, various voluntary standards, initiatives and standards:

(GRI 102-12)

- » ISO 37001 v2016: Anti-bribery Management System (Atocongo plant, Condorcocha plant, Conchán dock and Villarán offices).
- » BASC Standard v2017 and BASC Standard 5.0.1: Control and Security Management System (Atocongo plant and Conchán dock).
- » ISO 9001 v2015: Quality Management System (Atocongo plant, Conchán dock, Condorcocha plant and hydropowerelectric plants).
- » ISO 14001 v2015: Environmental Management System (Atocongo plant, Conchán dock, Condorcocha plant and hydroelectric plants).

- » Standard OHSAS 18001 v2007: Occupational Health and Safety Management System (Atocongo plant and Conchán dock).
- » OHSAS 45001 Standard v2018: Occupational Health and Safety Management System (Condorcocha plant and hydroelectric plants).
- » Port Facility Declaration of Compliance - ISPS Code.
- » ABE certificate.
- » Water Footprint Program - Blue Certificate of Peru's National Water Authority (ANA) (Condorcocha plant). **(GRI 102-12)**

In addition, in 2019, we were awarded the following recognitions:

- » Distinctive Socially Responsible Company Recognition (ESR), awarded by Perú 2021.
- » Proactive Magazine Award: finalist in the Large Mining Company category - for the Healthy Communities project.
- » Recognition as a Company Committed to Social Responsibility, awarded by Mexican Center for Philanthropy (CEMEFI).
- » Recognition for its Transparency in the Value Chain program, awarded by the Global Reporting Initiative (GRI).

2.2

Relationship with our stakeholders

The management of relationships with our stakeholders is based on our sustainability policy¹ that commits us to foster dialogue and transparency, and to report and communicate the results of our work to our stakeholders, in order to build trust.

To nurture this win-win relationship with our stakeholders, we engage in various dialogue and communication mechanisms, to learn about their expectations, concerns and needs, and adopt them as part of our management efforts.

Main criteria for stakeholder mapping (GRI 102-42)

»» Connection to the Value Chain

We include the interest groups linked to our value chain or who have expectations regarding our procurement and distribution processes.



»» Proximity to our operations

We prioritize the areas of influence of our operations and concessions.



»» Responsibility

We include the groups toward which we have, or could have, a socio-environmental, commercial, legal, operational or ethical responsibility.



Our stakeholders
(GRI 102-40) >>



In preparing this report, we have taken into account the outcomes of our dialogue with stakeholders several times throughout 2018. Their expectations for this year are detailed in Chapter 5, "About our Sustainability Report".

Communication channels with stakeholders

(GRI 102-43)



Team members

- » Open door policy.
- » Periodic meetings.
- » Web and intranet.
- » *Social Responsibility Newsletter*.
- » Email.
- » *El Concretito* Newsletter.
- » Internal television system (screens).
- » Company magazine *En Concreto*.



Communities and future generations

- » Community relations agents.
- » Meetings and workshops.
- » Social and perception diagnoses.
- » Reputational study.
- » Kiosk in community campaigns and events.
- » Perception and satisfaction surveys among beneficiaries of private social investment projects.
- » Facility tours.
- » Asociación UNACEM and Compromiso UNACEM Facebook home pages and websites.



Suppliers

- » Permanent direct relationship.



Shareholders

- » Regular meetings.
- » Shareholder service office and investor relations team.
- » Corporate website and investor section.
- » Quarterly newsletter.



Clients

- » Satisfaction surveys.
- » One-on-one meetings and personalized attention.
- » Social media and online interaction through our contacto@unacem.com.pe electronic mailbox.
- » On-site and remote technical advice at all levels.



Government and civil society

- » Industry associations: ASOCEM, SNI, SNMPE, ADEX, COMEX, CONFIEP
- » Membership in chambers of commerce
- » Facebook, website, Instagram, LinkedIn and Youtube channels of Asociación UNACEM.



COMMITMENT TO OUR STAKEHOLDERS

3

3 COMMITMENT TO OUR STAKEHOLDERS

3.1

Our team

Our team members make up the pillar that has allowed us to remain as industry leaders over the years. We are aware of their great contribution to the company and we value it. Therefore, we work to offer them a good, safe and healthy work environment, and we seek to promote their development through a personal, technical and professional training strategy.

Along these lines, we enforce an open door policy with our team members and strengthen internal communication through increasingly digital media, to facilitate communications and disseminate and internalize corporate policies, norms and values among team members. One of the tools towards this end is the use of on site television screens placed throughout our facilities. (GRI 401-1)

In 2019, we directly employed 862 full-time team members, including participants in job training programs. Noteworthy, at both plants we promote the hiring of local labor from our areas of direct influence, guided by the principles of equity and opportunity.

»» In 2019, we directly employed **862 full-time team members**, including participants in job training programs.

Job classification by gender and place of origin of team members (GRI 102-8)

Classification	Women		Men		Total
	Junín	Lima	Junín	Lima	
Administrative Employees	3	59	73	171	306
Workers	2	25	46	85	158
Interns	0	0	187	146	333
	3	30	4	28	65
Total	8	114	310	430	862

Team members by job classification and age² (GRI 405-1)

Classification	< 30	30-50	> 50	Total
Administrative Employees	13	173	120	306
Workers	8	72	78	158
	35	182	116	333
Total	56	427	314	797

² Team members in job training programs are not included in this distribution.

>> At both plants we promote the hiring of local labor from our areas of direct influence, guided by the principles of equity and opportunity.

Contractors with the largest number of team members

Activity	Women	Men	Total
Atocongo plant			
Cleaning	5	130	135
Security	1	266	267
Dining hall	8	7	15
Total	14	403	417
Condorcocha plant			
Cleaning	2	98	100
Security	0	105	105
Dining hall	1	18	19
Total	3	221	224

Talent recruitment and retention

The personnel selection process is regulated and audited as part of the Integrated Management System (IMS). Our skills management model is continually enhanced to ensure that the personnel joining our company possess the skills suitable to each position. This system includes the following processes: preparation of job profiles; recruitment and selection; performance evaluation, and development and training. (GRI 401-1)

When team members first join our company, their onboarding sessions will help them internalize our corporate mission and values, and become knowledgeable with their roles and responsibilities. Furthermore, they are introduced to our Integrated Management System, which includes topics on occupational safety, and our Code of Ethics and Conduct (CODEC) and Anti-Corruption Policy.

It is important to highlight our low turnover rate, since team members do not usually leave the company once they join us. Nevertheless, priority is given to internal talent to fill eventual openings, before launching an external recruitment process. In 2019, 14 team members left the company after reaching retirement age.

Hiring by gender, age and region of origin (GRI 401-1)

Gender	Lima			Junín			Total
	20-29	30-39	40-59	20-29	30-39	40-59	
Male	0	0	0	3	7	0	10
Female	0	2	3	0	1	0	6
Total	0	2	3	3	8	0	16

End of employment of team members by gender, age and region of origin (GRI 401-1)

Gender	Lima			Junín			Total
	30-39	40-59	60-70	30-39	40-59	60-70	
Male	4	5	7	0	1	2	19
Female	0	1	4	0	0	1	6
Total	0	6	11	0	1	3	25

» HIGHLIGHTS 2019

The success of our efforts to strengthen our safety culture was evidenced in a **lower accident frequency rate**, which dropped from 4.3 to 2.0 accidents per million man-work hours.



Our company is committed to promoting team members under equal opportunities and without discrimination based on age, gender, race, religion, political persuasion or working status, as set forth in our Internal Labor Regulations and CODEC. (GRI 405-1)

Regarding the number of female team members at our company, in 2019 Atocongo hired five female team members, to an unaltered total number of women, while Condorcocha hired one female member and one retired, leaving also unaltered the total number of female workers.

Organizational climate

In 2019, the labor climate survey was not taken. The last survey dates back to 2018. It is our human resources policy to carry out a survey every three years. Until 2021, when the new survey will be conducted, we will continue to focus mainly on developing our leaders' soft skills, a determining factor in our organizational climate.

Health and safety first

The health and safety of our employees are our utmost priority. For this reason, we have in place an Occupational Health and Safety Management System, which is part of our IMS. Furthermore, we are constantly adopting the best possible practices to cancel or minimize the risks inherent to our activities.

During 2019, we consolidated our Occupational Health and Safety Management System, which is built on nine pillars:



Within the objective of “being a reference in occupational safety and health” embodied in our Strategic Plan to 2021, we have put a priority on the pillars of leadership, responsibility and organization, risk management and management of contractors, as a way to accomplish our goals.

Since 2019, our tool called “Visible Leadership Interventions” empowers any team member to intervene with their colleagues, in order to identify the main causes of insecure acts that can result in human injury.

To gauge our performance, we monitor the following reactive and proactive indicators:

»» Reactive indicators

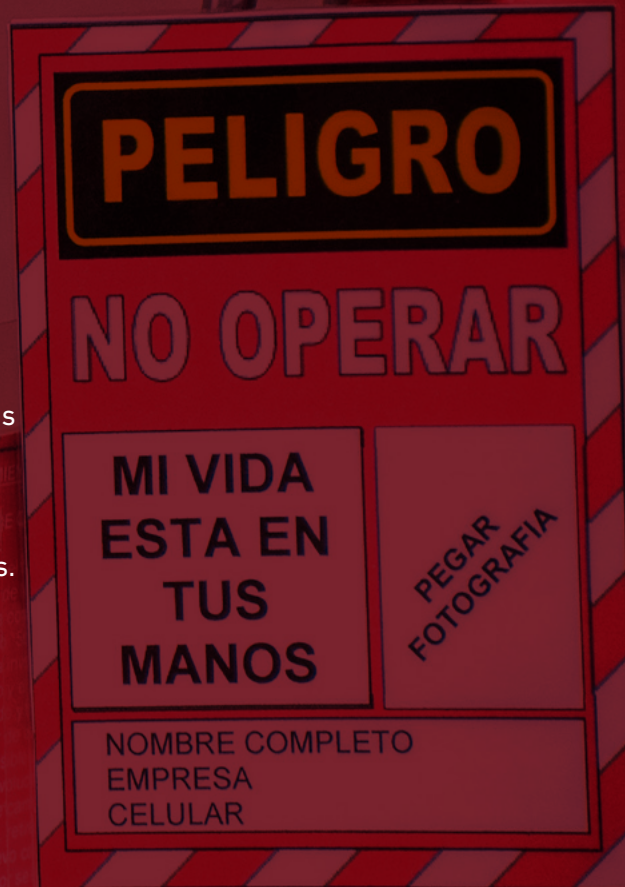
- Frequency index.
- Severity index.
- Accident rate.

»» Proactive indicators

- 5-minute safety talks at the beginning of the day.
- Security training.
- Occurrence log.
- Log of percentage of survey-recorded occurrences.
- Percentage of observations by the Occupational Health and Safety Committee (OSH).
- Percentage of corrective actions to remove non-conformance OSH observations.
- Visible leadership interventions.

To better control risks, we are currently enhancing our standards for height, load lifting, hot and confined spaces work, with full support and involvement of operational personnel.

In April, we opened the interactive classroom operated by Asociación UNACEM featuring a general presentation on occupational health and safety for any new worker (both ours and our contractors') prior to entering our facilities. We have also introduced other training activities, such as for mining, transport and LOTOTO (lock out, tag out, try out) energy isolation standard onboarding.



» HIGHLIGHTS **2019**

In 2019, we trained more than 3,400 team members and contractors through our “Interactive Classroom for training in safety and health at work” project aimed at raising greater safety awareness.

Interactive classroom

As part of our culture of prevention and innovation initiative, in April 2019, we launched through Asociación UNACEM our “Interactive classroom for training in occupational health and safety” to build skills and competencies, and raise awareness in preventive safety among our and our contractor companies’ team members. In 2019, we trained over 3,400 personnel.

Training topics include safety in height, confined spaces, hot, energy insulation and forklift-related tasks. All classes include theoretical and practical segments, in order to fully comply with the provisions of the Internal Regulations for Health and Safety at Work (IRHSW).

Our interactive classroom and hands-on training have positioned us as leaders in addressing OHS issues, and thus reduce the severity and accident rates of the company’s operations.

Furthermore, UNACEM thus contributes to achieve Sustainable Development Goal 8.8, namely “protect labor rights and promote a safe and risk-free working environment for all workers”, as we aim at becoming a benchmark for safety and health at work nationwide.

Project outcomes

At the end of 2019, we had achieved the following outcomes:

- » **Five courses available:** General Onboarding on Health and Safety at Work; Training for Kiln Shut Down; General Onboarding for Transportation; General Onboarding on Occupational Health and Safety in Mining; and Training in Log Out, Tag Out and Try Out - LOTOTO.
- » **2,579** participants in OHS onboarding.
- » **409** participants in LOTOTO training.
- » **406** participants in kiln shut down training.
- » **48** participants in general onboarding on mining health and safety.
- » **34** participants in general onboarding for transport services

Accident frequency and severity rates (GRI 403-2)

Our health and safety indicators target our and our contractors' team members. In 2019, we significantly reduced our accident frequency index over the previous period.

	Atocongo plant		Condorcocha plant		Total	
	2018	2019	2018	2019	2018	2019
Frequency rate	4.8	2.4	3.1	1.3	4.3	2.0
Severity rate	49.1	36.7	62.9	21.9	53.3	31.1
Near-miss and occupational diseases rate	0	0	0	0	0	0
Number of fatalities	0	0	0	0	0	0

Number of minor and disabling accidents (GRI 403-2)

Plant	Men	Minor		Total	Men	Disabling		Total
		Women	Total			Women	Total	
Atocongo	28	0	0	0	15	0	0	15
Condorcocha	21	0	0	0	4	0	0	4

Occupational Health and Safety Committee

Our Occupational Health and Safety Committee, elected through open elections convened by the representative workers' union, sits six representatives appointed by UNACEM's management and six elected by our employees. The sitting committee was installed in August 2019, for a period of two years, and represents 100.0% of UNACEM team members. (GRI 403-1)

Occupational health

Our occupational health programs are aimed at ensuring the integral health of our workers and include preventive and care medicine, and emergency care, encompassing as well our team members' registered family members. Our annual programs include:

- » Occupational medical checkups.
- » Follow-up of the Occupational Health Plan.
- » Cancer preventive exams.
- » Healthy eating program.

