



**2018**

SUSTAINABILITY  
REPORT



**THE ASOCIACIÓN UNACEM'S  
FIFTEENTH ANNIVERSARY** MARKS A  
**MILESTONE** OF AN IMPORTANT TRACK RECORD  
WITH **LESSONS** AND  
**ACHIEVEMENTS**



**WORKING** CLOSELY WITH  
NEIGHBORING **COMMUNITIES**



IN **ALLIANCE** WITH  
THE PUBLIC AND  
PRIVATE SECTORS,  
**CIVIL SOCIETY**, INTERNATIONAL  
COOPERATION, AND THE ACADEMY.

UNACEM

COMMITMENT



# SUSTAINABILITY REPORT 2018

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## MESSAGE FROM THE GENERAL MANAGER (GRI 102-14)

We are pleased to present the 2018 UNACEM Sustainability Report, a document containing a transparent overview of the sustainability strategy that guides the economic, environmental, and social aspects of our operations and stakeholders groups. This is the second report prepared in accordance with the Global Reporting Initiative (GRI), aligned, as always, with the 17 Sustainable Development Goals (SDGs) and the advanced criteria of the UN Global Compact.

Fiscal year 2018 posed many challenges for the construction sector, which showed slight signs of recovery. This was reflected, at the end of the year, by an increase of 5.7% in sales due to a higher average price and an increase of 1.3% in our dispatches for the construction sector's stronger performance and the internal demand for cement nationwide. Our operating profit fell by 13.0%, primarily due to the fall in dividends received from our subsidiaries over the year. This, along with the impact of our foreign exchange loss, resulted in a decrease of 48.0% in our net profit.

In terms of the environment, our efforts remain focused on the reduction of our main environmental impacts, which are caused by dust and greenhouse gas emissions. This year, we continued to measure our environmental carbon and water footprints. Particularly noteworthy was our "Certificado Azul" certificate, awarded by the Peruvian National Water Authority (ANA) in recognition of the efficient water management at our Condorcocha plant. We remain committed to obtaining this acknowledgment at our Atocongo plant, as well.

As for social matters, we bolstered our anticorruption management by beginning to implement the antibribery management system under the ISO 37001 standard. To that effect, we approved and disseminated our Anticorruption Policy to all of our team members and contractors.

Likewise, we also reaffirmed our commitment to the health and safety of our team members by promoting Visible Leadership Interventions (IVLs), which aim to inspire our personnel and our contractors to adopt safe conduct

practices. The most important IVL was the safety stoppage at the Condorcocha plant. We also continued to innovate through our communications campaigns with the goal of creating a "zero accident" culture in the medium term. These initiatives resulted in a significant decrease in our accident rates.

Through Asociación UNACEM, we worked on developing the Interactive Occupational Health and Safety Classroom, which will allow for theoretical and practical training, divided into fifteen different learning modules, to the benefit of our value chain.

We acknowledge that the sustainability of our business would not be possible without the development of our strategic partners. For this reason, we continued promoting local suppliers participation, which accounted for 12.0% of all procurements in 2018.

We also continue working on programs that help our suppliers and distributors to incorporate social and environmental



indicators into their business management. To this end, for the fourth consecutive year, we implemented the “Promoting Transparency in the Value Chain” program. This year, we also participated in a new initiative called the “Competitive Business Program,” alongside the Global Reporting Initiative (GRI). Through these two programs, we helped seventeen of our suppliers and distributors to publish their own GRI-aligned sustainability reports and incorporate management indicators into their businesses’ strategic and operating plans.

About our communities work, in Tarma we focused on improving pedestrian and vehicular access in La Unión Leticia. At Atocongo, we continued with the “Art, Culture, and Sports” program, with the participation of nearly 3,000 children and youngsters in 121 art and sports workshops. Note should also be made of the achievements made through one of the initiatives of our Healthy Communities program, which seeks to reduce anemia in children under 5 years old. Of the 427 participating children—120 in Tarma and 307 at Atocongo—we were able to reduce anemia in 77.0% of the cases identified in Tarma and 53.0% of those at Atocongo.


As part of our commitment to the development of civil society, we promoted the XIV Ibero-American Civil Society Conference. Its theme was “The New Leadership of the Civil Society” which sought to encourage civil society’s interaction with the public and private sectors, the academy, and international cooperation, in an effort to shape proposals that will lead to more proactive civic leadership, as reflected in the Lima Agreement.

This conference was organized by Asociación UNACEM, Universidad del Pacífico, and Encuentros Iberoamericanos de la Sociedad Civil, and succeeded in bringing together over 25 allied Ibero-American organizations. A total of 285 Peruvian and Ibero-American leaders participated, with 80 of them getting the chance to share their knowledge and experience as speakers and panel members. This event was complemented by the First “Youth and Civil Society” Forum, attended by over 300 young people.

The way we manage our business is to reflect consistency among all 3 aspects of our sustainability—economic, social,

and environmental—with the goal of creating value for society, our customers, shareholders, team members, strategic partners, future generations, and other stakeholders.

We invite you to learn more about the progress we made in our sustainability management during 2018. Last but not least, we owe a special thanks to our stakeholders for recognizing UNACEM as a company that is committed to sustainable development.



**Carlos Ugás**  
Director and General  
Manager of UNACEM



**Armando Casis**  
General Manager of  
Asociación UNACEM

## OUR HISTORY <<<



Asociación  
**UNACEM**  
por el Desarrollo Sostenible

### 2003 >>>

- > We created Asociación Atocongo, the corporate social responsibility organization of Cementos Lima.

### 2004-2004 >>>

- > We prepared Cementos Lima's first sustainability report.
- > We initiated the first private social investment projects, in alliance with international technical cooperation.

### 2006-2007 >>>

- > We received the UPC Business Creativity Award for our environmental conservation project.
- > We started capacity-building projects for the community at the Training Center.
- > We published our first Sustainability Report using the GRI methodology.

### <<< 2015-2018

- > We began the "Transparency in UNACEM'S Value Chain" project, through which 18 partner companies prepared sustainability reports using the GRI methodology.
- > We commenced the "Emprende Productor" (EMPRO) agricultural development project in Tarma, Junín.

### <<< 2012-2014

- > Asociación Atocongo changed its name to Asociación UNACEM, took over corporate social responsibility management, and expanded its coverage to include Tarma, in the Junín region.
- > We carried out projects to strengthen employability in Lima and Tarma, in alliance with the Ministry of Labor and Job Promotion.
- > We promoted the management and measurement of environmental footprints (water and carbon).

### <<< 2008-2011

- > We received the first ESR Award for Socially Responsible Companies from Perú 2021 (2009).
- > We initiated social investment projects focused on the environment, health, and revenue generation, thanks to alliances with public and private institutions, as well as international technical cooperation.
- > We carried out the "Esquema 308" infrastructure project, which benefited over 9,000 families



**2003-2018**

# 2018, IMPORTANT EVENTS

- › We bolstered our anticorruption management by approving and disseminating our Anticorruption Policy to all of our team members and contractors, and we began implementing our anti-bribery management system under the ISO 37001 standard. >>> **p. 21**
- › We reaffirmed our commitment to the health and safety of our team members through communications campaigns, Visible Leadership Interventions (IVLs), and the creation of an interactive training classroom. This helped us to significantly decrease our accident rates. >>> **p. 40**
- › We implemented our e-learning platform for training in managerial skills and began running the Instituto UNACEM, with the goal of standardizing best practices in the operation of our processes. We provided a total of 24,231 hours of training to our team members, 10.0% more than in 2017. >>> **p. 46**
- › We started the implementation of the Interactive Occupational Health and Safety Classroom, which will provide training to our team members and contractors in 15 theoretical and practical module. >>> **pp. 41**
- › Asociación UNACEM, our corporate social responsibility organization, celebrated fifteen years of working hand-in-hand with our stakeholders and allies, consolidating its position as a major player in the sustainable development of our Company's areas of influence. We work in alignment with the Sustainable Development Goals, the Global Compact, ISO 26000 principles, and Global Reporting Initiative standards. >>> **p. 10**
- › As part of our plan for the conservation and revegetation of hill species in our quarries, we have commenced the restoration plan for Landfill 500 and we are increasing our joint work with community organizations for the protection of hill ecosystems in southern Lima. >>> **p. 77**
- › We helped organize the XIV Ibero-American Civil Society Conference, under the theme of "The New Leadership of Civil Society" with the goal of promoting civil society's interaction with the public and private sectors, the academy, and international cooperation. As a result, we came up with proposals on how to improve proactive civic leadership, as reflected in the Lima Agreement. >>> **p. 61**

OUR  
BUSINESS

1956  
CONDOR COCHA

1

# 1 OUR BUSINESS

## 1.1 ABOUT US

Unión Andina de Cementos S.A.A. (UNACEM) is the leading Peruvian company in the cement industry. We are engaged in the manufacture and sale of clinker, cement, and other construction materials; the self-generation of electricity; and the provision of port services at the Conchán pier.

We also have subsidiaries in 5 countries that produce cement, cement byproducts, ready-mixed concrete, industrialized concrete structures, and power. For more information, visit:

[http://www.unacem.com.pe/?page\\_id=65](http://www.unacem.com.pe/?page_id=65) (GRI 102-5)

In Peru, we have 2 production plants:

- > **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.

# ATOCONGO PLANT

(GRI 102-4) (GRI 102-7)

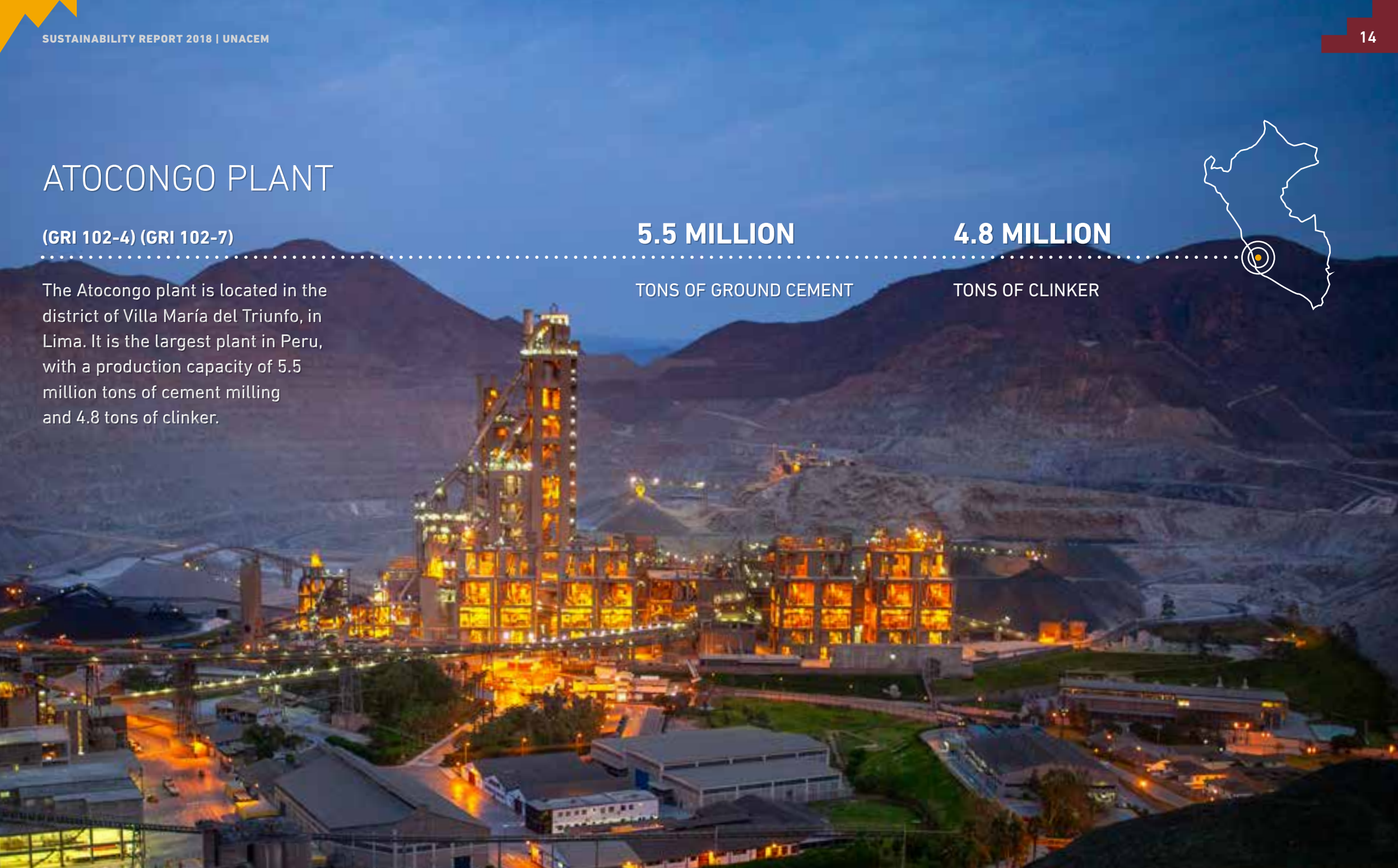
The Atocongo plant is located in the district of Villa María del Triunfo, in Lima. It is the largest plant in Peru, with a production capacity of 5.5 million tons of cement milling and 4.8 tons of clinker.