Respect for human rights

At UNACEM we guarantee respect for human rights based on the principle of dignity of the person. We abide by existing relevant laws and regulations, and international agreements. We have signed the principles of the United Nations Global Compact, which commits us to eradicate all types of discrimination, forced or child labor, as well as to guarantee respect for freedom and collective bargaining. Respect for human rights is a commitment established in our Internal Labor Regulations (ILR) and in our Code of Ethics and Conduct.

We promote an environment free of sexual harassment, in which respectful treatment between all our collaborators prevails, as well as an environment free of offensive or hostile treatment, either in writing, orally or through inappropriate acts or gestures. Any behavior, practice or abuse of authority that causes discomfort to our team members is unacceptable.

At the end of 2019, our Intervention Committee against Sexual Harassment started operating and, as set forth in the the Sexual Harassment Prevention and Punishment Law, we elected our team members' representatives.

»» We promote an environment free of sexual harassment, in which **respectful treatment between all our prevails, as well as an environment free of offensive or hostile treatment.**

In addition, we are certified by the Asociación de Buenos Empleadores (ABE, Association of Good Employers), sponsored by the American Chamber of Commerce of Peru (Amcham Peru). (GRI 406)

Remarkably in 2019, no complaints or grievances were filed against our contractors or suppliers for violation of human rights (child labor, forced labor or discrimination). (GRI 406-1, GRI 408-1, GRI 409-1)

Relationship with labor unions (GRI 407-1)

At UNACEM we are persuaded that respectful, transparent and open dialogue is the best tool to achieve harmonious solutions for the benefit of all. For this reason, we conduct weekly coordination meetings with our labor unions.

It is important to highlight that the mechanisms to evaluate compliance with our collective agreements are shown in our payrolls and that there are no restrictions for exercising freedom of association and collective bargaining in the company, nor for the workers of supplier companies or contractors to organize in unions.

Two worker unions are active at UNACEM: (GRI 102-41)

- » **At the Atocongo plant**, the Sindicato de Trabajadores de Unión Andina de Cementos S.A.A. – Atocongo Quarries affiliates 169 team members, accounting for 36.0% of the plant's total work force. The corresponding collective agreement was signed in 2018 and will remain in force through June 2021. (GRI 407, GRI 407-1)
- » **At the Condorcocha plant**, the Sindicato Único de Trabajadores de Unión Andina de Cementos S.A.A., affiliates 159 team members, accounting for 51.0% of the plant's total team members. (GRI 407-1)

»» Collective agreement in Condorcocha plant


In January 2019, talks began with the Sindicato Único de Trabajadores de Unión Andina de Cementos S.A.A. at the Junín facility. In May, both parties reached a mutually satisfactory agreement and signed a collective agreement for three years running from January 1, 2019 to December 31, 2021. It is important to note that good communication and trust prevailed in the talks between the company and its team members. (GRI 102-41)

Number and percentage of unionized team members, by gender and job category

Classification	Atocongo plant								
	Men			Women			Men + Women		
	Total	Union	%*	Total	Union	%*	Total	Union	%*
Administrative	154	0	0.0	57	0	0.0	211	0	0.0
Employees	85	32	38.0	25	6	24.0	110	38	35.0
Workers	146	131	90.0	0	0	0.0	146	131	90.0
Total	385	163	42.0	82	6	7.0	467	169	36.0

Classification	Condorcocha plant								
	Men			Women			Men + Women		
	Total	Union	%*	Total	Union	%*	Total	Union	%*
Administrative	73	0	0.0	3	0	0.0	76	0	0.0
Employees	46	0	0.0	2	0	0.0	48	0	0.0
Workers	187	159	85.0	0	0	0.0	187	159	85.0
Total	306	159	52.0	5	0	0.0	311	159	51.0

* Percentage of unionized team members.

 **All (100.0%) union-affiliated team members are covered by the collective bargaining agreements.** In addition, the Company may extend the negotiated benefits to non-unionized team members. (GRI 102-41)

Training of security personnel

VIGIANDINA is a subsidiary company that provides surveillance services at all our facilities. Its comprehensive policy mandates all its personnel must be trained and sensitized in human rights and compliance with applicable legal regulations.

This policy is aligned with the directives that govern and regulate surveillance service providers. Therefore, its personnel must enroll in a study program comprising training in a range of subjects, among which human rights training stands out.

It is important to note that, in order to obtain the private security identification card issued by the National Superintendence of Control of Security Services, Weapons, Ammunition and Explosives for Civil Use (SUCAMEC), applicants must enroll in a mandatory Constitutional and Human Rights class, which covers issues such as fundamental rights and duties related to life, integrity, freedom and security of persons. (GRI 410-1)



Training of security personnel (GRI 410-1)

Headquarters	Total team members	Trained team members	Percentage trained
Lima	258	254	98.0
Tarma	104	100	96.0

Training and development

Our Annual Training and Education Plan (PACE is the Spanish acronym) helps us plan and execute training activities for talent and skill building among our team members and, as foreseen in our strategic plan, we prioritize therein issues related to occupational health and safety, technical elements and soft skills building.

Since 2018, we provide management skill building via the Cross Knowledge e-learning platform. In 2019, we expanded this tool to cover the supervisors' line of command. The platform encompasses the following topics:

- » Negotiation.
- » People development.
- » Creation of efficient teams.
- » Innovation and creativity.
- » Troubleshooting.
- » Communication.
- » Continuous process improvement.
- » Personal learning.
- » Adjusting to the labor environment.

In addition, we held our first technical symposium where UNACEM Perú, UNACEM Ecuador, Drake and other guest companies shared their best practices.

Hours of training by job classification (GRI 404-1)

Classification	Gender	Total training hours	Average training hours
Administrative	Female	2,842	45.8
	Male	14,286	58.5
	Total	17,128	
Employees	Female	581	21.5
	Male	3,417	26.1
	Total	3,998	
Laborers	Female	0	0
	Male	10,886	32.7
	Total	10,886	
Total		32,012	40.2

Also, in 2019, we began training our staff in the interactive classroom. Its eight modules address security issues such as work in confined spaces, at height and LOTOTO,

with a view at giving greater agility to training and building commitment to safety. (GRI 404-1)

Instituto UNACEM

The Instituto UNACEM is an in-house initiative focusing on technological training and skill building of our team members and to ensure adherence to the company's strategic guidelines. In 2019, we launched three programs at the Atocongo and Condorcocha plants:

- » **Cement Engineers:** a program that seeks to give team members involved in operations management in Atocongo and Condorcocha a global vision of the cement production process. It shows the value that each area (primary or support) adds to our final products.
- » **Operator Certification:** a program whose objective is to ensure the standardized and expert performance of our control room operators through a theoretical and practical training approach focusing on the equipment, procedures and processes involved in cement manufacturing.
- » **Analyst Certification:** a program to enhance the participants' performance in utilizing standardized processes to accomplish more reliable

Soft skills training

During 2019, we launched two initiatives for soft skills building:

- » **Cross Knowledge** (virtual) platform aimed at team members down to the supervision line of command. Currently, we are addressing five new organizational competencies shared with UNACEM Ecuador: vision and purpose management; people development and quality of decisions; focus on results; customer orientation; and change management.
- » **Training in leadership and proper use of time,** taught (face-to-face) to all our team members.

Preparation for succession (GRI 404-1)

In 2019, we continued developing specific competencies identified for management and high potentials (HPs), through the following actions, among others:

- » **Identifying six new HPs** in the Cement Engineers program of Instituto UNACEM (three in each Atocongo and Condorcocha).
- » **Specialized courses in soft skills** congresses / seminars / advanced business management programs – PADE, management training program.
- » **Customized coaching** for six executives in key company positions.
- » **Five soft skills online courses** on the Cross Knowledge digital platform. In 2019, we opened the platforms to all supervisors and analysts from Lima and Junín headquarters.
- » **Project development.**

3.2

Our suppliers and contractors

Value chain management

A procedure is in place for selecting and assessing our goods and services suppliers (contractors), including signing of a sworn statement to comply with labor regulations, respect human rights, and to engage in proper occupational health and safety and environmental management.

In 2019, UNACEM sourced goods and services from 3,135 suppliers (contractors) for total purchases exceeding S / 1,398 million.

Local suppliers

We define as “local supplier” one whose registered tax domicile is in the districts surrounding our plants, namely:

- » For the Atocongo plant: Lurín, Villa María del Triunfo, Villa El Salvador, Pachacámac and San Juan de Miraflores.
- » For the Condorcocha plant: Tarma, La Unión Leticia and Palca.

It should be noted that purchases from local suppliers in 2019 accounted for 13.1% of our total purchases of goods and services. (GRI 204-1)

Supplier evaluation

(GRI 308-1, GRI 414-1)

We keep an updated record on the origin of the raw materials we use, such as coal, silica, limestone, among other minerals, identifying the supplier and the concession of origin, location, address and other data that ensure these minerals are sourced legally. In addition, we select the suppliers to be screened taking into account the amount of the purchase and advice from company departments.

Purchasing is assessed through management audits (internal and independent) adhering to ISO 9001, ISO 14001, OHSAS 18001, ISO 37001 and BASC standards, which include the procurement processes and handling of grievances and claims, pursuant to established procedures.

In 2019, we put in place a procedure for “registration and evaluation of suppliers of goods and services”, setting forth the guidelines for registration and ongoing evaluation of goods and services providers, who, after acceptance, are added to the suppliers’ database. They can be natural or legal persons.

A form is filled with the supplier’s tax payer number (RUC) and a copy of a valid operating authorization. Once

selected, their performance is evaluated pursuant to several criteria, including a comprehensive assessment of environmental, social, labor and occupational health and safety management concerns. These parameters are set forth in various procedures of the Integrated Management System.

The supplier’s score on a rating scale helps determine if they will be accepted or rejected. The scale evaluates the following parameters:

- » General information
- » Company data
- » Activity
- » Risk rating agency score

The “company data” parameter evaluates the following social and environmental criteria:

- » **Occupational Health and Safety Management System**
Suppliers must meet ISO 9001, ISO 14001 and / or ISO 45001 certification standards, and have safety and health at work regulations in place. In addition,

they must have a risk map; hazard identification, risk assessment and control measures matrix (IPERC is the Spanish acronym), and audit records.

» **Social Responsibility and Human Rights**

Suppliers must have social responsibility programs in place, including measures to avoid discriminatory practices that undermine people’s dignity, and report on their sustainability initiatives.

» **Environmental Management System**

Suppliers must have a matrix addressing environmental aspects and impacts, audit findings, their carbon and water footprints, and solid waste treatment.

» **Anticorruption**

Suppliers must enforce guidelines and / or policies to avoid corrupt practices, and be knowledgeable with UNACEM’s Code of Ethics and Conduct and Anti-Corruption Policy.



**CREATING VALUE
TOGETHER WITH OUR SUPPLIERS**

**>> GREGORIA
SOLÓRZANO**

ARESOL E.I.R.L. Corporation

“As a quality company, UNACEM seeks quality suppliers. For this reason, it forms us, trains us, cares about our growth and that of our team members, so that, together, we contribute to grow our country.”

Contractor evaluation

Respect, equity, trust and transparency are the basis of our relationship with contractors. Therefore, we expect strict compliance with current legislation on labor, environmental and occupational health and safety standards, as well as respect for human rights and observance of socially responsible practices.

As they are our strategic partners, we are jointly and severally liable for any statutory infringement or accident they incur. For this reason, before starting their activities, contractors must identify and assess any occupational risks and environmental impacts, pursuant to national law.

Our contractors are strategic partners in several of our processes, and as such they are subject to ongoing evaluation and monitoring. The IMS divisions of both plants perform safety, occupational health and environmental management (OHSE) audits on recurring contractor companies, to verify they are in compliance with our standards and applicable laws. Next, we issue an audit report that may require the contractor submitting a corrective actions plan to remove objections before a follow-up audit. The Human Resources department is responsible for verifying compliance with labor obligations.

»» **Our contractors are strategic partners in several of our processes, and as such they are subject to ongoing evaluation and monitoring.**

Twice annually, internal user departments assess the contractors' quality, environmental and occupational health and safety performance. Failure to get a minimum passing score in the evaluation will result in the contractor's suspension until the necessary actions are taken to ensure their adequate performance. Once the actions implemented have been approved, the contractor may again provide services to UNACEM.

The "Integral management for contractor companies" procedure sets forth the guidelines and requirements that contractors must meet and comply with in labor, occupational safety and health, and environmental matters, and in order to prevent accidents, near-misses and environmental impacts. The scope of this procedure includes contractors who work with us in plants, quarries and hydroelectric plants.

Internal audits to selected contractors were scheduled in 2019 pursuant to the aforementioned procedure. The findings of the three scheduled audits were as follows:

- » **April 2019:** 14 contractor companies; 30 nonconformities were detected.
- » **July 2019:** 5 contractor companies; 10 nonconformities were detected.
- » **November 2019:** 16 contractor companies; 38 nonconformities were detected.

Likewise, seven personnel transport contractor companies were audited, and 31 nonconformities were detected. We train those responsible for these companies in the methodology to identify their hazards and assess the risks (IPERC), and to identify significant environmental aspects (AAS is the Spanish acronym).

3.3

Our communities

(GRI 203-1, GRI 413-1)

To manage our relations with communities, Asociación UNACEM fosters and facilitates a sustainability strategy along five action lines:



The Community Relations area promotes dialogue and trust between the Company and the communities in our areas of direct and indirect influence, and preventively identifies possible inadequate misinformation, perception and relationship problems.

We evaluate our private social investment projects through monitoring and evaluation actions throughout the project cycle, in order to ensure that the results, effects and expected impacts during the planning stage are accomplished, and, if required, timely corrective measures can be adopted. Additionally, the beneficiaries' satisfaction is gauged periodically to determine the extent their expectations and interests are met, as well as those of community leaders.

It is also worth mentioning that the social investment projects we undertake are aligned with the Sustainable Development Goals, which are part of the 2030 Agenda promoted by the United Nations.

Areas of influence >>

Our areas of direct influence span five districts in Lima and three in Tarma.

Atocongo plant – Lima

- » Villa María del Triunfo
- » Pachacámac
- » Villa El Salvador
- » San Juan de Miraflores
- » Lurín

Condorcocha plant – Tarma

- » La Unión Leticia: Condorcocha population center and Chancha and Huancayo peasant communities
- » Palca
- » Acobamba

Main projects and initiatives with our communities (GRI 413-1)

Through Asociación UNACEM, we promote private social investment projects that create positive impacts in our neighboring communities. In regards of social infrastructure, we contribute cement for community works to which community organizations contribute other materials and their labor. This process not only mobilizes economic resources for projects, but also promotes the formalization, independence and strengthening of community organizations.

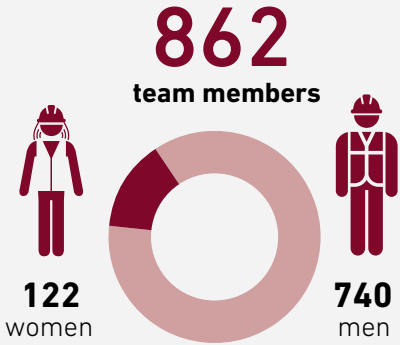
In addition, we encourage and execute technical-productive education and environmental projects that contribute to

independent management and local entrepreneurship of both residents and grassroots organizations. Likewise, we promote building technical capacities to enhance employability and the use of local labor in our value chain. As a result, communities improve their income and quality of life.

To combat anemia in children under 5 years in prioritized communities in our areas of influence, we launched our anemia intervention project. Our policy of support to local initiatives and sponsorships sets a priority on development actions aligned with the SDGs.

Additionally, we facilitate multi-sector alliances for sustainable development thus leveraging technical, economic and logistic resources that add to the company's contribution and enhance our interventions.

UNACEM feels it is key to involve communities so we encourage them to identify their problems and available resources and design projects in coordination with various actors, both public and private. (GRI 413-1)



Goal to 2021:
Become a nationwide benchmark
on occupational safety
and health (OSH)



Accident frequency
indicator down from
4.3 to 2.0

11,400 hours on
OSH training.

3,400 workers
trained through the
interactive classroom to
raise awareness on
preventive safety.

**Visible leadership
interventions:**
4,488 at Atocongo plant
2,080 at Condorcocha
plant.

**Implementation of,
LOTOTO and TEA (1),**
two new safety
standards.

**100% of 5-minute
daily talks** to
administrative and
operational personnel.

**Five awareness
raising campaigns:**
sun protection, safety
belts, order and cleanli-
ness, active pauses at
work, and "stop, think,
act".



70,000

persons
benefitted from private social
investment projects in our plants'
areas of influence.



22,000

bags of cement were
donated for community
and school facilities
projects.



78.0%

of 614 children
between 6 months
and 5 years targeted
by the **anemia
detection and
eradication
campaigns** overcame
their condition.

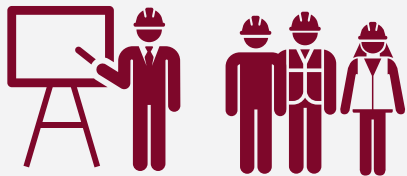


3,373

residents in our areas
of influence joined our
**educational, art and
sports workshops.**

Social management

Annual Training and Education Plan (PACE)



24,231

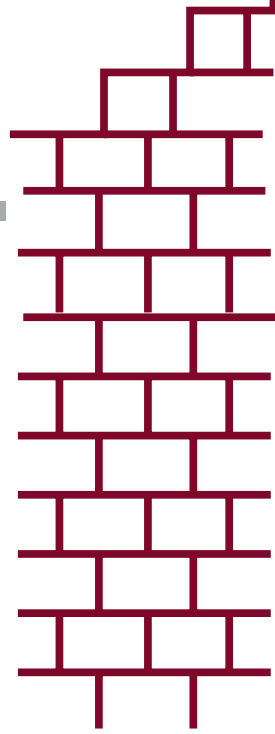
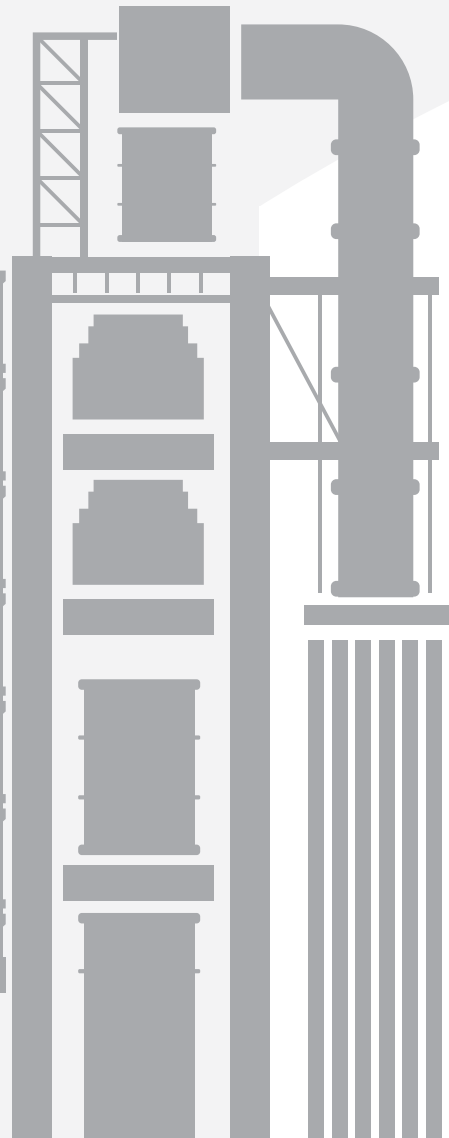
training hours taught.

CrossKnowledge

e-learning management

skill building platform implemented.

¹ LOTOTO: lock out, tag out, try out. TEA: height work.



17,000

residents benefitted
from our support to **72
local community devel-
opment and cultural
identity strengthening
initiatives.**



355

**neighboring commu-
nities' representa-
tives** strengthened
their leadership skills
through trainings and
technical assistance
initiatives.



**Works
for taxes:**

High performance
surfing training center
as members of the
Punta Rocas CAR
Consortium.
**Investment:
S/ 1.9 million.**

» Social infrastructure (GRI 203-1)

During 2019, we continued working on our neighboring communities' development. We contributed cement, concrete pavers and ready-mix concrete, in order to improve and execute community projects, educational infrastructure and other public use infrastructure as containment walls, stairways, classrooms, sports facilities, parishes, soup kitchens, streets and sidewalks. These projects are materialized thanks to the communities' contribution and active involvement, which creates value and trust in society.

Atocongo plant:

- » Thirty-two communal works, thanks to a donation of 10,524 bags of cement; 462 residents provided their unskilled labor and 30 residents provided skilled labor, for the benefit of 23,425 people. (SDG 9 and 11)
- » Eight educational institutions assisted thanks to a donation of 1,363 bags of cement, while 220 people participated, including residents and parents, with unskilled labor, benefiting 5,785 students. (SDG 4 and 9)

- » Support to five community projects executed by the local government. A total of 3,166 bags of cement were donated while 125 residents contributed their unskilled labor and another 10 their skilled labor, benefiting 7,755 people.
- » Five families benefiting from the government's Techo Propio housing program received 150 bags of cement free of charge to prepare the plots destined to build their houses. (SDG 9 and 11)
- » As part of the commitments described in the contract for the establishment of the right of way and occupation of the Atocongo-Conchán ecological belt, we annually maintain the pavement of the Lima, María Reiche and María Reiche Extension avenues in Villa María del Triunfo and Villa El Salvador districts, in Lima. (SDG 9)
 - Maintenance of 38,000 m² of asphalt pavement on María Reiche and María Reiche Avenues in the district of Villa El Salvador.
 - Maintenance of 72,000 m² of rigid pavement on Lima Avenue in the districts of Villa María del Triunfo and Villa El Salvador.

Condorcocha plant:

- » Twenty-two community projects were donated 4,619 bags of cement and other materials, and involved 285 residents who provided skilled and unskilled labor, benefiting 30,595 people. (SDG 9)
- » Eight educational institutions assisted, thanks to a donation of 2,808 bags of cement; 65 residents and parents provided skilled and unskilled labor, for the benefit of 2,766 students. (SDG 4)
- » Construction and installation of floodgates in five segments along La Unión Leticia ditches and manufacturing of 25 metal gate penstocks for the Irrigation Water Users Board of La Unión Leticia. (SDG 6)
- » Support in consulting to prepare a project to be executed under the Works for Taxes scheme.

Works for Taxes

Works for Taxes projects executed:
(GRI 203-1 Works for Taxes)

- » Completion of the High Performance Surfing Center in Punta Rocas, Lima: construction of the training, preparation and competition facilities for the 2019 Pan American and Parapan American Games, together with other companies. (SDG 9)
- » Maintenance of the video surveillance system and emergency center of Villa María del Triunfo district, Lima. As part of our commitments to this project, from September 2018 until 2022 we will provide maintenance to the video surveillance system equipment. In 2019, maintenance jobs were executed worth S / 100,000.0. (SDG 16)
- » We are preparing the standard technical sheet (pre-investment profile) of the Works for Taxes project for the sanitation system of Condorcocha population center. (SDG 6)

» HIGHLIGHTS 2019

We donated over **22,000** bags of cement to build community and educational infrastructure projects to benefit more than **70,000** people in our areas of influence.

» Health

Through the Healthy Communities program, we promote healthy lifestyles and practices among families, in partnership with community organizations, community health agents and health facilities.

Atocongo plant:

- » 30,041 preventive care attentions provided medical services and education care in campaigns and health fairs. (SDG 3)
- » 17,793 people benefited from various interventions, such as health campaigns and fairs, demonstration sessions, educational sessions, communication campaigns, workshops and services. (SDG 3)
- » 529 children between six months and five years were beneficiaries of the intervention for the control and reduction of anemia, which achieved the recovery of 78.0% of reported cases (78 of 100). Thanks to the work with nine civil society organizations of Tablada de Lurín and Virgen de Lourdes, in Villa María del Triunfo, and with the rural populated centers of Picapiedra, Quebrada Verde, Guayabo, Santa Anita, El Manzano, San Valentín and Virgen de Guadalupe, in Pachacámac, we reached a total of 500 parents through talks and educational sessions. (SDG 2 and 3)

- » Eight health establishments (Virgen de Lourdes health post, José Gálvez mother and child care center, Nueva Esperanza health center, Tablada de Lurín mother and child care center, César López Silva mother and child care center, Brisas de Pachacámac health post, Picapiedra health post and Pachacámac mother and child care center) were distributed educational materials for the prevention of anemia and psychoprophylaxis, prenatal stimulation and early child stimulation. (SDG 2 and 3)
- » 50 families were recognized as “Healthy Families” by the Virgen de Lourdes health post. (SDG 3)

Condorcocha plant:

- » 2,958 preventive attentions including health and educational care were provided in healthy families campaigns. (SDG 3)
- » 195 people in the province of Tarma were given their medical disability certificate required to access government-sponsored social benefits including health insurance, studies, compensation, identity cards, and other. (SDG 10)

- » 995 people benefited from various interventions, such as health campaigns, conferences, demonstration sessions, educational sessions, workshops, sensitization and communication campaigns. (SDG 3)
- » 85 children between six months and five years benefited from anemia control and reduction interventions, resulting in the recovery of 81.0% of reported cases (13 of 16). We work in coordination with four health establishments in La Unión Leticia district and with other local allies, such as Cuna Mas National Program. A total of 85 families attended talks and educational sessions in Uchuracra, Cuyruhuasi, La Unión Leticia and Condorcocha population center. (SDG 2 and 3)
- » 80.0% of senior citizens enrolled in the elderly citizens’ intervention project improved their emotional perception of their stage of life, through experience sharing, workshops and therapy sessions to enhance their mood. (SDG 10)



» HIGHLIGHTS 2019

In the framework of the Multisectoral Plan to Fight Anemia, we carried out campaigns to detect and eradicate anemia in children in our areas of influence, having attended 614 children between six months and five years.

» Education

Through projects and programs, we promote building and strengthening of athletic and art skills, and the pedagogical, technical and entrepreneurial abilities of the population in our areas of influence. In addition, we promote building personal and social skills, and good use of free time. The main results of our projects follow:

Atocongo plant:

- » 318 young people and adults from South Lima were trained in buffet and pastry making, as beauticians, handicrafts makers, and in screen printing and electronics. In addition, 18 entrepreneurs received specialized business advice for their businesses. **(SDG 1)**
- » 3,120 students participated in 131 artistic and sports workshops throughout the year, comprised in our Arts, Culture and Sports program. **(SDG 4)**

Condorcocha plant:

- » 84 women from the communities of La Unión Leticia and Tarma strengthened their technical-productive weaving skills. **(SDG 1)**
- » 253 children and adolescents strengthened their school performance and their leadership and sports skills at 10 summer camp workshops. **(SDG 4)**
- » 184 students and 26 teachers from seven elementary schools in the district of La Unión Leticia benefited from our programs. Students strengthened their reading comprehension skills and use of information and communication technologies (ICT) to improve learning, by adopting an ICT program in their communications study program. **(SDG 4)**
- » 209 students and 23 teachers from nine primary schools in La Unión Leticia strengthened their learning and teaching abilities and skills through the use of ICT to improve classroom learning and teaching processes made possible by the digital inclusion program for teachers. **(SDG 4)**

» HIGHLIGHTS 2019

3,373 children and adolescents, living in our Atocongo and Condorcocha plants' neighboring communities, joined the educational, artistic and sports workshops we organized.

» Medio ambiente

We contribute to improve environmental management in our neighboring communities in consensus with the people and local and ministry authorities.