**5.5 MILLION**

TONS OF GROUND CEMENT

**4.8 MILLION**

TONS OF CLINKER



# CONDORCOCHA PLANT

(GRI 102-4) (GRI 102-7)

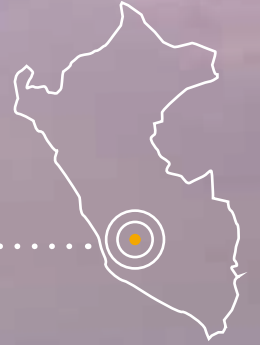
The Condorcocha plant is located in La Unión Leticia, in Tarma, Junín. It is the highest-elevation plant in the world, with a production capacity of 2.8 million tons of cement milling and 1.9 tons of clinker.

**2.8 MILLION**

TONS OF GROUND CEMENT

**1.9 MILLION**

TONS OF CLINKER



# OUR PRODUCTION PROCESS (GRI 102-9)

At UNACEM, we are engaged in the manufacture and sale of clinker, cement, and other construction materials; the generation of our own electricity; and the provision of services.

- 1 EXTRACTION
- 2 PRIMARY CRUSHING
- 3 SECONDARY CRUSHING
- 4 MILLING AND HOMOGENIZATION
- 5 CLINKER OBTAINMENT
- 6 CLINKER COOLING



> In the first stage of manufacturing, the limestone (raw material) is extracted from the quarries.



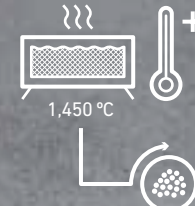
> The extracted limestone is ground up in the primary crusher until it is reduced to an approximate size of 25 cm.



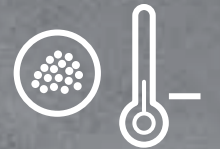
> The crushed limestone is broken down once more in the secondary crusher to a size of approximately 7.5 cm.



> The limestone is transported to the milling circuits for its final size reduction and the adjustment of its chemical composition, then, it is transferred to the homogenization silos with the aim of standardizing its quality.

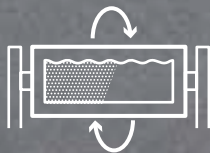


> The limestone undergoes a calcination process, whose average temperature is around 1,450° C. This results in clinker, an intermediate good in the cement manufacturing process.

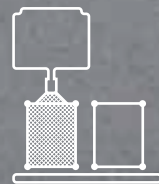


> The clinker is taken to the coolers to achieve greater stability in its chemical composition. There, it goes from an average temperature of 1,200° C to 100° C.

- 7 CEMENT MILLING
- 8 PACKAGING AND DISPATCH
- 9 DISTRIBUTION AND SALE
- 10 EXPORT
- 11 QUALITY CONTROL



> After exiting the cooler, the clinker is transported to a storage yard, where it will be fed into the roller mills or ball mills, to be dosed with gypsum and other additives depending on the type of cement to be manufactured. After the cement manufacturing process has finished, it is taken to the storage silos.



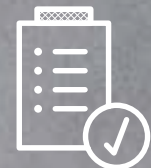
> The cement taken from the silos is dispatched in 42.5-kg bags and big bags, as well as in bulk.



> We market through the Progresol home improvement store network, independent home improvement stores. We use authorized distributors to sell our products in the provinces. For more information, visit [www.unacem.com.pe](http://www.unacem.com.pe).



> We export and import materials through the Conchán Pier, which is connected to our Atocongo plant in Lima by an airtight 8.2-km belt conveyor that runs underground for 95.0% of its length, allowing us to ensure minimal socioenvironmental impacts during the operation thereof.



> Our quality processes are implemented from the selection and correct combination of the raw material right up through the dispatch and delivery of our cements.



## OUR SHAREHOLDERS

As of the close of 2018, UNACEM has a total of 2,561 common shareholders, of which 6 hold a total stake of over 80.0%. **(GRI 102-7)**

The Shareholders' Meeting of UNACEM S.A.A. held on December 28th, 2018, approved the merger of UNACEM, as acquiring company, and the three unlisted companies of Sindicato de Inversiones y Administración S.A., Inversiones Andino S.A., and Inmobiliaria Pronto S.A., as acquired companies. This same shareholders meeting approved the subsequent increase in capital stock as a result of the merger, for S/ 171,624,203, raising it from S/ 1,646,503,408 to S/ 1,818,127,611.

SHAREHOLDERS	%
Sindicato de Inversiones y Administración S.A.	43.4
Inversiones Andino S.A.	24.3
AFPs (Integra, Prima, Profuturo, and Hábitat)	20.2

This merger represents a historic milestone for UNACEM, given that it will allow consolidating knowledge, strategies, specialties, rights, and assets developed and managed by the acquired companies, as well as making it possible to incorporate new shareholders into the company's shareholding structure.

The merger will enter into force on January 1st, 2019, and the capital stock increase will be performed after completing the registration of the merger in the public records office, in accordance with law. **(GRI 102-10)**

## OUR BOARD OF DIRECTORS

UNACEM's Board of Directors is made up of 13 members, all male, of whom 4 are independent. As the Company's governing body, the duties of the Board of Directors include safeguarding the Company's development by monitoring the strategic plan, evaluating internal control systems, and managing risks and sustainability.

In addition to the Auditing Committee, the Commercial Committee and the Ethics and Conduct Committee were created in 2018, thus bolstering the active commitment of each one of their members to guaranteeing UNACEM's sustainability. **(GRI 102-18)**

## 1.2

## OUR CREATION OF ECONOMIC VALUE

Our economic and financial management aims to provide the economic resources required to carry out all of our activities on a timely basis, thus guaranteeing our contribution throughout our value chain. With this goal in mind, we strive to be efficient and comply with all of the commitments assumed with each one of our stakeholders.

In 2018, our cement dispatches increased by 1.3% compared to 2017, primarily due to higher public investment,

which led to a recovery in the growth of internal demand nationwide.

Our net profit fell by 48.0% compared to the same period last year, from S/ 466.2 million in 2017 to S/ 242.2 million in 2018. This amount, which was equal to 12.3% of net sales, is the result of lower revenues from dividends received from our subsidiaries, as well as losses due to the foreign exchange rate at the close of the year.

FIGURES IN THOUSANDS OF SOLES	2017	2018	VARIATION
Sales	1,862,651	1,968,994	106,343
Gross Profit	722,210	746,817	24,607
Operating Profit	709,313	616,764	(92,549)
EBITDA	978,563	869,327	(109,236)
Profit before Tax	575,713	323,700	(252,013)
Net Profit	466,158	242,216	(223,942)

Despite the juncture faced by the sector, our solid financial performance allowed us to distribute economic value among our stakeholders as follows:

### DISTRIBUTION OF ECONOMIC VALUE AMONG OUR STAKEHOLDERS (GRI 201-1)

FIGURES IN THOUSANDS OF SOLES	2017	2018	VARIATION
<b>Direct economic value created</b>	<b>2,170,142</b>	<b>2,147,025</b>	<b>(23,117)</b>
a) Sales revenue	1,862,651	1,968,994	106,343
b) Other revenue	307,491	178,031	(129,460)
<b>Economic value distributed</b>	<b>1,703,984</b>	<b>2,005,315</b>	<b>301,331</b>
c) Salaries and other social benefits for team members	191,257	201,772	10,515
d) Goods suppliers and service providers	1,050,398	1,254,684	204,286
e) Financial expenses (interest)	225,595	246,900	21,305
f) Taxes and payments to governments	220,698	283,976	63,278
g) Social responsibility and private social investment	16,036	17,983	1,947
<b>Economic value retained</b>	<b>466,158</b>	<b>141,710</b>	<b>(324,448)</b>
Dividends to shareholders	85,619	85,618	1

It is important to note that at the close of each fiscal year, we perform different types of audits to ensure the quality of our financial information, thus backing and guaranteeing the quality of information provided to government entities and our stakeholders. These audits include the following:

- > External financial audit.
- > External tax consultancy.
- > Transfer pricing study.
- > Other consulting studies, as required.

## ASSOCIATIONS OF WHICH WE ARE A MEMBER (GRI 102-13)

UNACEM is member and participates in alliances with the following organizations:

### ORGANIZATIONS

- > Alliance for Public Works Tax Deduction (ALOXI)
- > Friends of the Police (SINACOP-PNP)
- > BASC Perú Non-Profit Organization (BASC Perú)
- > Exporters' Association (ADEX)
- > Port Operators' Association (ASPPOR)
- > Cement Producers' Association (ASOCEM)
- > National Advertisers' Association (ANDA)
- > Peruvian Roads Association (APC)
- > Peruvian Human Resources Association (APERHU)
- > American Chamber of Commerce in Perú (AMCHAM Perú)
- > Lima Chamber of Commerce (CCL)
- > Peruvian Chamber of Construction (CAPECO)
- > Banking and Trade Club (CBC)
- > Economic Operating Committee of the National Grid System (COES-SINAC)
- > National Confederation of Private Business Institutions (CONFIEP)
- > Yaqua Social Enterprise
- > 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 Training Service for the Construction Industry (SENCICO)
- > National Industrial Training Service (SENATI)
- > Peruvian Foreign Trade Association (COMEXPERU)
- > National Association of Industries (SNI)
- > National Mining, Oil, and Energy Association (SNMPE)
- > Ibero-American Civil Society Conferences

# 1.3

## ETHICS AND COMPLIANCE

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### ANTICORRUPTION, COMPLIANCE, AND TRANSPARENCY PRACTICES

Our Board of Directors spearheads our commitment against corruption. In February 2018, we approved and published the Anticorruption Policy on our corporate website and intranet, as well as created the Ethics and Conduct Committee, made up of 3 members of the Board of Directors. We also offered informational talks by the General Manager's Office and Central Manager's Office, with the goal of reinforcing the ethical behavior guidelines contained in our Code of Ethics and Conduct (CODEC) and our Anticorruption Policy. These talks were attended by 100.0% of our team members and business partners.

Additionally, we installed a total of 30 screens at all of the Company's facilities, in order to improve the internal dissemination and communication of the general action and decision-making criteria contained in the abovementioned documents. Also noteworthy is the work we have been doing for the implementation of an antibribery management system, in accordance with the ISO 37001 standard. This system certification is scheduled for the first half of 2019 **(GRI 205) (GRI 205-2)**

Our Legal Management is responsible for safeguarding UNACEM's rights and interests, as well as ensuring compliance with our legal obligations and minimizing contingencies through preventive actions. In addition to this, we use the GEORGE software program, which identifies legal obligations (safety, environment, mining, and electricity) and contractual obligations, assigning a responsible party to ensure compliance therewith and generating alert notifications. The Legal Management also conducts twice-yearly audits to guarantee compliance with these obligations. **(GRI 419) (GRI 307)**

COMMITMENT TO  
**SAFETY**



INTERACTIVE  
OCCUPATIONAL HEALTH  
AND SAFETY CLASSROOM

Reduce occupational accidents and improve the quality of life of team members throughout UNACEM's value chain by offering adequate hands-on training on occupational health and safety matters.

**5** EQUIPOS Y ACCESORIOS DE IZAJE

Asociación UNACEM por el Desarrollo Sostenible

**4** MATERIALES PELIGROSOS Y RESIDUOS  
PREPARACIÓN Y RESPUESTAS A EMERGENCIAS, USO DE EXTINTORES

Asociación UNACEM por el Desarrollo Sostenible

**6** EXCAVACIONES Y ZANJAS  
ESCALERAS PORTÁTILES

Asociación UNACEM por el Desarrollo Sostenible

## COMMITMENT TO SAFETY

### INTERACTIVE OCCUPATIONAL HEALTH AND SAFETY CLASSROOM

- › At Asociación UNACEM, we implemented the interactive classroom to improve occupational health and safety (OHS) training.
- › The interactive classroom consists of an introductory module on organizational culture and 15 thematic modules.
- › The classroom will begin operating in 2019 and will provide OHS training services to over 5,000 people a year, including team members from both UNACEM and its contractors.
- › Training will be both theoretical and practical, and students will have a chance to use the tools, objects, and personal protective equipment (PPE) that they will later use on the job.



A pair of hands is shown cupped together, holding a small amount of water. The hands are positioned in the center of the frame, with the fingers slightly curled. The background is a dark, rippling body of water with numerous bright, out-of-focus light reflections, creating a bokeh effect. The overall tone is serene and natural.

SUSTAINABLE  
MANAGEMENT

2



# 2 SUSTAINABLE MANAGEMENT

## 2.1 SUSTAINABILITY STRATEGY

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With the approval of the 2016-2021 Strategic Plan, we redefined UNACEM's principles, which apply across to all of the Company's management. **(GRI 102-16)**



EXCELLENCE



RESPONSIBILITY



ETHICS



COMMITMENT



INNOVATION



LEGALITY

In alignment with these principles, our sustainably management aimed to achieve a balance among the economic, social, and environmental aspects of our business and stakeholders. This management is based on our Integrated Management System (IMS), our Sustainability Policy, and our Code of Ethics and Conduct. It is also aligned with the principles of the UN Global Compact and the Sustainable Development Goals (SDGs). All of this enables us to manage quality, environmental issues, occupational health and safety, and protect against the illegal use of our processes and facilities. **(GRI 102-11)**

### MANAGEMENT SYSTEM

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- > Quality, environment, health and safety policy.
- > Competency-based management model.
- > Sustainability policy.
- > Annual training plan.
- > Performance evaluation system.
- > Annual internal auditing program.
- > Documented rules and regulations.