Atocongo plant:

- » 35 representatives of the Zone Environmental Committees (CAZ is the Spanish acronym) were trained and certified on the skills acquired at eight workshops. (SDG 11 and 12)
- » 932 beneficiaries of comprehensive solid waste management workshops in the communities within the areas of direct influence of UNACEM (teachers, students and parents) were sensitized at practical workshops on plastic bags fusion and / or sustainable basketry, bottle broom making and compost production. (SDG 11 and 12)
- » As members of the technical team of the Municipal Environmental Commission of Villa María del Triunfo, we participated in community environmental awareness raising fairs and in the TECNORECICLA fair, organized by the Metropolitan Lima Municipality. (SDG 11 and 12)

Empresa Verde - Municipality of Villa María del Triunfo

A joint effort organized by the Municipality of Villa María del Triunfo to improve solid waste management and handling in the framework of the Municipality's Selective Solid Waste Sorting and Collection Program. UNACEM has joined this initiative with the following results:

- Signing of the reciprocal assistance memorandum between UNACEM and the Municipality of Villa María del Triunfo.
- 315.51 t of usable solid waste handed over to the Municipality of Villa María del Triunfo between January and September 2019.
- Certificates of participation issued to UNACEM every quarter by the municipality, for the delivery of our solid waste. (SDG 11)
- Annual Certificate of Socio-Environmental Responsibility Empresa.Verde.VMT 2019 issued to UNACEM (SDG 11)

Condorcocha plant:

- » We assisted and accompanied the Municipality of La Unión Leticia to meet Goal 3 set by the Ministry of Environment for solid waste management. Equipment financed by UNACEM helped in improving access and leveling platform for the treatment of usable waste and organic waste of La Unión Leticia. (SDG 11)

EMPRO (GRI 413-1)

The *Emprende Productor* (EMPRO) project promotes the strengthening of productive and organizational capacities among three groups of beneficiaries, namely: farmers, guinea pig breeders and sheep breeders, framed in the integral management of the microbasin and environmentally friendly practices. The following results have been obtained:

- 303 pine trees planted (recalculated) in the Antachuccho sector of the Condorcocha population center, with the participation of 15 members of the Condorcocha Livestock Group. (SDG 15)
- One internship for 18 students of the Juan H. Gonzales Cangahuala School at Huk Makilla (Lending a hand) guinea pig farm and at a farmer's compost processing pool in Huancayo town. (SDG 12)
- One internship for 18 members of Huk Makilla at a successful experience in guinea pig farming in Huancayo. (SDG 1 and 12)
- One internship for 18 members of the Condorcocha Livestock Group at the Florcita Farm, in Jauja, to strengthen guinea pig farming skills and knowledge. (SDG 1 and 12)

»» Community relations (GRI 413-1)

To build a positive relationship with our communities, we strengthen, manage and monitor our links with the people, their organizations and with environmental organizations close to our operations, and we identify and prevent possible misinformation, perception and relationship issues. Material results include the following:

Atocongo plant:

- » We accompany the activities of the Roundtable against Poverty in South Lima, which sits representatives from San Juan de Miraflores, Villa María del Triunfo, Villa El Salvador, Lurín, Pachacámac and San Bartolo districts. (SDG 1)
- » We facilitate the process to prepare the strategic development plan for civil society organization Colectivo Lima Sur. (SDG 1)
- » We participate in the Lurín district's Multisectoral Hydrographic Working Group, a binding-resolutions platform attached to the Water Resources Council of the National Water Authority. (SDG 6)
- » We foster awareness on solid waste management, environmental education and local advocacy among 105 families from three poor neighborhoods in Villa

El Salvador, together with the EDUCCA program of the District Municipality of Villa El Salvador and with the leaders of the Environmental Networks of Villa El Salvador (REDAVES is the Spanish acronym). (SDG 11)

- » We assisted in the formalization of five social organizations. (SDG 1)
- » We support 30 local initiatives that benefit 12,402 residents. (SDG 17)
- » We strengthened the capacities of 315 leaders of 77 social organizations through workshops and technical assistance. (SDG 17)
- » We organized three tours to the Atocongo plant, for 49 residents. (SDG 17)

Condorcocha plant:

- » We continued honoring the agreement with the Huancayo peasant community:
 - Huancayo community members were hired to fill 26 jobs in UNACEM and contractors projects.
 - Scholarships (14 beneficiaries).
 - Electricity supply (power for the Huancayo peasant community).

- Payment to the Huancayo peasant community for the lease of a 9-ha property.
- Technical assistance for the use of the community's technical irrigation system and greenhouse. (SDG 1 and 11)
- » We provide technical assistance and organize workshops for 40 leaders of the Water and Sanitation Administrative Boards and user boards. (SDG 6 and 17)
- » Four participatory monitoring programs and two workshops to review the results of the 2018-2019 monitoring plan. Ten social organizations participated. (SDG 15 and 17)
- » We provided technical assistance and support to the Water and Sanitation Board (JASS) at Condorcocha to prepare the town's sanitation project filed with the Ministry of Housing, Construction and Sanitation for approval. (SDG 6 and 17)



**CREATING VALUE
WITH THE COMMUNITY**

**» KATHERINE
MENDOZA**

Community leader

“Thanks to the social projects of Asociación UNACEM, such as Buena Voz, Xona Urbana and Buenos Tratos, I am what I am today. I was trained since I was 14 years old. They taught me to be persistent, to fight for my goals. They really left a mark in my life.”

3.4 Our customers

We want our clients to know our cements and, for this, our website³ shows information on each of the available types. We also provide training for construction professionals, so they can better use our products and improve their construction practices.

Customer types

Most UNACEM's sales are carried out through dealerships and the Progresol network of hardware home improvement stores, to assure our products reach a wide range of customers, mainly for progressive do-it-yourself building.

Departments served by our plants

- | | | | |
|------------|----------------|--------------|---------------|
| » Lima | » Áncash | » Loreto | » Puno |
| » Junín | » Pasco | » San Martín | » Moquegua |
| » Ica | » Apurímac | » Cusco | » La Libertad |
| » Ayacucho | » Ucayali | » Piura | » Tumbes |
| » Huánuco | » Huancavelica | » Tacna | » Arequipa |

³ https://www.UNACEM.com.pe/?page_id=109

We market our products along two business lines: bagged cement and bulk cement. In 2019, they accounted for 71.4% and 28.6% of total dispatches, respectively. In Peru the construction industry is driven by DIY construction, which accounts for 73.8% of bagged cement sales, while the remaining 26.2% is sold to large-scale clients. As for bulk cement, 54.6% is sold to concrete manufacturers and 45.4% to mining and industrial companies. (GRI 102-6)

Our products (GRI 102-2, GRI 102-7)

The cement we provide our customers is high quality and with resistances exceeding the Peruvian Technical Standard (NTP) and the American Technical Standard (ASTM).

Bagged cement

We produce seven types of high quality cement, with packaging to ensure its properties are well preserved.

- » Andino - type I
- » Sol - type I

Admixed cements

- » Andino – Ultra HS type (clinker 55.0%)
- » Andino – IPM type (clinker 74.0%)
- » Andino – type V
- » Andino Forte – type MH (R) (clinker 72.0%)
- » Apu – GU type (clinker 76.0%)

Bulk cement

The cement is dispatched in 1.5-ton big bags or in tank vehicles, directly to customers.

(GRI 102-2, GRI 102-7)

»» **The cement we provide our customers is high quality and with resistances exceeding the Peruvian Technical Standard (NTP) and the American Technical Standard (ASTM).**

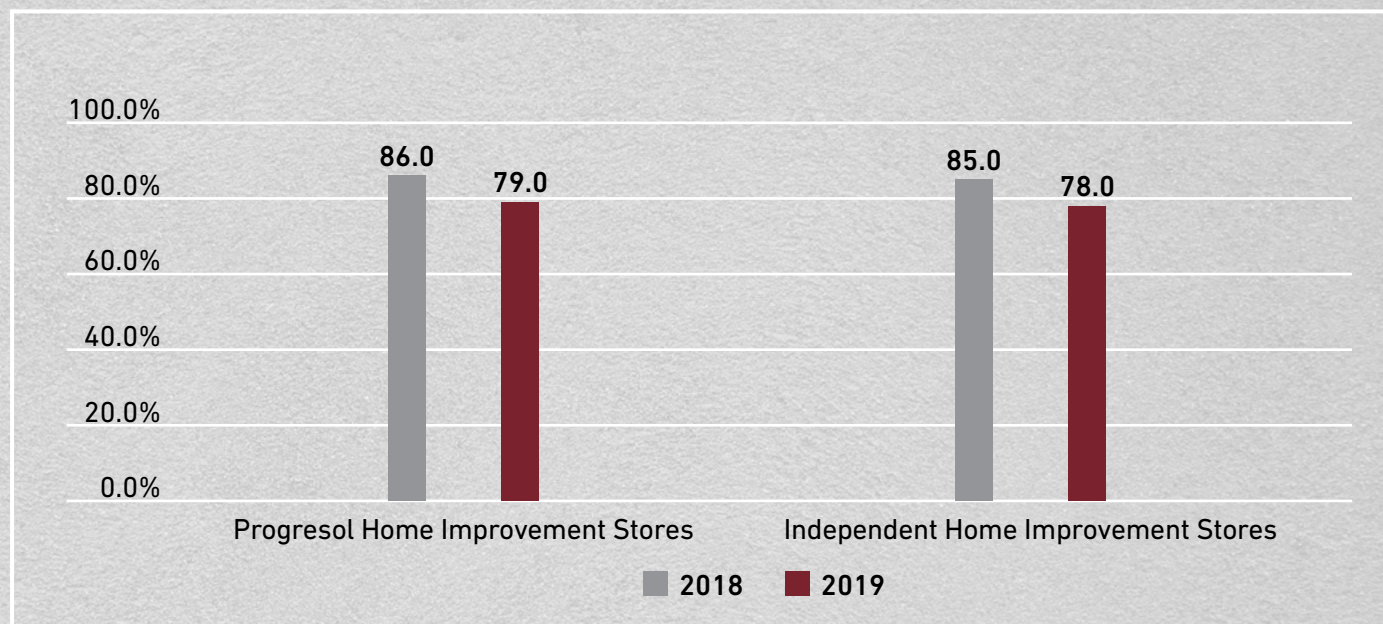
Our bagged cements are labeled with their respective brands, technical reference standards and general indications on their use and conservation. All the bags are labeled with a code that shows information on their origin (the silo from which cement comes and the packaging equipment used), for individual bag market traceability. In addition, recommendations to use the product appear on the back of bags.

Our prevention policy specifies the maintenance schedule of our equipment to assure proper operation of the labeling equipment and use of codes. (GRI 103-2)

Bulk cement transport services receive a booklet with instructions to follow in case of incidents with the freight they carry. (GRI 417, GRI 417-1)

The properties of our admixed cements (for example, high resistance, impermeability to salts and chlorides, and high sulfate resistance) make them suitable in a range of different applications. In addition, the use of a lower percentage of clinker to make them reduces greenhouse gas (GHG) emissions. In 2019, these cements accounted for 29.0% of our sales.

Satisfaction rate in the Progresol Network and Independent Home Improvement Stores



We are strongly committed to meet our customers' needs. Therefore, given the recent slide in the satisfaction index, we have identified and undertaken the necessary improvement steps for our products to continue to be preferred by the markets we serve and fully meet the requirements of Peruvian builders. These actions are already integrated into our 2020 plan and we will share our results in our next report.

Communications with our customers

Our communication strategy is aimed at making known and reinforcing the positioning of each of the brands and products in our portfolio, so that they continue to be preferred by our clients, including construction foremen and self-builders. (GRI 417-1)

Customer satisfaction

Annually, we measure the satisfaction of our customers through surveys among procurement managers and users of our services. We examine and analyze their information, suggestions, remarks and other feedback, and use them to enhance our processes.

»» Our safety data sheets (Material Safety Data Sheet - MSDS) for cement and clinker commercialization list issues that must be taken into account when **handling our products**.

Our customers' health and safety

For us, the security of our value chain is very important. Therefore, we evaluate the main processes that could have an impact on the health and safety of our customers, transport services and drivers who collect our products directly from our facilities, in order to mitigate the risks caused by external conditions and unsafe activities, which we identify and analyze.

At the Atocongo plant, we evaluate compliance with the clinker and cement dispatch procedures established in the IMS. In Condorcocha, we proceed likewise with the cement road dispatch processes and direct dispatches to clients, as well as all the processes in our port operations.

Our IMS at the Atocongo plant and in our administrative offices includes a procedure to log, investigate and analyze unsafe acts potentially involving our clients, as well as a complaints and grievances procedure. At the Condorcocha plant, an instruction booklet for our transport services and a procedure to handle complaints are available.

Our safety data sheets (Material Safety Data Sheet - MSDS) for cement and clinker commercialization list issues that must be taken into account when handling our products. These are distributed to customers who require them. Some of these considerations are also described on the back of the cement bags we sell. (GRI 416-1)

Main projects in 2019

Our products were chosen for the construction of some of the main projects built in Peru in 2019. Highlights follow:

- » Pan-American and Parapan-American Games Lima 2019: during the first half of 2019, the demand for cement increased driven mainly by the infrastructure works (such as sports centers and arenas) built for this sporting event. These infrastructure works were accompanied by paving works of the access roads to the games' venues.
- » Construction of the Real Plaza Puruchuco shopping center, Peru's largest and the largest in the world to be certified with the Edge seal of sustainable design.
- » Ambo-Oyón road: start of paving in sections I and II in the second half of 2019.
- » Line 2 of the Lima Metro.
- » New Ica correctional facility.
- » Paving of Los Héroes avenue, linking San Juan de Miraflores and Villa María del Triunfo districts.

An aerial night photograph of a city, likely Las Vegas, showing a valley filled with lights and surrounded by dark hills. A large, semi-transparent black graphic, resembling a stylized letter 'A' or a similar shape, is overlaid on the left side of the image. The text 'ENVIRONMENTAL MANAGEMENT' is centered in white, bold, sans-serif font across the middle of the image.

ENVIRONMENTAL MANAGEMENT

4. ENVIRONMENTAL MANAGEMENT

Our environmental management is guided by our sustainable development approach and is built upon four environmental pillars: (i) environmental quality, (ii) conservation of natural and cultural resources, (iii) environmental certification and (iv) capacity building. Furthermore, climate change concerns inform these four pillars.