### ORGANIZATIONAL CULTURE

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- > Corporate values.
- > Internal Code of Conduct (NIC).
- > Induction process on organizational culture.

In terms of community management, Asociación UNACEM is the organization responsible for promoting and facilitating our relations and the implementation of projects with the communities. **(GRI 413)**



To strengthen our commitment to sustainability, we have adhered to and received certification under the following voluntary initiatives and standards. (GRI 102-12)

## STANDARDS AND INITIATIVES

- › **BASC Certification: Atocongo plant and Conchán pier.**
- › **ISO 9001 Certification: Atocongo plant, Condorcocha plant, and Conchán pier.**
- › **ISO 14001 Certification: Atocongo plant, Condorcocha plant, and Conchán pier.**
- › **OHSAS 18001 Certification: Atocongo plant, Condorcocha plant, and Conchán pier.**
- › **Declaration of Security for Port Facility.**
- › **Statement of Compliance for a Port Facility – ISPS Code.**
- › **ABE Certification.**
- › **Water Footprint Program – “Certificado Azul” issued by the National Water Authority (ANA): Condorcocha plant.**

We received the following recognitions in 2018.

## RECOGNITIONS

- |  |  |
|--|--|
| > Mexican Center for Philanthropy (CEMEFI) | ★ Recognition as a company that contributes 1% of its profit before tax to social investments.   |
| > Mexican Center for Philanthropy (CEMEFI) | ★ Recognition as a company committed to social responsibility.   |
| > Perú 2021                                | ★ Recognition of corporate social responsibility (CSR).  |
| > Effie Awards Perú                        | ★ Golden Effie in the “Products” category and Silver Effie in the “Product Line Extensions” category, for the success of the Cemento Andino “La Costa” campaign. |
| > ANDA Awards 2018                         | ★ ANDA 2018 award in the category of “Integrated Communication – Other Products,” with our Premium Cemento Andino product.                                       |
| > National Water Authority (ANA)           | ★ Second place in the Water Culture Awards – “Certificado Azul” category.  |

## 2.2

### STAKEHOLDER ENGAGEMENT

At UNACEM, we have a Sustainability Policy that is aimed at “Promoting dialogue and transparency in the processes and procedures applied in relation to our practices, reporting and communicating the results of our work to our stakeholders in order to build trust.”

To maintain this win-win relationship with our stakeholders, we use a number of dialogue and communication tools. This helps us learn about their expectations, concerns, and needs, so that we can include them in our management.

#### MAIN CRITERIA FOR STAKEHOLDER SELECTION (GRI 102-42)

##### CONNECTION TO THE VALUE CHAIN

We include those stakeholders tied to our value chain or those who have expectations with regard to the development of our procurement and distribution activities.

##### PROXIMITY TO OUR OPERATIONS

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

##### RESPONSIBILITY

We include stakeholders to whom we currently have, or may potentially have, an environmental, legal, operating, or ethical responsibility.

## OUR STAKEHOLDERS (GRI 102-40)



Each year, we update our awareness of stakeholder expectations and carry out dialogue processes. The list of expectations for this year is contained in Chapter 6: About Our Sustainability Report.



## COMMUNICATION CHANNELS WITH STAKEHOLDERS (GRI 102-43)

STAKEHOLDERS	COMMUNICATION CHANNELS
Team members	<ul style="list-style-type: none"> <li>&gt; Open door policy</li> <li>&gt; Periodic meetings</li> <li>&gt; Web and intranet</li> <li>&gt; <i>Social responsibility newsletter</i></li> <li>&gt; Email</li> <li>&gt; <i>El Concretito</i> newsletter</li> <li>&gt; Bulletin boards</li> <li>&gt; <i>En Concreto</i> company magazine</li> </ul>
Communities and Future Generations	<ul style="list-style-type: none"> <li>&gt; Community relations staff</li> <li>&gt; Meetings and workshops</li> <li>&gt; Social and opinion diagnoses</li> <li>&gt; Reputation study</li> <li>&gt; Community stand at campaigns and events</li> <li>&gt; Perception and satisfaction surveys among the beneficiaries of ISP projects</li> <li>&gt; Plant visits</li> <li>&gt; Facebook and Asociación UNACEM website</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>&gt; Permanent direct rapport</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>&gt; Periodic meetings</li> <li>&gt; Shareholder service office and "Investor Relations" team</li> <li>&gt; Corporate website and "Investor Services" section</li> <li>&gt; Quarterly newsletter</li> </ul>
Customers	<ul style="list-style-type: none"> <li>&gt; Website</li> <li>&gt; Progresol Network meetings</li> <li>&gt; Satisfaction surveys</li> </ul>
Government and Civil Society	<ul style="list-style-type: none"> <li>&gt; Professional associations (ASOCEM, SNI, SNMPE, ADEX, COMEX, CONFIEP)</li> <li>&gt; Participation in chambers of commerce</li> </ul>



COMMITMENT TO >>>  
**OUR SUPPLIERS  
AND DISTRIBUTORS**

VALUE CHAIN  
TRANSPARENCY PROGRAM

Encourage our partners in our value chain to use social and environmental indicators in their management, and to transparently report them to their stakeholders.





## COMMITMENT TO OUR SUPPLIERS AND DISTRIBUTORS

### VALUE CHAIN TRANSPARENCY PROGRAM

- > Since 2014, we have provided support to partners in our value chain on preparing their sustainability reports, improving their transparency mechanisms, and managing their business responsibly.
- > In 2018, 17 companies prepared sustainability reports, allowing them to identify and manage their risks and to improve their relations with and commitment to their own stakeholders, thus helping to boost their corporate competitiveness and their reputation.
- > Between 2014 and 2018, through the Value Chain Transparency program, in alliance with the Swiss Agency for Development and Cooperation (COSUDE) in Peru, Suizagua, and Perú 2021, we were one of the first four companies nationwide to encourage our suppliers and distributors to develop transparency practices.



- > Since 2018, UNACEM has participated in the Competitive Businesses program. Starting in 2019, it will become the executing partner for the program, which is managed internationally by The Global Reporting Initiative (GRI).



COMMITMENT  
TO OUR  
STAKEHOLDERS

3

# 3 COMMITMENT TO OUR STAKEHOLDERS

## 3.1 OUR TEAM

At UNACEM, our team is the bedrock that has allowed us to remain the leader in our sector over the years. We value their contributions to the Company and seek to promote their development through a training strategy, focusing on their personal life as well as their technical and professional abilities, and offering them a positive, safe, and healthy work environment.

We have an open-door policy with our team members, and we are working on an internal communications plan for 2019. With the goal of facilitating the flow of communications, as well

as the dissemination and internalization of policies, standards, and values among our team members, we implement corporate television screens located at different points throughout our facilities, among other tools. **(GRI 401)**

In 2018, we provided direct, full-time employment to 839 people, including team members in job training programs. It is important to note that in both plants, we promote the hiring of local workforce from our areas of direct influence, while ensuring respect for the principles of equity and opportunity. **(GRI 102-8)**



AT **UNACEM**, WE BELIEVE **OUR TEAM** IS THE **BEDROCK** THAT HAS ALLOWED US TO REMAIN THE **LEADER** IN OUR SECTOR OVER THE **YEARS**.

### JOB CLASSIFICATION BY GENDER AND PROVENANCE OF TEAM MEMBERS (GRI 102-8)

CLASSIFICATION	WOMEN		MEN		TOTAL
	Junín	Lima	Junín	Lima	
Administrative	2	56	70	165	293
Employees	3	27	39	86	155
Workers	0	0	189	142	331
Interns	1	22	2	35	60
<b>Total</b>	<b>6</b>	<b>105</b>	<b>300</b>	<b>428</b>	<b>839</b>

### TOTAL TEAM MEMBERS, CLASSIFIED BY JOB CATEGORY AND AGE (GRI 405-1)

CLASSIFICATION	<30	30-50	>50	TOTAL
Administrative	26	157	110	293
Employees	9	72	74	155
Workers	44	167	120	331
<b>Total</b>	<b>79</b>	<b>396</b>	<b>304</b>	<b>779</b>

### CONTRACTORS WITH THE MOST TEAM MEMBERS (GRI 102-8)

ACTIVITY PERFORMED	WOMEN	MEN	TOTAL
<b>ATOCONGO PLANT</b>			
Cleaning	8	141	149
Security	1	254	255
Dining hall	8	9	17
<b>Total</b>	<b>17</b>	<b>404</b>	<b>421</b>
<b>CONDORCOCHA PLANT</b>			
Cleaning	0	88	88
Security	0	102	102
Dining hall	1	17	18
<b>Total</b>	<b>1</b>	<b>207</b>	<b>208</b>

## HIRING AND RETAINING OUR TALENT

Our personnel selection process is regulated and audited as part of the Integrated Management System. In order to ensure that the personnel who are hired have the competencies required for each job position, we have a competency-based management model that is constantly being strengthened and improved. This system includes the following processes: job profile definition, recruiting and selection, performance evaluation, and development and training. **(GRI 401)**

Once employees begin working for us, they must complete an induction process to ensure their fully understanding of UNACEM's mission and corporate values, and that they are familiar with their role and responsibilities. New employees also receive an induction on our Integrated Management System (IMS), which includes topics such as occupational safety, our Code of Ethics and Conduct (CODEC), and our Anticorruption Policy.

In terms of equal opportunities for promotion, UNACEM is firmly committed to non-discrimination on the basis of age, gender, race, religion, political ideas, or job status, as well as equal opportunities for the promotion of all our team members. These standards are established in our Internal Workplace Regulations and our CODEC. **(GRI 405)**



In terms of female personnel who work for our Company, during 2018 we hired 3 team members, increasing the number of women from 85 to 88. Additionally, 4 women were promoted to the position of department heads.

Our employee turnover rate is extremely low, since team members do not usually leave the Company once they begin working for us. However, in the event that a position opens up, we always give priority to internal talent before starting an external recruitment process. **(GRI 401-1)**

In 2018, we continued to develop a succession plan for key positions in the organization, taking into account any upcoming retirements by executives. To this end, we have worked on multiple projects with UNACEM Ecuador, through the Human Resources Management, in an effort to create synergies that benefit all of the group's companies.

#### NEW TEAM MEMBERS BY GENDER, AGE, AND REGION OF PROVENANCE (GRI 401-1)

GENDER	LIMA		JUNÍN		TOTAL
	20-29	30-39	20-29	30-39	
Male	6	5	3	7	21
Female	3	5	1	0	9
<b>Total</b>	<b>9</b>	<b>10</b>	<b>4</b>	<b>7</b>	<b>30</b>

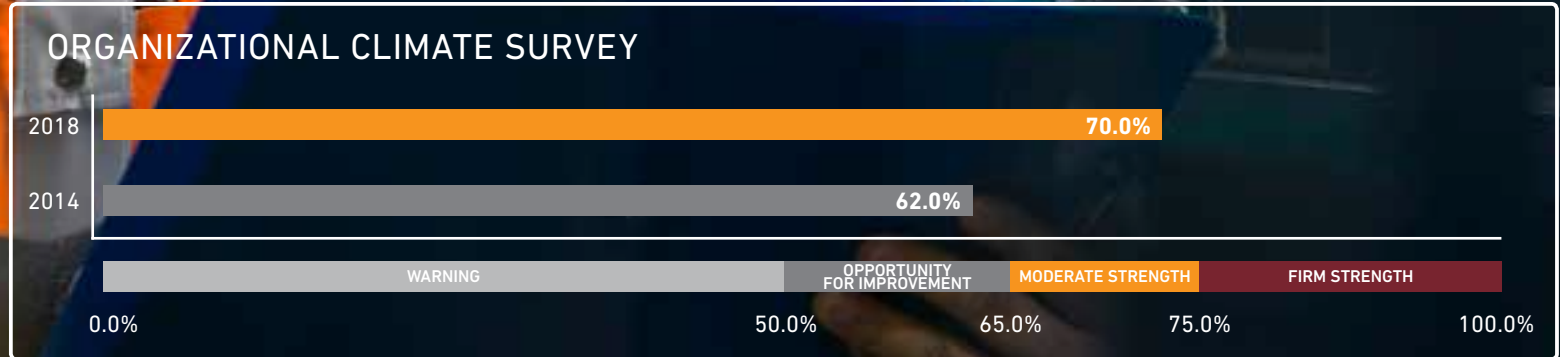
#### DISMISSAL OF TEAM MEMBERS BY GENDER, AGE, AND REGION OF PROVENANCE (GRI 401-1)

GENDER	LIMA			JUNÍN			TOTAL
	20-39	40-59	60-70	20-39	40-59	60-70	
Male	1	0	5	1	1	6	14
Female	1	1	0	1	0	1	4
<b>Total</b>	<b>2</b>	<b>1</b>	<b>5</b>	<b>2</b>	<b>1</b>	<b>7</b>	<b>18</b>



## ORGANIZATIONAL CLIMATE

During May and June of 2018, we conducted a company-wide organizational climate survey through the consulting firm of Korn-Ferry Hay Group, who are international experts on human resources issues. This year's result was 8 points higher than the score we received in the survey conducted in 2014. According to the survey results, the Company has made significant efforts to achieve the current results. As a group, we continue to implement actions aimed at improving our organizational climate.