4.1

Environmental impact of our operations

The prevention and mitigation of environmental impacts, as well as the optimum consumption of resources, are the main objectives of our Environmental Management System. We focus on reducing our emissions of particulate matter and greenhouse gases, the main environmental impacts of our operations.

We also work to improve the efficiency of our production processes by reducing water and energy consumption, with the aim of optimizing our environmental performance in clinker and cement manufacturing, and in port, mining, and energy activities.

We must highlight that the improvements achieved result from the commitment of our team members, who, through the monitoring and audits of internal and external processes, have optimized procedures and meet regulatory obligations. (GRI 102-11)

Environmental management



Reducing emissions

120,000 tons/year
less of greenhouse
effect gas emissions

from our Atocongo plant thanks to the partial use of natural gas in product manufacturing.

For the second year in a row, we received the

Blue Certificate

awarded by the National Water Authority in recognition of our water stewardship efforts in the Condorcocha plant.



We reuse
or recycle
86.0%

of the solid waste
we generate.

We stopped emitting:

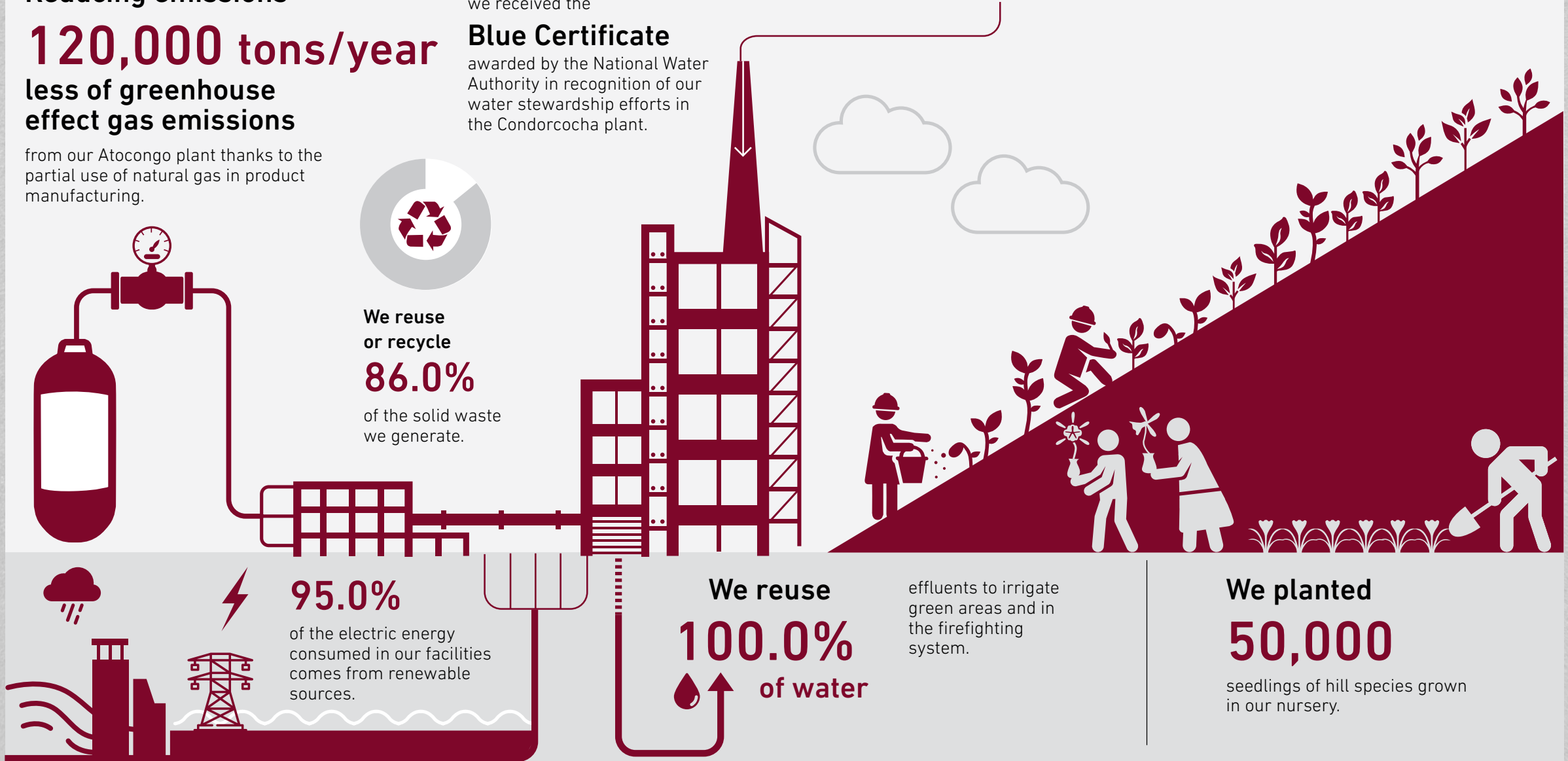
500,000 tons CO₂
by reducing by 55.0% the
clinker/cement ratio

in manufacturing of special additives Apu and Andino Ultra HS cements since 2010.

We remediated

4.8 ha

of hill land using local labor in the 500 dump site, in Pachacamac.



95.0%

of the electric energy
consumed in our facilities
comes from renewable
sources.

We reuse

100.0%
of water

effluents to irrigate
green areas and in
the firefighting
system.

We planted

50,000

seedlings of hill species grown
in our nursery.

Material environmental components identified in our operations

Environmental component	Environmental impacts	Activities or operations
Water	<ul style="list-style-type: none"> » Potential alteration of the conditions and physical or chemical quality of the water. » Potential alteration of the quality and quantity of groundwater. Generation of domestic and industrial effluents. 	<ul style="list-style-type: none"> • Generación de efluentes domésticos e industriales. • Storage of solid and liquid materials and fuels. • Loading and unloading of ships at the Conchán dock. • Ground water extraction. • Operation of the Carpapata I, II and III hydroelectric plants. • Accidental spills of materials and hydrocarbons in bodies of water.
Flora	<ul style="list-style-type: none"> » Potential impact on the quantity and diversity of plant species. 	<ul style="list-style-type: none"> • Extraction of raw materials. • Access roads in quarries. • Blasting.
Wildlife	<ul style="list-style-type: none"> » Potential impact on the quantity and diversity of wildlife species. 	<ul style="list-style-type: none"> • Land clearing to open construction areas for new projects. • Hydroelectric power plant operation.
Archeology	<ul style="list-style-type: none"> » Potential alteration of existing archeological sites in the areas of operation. 	
Noise	<ul style="list-style-type: none"> » Potential increase in ambient noise levels. 	<ul style="list-style-type: none"> • Temporary or permanent noise created by vehicles, equipment, machines and blasting in quarries.
Air	<ul style="list-style-type: none"> » Potential alteration of the air quality in areas of direct and indirect operations' influence. 	<ul style="list-style-type: none"> • Industrial, mining, power (thermal) and port operations. • Limestone grain size reduction. • Handling, transport and storage of raw material, clinker and cement. • Clinker and cement manufacturing. • Loading and unloading of import and export materials at Conchán dock. • Operation of the Atocongo thermal power plant.
Soil	<ul style="list-style-type: none"> » Potential alteration of soil quality. 	<ul style="list-style-type: none"> • Accidental spills of hydrocarbons and polluting materials. • Implementation of new projects.
Relief and landscape	<ul style="list-style-type: none"> » Potential alteration of the land area's topography and t shape. 	<ul style="list-style-type: none"> • Extraction of raw material from quarries and cutting activities (in quarries' pits) and filling (in quarries' pits) during the construction phase of new projects.

»» All complaints or grievances received along the year have been handled in compliance with established procedures.

Formal complaints and grievance mechanisms

- » Community Relations unit of Asociación UNACEM, which will launch coordinated initiatives with the operational units involved in order to evaluate and address the former appropriately.
- » As part of our IMS, we have laid down a number of procedures for handling complaints and grievances (environmental or social). Any UNACEM team member can receive, from any interest group, a query / complaint / grievance relating to our operations, subsequent to which registration and communication with the respective stakeholder group will start to respond to their complaint or grievance.
- » All complaints or grievances received along the year have been handled in compliance with established procedures.

Environmental compliance

To comply with environmental regulations, our modern grouse control and monitoring GEORGE software platform, managed by the Legal Management Department, allows us to demonstrate the various processes involved in our industrial, mining, port and electricity activities are environmentally compliant.

To further support and strengthen our IMS, we carry out in-house evaluations through follow-up audits of environmental activities and regulatory compliance, as well as an annual independent audit of the ISO 14001: 2015-certified management system. The latter scopes cement manufacturing and marketing, and loading and unloading of ships at the Conchán dock, in addition to electric power generation at the Carpapata I, II and III hydroelectric plants.

The main environmental regulatory compliance mechanisms are as follows:

- » **The Quality Plan**, which includes the environmental monitoring program targeting emissions, air quality, water and effluents, and biological follow up. Participatory environmental monitoring at the Condorcocha plant allows us to address queries and comments regarding water and air quality monitoring. Local authorities and residents are invited to participate.

» **Environmental compliance reports** addressing our commitments comprised in environmental management instruments in force, in addition to other reports addressed to technical authorities related to material environmental issues (ANA, SERFOR, OEFA, MEM, MINCUL, among other institutions).

» **Internal and independent audits**, required by our Integrated Management System.

It is also worth mentioning that our activities are subject to government unannounced inspections by the Environmental Assessment and Control Agency (OEFA), which ensures compliance with all socio-environmental duties set forth in the environmental management instruments for industrial, mining, port and electricity activities.

Since 2013, OEFA has performed over 50 environmental inspections in Atocongo and 19 in Condorcocha, either scheduled or special, comprising all our activities. They have resulted in OEFA determining 11 disciplinary administrative procedures (PAS is the Spanish acronym). Of these, four were archived, two identified an existing administrative liability and five required corrective measures. For the latter, we adopted immediate corrective actions and the sanctions were lifted. Thus, at the end of 2019, OEFA had not imposed any economic penalizations, demonstrating our industrial, mining, port and electricity generation operations were fully environmentally compliant. (GRI 307-1)

Emissions (GRI 305-1)

The main purpose of our management of operations is to prevent, control, reduce and mitigate the potential impacts of our activities resulting from the emission of gases and particulate matter to the environment, for which it is important to identify, evaluate and implement actions, as well as determining opportunities to improve the environmental performance of our industrial, mining, port and energy generation activities.

Gas and particulate matter emissions

For us, it is important to reduce our emissions of particulate matter and greenhouse gases (GHG) for every ton of cement we produce, as well as our indirect GHG emissions. The following projects and activities are current in our operations:

- » At the Atocongo plant, we partially use natural gas in cement manufacturing, having thus cut down GHG emissions by over 120,000 tons annually. In 2010, we were the first Peruvian cement company to issue Carbon Bonds, and that has most reduced GHG emissions in Peru.
- » Our modern particle scrubbing systems, such as electrofilters and bag filters, achieve 99.9% dust collection efficiencies in kiln, cooling and grinding processes.
- » We control the emissions of gases and particles in our operations and measure the environmental quality of the air in neighboring communities, and compare them to the Maximum Permissible Limits and the Environmental Air Quality Standards, based on which we file environmental monitoring reports with the competent environmental authority.

- » Ongoing studies of our carbon footprint have allowed us to compile data on emissions from cement manufacturing, including indirect emissions from the personnel transport service and electricity consumption, among others.
- » In 2019, we started a project to install bag filters in Condorcocha plant's kiln cooler 2. In the first quarter of 2020, we will stop line 2 in order to further modernize kiln clinker cooler 2 by installing a new dusting system and more efficiently control process dust generation and energy consumption.
- » Likewise, in Condorcocha, we began the implementation of the clinker yard enclosure project, which will allow us to reduce diffuse emissions of particulate matter.

All these efforts contribute to honor the commitments we have made in our environmental instruments to put in place prevention, control, reduction and mitigation measures in our industrial, power generation, mining and port activities. **(GRI 305-1)**

Emissions of greenhouse gases⁴ (GRI 305-1) (in tons of carbon dioxide equivalent)

	Atocongo plant		Condorcocha plant	
	2018	2019	2018	2019
Direct emissions (scope 1)				
CO ₂ emissions	2,738,744	2,954,766	1,399,149	1,415,317

Gas and particulate matter emissions

	Atocongo plant 2019	Condorcocha plant 2019
Greenhouse gas emissions (kg de CO ₂ eq / t cement equivalent) (GNR data)	615	798
Clinker/cement ratio	0.85	0.89
Specific caloric intake* (kcal/kg clinker)	732	872

* Individual kiln weighted average at each plant.

⁴ GNR (Getting the Numbers Right): methodology for calculating CO₂ emissions from the cement industry worldwide.



»» We monitor the plant and wildlife population in the surroundings of our mining operations, and collect data on biodiversity indicators over time.

Biodiversity

Semiannually, and as part of our regular activities, we monitor the plant and wildlife population in the surroundings of our mining operations, and collect data on biodiversity indicators over time. This allows us to evaluate the changes (processes and trends) of the conservation status and the condition of some other biodiversity factors that could be influenced by our operations, as well as start actions and mechanisms to adapt and improve our natural resources management.

Our objectives in biodiversity monitoring include the following:

- » Know and determine the variations of the biological components, since their presence or absence reveal the condition of the flora and fauna communities during the dry and rainy seasons. This information allows

us to gain a better understanding of the dynamics of biodiversity at our production units.

- » Evaluate the environmental conditions in each of our operating units through biological indicators and collect data on how species behave or react in our operations' ecosystems to gain greater knowledge and better manage the plant and animal communities related to our mining units for their conservation and sustainable use. Finally, learn about their behavior pursuant to the restoration of plant and animal life for the progressive and final closure of the quarries.
- » Estimate rates of change in the diversity and abundance of species, which, in addition, will be contrasted with monitoring outcomes of previous years.

Our biodiversity monitoring strategies include:

- » Research on our operation's ecosystem's flora and fauna and the fragile mist hills ecosystem.
- » Development and promotion of research projects to rehabilitate and recover intervened areas.
- » Monitoring of mining units at Atocongo, Cristina and Las Hienas and Las Dunas administrative economic unit (UEA).
- » At Atocongo plant, maintenance of green areas, including efficient drip irrigation using more than 92,000 m³ of treated wastewater from the wastewater treatment plant, to garden 30 ha of green areas at our facilities.
- » At Condorcocha plant, we use more than 107,000 m³ of treated wastewater, obtained from the wastewater treatment plant, to irrigate 3.5 ha of green areas in our facilities.