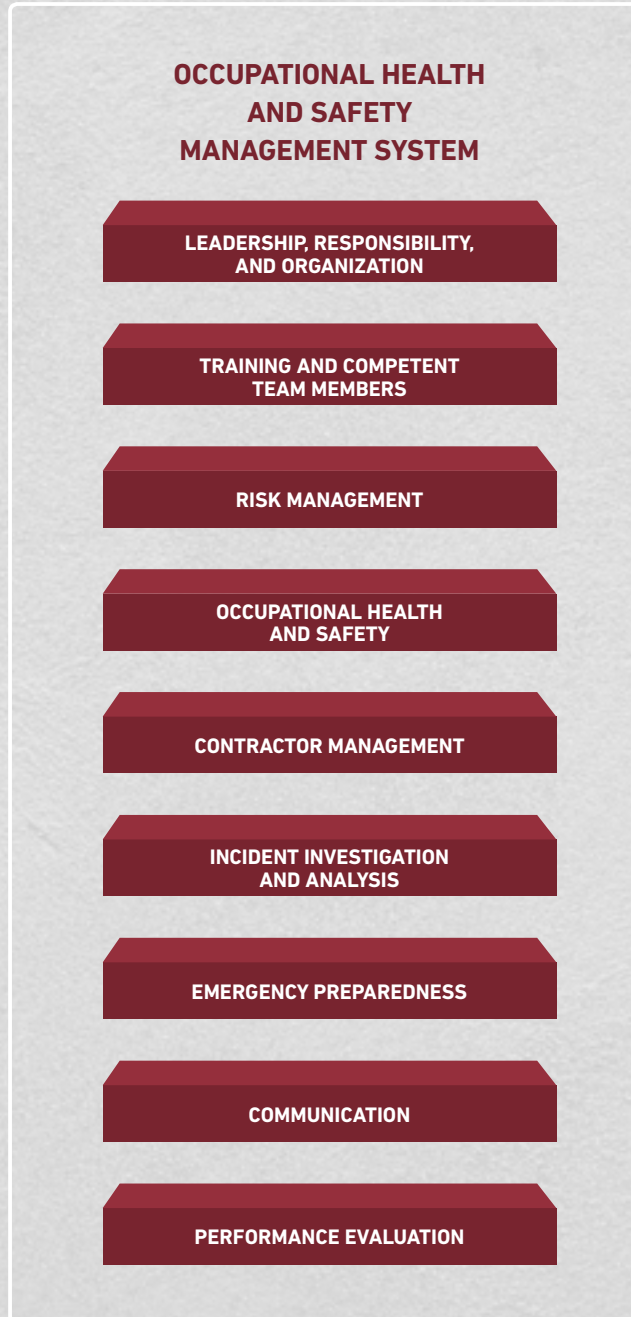


## HEALTH AND SAFETY FIRST

At UNACEM, our team members' health and safety is one of our strongest assets and the focus of our attention. To this end, we have an Occupational Health and Safety Management System, which forms part of our IMS. Through this system, we seek to eliminate the main hazards and risks identified in each area, managing with adequate technical and administrative measures.

This year, we determined that these measures were not enough to reduce the accident rates at both plants. After following up on a number of cases, we found that a great percentage of the accidents were caused or made possible by unsafe actions on the part of the team member involved.

To address this situation, we reformulated our Occupational Health and Safety Management System with the goal of bolstering our culture of safety and risk prevention, promoting the responsible behavior of our team members and contractors. This system is based on 9 principles:



By 2021, our goal is to be a national model for occupational health and safety (OHS). During 2018, our proactive indicators included the following:

- > **Five-minute safety talks.**
- > **OHS training.**
- > **Inspections by the Central Occupational Health and Safety Committee.**
- > **Visible Leadership Interventions (IVL)**, aimed at motivating personnel to adopt safe behaviors. The most important of these was the safety stoppage at the Condorcocha plant on May 4th.
- > **Emergency squad training.**





To address the risks associated with hazardous work, we maintain and foster a preventive safety culture. Our Industrial Health and Safety Department is responsible for constantly monitoring all of the activities performed at our facilities, as well as ensuring all suppliers' alignment with our management system.

Additionally, through Asociación UNACEM, we are implementing the Interactive Occupational Health and Safety Classroom, which will provide theoretical and practical training to our team members and contractors. This classroom will enter into operation in 2019, and is divided into 15 different learning modules in which trainees will have the chance to learn while using the very same tools, equipment, and personal protective equipment (PPE) that they will later use in the operations.

The measurement of our health and safety indicators includes not only our team members, but also our contractors. In 2018, we improved our accident frequency index compared to the previous year. **(GRI 403)**

### ACCIDENT FREQUENCY AND SEVERITY RATES (GRI 403-2)

ATOCONGO PLANT	2017	2018
Frequency Index	6.9	4.8
Severity Index	56.9	49.1
Incident and Occupational Disease Rate	0	0
<b>No. of Fatal Victims</b>	<b>0</b>	<b>0</b>

CONDORCOCHA PLANT	2017	2018
Frequency Index	7.8	3.1
Severity Index	5,178.5	62.9
Incident and Occupational Disease Rate	0	0
<b>No. of Fatal Victims</b>	<b>2</b>	<b>0</b>

UNACEM TOTAL	2017	2018
Frequency Index	7.2	4.3
Severity Index	1,740.4	53.3
Incident and Occupational Disease Rate	0	0
<b>No. of Fatal Victims</b>	<b>2</b>	<b>0</b>

### NUMBER OF MINOR AND INCAPACITATING ACCIDENTS

PLANT	MINOR			INCAPACITATING		
	Male	Female	Total	Male	Female	Total
Atocongo plant	37	1	38	27	1	28
Condorcocha plant	26	0	26	8	0	8

## OCCUPATIONAL HEALTH AND SAFETY COMMITTEE

Our Occupational Health and Safety Committee is made up of 6 representatives appointed by UNACEM's management, and 6 representatives appointed by our team members. The committee members were appointed through open elections called by the respective workers' union. The current committee members began their two-year term in August 2017, and represent 100.0% of UNACEM's team members. **(GRI 403)**

## OCCUPATIONAL HEALTH

We have a number of different programs aimed at safeguarding all aspects of our workers' health, providing medical assistance and preventive care. Care is also provided to workers' family members who are duly registered in these programs. **(GRI 403)**

Each year, we carry out the following programs:

- > Occupational medical exam.
- > Occupational health monitoring plan.
- > Cancer screening.
- > Healthy diet program.

## WE RESPECT HUMAN RIGHTS

We strive to ensure that human rights are respected for all, based on our firm belief in the principle of human dignity. We obey all laws in force and all international conventions on the matter. We have also adhered to the United Nations Global Compact, assuming the commitment to eradicate all types of discrimination, forced labor, and child labor, and to guarantee respect for freedom of association and collective bargaining.

We are also committed to an environment free of sexual harassment, in which all team members are treated with respect. We do not tolerate offensive or hostile behavior, whether in writing, verbally, or in the form of inappropriate acts or gestures. Any conduct, habit, or abuse of authority that may potentially upset our team members is unacceptable. **(GRI 408-1) (GRI 409)**

We are certified by the Good Employers' Association (ABE), which is sponsored by the American Chamber of Commerce in Peru (AmCham Perú). Our commitment to respecting human rights is established in our Internal Workplace Regulations (RIT) and in our Code of Ethics and Conduct. **(GRI 406) (GRI 408)**

ANY CONDUCT, HABIT, OR **ABUSE** OF AUTHORITY THAT MAY **POTENTIALLY UPSET** OUR TEAM MEMBERS IS **UNACCEPTABLE**.

## UNION RELATIONS

We firmly believe that respectful, transparent, and open dialogue is the best way to reach solutions to the benefit of all. For this purpose, we hold weekly coordinating meetings with our unions.

It is important to note here that the mechanisms for the evaluation of compliance with obligations under our collective bargaining agreements are established in the payrolls. There are no restrictions on freedom of association or collective bargaining at the Company, nor on the unionization of our suppliers' or contractors' employees. **(GRI 407)**

At UNACEM, we have 2 unions:

- > **At the Atocongo plant:** the Sindicato de Trabajadores de Unión Andina de Cementos S.A.A. – Canteras de Atocongo, with which 167 team members are affiliated, accounting for 35.0% of the total team in Atocongo.
- > **At the Condorcocha plant:** the Sindicato Único de Trabajadores de Unión Andina de Cementos S.A.A., with which 160 team members are affiliated, accounting for 53.0% of the total team in Condorcocha. **(GRI 102-41)**



### COLLECTIVE BARGAINING AGREEMENTS (GRI 102-41)

#### ATOCONGO PLANT

- > Collective bargaining agreement signed in July 2018 for 3 years. Valid through June 2021.

#### CONDORCOCHA PLANT

- > Collective bargaining agreement signed in May 2016 for 3 years. Valid through 2018. The new collective bargaining process begins in January 2019.

### NUMBER AND PERCENTAGE OF UNIONIZED TEAM MEMBERS BY GENDER AND JOB CATEGORY

ATOCONGO PLANT			MEN			WOMEN			TOTAL		
CLASSIFICATION	TOTAL	UNIONIZED	%	TOTAL	UNIONIZED	%	TOTAL	UNIONIZED	%		
Administrative	165	0	0.0	56	0	0.0	221	0	0.0		
Employees	86	37	43.0	27	5	17.0	113	42	37.0		
Workers	142	125	88.0	0	0	0.0	142	125	88.0		
<b>Total</b>	<b>393</b>	<b>162</b>	<b>41.0</b>	<b>83</b>	<b>5</b>	<b>6.0</b>	<b>476</b>	<b>167</b>	<b>35.0</b>		

### NUMBER AND PERCENTAGE OF UNIONIZED TEAM MEMBERS BY GENDER AND JOB CATEGORY

CONDORCOCHA PLANT			MEN			WOMEN			TOTAL		
CLASSIFICATION	TOTAL	UNIONIZED	%	TOTAL	UNIONIZED	%	TOTAL	UNIONIZED	%		
Administrative	70	0	0.0	2	0	0.0	72	0	0.0		
Employees	39	0	0.0	3	0	0.0	42	0	0.0		
Workers	189	159	84.0	0	0	0.0	189	160	85.0		
<b>Total</b>	<b>298</b>	<b>159</b>	<b>53.0</b>	<b>5</b>	<b>0</b>	<b>0.0</b>	<b>303</b>	<b>160</b>	<b>53.0</b>		

\* 100.0% of union members are compulsorily covered by the collective bargaining agreements. The Company has also voluntarily expanded the bargaining agreements to cover non-unionized team members.

## TRAINING OF SECURITY PERSONNEL

Vigiandina is a subsidiary that provides security services at all of our facilities. Under its integrated policy, all personnel must be trained and sensitized to human rights and compliance with all applicable laws in force.

This policy is aligned with the guidelines that govern and regulate the sector. To this end, all personnel participate in a curricular program that provides them with training in different subjects, including courses on human rights.

In order to obtain their private security guard license from the National Superintendency for the Control of Security

Services, Arms, Munitions, and Explosives for Civilian Use (SUCAMEC), all guards must pass the mandatory Constitution and Human Rights course, which covers topics such as fundamental rights and duties tied to the life, wellbeing, liberty, and safety of all individuals. (GRI 410)

The security personnel who have received human rights training to date, through the instructional course offered every 2 years to all employees, is as follows: **(GRI 410-1)**

### HUMAN RIGHTS TRAINING

LOCATION	TOTAL TEAM MEMBERS	TEAM MEMBERS TRAINED	%
Lima	267	252	94.0
Tarma	98	92	93.0

## TRAINING AND DEVELOPMENT

At UNACEM, we have an Annual Training Plan (PACE), in which we plan and implement training activities to strengthen our workers' knowledge and skills. As part of our strategic plan, we have placed greater emphasis on the topics of occupational health and safety being promoted by the senior management.

In 2018, we implemented the Cross Knowledge e-learning platform for training in managerial skills. This first stage was aimed at area supervisors, and included the following topics:

- > Coaching
- > Self-awareness
- > Adaptability
- > Results-based flexibility
- > Interpersonal skills

The Instituto UNACEM also started operations this year, with the goal of taking advantage of learning synergies between our cement plants (Peru and Ecuador) in order to standardize best practices in our processes. We started with three programs that are extremely important to our operations: Cement Engineers, Kiln Operators, and Quality Analysts. **(GRI 404)**

## THE INSTITUTO UNACEM STARTED OPERATIONS, WITH THE GOAL OF **BOOSTING LEARNING SYNERGIES** BETWEEN CEMENT PLANTS (PERU AND ECUADOR) IN ORDER TO STANDARDIZE **BEST PRACTICES**.