The main impact on biodiversity identified in our quarrying operations included areas of modified flora and fauna, fauna migration and impacts on plant species.

Protected and restored habitats

UNACEM does not carry out any operations in protected natural areas, so the potential impacts of our interventions are, in most cases, temporary and reversible. Our mine closure plans are approved by the competent authority, specifying the necessary measures to be implemented, before, during and after the closure of operations.

The hills around some areas in the Atocongo and Cristina quarries of our Atocongo unit are fragile ecosystems. Our conservation and revegetation plan for mist hill species is included in the environmental instruments approved for both operations. Moreover, our mine closure actions comprise measures to guarantee the physical and chemical stability of site components, such as the exploitation pits and rubble yards, as well as activities related to our team members' labor retraining.

We are presently involved in protection and conservation actions and plans with local community leaders and international organizations.

Our Las Dunas concession, in the province of Pisco, Ica region, encompasses ecosystems of particular importance and fragility, such as wetlands and lagoon

water mirrors that prompted us to design a conservation plan for a stretch within our area of direct influence.

In the surroundings of the plants there are no protected habitats. However, we have restored five areas:

- » **Ducks lagoon (Condorcocha plant)**, formerly a limestone quarry within our facilities. This lagoon provides a rest stop for migratory birds and for raising small animals such as rabbits, ducks and geese. In addition, trout has also adapted well to this environment.
- » **Pacchón area (Condorcocha plant)**, a former dump has been planted to trees, including eucalyptus and queñuales, to expand the reforested protection area by 6 ha. There also we grow perennial forage species (such as clover and alfalfa) as feed for our guinea pig farm.
- » **Barranco (Condorcocha plant)**, a former dump is now used for planting of perennial forage fully adapted to the site, including alfalfa, used as feed for our guinea pig farm.

» **Carpapata (Condorcocha plant)**, where we completed the construction work of the Carpapata III hydroelectric power plant and where we have restored two areas: one on a rubble dump and another around a high voltage tower. We sow native shrub species to promote greater adaptability.

» **Wate dump 500 (Cristina quarry)**, where we continue with the hill restoration plan, with 4.8 already restored out of 11 ha total. This plan will continue in 2020. It should be noted that we have identified the plant species that predominate in the restored area, which has allowed our mist hill nursery.

(GRI 304-3)



CREATING VALUE FOR THE ENVIRONMENT

»» NOÉ NEIRA

Lomas del Paraíso Ecotourism Circuit
Association

“Our alliance with UNACEM is of utmost importance because together we work for the conservation and sustainability of these hills as a natural habitat, for the benefit of the community.”

4.2

Resource consumption and management

Materials

In the expectations survey conducted for report, our stakeholders shared their interest in learning about the materials used in our production processes.

Below, we list the materials and supplies used in manufacturing, packaging and providing our main goods and services: **(GRI 301-1)**

Materials used by weight or volume (GRI 301-1)

Material	Quantity	Unit
Grinding additive	1,713,436	kg
Clay	95,795	t
Limestone	8,853,511	t
Imported coal	98,172	t
Local coal	186,440	t
Coal ash	5,369	t
Carbon dioxide	4,288	t
Slag	71,652	t
Gas	314,998,407	m ³
Iron oxide	198,312	t
Diesel oil b5 s-50	17,888	gal
Industrial oil 6	4,271	t
Pozzolana	120,312	t
Silica	92,288	t
Gypsum	244,734	t
Bags (42.50 kg cement)	89,487,776	bol.
Big bags (1.5 t)	76,339	bol.
Total cement dispatch	5,316,427	t

Energy

cement manufacturing. We recognize that our product manufacturing processes require large amounts of energy. For this reason, we have adopted modern and efficient technologies as the result of internal modernization processes, while simultaneously deploying new production lines.

Along these lines, we promote the strategic development and manufacturing of admixed cements with a lower clinker/cement ratio that require less energy for production. Likewise, we monitor the thermal and electrical power consumption for each ton of clinker and cement produced by our plants.

In addition, we incorporate and encourage the use of clean energy, such as those from the Carpapata I, II and III hydroelectric power plants. We are the majority partner of the El Platanal Electric Company - CELEPSA, that supplies hydroelectric power to our Atocongo and Condorcocha plants.

Finally, we have engaged in other efforts that contribute to our greater energy efficiency, among which are the following:

Kiln fuel consumption (GRI 302-1)

Fuel type	Atocongo plant		Condorcocha plant	
	2018	2019	2018	2019
Coal (in tons)	54,723	41,363	229,218	239,169
Residual oil (in tons)	1,165	917	3,398	3,284
Natural gas (in cubic meters)	285,441,690	297,826,142	0	0
Diesel fuel (in gallons)	4,577	7,518	12,223	20,673

- » We encourage the rational use of electric energy in our camps and facilities through the promotion of Earth Hour and through campaigns for efficient energy consumption.
- » We progressively upgrade the technology of our old production lines by introducing new, more efficient equipment requiring less energy.
- » We optimize the management of energy resources in our hydroelectric plants.
- » We optimize coal consumption through appropriate mixes for our processes.

Fuel consumption

Our mix of fuels for clinker production consists of coal (domestic and imported) and natural gas (at the Atocongo). The latter, being a cleaner fuel than coal, allows us to reduce greenhouse gas emissions.

Electricity consumption

by the National Interconnected Electric System (SEIN) and GEA S.A. (Atocongo thermal power plant) and kicks in directly during peak hours or when the national grid fails.

The Condorcocha plant, located 3,950 meters above sea level, receives power from four hydroelectric plants: El Platanal (owned by our CELEPSA subsidiary), Carpapata I, Carpapata II and Carpapata III. In 2019, average plant consumption reached 158.5 kWh per ton of cement equivalent. The Atocongo plant, meanwhile, consumed an average 89.6 kWh per ton of cement equivalent. This value falls within the range set in the Integrated Management System, set at 94.0 kWh per ton of cement equivalent.

We continue to work to align our indicators with the principles promoted by the Cement Sustainability Initiative (CSI). Since 2018, our reports follow the Getting the Numbers Right (GNR) reporting standard promoted by said institution, which provides a homogenized industry-wide methodology to estimate CO₂ emissions and energy consumption.

Also, through a bilateral agreement, we deliver about 2,006.2 kWh of electricity, free of charge, to the urban area of La Unión Leticia district.

Electric power consumption (gigajoules) (GRI 302-1)

	Atocongo plant		Condorcocha plant	
	2018	2019	2018	2019
El Platanal (SEIN)	1,288,107	1,409,220	385,484	473,833
Atocongo thermal power plant	139,137	148,088	-	-
Carpapata I, II and III hydroelectric power stations	-	-	672,186	627,599
Total	1,427,244	1,557,308	1,057,670	1,101,432

During 2019, 90.5% of the electricity consumption in the Atocongo plant came from a renewable source (CELEPSA) and 9.5% from a non-renewable source (Atocongo thermal power plant). In the Condorcocha plant, 57.0% of the consumption of electricity came from the Carpapata I, II and III hydroelectric power plant. The 43.0% balance was purchased from our subsidiary CELEPSA. It is important to note that renewable sources account for 100.0% of the electricity consumed in the Condorcocha plant.

In both plants, 94.4% of the electricity consumed comes from renewable sources, and 5.6%, from non-renewable sources. **(GRI 302)**

» HIGHLIGHTS **2019**

We won the Blue Certificate awarded by the National Water Authority of Perú in merit to all our water stewardship efforts and activities at our Condorcocha plant and as a shared value with our neighboring communities.

Water

Cement manufacturing is a dry process and does not require large amounts of water. Nevertheless, we recognize that water is a scarce resource, so we enforce the Responsible Water Management program in our industrial, mining, port and energy facilities, which are located in two types of areas: one of arid climate, mainly in the district of Villa María del Triunfo, Lima, and another one of temperate and dry-winter climate, in La Unión Leticia, Tarma.

In 2019, we updated our water footprint study, using ISO 14046 methodology, for cement manufacturing in the Atocongo and Condorcocha plants during 2018. The resulting water footprints were 1.81 l/kg cement and 1.46 l/kg cement, respectively. Measuring the water footprint takes into consideration the direct consumption of water for manufacturing and the indirect consumption (supplies, energy, and transport). The latter is the main component, as it impacts approximately 95.0% of the calculated water footprint at both plants. Likewise, it is worth mentioning that the water footprint of the Condorcocha plant is smaller than at the Atocongo plant, as it sources electricity directly (64.0%) from the Carpapata I, II and III impoundment hydropower plants, with a flow through factor of 0.02 l / kWh. These plants take advantage of the flow of the river to generate electrical energy. The Atocongo plant has a contract with the El Platanal hydroelectric plant, whose power feeds the National Interconnected Electric System (SEIN), with an electric power factor of 16.65 l / kWh.

Likewise, we monitor surface and ground water and effluents, through a certified consultant that accredits the quality of the water in our plants, quarries and camp sites.

At UNACEM, the following activities seek to reduce, reutilize and efficiently use water:

- » Recirculation of water from the industrial plant's cooling system.
- » Technical irrigation systems for irrigation and maintenance of green areas.
- » Efficient water control systems in office and locker room bathrooms.
- » Gradual replacement of water saving fixtures in UNACEM facilities.
- » Measuring water consumption in the Condorcocha plant with flow meters to daily gauge water use for industrial and residential purposes.
- » Training of personnel efficient resource use.
- » Water footprint measuring.
- » Undertaking shared value water footprint projects.

As part of our sustainability strategy and environmental commitment, we implemented our Environmental Footprint Measurement (water and carbon footprint) project at the Atocongo and Condorcocha plants.

It is worth mentioning that the water footprint indicator allows us to propose improvements to more effectively accomplish our objective to reduce direct and indirect water consumption.

Likewise, to ensure the quality of the water for our various processes, either from our hydroelectric plants located in the Carpapata annex or our wastewater treatment plants (PTAR is the Spanish acronym), we constantly test water quality at a laboratory accredited by the National Quality Institute (INACAL).

It is important to highlight that, in 2019, and for the second consecutive year, we won the Blue Certificate, awarded by the National Water Authority, for the water stewardship efforts and activities in our Condorcocha plant and as a shared value in our area of influence. Certification is underway for our Atocongo plant. For this reason, we confirm our commitment to reducing the use of water in our activities and promote shared value programs in our areas of socio-environmental influence for optimum use of water resources in the community.

Water consumption and management (GRI 303-1)

	2018		2019	
	Condorcocha plant (in m ³)	Atocongo plant (in m ³)	Condorcocha plant (in m ³)	Atocongo plant (in m ³)
Total water consumption	210,155	433,257	223,169	417,100
Total ground water consumption	–	433,257	–	417,100
Total consumption of spring and gorge source water	210,155	–	223,169	–
Total water consumption for residential use ⁵	139,168	225,369	125,534	219,304
Total water consumption for industrial and mining use	70,987	207,888	97,635	197,796
Volume of reused water	108,151	92,513	107,293	106,003
Percentage of reused water	51.50	21.0	48.1	25.4

⁵ Includes water consumption for green area irrigation.

Effluent and waste management

- » Green areas at the Atocongo and Condorcocha plants are irrigated with treated wastewater from our PTARs, which allows us to reduce the consumption of ground water by over 200,000 m³ per year.
- » We update the objectives of our Integrated Management System for water and effluent management, as well as the reuse of our waste, and we set increasingly ambitious consumption reduction goals to improve our environmental management.
- » We reuse 100.0% of the effluents treated in our PTARs for irrigation of green areas and for the fire system. There is no effluent discharge to any natural water bodies.
- » Our expanded green areas irrigation system will save approximately 22,000 m³ of ground water per year.
- » In the Atocongo and Condorcocha plants, we have in place a sewage pipe network and do not impact surface water sources with industrial effluent, since all our process water is recirculated in a closed loop or treated at the PTARs.

We continue to promote the reduction, reuse, recycling and recovery of solid waste. Through the recycling campaign “Tu papel no termina aquí... Recicla”, we encourage sorting and reducing of waste in our facilities. Waste is handed over to associations of formal recyclers in our community. Likewise, we reuse waste weeds, sludge from the Wastewater Treatment Plant (PTAR) and organic waste from our dining hall for compost and use in green areas.

At the Atocongo plant, the Conchán dock and mining concessions, non-tradable waste that cannot be reused is delivered to solid waste operating companies (EO-RS is the Spanish acronym) for final disposal. Previously, we ensure these companies are authorized by the Ministry of Environment (MINAM). In addition, at the Condorcocha plant we have an authorized landfill for the final disposal of non-marketable, non-hazardous waste.

Our solid waste management procedure comprises the following steps:

- » Temporary storage of waste (collection points).
- » Collection of solid waste.
- » Transportation of hazardous and non-hazardous solid waste.
- » Waste sorting.
- » Central storage of waste.
- » Waste reuse and recycling.
- » Final disposal of unusable waste.

At UNACEM we have evaluated the possibility of coprocessing our waste as an alternative fuel in our kilns. A prefeasibility study is ongoing and technical studies are starting for the pilot tests to implement the project in future, since the cement industry could provide a viable way to manage waste from cities and the country at large.

Waste management and treatment (GRI 306-2)

Method	Atocongo plant				Condorcocha plant			
	2018		2019		2018		2019	
	t	%	t	%	t	%	t	%
Non-hazardous waste	4,684	100.0	3,916	100.0	1,144	100.0	966	100.0
Reutilization	2,733	58.4	1,866	47.6	83	7.3	84	8.7
Recycling	1,199	25.6	1,313	33.5	490	42.9	484	50.1
Composting	53	1.1	193	4.9	240	21.0	222	23.0
Total recycled non-hazardous waste	3,985	85.1	3,372	86.1	812	71.0	791	81.9
Dump	699	14.9	543	13.9	331	29.0	175	18.1
Hazardous waste	274	100.0	238	100.0	80	100.0	108	100.0
Recycling	45	16.4	28	11.8	30	37.0	49	45.7
Stabilization	–	–	–	–	2	2.5	3	2.5
Encapsulation	–	–	–	–	0	0.2	1	0.9
Dump	229	83.6	210	88.2	48	60.2	55	50.9

A large concrete dam with a reservoir in a dry, hilly landscape under a clear blue sky. The dam is a long, multi-tiered structure made of concrete blocks, with a spillway on the right side. The reservoir is a deep blue color, reflecting the sky. The surrounding landscape is arid, with brownish hills and sparse vegetation. A large, dark, semi-transparent graphic element is overlaid on the left side of the image, containing the text.

ABOUT OUR SUSTAINABILITY REPORT



5 ABOUT OUR SUSTAINABILITY ■ REPORT

For the collection of information on GRI content, we have reviewed internal and public documents. Similarly, we have used data collection templates, following GRI technical protocols. We also organized awareness workshops and provided personalized support for officials charged with filling out the forms.

Main stakeholder expectations (GRI 102-44)



Team members

- » Prepare training and technical skill building plans.
- » Develop communication mechanisms on Asociación UNACEM activities.
- » Continue supporting communities.
- » Improve the performance evaluation mechanism.
- » Improve occupational health programs.



Dealership

- » Prepare a schedule of commercial promotions.
- » Develop a platform for dealing with complaints and grievances that reach them about our products.
- » Increase bags' thickness.
- » Disseminate information about production inputs used in blended cements.



Community

- » Continue to honor the commitments reached with La Unión Leticia communities.
- » Develop a program to reduce nighttime emissions.
- » Disseminate information about production inputs.
- » Develop a schedule for truck traffic.
- » Restart and improve technical and productive training programs.



Government and civil society

- » Expand agreements to develop more projects in our areas of direct and indirect influence.
- » Expand agreements for anemia eradication programs.
- » Strengthen dissemination mechanisms for joint activities.

This year, as part of the process for preparing this report, we introduced the expectations collected from our stakeholder groups during 2018. It is worth mentioning that, starting with this sustainability report, we have decided to engage in dialogue with our stakeholders every two years. We detail below the main identified expectations.

Material aspects addressed (GRI 102-46)

A four stage process identified the most relevant aspects to be included in this report. They would reflect the most important issues for our stakeholders and identify the most significant company sustainability impacts. (GRI 102-49)

» At this stage, we review the emerging sustainability issues of the sector as established in RobecoSAM's 2019 Sustainability Yearbook. We also review the sustainability reports of leading international cement manufacturing and marketing companies.

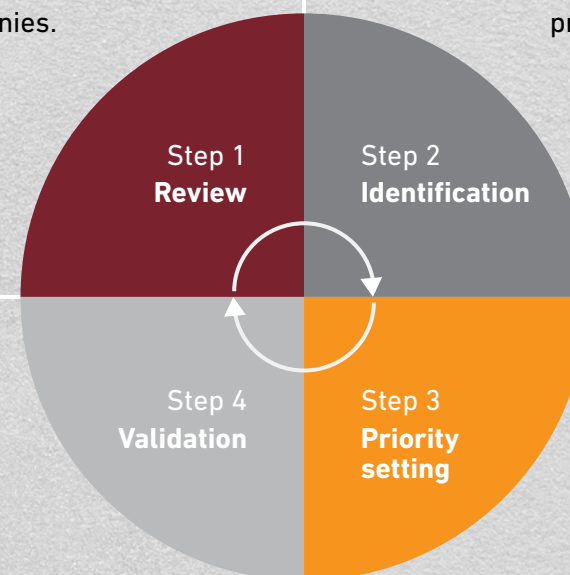
» To identify the key sustainability issues for UNACEM management in 2019, we conducted seven interviews with company managers and deputy managers and reviewed UNACEM's 2016-2021 Strategic Plan, policies, processes and procedures.

» To identify key sustainability issues for our stakeholders, we examined the dialogue conducted for the 2018 report.

» The results of this materiality matrix were validated with management at a workshop, in coordination with Asociación UNACEM.

» Subsequently, the indicators and management approaches were selected that would be included in the 2019 Sustainability Report.

» We prioritized the most relevant topics for stakeholder groups by level of interest. Regarding the most relevant issues for UNACEM, we applied a methodology for assessing Sustainable Advance risks.



(GRI 102-46)

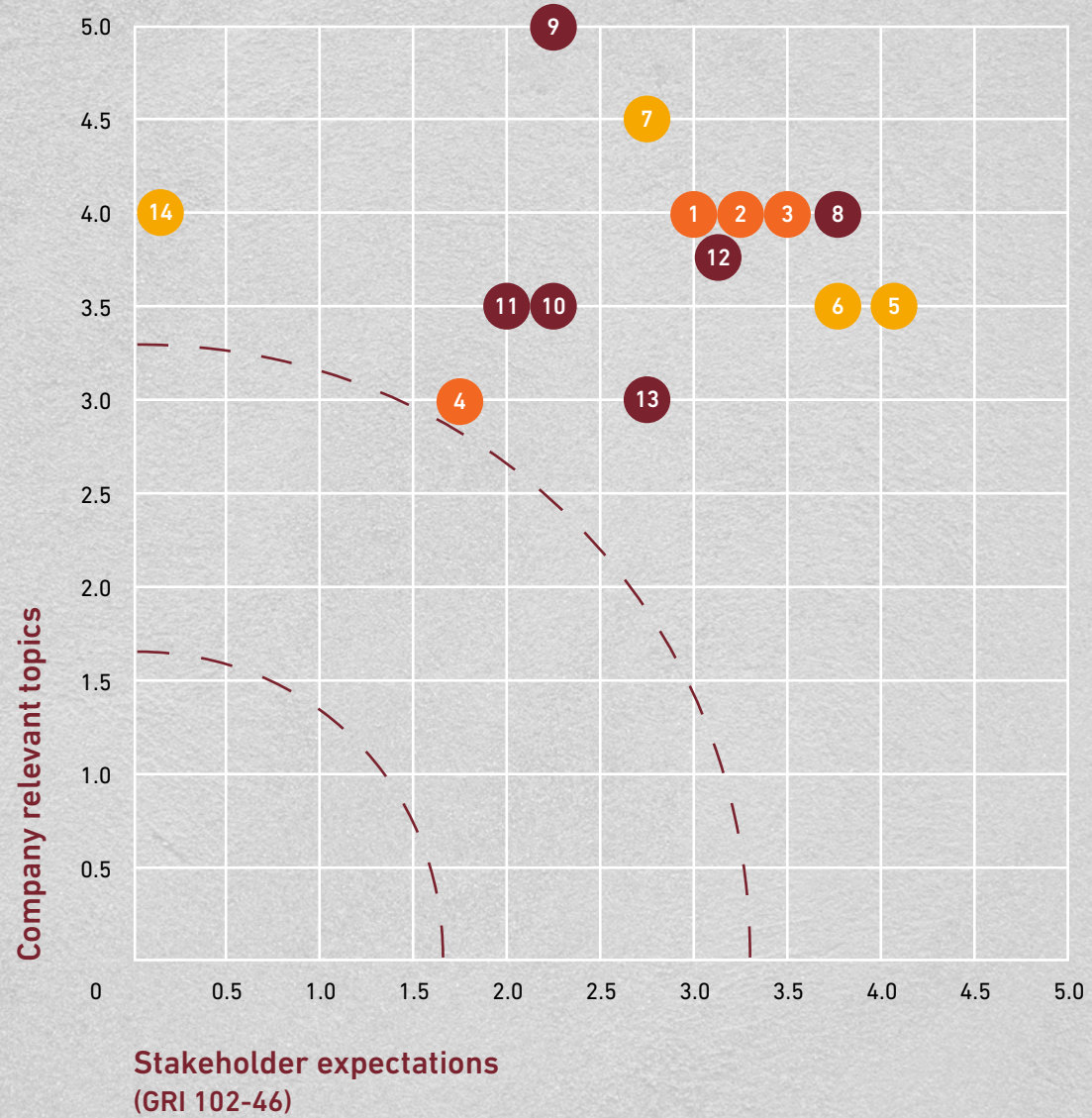
Material issues

As a result of this process, we identified the material issues for this report. Their scope is detailed in the following chart and table:

N.º	Material issues (GRI 102-47)	Related GRI topic	Scope
1	Corporate ethics	GRI 102: General contents - Ethics and integrity GRI 205: Anti-Corruption GRI 206: Unfair competition	Internal and external
2	Economic performance	GRI 201: Economic performance	Internal and external
3	Product quality	GRI 416: Customer health and safety GRI 417: Marketing and labeling	External
4	Supply chain management	GRI 102: General contents – Organizational profile GRI 204: Purchasing practices GRI 308: Supplier environmental assessment GRI 414: Supplier social assessment	External
5	Energy and emissions	GRI 302: Energy GRI 305: Emissions	External
6	Operational eco-efficiency	GRI 301: Materials GRI 303: Water GRI 306: Effluents and waste	Internal and external
7	Biodiversity	GRI 304: Biodiversity	External
8	Communities and social investment	GRI 203: Indirect economic impacts GRI 413: Local communities	External
9	Occupational health and safety	GRI 403: Health and safety at work	Internal and external
10	Employment and diversity	GRI 401: Employment GRI 405: Diversity and equal opportunities	Internal
11	Worker development	GRI 404: Training and education	Internal
12	Human rights	GRI 406: Non-discrimination GRI 407: Freedom of association and collective bargaining GRI 408: Child labor GRI 409: Forced or compulsory labor GRI 410: Safety practices	Internal and external
13	Compliance	GRI 307: Environmental compliance GRI 419: Socioeconomic regulatory compliance	Internal and external
14	Sustainable construction	No GRI Sustainable construction	External coverage

(GRI 102-46, GRI 103-1)

Materiality graph (GRI 102-47)



GRI CONTENT INDEX (GRI 102-55, GRI 102-56)

This report has been prepared pursuant to GRI standards: Core option. (GRI 102-54)



For the Materiality Disclosures Service, the GRI has reviewed that the GRI content index to assure it is clear and that the references to contents 102-40 to 102-49 correspond to the indicated sections of the report.

GRI 101: FOUNDATIONS 2016

(The GRI 101 standard has no content)

GRI 102: GENERAL DISCLOSURES 2016

General disclosures 2016	Page / direct answers	Omissions or observations	SDG	Advanced COP Global Compact
Company profile				
102-1: Company name	9	-	-	-
102-2: Main brands, products and services	68	-	-	-
102-3: Headquarters location	10	-	-	-
102-4: Location of operations	10, 13 and 14	-	-	-
102-5: Ownership and legal form	10	-	-	-
102-6: Markets served	68	-	-	-
102-7: Scale of the company	7, 9, 13, 14, 15 and 68	-	-	-
102-8: Information on employees and other workers	33	-	SDG 8	Principle 6
102-9: Supply chain	11 and 12	-	-	-
102-10: Material changes in the company and its supply chain	15	-	-	-
102-11: Precautionary principle or approach	26, 73, 75 and 76	-	-	-

General disclosures 2016	Page / direct answers	Omissions or observations	SDG	Advanced COP Global Compact
102-12: External initiatives	9 and 27	–	–	–
102-13: Memberships	9 and 20	–	–	–
Strategy				
102-14: Statement by most senior executives responsible for decision making	4	–	–	–
Ethics and integrity				
102-16: Values, principles, standards and norms of conduct	25	–	SDG 16	Principle 10
Government				
102-18: Corporate governance structure	14	–	–	–
102-35: Remuneration policies	The remuneration policy of the Board of Directors is established in accordance with the Company by-laws and is equivalent to 1% of profits before taxes. The Chairman earns double remuneration	–	–	–
Participation of stakeholders				
102-40: List of stakeholders	29	–	–	–
102-41: Collective bargaining agreements	44 and 45	–	SDG 8	Principle 3
102-42: Identification and selection of stakeholders	28	–	–	–

General disclosures 2016	Page / direct answers	Omissions or observations	SDG	Advanced COP Global Compact
102-43: Approach to stakeholder participation	30	–	–	–
102-44: Key issues and concerns mentioned	92	–	–	–
Reporting practices				
102-45: Entities included in the consolidated financial statements	9	–	–	–
102-46: Definition of report contents and topic boundaries	93, 94 and 95	–	–	–
102-47: List of material topics	94 and 95	–	–	–
102-48: Restatement of information	No restatement of information has been performed	–	–	–
102-49: Changes in reporting	The materiality assessment was updated for 2019	–	–	–
102-50: Reporting period	2019	–	–	–
102-51: Date of most recent report	2018	–	–	–
102-52: Report preparation cycle	Annual	–	–	–
102-53: Contact point for questions about the report	108	–	–	–
102-54: Claims of reporting in accordance with GRI Standards	96	–	–	–
102-55: GRI content index	96	–	–	–
102-56: External verification	This report is not audited externally	–	–	–

THEMATIC CONTENTS

GRI 103: 2016 Management Approach	Page / direct answers	Omissions or observations	SDG	Advanced COP Global Compact
GRI 200: ECONOMY				
GRI 201: Economic performance 2016				
GRI 103-1. Explanation of the material issue and its coverage 2016	94	–	–	–
GRI 103-2. The management approach and its components 2016	17	–	–	–
GRI 103-3. Evaluation of the 2016 management approach	18	–	–	–
Thematic contents				
GRI 201-1. Direct economic value generated and distributed	17 and 18	–	SDG n.º 2, 5, 7, 8, 9	–
GRI 203: Indirect economic impacts 2016				
GRI 103-1. Explanation of the material issue and its coverage	94	–	SDG n.º 2, 5, 7, 9, 11	–
GRI 103-2. The management approach and its components	53	–	SDG n.º 2, 5, 7, 9, 11	–
GRI 103-3. Evaluation of the management approach	53	–	SDG n.º 2, 5, 7, 9, 11	–
Thematic contents				
GRI 203-1. Infrastructure investments and supported services	53, 56 and 57	–	SDG n.º 2, 5, 7, 9, 11	–
GRI 204: Procurement practices 2016				
GRI 103-1. Explanation of the material issue and its coverage	94	–	–	–
GRI 103-2. The management approach and its components	49	–	–	–
GRI 103-3. Evaluation of the management approach	49	–	–	–
Thematic contents				
GRI 204-1. Proportion of expenditure with local suppliers	49	–	SDG n.º 12	–