### HOURS OF TRAINING BY JOB CLASSIFICATION (GRI 404-1)

CLASSIFICATION	GENDER	NUMBER OF HOURS	AVERAGE HOURS
Administrative	Female	1,529	25.9
	Male	10,971	46.9
	<b>Total</b>	<b>12,500</b>	
Employees	Female	517	18.5
	Male	3,408	27.0
	<b>Total</b>	<b>3,925</b>	
Workers	Female	26	26.0
	Male	7,781	23.2
	<b>Total</b>	<b>7,807</b>	
<b>Total</b>		<b>24,231</b>	<b>30.9</b>

# 3.2

## OUR SUPPLIERS AND CONTRACTORS

### VALUE CHAIN MANAGEMENT

At UNACEM, we have a selection and evaluation procedure in place for providers of goods and services (contractors), which includes an affidavit stating that they comply with all labor laws in force, act with respect for human rights, and take appropriate measures to ensure proper health, safety, and environmental management.

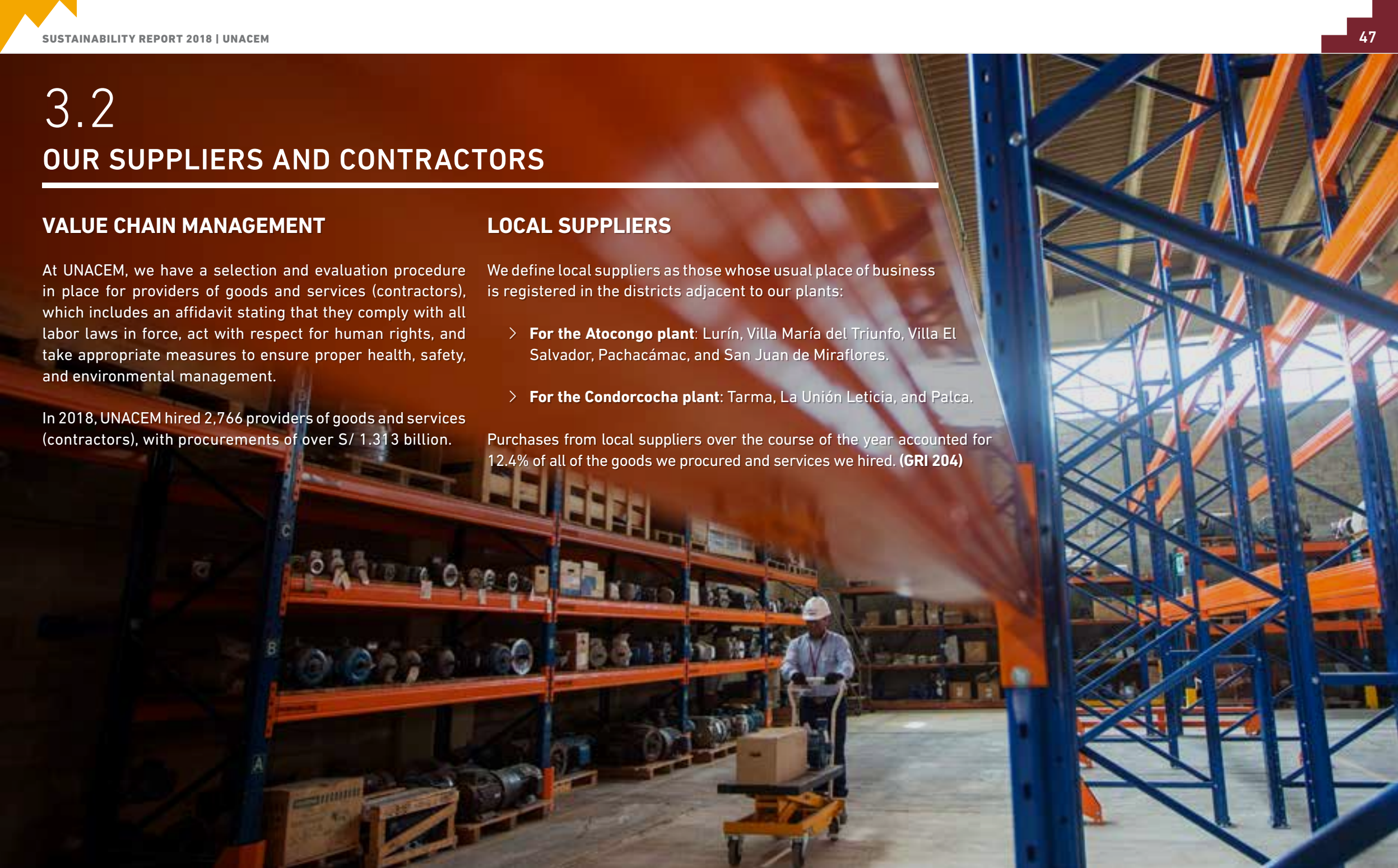
In 2018, UNACEM hired 2,766 providers of goods and services (contractors), with procurements of over S/ 1.313 billion.

### LOCAL SUPPLIERS

We define local suppliers as those whose usual place of business is registered in the districts adjacent to our plants:

- > **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.

Purchases from local suppliers over the course of the year accounted for 12.4% of all of the goods we procured and services we hired. **(GRI 204)**



## SUPPLIER EVALUATION

Through our Procurements Division, we evaluate the providers of goods and services on whom the quality of our products depends. For this purpose, we ask them to fill out the Supplier Evaluation Form, which has the force of a sworn statement.

This form includes general information, such as the list of brands and products, warranty and after-sales service, as well as information on quality management, environmental issues, occupational health and safety, social responsibility, and anticorruption practices. Depending on the score obtained, we decide whether a supplier meets our standards, and thus is an eligible candidate with which to establish a business relationship.

We also require all of our suppliers and contractors to act with respect for human rights, and to commit to following the Company's policies and procedures on the matter. One clear example of this commitment is their compliance with the identity verification procedure for all individuals upon being hired.

This procedure serves to corroborate each worker's identity and ensure legal age, based on personal documentation, thus fostering a culture of preventive safety among all of the suppliers and contractors who form part of our safety management system. **(GRI 414)**



In 2018, we continuously evaluated our suppliers and contractors, registering 232 new suppliers who successfully passed through these filters. In 2019, we will update the procedures in place in the logistics area and focus our efforts on those suppliers who have the greatest impact on the quality of our products.

It should be noted that, to date, we have not received any complaints or grievances in relation to human rights violations by our contractors and suppliers. **(GRI 407-1) (GRI 408-1) (GRI 409-1)**



# WE CONSIDER **OUR CONTRACTORS** TO BE **STRATEGIC TEAM MEMBERS** IN SEVERAL OF OUR PROCESSES, WHICH MEANS THAT THEY ARE SUBJECT TO CONSTANT **EVALUATION AND MONITORING**.

## CONTRACTORS

Our relationship with our contractors is based on respect, equality, trust, and transparency. As such, we expect them to strictly comply with all labor, environmental, and occupational health and safety laws in force. We also demand that they act with respect for human rights and implement socially responsible practices.

As strategic partners, we hold ourselves jointly and severally responsible for any incidents or accidents that may arise, in accordance with law. Before commencing their activities, we therefore require contractors to identify and assess risks inherent to their environmental practices and occupational health and safety management, in accordance with the applicable national laws in force. **(GRI 308)**

We consider our contractors to be strategic team members in several of our processes, which means that they are

subject to constant evaluation and monitoring. At both plants, our IMS divisions conduct occupational health, safety, and environmental management (OHSE) audits on recurring contractors in order to ensure that they meet UNACEM's standards and comply with the applicable laws. Afterwards, we issue an audit report containing our findings, so that the contractor can submit an action plan on how it will rectify any issues before it undergoes a follow-up audit.

Twice yearly, our user areas perform a contractor evaluation. After reviewing the scores obtained, we decide whether to continue doing business with each contractor or to suspend them. If a contractor is suspended, it must undertake the actions necessary to ensure that its performance is up to par. Once the manager of the user areas approves the improvements implemented, the contractor

may be once again authorized to work with us. **(GRI 414) (GRI 308)**

In 2018, at the Atocongo plant, internal users evaluated 50 of the 82 contractors (61.0% of all contractors). Most of the contractors had already worked for the Company before. At the Condorcocha plant, only one new service provider was hired, to provide maintenance services. The 13 companies that had previously provided services were also audited using the Occupational Health, Safety, and Environmental Management procedure for contractors.

The number of personnel hired by contractors varies over the course of the year. This is due to a number of factors, which may include short-term projects, scheduled maintenance stoppages, and in some cases, emergency shutdowns. **(GRI 308-1) (GRI 414 -1)**

## SUPPLIERS

When it comes to the source of raw materials such as coal, silica, limestone, and other minerals, we keep up-to-date records that identify the supplier and indicate the source concession, location, address, and other information to ensure the legal origin of said minerals. We also select suppliers that are able to pass through these filters, taking into consideration the procurement amount, as well as suggestions from the Company’s different areas.

**(GRI 308-1) (GRI 407-1)**

Procurement management is evaluated through (internal and external) management audits based on ISO 9001, ISO 14001, OHSAS 18001, and BASC standards. These audits include the procurement processes, as well as complaint and grievance responses, in accordance with the applicable procedures.

## PROMOTING TRANSPARENCY IN UNACEM’S VALUE CHAIN

In 2018, we continued with the “Promoting Transparency in UNACEM’s Value Chain” project, and began implementing a new initiative called the Competitive Business Program, both of which are aimed at encouraging our partners (suppliers, distributors, contractors, consultants, etc.) to draft and publish their own sustainability reports, in alignment with the Standard GRI guidelines, and to make improvements to their sustainability management.

In 2019, we will continue to promote these programs through our role as implementing partner, which includes tasks such as selecting trainers for the program, in collaboration with local GRI staff; identifying and recruiting participants; providing the facilities and other services required for training sessions; and providing support for suppliers until they finish drafting their first sustainability report using the GRI methodology.

### COMPETITIVE BUSINESS PROGRAM

#### PROJECT RESULTS

In 2018, 17 partners in UNACEM’s value chain drafted their 2017 sustainability reports in accordance with GRI Standards.

These companies’ achievements included:

- > **Identifying and managing** reputational risks.
- > **Understanding the importance** of knowing their stakeholders and their expectations, and how to include them in their management.
- > **Having a competitive advantage** over other companies in becoming suppliers for larger companies that are committed to sustainability.
- > **Improving their reputation** and fostering greater trust and commitment among their stakeholders.

#### PARTNERS

- > MyS
- > CIME Ingenieros
- > BBTI
- > A&J Instalaciones
- > Fahrenheit DDB°
- > Young & Rubicam
- > Circus Grey
- > Lucky
- > Circo Comunicaciones (DINAMO)
- > Ventura S.R.L.
- > Aliaga y Baluis S.A.C.
- > PREANSA S.A.C.
- > ARPL S.A.
- > CEMENTOS Y ACEROS S.A.C. (CEMENSA)
- > A. Berio & Cía. S.A.C.
- > Manufacturas de Acero Comercial e Industrial S.A. (MACISA)
- > La Viga S.A.



### 3.3 OUR COMMUNITIES

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AS PART OF **OUR COMMUNITY MANAGEMENT ACTIVITIES**, **ASOCIACIÓN UNACEM** PROMOTES AND FACILITATES THE IMPLEMENTATION OF OUR SUSTAINABILITY STRATEGY BASED ON **5 LINES OF ACTION**.

# LINES OF ACTION



Asociación  
**UNACEM**  
por el Desarrollo Sostenible

## SOCIAL INFRASTRUCTURE



## HEALTH



## EDUCATION



## ENVIRONMENT



## COMMUNITY RELATIONS

## OUR **COMMUNITY RELATIONS** AREA FOSTERS **DIALOGUE AND TRUST** BETWEEN **THE COMPANY AND THE COMMUNITIES** IN OUR AREAS OF INFLUENCE.

Our actions are based on territorial development and grassroots development approaches. As such, we promote private social investment initiatives that create opportunities for sustainable development in the communities in our area of influence, while also building their capacities and their social capital so that they can act as leaders of their own development, in alliance with the Peruvian government and other institutions.

Our Community Relations area fosters dialogue and trust between the Company and the communities in our areas of direct influence, as well as preventively identifying possible problems hinging on misinformation, perception, and community relations.

We assess our private social investment projects through monitoring and evaluation actions throughout the project cycle, in order to the achievement of the results, effects, and impacts according to plan, and to promptly implement any necessary corrective measures. We also periodically measure beneficiaries' and community leaders' satisfaction, helping us to determine the degree to which their interests and expectations have been met. **(GRI 413)**

### AREAS OF INFLUENCE

Our areas of direct influence encompass 5 districts in Lima and 3 in Tarma .

#### UNACEM COMMUNITY

##### ATOCONGO PLANT – LIMA

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

##### CONDORCOCHA PLANT – TARMA

- > La Unión Leticia: Populated Center of Condorcocha and Peasant Communities of Chancha and Huancayo
- > Palca
- > Acobamba



## MAIN PROJECTS AND INITIATIVES WITH OUR COMMUNITIES (GRI 413-1)

Through Asociación UNACEM, we promote private social investment projects that will have positive impacts on the communities around us. In terms of social infrastructure, we donate cement for community works, in which the community must organize itself to supply the rest of the materials and the labor. This process not only mobilizes economic resources for the work, but also promotes the formalization, autonomy, and strengthening of community organizations.

We support technical and production-based projects in the areas of education and the environment, which contribute to local self-management and entrepreneurship among residents and social organizations. We also encourage the development of technical skills for employment and the use of local labor in our value chain. This helps communities to increase their income and quality of life.

We also have a policy for the support of local initiatives and sponsorships, through which we prioritized actions that foster development, in alignment with the SDGs. Furthermore, through

our active policy of facilitating multisector alliances in search of sustainable development, we make it possible to leverage technical, economic, and logistical resources to complement the Company's contributions, thus making the intervention even stronger. **(GRI 203)**

Community engagement is key. To foster this engagement, we encourage communities to identify their own problems and the resources at their disposal so that they can then design projects in cooperation with different actors, both public and private.



## SOCIAL INFRASTRUCTURE (SDG 6, 9, AND 11)

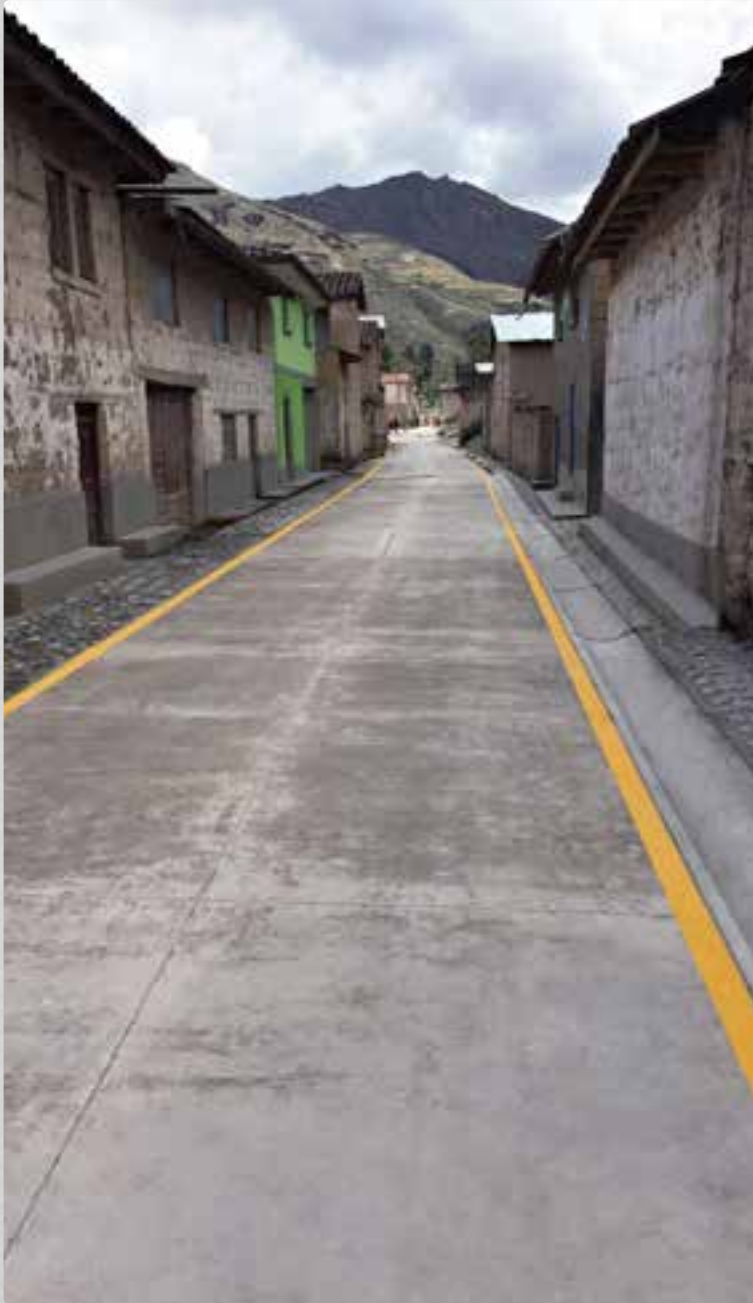
In 2018, we fostered the development of the communities around us. With this goal in mind, we donated cement and other construction materials to help improve and implement community works, education infrastructure, and other buildings (retaining walls, stairways, improved classrooms, sport fields, and sidewalks), which were made possible with the active support and participation of local residents.

### At the Atocongo plant:

- > 43 community works, thanks to 20,043 bags of cement donated. Participation of 831 residents who provided unskilled labor and 40 who provided skilled labor, to the benefit of 16,855 people.
- > Aid for 7 educational institutions, thanks to 2,566 bags of cement donated. A total of 120 people, including both local residents and parents, provided unskilled labor to the benefit of 3,723 students.
- > Support for 20 community works implemented by the local government. Thanks to a total of 12,464 bags of cement donated, and the participation of 380 local residents who contributed unskilled labor and 50 who provided skilled labor, 18,100 people were benefited.
- > 14 beneficiary families of the Techo Propio national program received a donation of 594 bags of cement, which they used to firm up the area on which they built their housing.

### At the Condorcocha plant:

- > 20 community works, thanks to 8,235 bags of cement and other materials donated. Participation of 255 locals residents who provided labor force to the benefit of 12,800 people.
- > Aid for 5 educational institutions, thanks to 1,040 bags of cement donated. A total of 80 people, including both local residents and parents, helped work on the projects, to the benefit of 3,077 students.
- > Support for 8 works implemented by the local government, with the donation of 2,375 bags of cement.
- > 5,081.40 m<sup>2</sup> of cement paving stones for streets, sidewalks, and ramps in the district of La Unión Leticia.
- > Support through consultancy on a project to be implemented under the Public Works Tax Deduction mechanism. A total of 121 people provided their labor, to the benefit of 9,150 people.



## PUBLIC WORKS TAX DEDUCTION

Public Works Tax Deduction projects implemented during 2018. **(GRI 203-1)**

- > Improvement of pedestrian and vehicular access areas on Jr. Junín in La Unión Leticia, Tarma, Junín: construction of 3,400 m<sup>2</sup> of pavement and sidewalks. Total investment of S/ 1.4 millions.
- > Creation of the High-Performance Surf Center in Punta Rocas, Lima: Construction of surf training, preparation and competition infraestructure for the Pan American and Parapan American Games Lima 2019. The total figure of the project is S/ 37.0 million. UNACEM will participate with 5.0% of the total estimate along with other Companies that promote the development of Works by Taxes, called Alliance for Works by Taxes (ALOXI).
- > Maintenance of the video surveillance system and emergency response center for the district of Villa María del Triunfo, Lima: As part of our commitments for the implementation of this project, from September 2018 through 2022, we are in charge of maintaining the video surveillance system equipment. In 2018, maintenance works were performed with a total investment of S/ 46,000.
- > We are currently preparing the Standard Technical Sheet (pre-investment profile) for the Public Works Tax Deduction project involving the sanitation system for the town of Condorcocha.
- > As part of the commitments described in the agreement for the establishment of an access easement and occupation of the Atocongo-Conchán ecological belt, we perform the annual maintenance of pavement along Avenida Lima, Avenida María Reiche, Prolongación María Reiche in the districts of Villa María del Triunfo and Villa El Salvador in Lima.
- > Maintenance of 38,000 m<sup>2</sup> of asphalt pavement on Avenida María Reiche and Prolongación María Reiche in the district of Villa El Salvador.
- > Maintenance of 72,000 m<sup>2</sup> of rigid pavement on Avenida Lima in the districts of Villa María del Triunfo and Villa El Salvador. **(GRI 203-1)**





## HEALTH (SDG 1, 3, AND 17)

Through the Healthy Communities program, we promote healthy lifestyles and habits among families, in alliance with the community organizations, community health agents, and health establishments.

### At the Atocongo plant:

- > 25,737 preventive care appointments with medical and educational services as part of family health campaigns.
- > 307 children between the ages of 6 months and 5 years benefited from anemia screening and treatment actions. We managed to aid in children's recovery in 53.0% of all cases registered (41 of 78). Through our works with 5 social organizations in Tablada de Lurín and Virgen de Lourdes, in Villa María del Triunfo, and the towns of Picapiedra, Quebrada Verde, and Guayabo, in Pachacámac, we reached a total of 300 parents with educational talks and meetings.
- > 3 health establishments (Virgen de Lourdes health post, César López Silva mother-child center, and Quebrada Verde health post) were implemented using educational and stimulation materials for psychoprophylaxis, prenatal stimulation, and early stimulation services. Benefits 650 expectant mothers and 550 children per year.

### At the Condorcocha plant:

- > 4,220 preventive care appointments with medical and educational services as part of family health campaigns.
- > 191 people benefited from the campaign for the certification of persons with disabilities in the province of Tarma, making them eligible to receive benefits from the Government.
- > 120 children between the ages of 6 months and 5 years benefited from anemia screening and treatment actions. We managed to aid in children's recovery in 77.0% of all cases registered (41 of 53). We worked in alliance with 5 social organizations. A total of 70 families participated in educational talks and meetings.
- > 100 senior citizens benefited from medical checkups, workshops, physical therapy sessions, experience-sharing sessions, play activities, and other actions in the district of La Unión Leticia.
- > 60 health professionals in the jurisdiction of the Tarma Health Network benefited from study tours, workshops, and technical assistance.



## EDUCATION (SDG 1 AND 4)

Through our projects and programs, we promote the development and strengthening of sport and artistic abilities, as well as teaching, technical, and business skills, among the population in our area of influence. We also foster the development of residents' personal and social skills, along with the productive use of free time. Some of the most notable results of our projects include:

### At the Atocongo plant:

- > 407 young people and adults from southern Lima received training in specialized areas such as buffet service and patisserie, beauty and cosmetics, handicrafts, screen printing, and electronics. Furthermore, 12 entrepreneurs received specialized business advice.
- > 2,756 students took part in 121 art and sports workshops over the course of the year, through Art, Culture, and Sports program.

### At the Condorcocha plant:

- > 151 women from the communities of La Unión Leticia and Tarma strengthened their vocational and productive skills in weaving; while 63 took part in the talk on "Participation Fairs and Customer Service."
- > 221 children and youngsters strengthened their school performance and developed their leadership and sport skills thanks to 10 workshops.
- > 256 students and 24 teachers from 9 primary schools in the district of La Unión Leticia strengthened their reading comprehension skills through the "Leer para Crecer" program.
- > 209 students and 23 teacher from 9 primary schools in La Unión Leticia strengthened their skills and teaching abilities, using information and communications technology (ICT) to improve classroom teaching processes, thanks to the "Inclusión Digital" program.

## ENVIRONMENT (SDG 11, 12 AND 15)

We foster better environmental management in the towns in our surroundings, in alliance with the communities and local and sector authorities.

### At the Atocongo plant:

- > We trained 40 environmental leaders on the internal institutional strengthening of the Zonal Environmental Committees (CAZ), as well as comprehensive solid waste management, the preparation of compost, and other topics. As a result, 4 CAZ carried out 20 replica workshops on solid waste, to the benefit of 15 social organizations in their communities.
- > We participated in 11 meetings with the Municipal Environmental Commissions in Villa María del Triunfo and Villa El Salvador to ensure compliance with the Local Environmental Agenda.
- > We carried out 16 tree-planting campaigns covering a total of 3,221 m<sup>2</sup> in our areas of influence in the districts of Villa María del Triunfo and Villa El Salvador, to the benefit of 10,303 people. We also donated fertilizer to help 5 social organizations with the upkeep of green areas, to the benefit of 1,602 people.
- > 55 public schools in the districts of Villa María del Triunfo, Villa El Salvador, Lurín, Pachacámac, and San Juan de Miraflores participated in the Comprehensive Environmental Education Program (PEAI) based on the Ministry of Education (MINEDU) strategy. Seven of them received special recognition from Local School District (UGEL) No. 01 and Asociación UNACEM for their outstanding achievements in the training program.
- > 71 teachers obtained a training certificate that counts as credit toward their teaching license, as part of an agreement with UGEL No. 01.
- > Upkeep was performed on 7.5 km of green areas located in the median strips of Avenida Lima and Avenida María Reiche, in the districts of Villa María del Triunfo and Villa El Salvador.

### At the Condorcocha plant:

- > 27 public schools in the districts of Tarma participated in the Comprehensive Environmental Education Program (PEAI) based on the MINEDU strategy. Five of them received special recognition from Local School District (UGEL) Tarma and Asociación UNACEM for their outstanding achievements in the training program. Five lead teachers helped replicate this experience in other schools.
- > 74 teachers obtained a training certificate that counts as credit toward their teaching license, as part of an agreement with the UGEL Tarma.
- > As part of the agreement with peasant community Huanco, we held 4 environmental training and solid waste management workshops aimed at four neighborhoods of Huanco, which benefited 64 people. We also started to plant 4,500 forest species (pine and quinal trees). We also added the following partners to our capacity-building efforts: Agricultural Agency, Programa Campo Limpio Perú, SERFOR, and the Municipality of La Unión Leticia.
- > Through the Emprende Productor (EMPRO) project, which we carried out in alliance with German cooperation, we helped improve the productivity of 120 families in La Unión Leticia and the town of Condorcocha, organized into 3 groups: the peasant community of Huanco, the Huk Makilla guinea pig breeders' association, and the Condorcocha livestock group. The project's activities include training, technical assistance and study tours, setup of demonstration land plots, and the implementation production infrastructure (corrals, technological irrigation system, and greenhouse).