GRI 103: 2016 Management Approach	Page / direct answers	Omissions or observations	SDG	Advanced COP Global Compact
GRI 205: Anticorruption 2016				
GRI 103-1. Explanation of the material issue and its coverage	94	–	–	–
GRI 103-2. The management approach and its components	21	–	–	–
GRI 103-3. Evaluation of the management approach	21	–	–	–
Thematic contents				
GRI 205-2. Communication and training on anti-corruption policies and procedures	21	–	SDG n.º16	Principle 10
GRI 206: Unfair Competition 2016				
GRI 103-1. Explanation of the material issue and its coverage	94. The Company is a market leader. Currently, we do not have a policy that addresses unfair competition practices	–	–	–
GRI 103-2. The management approach and its components	We do not have a policy that addresses unfair competition practices	–	–	–
GRI 103-3. Evaluation of the management approach	We do not have a policy that addresses unfair competition practices	–	–	–
Thematic contents				
GRI 206-1. Legal actions related to unfair competition, monopolistic practices and against free competition	No legal actions have been undertaken	–	–	–

GRI 103: 2016 Management Approach	Page / direct answers	Omissions or observations	SDG	Advanced COP Global Compact
GRI 300: ENVIRONMENT				
GRI 301: Materials 2016				
GRI 103-1. Explanation of the material issue and its coverage	94	–	–	–
GRI 103-2. The management approach and its components	82	–	–	–
GRI 103-3. Evaluation of the management approach	82	–	–	–
Thematic contents				
GRI 301-1. Materials used by weight or volume	82	–	SDG n.º 13, 14, 15	Principles 7, 8 y 9
GRI 302: Energy 2016				
GRI 103-1. Explanation of the material issue and its coverage	94	–	–	–
GRI 103-2. The management approach and its components	83	–	–	–
GRI 103-3. Evaluation of the management approach	83	–	–	–
Thematic contents				
GRI 302-1. Energy consumption within the company	83 and 84	–	SDG n.º 7, 8, 12, 13	Principles 7, 8 y 9
GRI 303: Water 2016				
GRI 103-1. Explanation of the material issue and its coverage	94	–	–	–
GRI 103-2. The management approach and its components	86	–	–	–
GRI 103-3. Evaluation of the management approach	86	–	–	–
Thematic contents				
GRI 303-1. Water withdrawal by source	86 and 87	–	SDG n.º 6	Principles 7, 8 y 9

GRI 103: 2016 Management Approach	Page / direct answers	Omissions or observations	SDG	Advanced COP Global Compact
GRI 304: Biodiversity 2016				
GRI 103-1. Explanation of the material issue and its coverage	94	–	–	–
GRI 103-2. The management approach and its components	79	–	–	–
GRI 103-3. Evaluation of the management approach	80	–	–	–
Thematic contents				
GRI 304-3. Protected or restored habitats	80	–	SDG n.º 6, 14, 15	Principles 7, 8 y 9
GRI 305: 2016 Emissions				
GRI 103-1. Explanation of the material issue and its coverage	94	–	–	–
GRI 103-2. The management approach and its components	77	–	–	–
GRI 103-3. Evaluation of the management approach	77	–	–	–
Thematic contents				
GRI 305-1. Direct GHG emissions (scope 1)	77 and 78	–	SDG n.º 3, 12, 13, 14, 15	Principles 7, 8 y 9
GRI 306: Effluents and waste 2016				
GRI 103-1. Explanation of the material issue and its coverage	94	–	–	–
GRI 103-2. The management approach and its components	88	–	–	–
GRI 103-3. Evaluation of the management approach	89	–	–	–
Thematic contents				
GRI 306-2. Waste by type and method of disposal	89	–	SDG n.º 3, 6, 12	Principles 7, 8 y 9

GRI 103: 2016 Management Approach	Page / direct answers	Omissions or observations	SDG	Advanced COP Global Compact
GRI 307: 2016 Environmental Compliance				
GRI 103-1. Explanation of the material issue and its coverage	94	–	–	–
GRI 103-2. The management approach and its components	23 and 76	–	–	–
GRI 103-3. Evaluation of the management approach	23 and 76	–	–	–
Thematic contents				
GRI 307-1. Breach of environmental legislation and regulations	23 and 76	–	SDG n.º 16	Principles 7, 8 y 9
GRI 308: 2016 Supplier Environmental Assessment				
GRI 103-1. Explanation of the material issue and its coverage	94	–	–	–
GRI 103-2. The management approach and its components	50	–	–	–
GRI 103-3. Evaluation of the management approach	50	–	–	–
Thematic contents				
GRI 308-1. New suppliers that have passed selection filters according to environmental criteria	50	–	–	Principles 7, 8 y 9
GRI 400: SOCIETY				
GRI 401: Employment 2016				
GRI 103-1. Explanation of the material issue and its coverage	94	–	–	–
GRI 103-2. The management approach and its components	32	–	–	–
GRI 103-3. Evaluation of the management approach	32	–	–	–
Thematic contents				
GRI 401-1. New hiring of employees and staff turnover	32 and 35	–	SDG n.º 5, 8	Principle 6

GRI 103: 2016 Management Approach	Page / direct answers	Omissions or observations	SDG	Advanced COP Global Compact
GRI 403: Health and safety at work 2016				
GRI 103-1. Explanation of the material issue and its coverage	94	–	–	–
GRI 103-2. The management approach and its components	38 and 39	–	–	–
GRI 103-3. Evaluation of the management approach	42	–	–	–
Thematic contents				
GRI 403-1. Representation of workers in formal committees worker health and safety company	43 and 65	–	SDG n.º 3, 8	Principle 6
GRI403-2. Types of accidents and rates of frequency of accidents, occupational diseases, lost days, absenteeism and number of fatalities due to occupational accident or illness	42			
GRI 404: Training and education 2016				
GRI 103-1. Explanation of the material issue and its coverage	94	–	–	–
GRI 103-2. The management approach and its components	47	–	–	–
GRI 103-3. Evaluation of the management approach	47	–	–	–
Thematic contents				
GRI 404-1. Average hours of training per year per employee	47 and 48	–	SDG n.º 4, 5, 8	Principle 6
GRI 405: Diversity and equal opportunities 2016				
GRI 103-1. Explanation of the material issue and its coverage	94	–	–	–
GRI 103-2. The management approach and its components	37	–	–	–
GRI 103-3. Evaluation of the management approach	37	–	–	–

GRI 103: 2016 Management Approach	Page / direct answers	Omissions or observations	SDG	Advanced COP Global Compact
Thematic contents				
GRI 405-1. Diversity of the Board of Directors and employees by professional category	33 and 37	–	–	Principle 6
GRI 406: Non-discrimination 2016				
GRI 103-1. Explanation of the material issue and its coverage	94	–	–	–
GRI 103-2. The management approach and its components	43	–	–	–
GRI 103-3. Evaluation of the management approach	43	–	–	–
Thematic contents				
GRI 406-1. Cases of discrimination and corrective actions taken	In 2019 there were no cases of discrimination in the company	–	SDG n.º 5, 8, 16	Principles 1, 2, 6
GRI 407: Freedom of association and collective bargaining 2016				
GRI 103-1. Explanation of the material issue and its coverage	94	–	–	–
GRI 103-2. The management approach and its components	44	–	–	–
GRI 103-3. Evaluation of the management approach	44	–	–	–
Thematic contents				
GRI 407-1. Operations and suppliers whose right to freedom of association and collective bargaining could be at risk	44	–	SDG n.º 8	Principles 1, 2, 3
GRI 408: Child labor 2016				
GRI 103-1. Explanation of the material issue and its coverage	94	–	–	–
GRI 103-2. The management approach and its components	43	–	–	–
GRI 103-3. Evaluation of the management approach	43	–	–	–

GRI 103: 2016 Management Approach	Page / direct answers	Omissions or observations	SDG	Advanced COP Global Compact
Thematic contents				
GRI 408-1. Operations and suppliers with significant risk of child labor cases	43	–	SDG n.º 8, 16	Principles 1, 2, 5
GRI 409: Forced or compulsory labor 2016				
GRI 103-1. Explanation of the material issue and its coverage	94	–	–	–
GRI 103-2. The management approach and its components	43	–	–	–
GRI 103-3. Evaluation of the management approach	43	–	–	–
Thematic contents				
GRI 409-1. Operations and suppliers with significant risk of forced or compulsory labor cases	43	–	SDG n.º 8	Principles 1, 2, 4
GRI 410: Security practices 2016				
GRI 103-1. Explanation of the material issue and its coverage	94	–	–	–
GRI 103-2. The management approach and its components	46	–	–	–
GRI 103-3. Evaluation of the management approach	46	–	–	–
Thematic contents				
GRI 410-1. Security personnel trained in human rights policies or procedures	46	–	SDG n.º 16	Principles 1, 2
GRI 413: Local Communities 2016				
GRI 103-1. Explanation of the material issue and its coverage	94	–	–	–
GRI 103-2. The management approach and its components	53	–	–	–
GRI 103-3. Evaluation of the management approach	53	–	–	–

GRI 103: 2016 Management Approach	Page / direct answers	Omissions or observations	SDG	Advanced COP Global Compact
Thematic contents				
GRI 413-1. Operations with local community participation, impact assessments and development programs	53, 54 and 57	–	–	Principle 1
GRI 414: Social evaluation of suppliers 2016				
GRI 103-1. Explanation of the material issue and its coverage	94	–	–	–
GRI 103-2. The management approach and its components	50	–	–	–
GRI 103-3. Evaluation of the management approach	50	–	–	–
Thematic contents				
GRI 414-1. New suppliers that have passed selection filters according to social criteria	Our IMS does not contemplate the social evaluation of suppliers or their impact	–	SDG n.º 16	Principle 6
GRI 416: Health and customer safety 2016				
GRI 103-1. Explanation of the material issue and its coverage	94	–	–	–
GRI 103-2. The management approach and its components	71	–	–	–
GRI 103-3. Evaluation of the management approach	71	–	–	–
Thematic contents				
GRI 416-1. Evaluation of the health and safety impacts of the categories of goods or services.	71	–	–	–
GRI 417: Marketing and labeling 2016				
GRI 103-1. Explanation of the material issue and its coverage	94	–	–	–
GRI 103-2. The management approach and its components	69	–	–	–
GRI 103-3. Evaluation of the management approach	70	–	–	–

GRI 103: 2016 Management Approach	Page / direct answers	Omissions or observations	SDG	Advanced COP Global Compact
Thematic contents				
GRI 417-1. Transparency in Information: requirements for information on goods and services	69 and 70	–	SDG n.º 12	–
GRI 419: Socioeconomic Compliance 2016				
GRI 103-1. Explanation of the material issue and its coverage	94	–	–	–
GRI 103-2. The management approach and its components	23	–	–	–
GRI 103-3. Evaluation of the management approach	23	–	–	–
Thematic contents				
GRI 419-1. Breach of laws and regulations in social and economic fields	In 2019, we have not been subject to the imposition of any significant fine or definitive non-monetary sanction	–	SDG n.º 16	–
NO GRI				
Market share				
GRI 103-1. Explanation of the material issue and its coverage	94			
GRI 103-2. The management approach and its components	38 and 39			
GRI 103-3. Evaluation of the management approach	42			
Thematic contents				
NO GRI Market share	10			

GRI 103: 2016 Management Approach	Page / direct answers	Omissions or observations	SDG	Advanced COP Global Compact
Reverse merger				
GRI 103-1. Explanation of the material issue and its coverage	94	-	-	-
GRI 103-2. The management approach and its components	15	-	-	-
GRI 103-3. Evaluation of the management approach	15	-	-	-
Thematic contents				
NO GRI Reverse merger	15	-	-	-
Purchase of Cempor				
GRI 103-1. Explanation of the material issue and its coverage	94	-	-	-
GRI 103-2. The management approach and its components	15	-	-	-
GRI 103-3. Evaluation of the management approach	15	-	-	-
Thematic contents				
NO GRI Purchase of Cempor	15	-	-	-
Lower profitability				
GRI 103-1. Explanation of the material issue and its coverage	94	-	-	-
GRI 103-2. The management approach and its components	17	-	-	-
GRI 103-3. Evaluation of the management approach	17	-	-	-
Thematic contents				
NO GRI Lower profitability	17	-	-	-

GRI 103: 2016 Management Approach	Page / direct answers	Omissions or observations	SDG	Advanced COP Global Compact
ISO 37001 certification				
GRI 103-1. Explanation of the material issue and its coverage	94	-	-	-
GRI 103-2. The management approach and its components	21	-	-	-
GRI 103-3. Evaluation of the management approach	21	-	-	-
Thematic contents				
NO GRI ISO 37001 certification	21	-	-	-
Special cements				
GRI 103-1. Explanation of the material issue and its coverage	94	-	-	-
GRI 103-2. The management approach and its components	69	-	-	-
GRI 103-3. Evaluation of the management approach	69	-	-	-
Thematic contents				
NO GRI Special cements	69	-	-	-
Events affecting cement demand				
GRI 103-1. Explanation of the material issue and its coverage	94	-	-	-
GRI 103-2. The management approach and its components	71	-	-	-
GRI 103-3. Evaluation of the management approach	71	-	-	-
Thematic contents				
NO GRI Events affecting cement demand	71	-	-	-

GRI 103: 2016 Management Approach	Page / direct answers	Omissions or observations	SDG	Advanced COP Global Compact
Sustainable construction projects				
GRI 103-1. Explanation of the material issue and its coverage	94	-	-	-
GRI 103-2. The management approach and its components	71	-	-	-
GRI 103-3. Evaluation of the management approach	71	-	-	-
Thematic contents				
NO GRI Sustainable construction projects	71	-	-	-

(GRI 102-55)

All communications regarding this 2019 Sustainability Report should be addressed to: comunicaciones@asociacionunacem.org (GRI 102-53)



UNACEM 2019 SUSTAINABILITY REPORT

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