## COMMUNITY RELATIONS (SDG 11, 16, AND 17)

In an effort to forge a positive rapport with our communities, we strengthen, manage, and monitor our ties with the population, local organizations, and institutions in the area surrounding our operations, preventively identifying possible problems hinging on misinformation, perception, and community relations. Our most significant results include the following:

### At the Atocongo plant

- > We promoted the creation of the Round Table for the Fight against Poverty in Southern Lima, with the participation of representatives from San Juan de Miraflores, Villa María del Triunfo, Villa El Salvador, Lurín, Pachacámac, and San Bartolo.
- > We promoted the formalization of the Multisector Health Committee (COMUDESAs) of Villa María del Triunfo with the passage of a municipal ordinance.
- > We benefited 21,998 residents through our support of 24 local initiatives.
- > We helped build the capacities of 165 leaders from 46 social organizations through workshops and technical assistance.
- > We organized 9 community visits to the Atocongo plant, with the participation of 212 local residents.

### At the Condorcocha plant

- > We benefited 10,000 residents through our support of 48 local initiatives.
- > We continued to carry out the agreement with the peasant community of Huancayo: local labor, study grants, electricity supply, leasing of 9 hectares of land, cement sales, legal clearing of land for the road, environmental fund, tree-planting campaigns, technological irrigation system, and community greenhouse.
- > We organized plant visits by 4 social organizations, with the participation of 67 community members and teachers.
- > We provided technical assistance and workshops to water and sanitation management boards and users' commissions, with the participation of 90 leaders.
- > We organized 5 study tours, 4 participative monitoring actions, and 2 workshops for the interpretation of monitoring results for 2017-2018, with the participation of 11 social organizations.



## OUR COMMITMENT TO THE DEVELOPMENT AND STRENGTHENING OF CIVIL SOCIETY

In 2018, in alliance with other organizations, we promoted the XIV Ibero-American Civil Society Conference. This year's theme was "The New Leadership of the Civil Society," which sought to promote civil society's interaction with the public and private sectors, the academy, and international cooperation, in an effort to shape concrete, proactive proposals to improve organized citizens' positioning and leadership. These proposals are contained in the Lima agreement, which was drafted during the event.

This meeting was organized by Asociación UNACEM, Universidad del Pacífico, and Encuentros Iberoamericanos de la Sociedad Civil, and succeeded in bringing together over 25 allied Ibero-American organizations and media outlets. A total of 285 Peruvian and Ibero-American leaders participated, with 80 speakers and panel members sharing their knowledge and experience on topics of civic duty, participation, and leadership.

Additionally, in an effort to highlight the expectations, interests, and proposals of the youth of Ibero-America, the event also included the First "Youth and Civil Society" Forum, which brought together over 300 young people and gave them the chance to exchange experiences, debate, and put forth proposals focused on four themes: (a) education for inclusion; (b) entrepreneurship and innovation; (c) employment and career management; and (d) citizen participation.

## 3.4 OUR CUSTOMERS

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We make sure our customers are familiar with our products and their characteristics. As part of this commitment, we hold training sessions to help them improve their construction practices.



## CUSTOMER TYPES

Most of UNACEM's sales are made through distributors and the Progresol home improvement store network, thus making it possible for our products to achieve a wide range of coverage, especially among do-it-yourself builders. **(GRI 102-6) (GRI 102-7)**

### DEPARTMENTS SERVED BY OUR PLANTS

- > Lima
- > Áncash
- > Ica
- > Huánuco
- > Pasco
- > Junín
- > Huancavelica
- > Ayacucho
- > Apurímac
- > Ucayali
- > Loreto

We sell our products through two business units: bagged cement and bulk cement. During 2018, these business units accounted for 71.8% and 28.2% of our total dispatches, respectively. In Peru, the construction sector is sustained by do-it-yourself home building. As such, 73.7% of our bagged cement is used for this activity, while 26.3% is consumed by construction companies. As for bulk cement, 57.0% is sold to concrete factories and 43.0% goes to mining and industrial companies.

## OUR PRODUCTS

We offer our customers high-quality cement with a strength that exceeds the requirements established in Peruvian Technical Standards (NTP) and U.S. standards (ASTM).

### OUR PRODUCTS (GRI 102-2)

PRODUCT TYPE	DESCRIPTION
Cemento embolsado	<p>We offer 7 types of high-quality cement, with packaging that guarantees the conservation of their properties.</p> <ul style="list-style-type: none"> <li>&gt; Cemento Andino I</li> <li>&gt; Cemento Andino Ultra HS</li> <li>&gt; Cemento Andino IP</li> <li>&gt; Cemento Andino IPM</li> <li>&gt; Cemento Andino V</li> <li>&gt; Cemento Sol I</li> <li>&gt; Cemento Apu GU</li> </ul>
Bulk Cement	Bulk cement is dispatched in 1.5-ton big bags or using tank trucks, and delivered directly to the customer.

Our bagged cements feature a label indicating their respective brands, the referential technical standards, and general instructions on their use and conservation. Each bag of cement is labeled with a code containing information on its provenance (the silo it comes from and the machine in which it was bagged), ensuring the traceability of each bag that enters the market. The backs of the bags include recommended uses for each product.

We have a preventive policy that specifies the maintenance schedules for all of our equipment, thus allowing us to verify the correct operation of the labeling equipment and the appropriate use of codes.

We also provide our bulk cement transporters with an "instruction sheet for transporters," containing recommendations to be followed in case of any incident involving the cargo being transported. **(GRI 417)**

## OUR **COMMUNICATIONS STRATEGY** IS FOCUSED ON ADVERTISING AND REINFORCING THE **POSITIONING** OF EACH ONE OF THE **BRANDS AND PRODUCTS** IN **UNACEM'S** PORTFOLIO.

### COMMUNICATIONS WITH OUR CUSTOMERS

Our communications strategy is focused on advertising and reinforcing the positioning of each one of the brands and products in UNACEM's portfolio, to ensure they are the most preferred among our customers, especially construction foremen and do-it-yourself homebuilders.

Our marketing management is based on four strategic concepts:

- › **Maintain preference for our products among end consumers:** We shape the identity and positioning of each brand with the goal of launching multi-channel communications campaigns and professional training activities for construction foremen each year.
- › **Create value through a portfolio of solid, optimized products:** We identify market opportunities, perform

a feasibility analysis for new launches, and prepare the launch of new products such as Cemento APU in 2014 and Cemento Andino Ultra in 2017.

- › **Build customer loyalty and strengthen the traditional home improvement store business:** We help develop the Progresol Network and implement plans to foster loyalty and raise our visibility in independent home improvement stores. To date, we have over 853 points of sale in the Progresol Network, of which 353 are wholesalers and 500 are retailers.
- › **Strengthen communication channels with construction companies and industrial customers:** We search out innovative solutions to improve pre- and after-sale service, with the goal of building customer loyalty in both channels through the use of digital platforms.

### CUSTOMER SATISFACTION

Each year, we measure the satisfaction of our customers by conducting surveys aimed at the persons responsible for purchasing our products or the users of our services. This information also allows us to gather suggestions, complaints, and compliments, which we analyze and include in our operations in an effort to improve our processes. **(GRI 417)**



# SATISFACTION RATE IN THE PROGRESOL NETWORK AND INDEPENDENT HOME IMPROVEMENT STORES



## OUR CUSTOMERS' HEALTH AND SAFETY

The safety of our value chain is extremely important to us. To support this cause, we evaluate the primary processes that may affect the health and safety of our customers, as well as the transporters and drivers who pick up products directly from our facilities. This evaluation is aimed at reducing risk levels related to external conditions and unsafe actions by conducting the preventive identification and analysis thereof.

At the Atocongo plant, we evaluated compliance with the clinker and cement dispatch procedures established in the IMS. At the Condorcocha plant, we evaluated the processes for cement dispatch by road and direct dispatches to customers, as well as all processes carried out in our port operations.

Additionally, as part of our IMS at the Atocongo plant and our administrative offices, we have a process for the registration, investigation, and analysis of unsafe acts that may involve our customers, as well as a grievance and complaint system.

At the Condorcocha plant, we also have a management plan for cement spills caused by transportation accidents, an instruction sheet for our transporters, and a complaint handling procedure.

In June 2018, we completed the standardization of the dispatch process at both plants (Atocongo and Condorcocha) under SAP (Systems, Applications, Products in Data Processing), making it possible to run both plants on the same system, with standardized processes. This enables us to provide a better service and record compliance with legal requirements by drivers and vehicles using a single platform.

For the distribution and sale of cement and clinker, we provide Material Safety Data Sheets (MSDS), which contain instructions for handling our products. These sheets are provided to any customers who request them. Some of these instructions and indications are included on the back of the bags of cement we sell. **(GRI 416)**



## COMMITMENT TO THE COMMUNITY >>>

### PRIVATE SOCIAL INVESTMENT PROJECTS

Contribute to improving quality of life and strengthening the social capital of neighboring communities in southern Lima and Tarma, through the co-management of sustainable social investment projects that focus on their needs.



## COMMITMENT TO THE COMMUNITY

### PRIVATE SOCIAL INVESTMENT PROJECTS

- This year, we supported the performance of 117 community works in southern Lima and Tarma, which used over 47,000 bags of cement and 5,000 m<sup>2</sup> of cobblestones, benefiting more than 50,000 locals. Social infrastructure line.
- A total of 427 children from southern Lima and Tarma took part in the campaign to control and reduce anemia, aligned with the public policy of the MINSA, aiding in recovery in 63.0% of all reported anemia cases. Health line.
- A total of 82 schools in southern Lima and Tarma participated in the Comprehensive Environmental Education Program, and 145 teachers obtained certification eligible for accreditation by the MINEDU. Environmental line.
- Over 3,800 local residents from southern Lima and Tarma developed and strengthened their technical, entrepreneurial, teaching, athletic, and cultural abilities through our educational programs. Education line.





# ENVIRONMENTAL MANAGEMENT

4

# 4 ENVIRONMENTAL MANAGEMENT

## 4.1 ENVIRONMENTAL IMPACT OF OUR OPERATIONS

Our Environmental Management System is focused on preventing and reducing environmental impacts, as well as optimizing the consumption of our resources. As part of this effort, we are greatly concerned with minimizing dust and greenhouse gas emissions, which are the main impact of our operations.

We also strive to improve the efficiency of production processes by reducing water and power consumption, with the goal of optimizing our environmental performance in the manufacture of clinker and cement, as well as our port, mining, and energy activities.

The improvements we have achieved are due to the commitment demonstrated by our team, who have used process monitoring, along with internal and external audits, to successfully optimize procedures and comply with the obligations established in the environmental laws in force. **(GRI 102-11)**

## DESCRIPTION OF THE MAIN ENVIRONMENTAL COMPONENTS IDENTIFIED IN OUR OPERATIONS (GRI 102-11)

ENVIRONMENTAL COMPONENT	ENVIRONMENTAL IMPACTS	ACTIVITIES OR OPERATIONS
Water	<ul style="list-style-type: none"> <li>› Potential changes in the conditions and in the physical or chemical properties of the water.</li> <li>› Potential change in the quality and quantity of groundwater.</li> </ul>	<ul style="list-style-type: none"> <li>› Generation of domestic and industrial effluents.</li> <li>› Storage of solid materials and fuels.</li> <li>› Loading and unloading of ships at the Conchán pier.</li> <li>› Groundwater withdrawal.</li> <li>› Operation of the Carpapata I, II, and III hydroelectric plants.</li> <li>› Accidental spillage of materials and hydrocarbons in bodies of water.</li> </ul>
Flora	<ul style="list-style-type: none"> <li>› Potential effects on the quantity and diversity of flora species.</li> </ul>	<ul style="list-style-type: none"> <li>› Extraction of raw materials.</li> <li>› Access routes to quarries.</li> <li>› Blasting.</li> </ul>
Fauna	<ul style="list-style-type: none"> <li>› Potential effects on the quantity and diversity of fauna species.</li> </ul>	<ul style="list-style-type: none"> <li>› Clearing of land to prepare construction areas in new projects.</li> <li>› Operation of the hydroelectric plant.</li> </ul>
Archaeology	<ul style="list-style-type: none"> <li>› Potential effects on archaeological sites existing in the areas of operations.</li> </ul>	
Noise	<ul style="list-style-type: none"> <li>› Potential increase in environmental noise levels.</li> </ul>	<ul style="list-style-type: none"> <li>› Temporary or permanent generation of noise due to the operation of vehicles, equipment and machinery, and blasting in quarries.</li> </ul>
Air	<ul style="list-style-type: none"> <li>› Potential change in air quality in the area of direct and indirect influence of our operations.</li> </ul>	<ul style="list-style-type: none"> <li>› Industrial and mining operations, electric (thermal) generation and port activities:</li> <li>› Limestone size reduction processes.</li> <li>› Handling, transport, and storage of raw materials and clinker.</li> <li>› Clinker manufacture; and cement preparation.</li> <li>› Loading and unloading of import and export materials at the Conchán pier.</li> <li>› Operation of the Atocongo thermal power plant.</li> </ul>
Soil	<ul style="list-style-type: none"> <li>› Potential change in the soil quality.</li> </ul>	<ul style="list-style-type: none"> <li>› Accidental spillage of hydrocarbons and contaminants.</li> <li>› Implementation of new projects.</li> </ul>
Topographical Relief and Landscape	<ul style="list-style-type: none"> <li>› Potential change in topography and shape of the terrain.</li> </ul>	<ul style="list-style-type: none"> <li>› Extraction of raw materials in quarries, cutting activities (in quarry pits) and filling activities (in quarry dumps) during the construction stage for new projects.</li> </ul>

## FORMAL GRIEVANCE AND COMPLAINT MECHANISMS

- > At both the Atocongo plant and the Condorcocha plant, any complaint or grievance from the communities is registered by the community relations area of Asociación UNACEM, which takes the necessary actions in coordination with the plants' operating units.
- > As part of our IMSs, we have response procedures for both environmental and social grievance and complaint. Any of UNACEM's team members may receive an inquiry/grievance/complaint from any stakeholder in relation to our operations, after which it shall be registered and the respective stakeholder shall be contacted to notify it of the response to its complaint or grievance as soon as possible.
- > All grievances and complaints filed with UNACEM have been responded and resolved. **(GRI 102-11)**

## ENVIRONMENTAL COMPLIANCE

The GEORGE system is the tool we use to supervise, identify, and verify compliance with the organization's environmental obligations. This system also sends prompt alerts to the persons responsible for each process. Additionally, we perform internal assessments, in the form of environmental monitoring audits and legal compliance audits, as well as an external audit by a certification firm that conducts an annual audit of the entire ISO 14001 management system.

The main mechanisms used by UNACEM to comply with our legal obligations are as follows **(GRI 307)**

- > The Quality Plan, which includes an environmental monitoring program for emissions, air quality, water, effluents, and biological monitoring. At Condorcocha, we conduct participative environmental monitoring sessions, in which we respond to questions and comments regarding our water and air quality monitoring activities, with the participation of authorities and local residents.
- > Surprise visits to our activities, conducted by the Environmental Assessment and Auditing Agency (OEFA), which guarantee our compliance with law.
- > The preparation of compliance reports on environmental commitment assumed under the environmental management instruments in force, as well as other reports addressed to technical authorities with regard to significant environmental aspects (ANA, SERFOR, OEFA, Ministry of Energy and Mines - MEM, Ministry of Culture - MINCUL, and other institutions).
- > Internal and external audits, as required by our Integrated Management System.

Since 2013, the OEFA has performed over 53 environmental oversight visits, both regularly scheduled and special, to our industrial, electrical generation, mining, and port operations. To date, there have only been 8 findings that resulted in administrative liability. In such cases, we immediately took the necessary corrective actions and the objections were resolved. As such, we have yet to receive any economic sanctions. **(GRI 307-1)**



## EMISSIONS

The main goal of our management system is to prevent, control, and reduce the potential impacts of our activities due to the emission of gases and particulate matter into the environment. To achieve this, it is essential to identify, assess, and implement opportunities for environmental improvement.

### Gas and Particulate Matter Emissions

We believe it is important to reduce our emissions of particulate matter and greenhouse gases for each ton cement that we produce, as well as our indirect greenhouse gas emissions. With this goal in mind, UNACEM has carried out the following projects and activities:

- At the Atocongo plant, we use natural gas in part of the manufacture of our cements, which has reduced our greenhouse gas emissions by over 120,000 tons annually. We were the first Peruvian cement manufacturer to issue carbon securities, back in 2010, and the one that has most reduced greenhouse gas emissions in the country.
- We have cutting-edge particle capture systems, such as electrofilters and a bag filter, which are 99.9% efficient in capturing dust in our kiln, cooling, and milling processes.
- We control gas and particulate matter emissions in our operations, as well as the environmental quality of the air in the towns near our activities. We then compare our results to the Maximum Permissible Limits and the environmental air quality standards, submitting reports to the competent environmental authority.



- The carbon footprint study has given us information on the emissions generated in our cement manufacturing activities, including indirect emissions caused by personnel transport services, electricity consumption, and other activities.
- In the short term, we have plans to install bag filters for the Kiln 2 cooler at Condorcocha. In 2018, we continued to develop the engineering for this project and began the preliminary civil works, which consisted of upgrading

the Kiln 2 clinker cooler and the installation of a new dust capture system. This will enable us to operate more efficiently in terms of both energy consumption and care for the environment.

- We comply with all of the commitments assumed under our environmental instruments by implementing measures for prevention, control, reduction, and mitigation in our industrial, power generation, mining, and port activities. **(GRI 305) (GRI 305-1) (GRI 305-2)**

**WE UPHELD THE COMMITMENTS ASSUMED** IN OUR ENVIRONMENTAL INSTRUMENTS WITH THE IMPLEMENTATION OF MEASURES FOR **PREVENTION, CONTROL, REDUCTION, AND MITIGATION** IN OUR INDUSTRIAL, ENERGY GENERATION, MINING, AND PORT ACTIVITIES.

**(GRI 305) (GRI 305-1) (GRI 305-2)**

#### GREENHOUSE GAS EMISSIONS (In Tons of Carbon Dioxide Equivalent) (GRI 305-1) (GRI 305-2)

DIRECT EMISSIONS (SCOPE 1)	ATOCONGO PLANT		CONDORCOCHA PLANT	
	2017	2018	2017	2018
CO <sub>2</sub> Emissions (according to GNR*)	2,250,272	2,738,744	1,322,052	1,399,149

\* GNR: Getting the Numbers Right, a methodology for the calculation of CO<sub>2</sub> emissions used by the cement industry around the world.

#### GAS AND PARTICULATE MATTER EMISSIONS GENERATED (GRI 305-7)

DIRECT EMISSIONS (SCOPE 1)	ATOCONGO PLANT	CONDORCOCHA PLANT
	2018	2018
Greenhouse Gas Emissions (kg of CO <sub>2</sub> eq/t cement) Information as per GNR	627	821
Clinker/Cement Ratio	0.86	0.89
Specific Heat Consumption* (kcal/kg clinker)	745	869

\* Weighted average of kilns.

## BIODIVERSITY

As part of our commitment to sustainable development, in alignment with our national environmental policy, we at UNACEM carry out actions to ensure the sustainability of our industrial, mining, and port operations. To this end, we perform biological and surveillance monitoring every six months, using biodiversity indicators for our mining operations. This provides us with a management tool that helps us obtain information over the long term to evaluate changes (processes and trends) in the conservation status of nature and the situation of certain other factors that may be influenced by our operations. This in turn enables us to take actions and establish mechanisms to adapt and improve our resources management.

**The objectives of the biodiversity monitoring plan include the following:**

- › Performance of the biological monitoring of flora and fauna, during both the dry and rainy seasons, to determine any variations in these biological components, and thus generate information that helps us understand the dynamic of the biodiversity in the production units.
- › During 2018, monitoring activities were performed in the Atocongo, Cristina, and Las Hienas mining units, and Administrative Economic Unit Las Dunas.
- › Evaluation of environmental conditions in each one of the operating units based on biological indicators, and

gathering of information on how species function or act in the ecosystem of our operations. The purpose of these actions is to increase knowledge and improve management of vegetation in this area, so that it can be conserved and used sustainably at the mining units. Ultimately, forest species and wild fauna will be reintroduced during the progressive and final closure of the quarries.

- › Estimation of change rates in the diversity and abundance of species, which will also be compared to monitoring activities from previous years.



**Our biodiversity monitoring strategies include the following:**

- › Investigation of flora and fauna in the hill ecosystem.
- › Development and promotion of research projects for the remediation and recovery of intervened areas.
- › At the Atocongo plant, we perform upkeep on green areas. We have efficient, technological irrigation systems that use over 92,000 m<sup>3</sup> of treated wastewater obtained from the wastewater treatment plant, which helps with the upkeep of 30 ha of green areas at our facilities.
- › At the Condorcocha plant, we use over 107,000 m<sup>3</sup> of treated wastewater obtained from the wastewater treatment plant to water 3.5 ha of green areas at our facilities.

**The primary impacts on biodiversity identified due to our operations at the quarries and the industrial plant are as follows:**

- › Quarry operations: effects on flora and fauna, migration of fauna, and effects on plant species.
- › Open pit mining operations: environmental impact on the area of direct influence of our operations, especially the temporary migration of fauna, and effects on plant species in the area. These effects are temporary and reversible. They will only occur during the operating stage. **(GRI 304)**

## Protected and Restored Habitats

At UNACEM, we do not perform operations in Protected Natural Areas. As such, the potential impacts of our operations are, in most cases, reversible. To this end, we have mine closure plans, approved by the competent authority, which specify the necessary measures to be implemented before, during, and after the closure of operations.

In part of the areas of the Atocongo and Cristina Quarries, which form part of our Atocongo unit, the hills have been deemed a fragile ecosystem. As such, we have a plan for the conservation and revegetation of hill species in the approved environmental instruments for both operations. Additionally, as part of our mine closure actions, we have established measures to guarantee the physicochemical stability of our components, such as the exploitation pits and the waste rock dumps, as well as activities involving team members' retraining for insertion into the job market.

We have also been working to implement protection and conservation actions and plans with local community promoters and international organisms.

At our Las Dunas concession, in the province of Pisco, region of Ica, there are particularly important and fragile ecosystems, such as lake surfaces and wetlands. To protect these zones, we have established a conservation plan for our area of direct influence.



There are no protected habitats in the zones around the plants. However, we have helped remediate 5 areas:

- > **Duck pond** (Condorcocha plant): Located inside our facilities. In the past, limestone was extracted from this site. The pond is used as a habitat by migratory birds, and bunnies, ducks, and geese are also raised here. The pond is inhabited by trout, which have adapted very well to this environment.
- > **Zona de Pacchon** (Condorcocha plant): In this area, previously used as a dump, we have planted trees (such as eucalyptus and queñuales), and cultivated fodder species (such as clover and alfalfa), which are used as a feed source for our guinea pig farm.

- > **Barranco** (Condorcocha plant): This area was also used as a dump. Here, we have cultivated fodder plants such as alfalfa, which have adapted in their entirety, and are used as a feed source for our guinea pig farm.
- > **Carpapata** (Condorcocha plant): We have finished the construction of the Carpapata III hydroelectric power plant. Here, 2 areas have been remediated—one of them located on a former dump; and the other around a high-voltage tower—by planting native shrub species to foster greater adaptability.
- > **Waste Dump 500** (Cristina Quarry): We have commenced the remediation plan, and will be performing research regarding the predominant plant formations in the area.

# 4.2

## RESOURCE CONSUMPTION AND MANAGEMENT

### MATERIALS

During the expectation studies conducted as part of the preparation of this report, there was a marked interest among our stakeholders in learning about the materials that form part of our production process.

Below is the list of materials and inputs used for the production and packaging of our main goods and services:

#### MATERIALS USED BY WEIGHT OR VOLUME (GRI 301-1)

MATERIAL	QTY.	UNIT
Milling Additive	1,306,637.7	kg
Clay	97,659.4	t
Limestone	6,934,905.3	t
Imported Coal	92,516.4	t
Peruvian Coal	174,577.4	t
Flue Ash	23,109.0	t
Carbon Dioxide	12.4	t
Slag	50,404.2	t
Gas	221,083,024.7	m <sup>3</sup>
Iron Oxide	72,015.6	t
B5 S-50 Diesel Fuel	9,816.2	gal
Industrial Fuel No. 6	4,210.9	t
Pozzolan	92,673.9	t
Silica	68,888.0	t
Gypsum	235,590.8	t
Packaging (42.0 kg of cement)	85,500,719.0	bags
Big Bags (1.5 t)	44,651.0	bags
Total Cement Dispatch	5,058,142.0	t

## ENERGY

At UNACEM, we promote the efficient management of our energy consumption, as part of our efforts to reduce energy consumption in the manufacture of clinker and cement. We recognize that our processes require large amounts of energy to manufacture our products. For this reason, we use modern, efficient technologies implemented through upgrades and overhauls, as well as rolling out new, ecologically efficient production lines.

One of our strategies for achieving this goal is the development and preparation of blended cements, which have a lower clinker/cement ratio, and thus require less energy consumption. We also monitor our heat and electricity consumption for each ton of clinker and cement produced in our plants.

We also incorporate and encourage the use of clean energy, such as that generated at our Carpapata I, II, and III hydroelectric plants. Additionally, we are the majority partner in Compañía Eléctrica El Platanal (CELEPSA), which provides us with hydroelectric power for our Atocongo and Condorcocha plants.

Lastly, we have taken other actions aimed at improving our energy efficiency, most notably:

- Encouraging the rational use of electricity at our camps and facilities, by promoting “Earth Hour” and carrying out campaigns on efficient energy consumption.
- Gradually changing over the technology used in the old production lines for new equipment that is more efficient in its consumption of energy.
- Optimizing the management of energy resources in our hydroelectric plants.
- Optimizing coal consumption by using adequate mixes for our processes.



**Fuel Consumption:** We use a mix of fuels for the production of clinker, consisting of coal (domestic and imported) and natural gas (at the Atocongo plant). The latter fuel allows us to reduce the level of greenhouse gas emissions, since it is cleaner than coal. The high temperatures (1,450° C) necessary to process clinker in our kilns consumed the following quantity of fuels:

**Electric Energy Consumption:** We use a mix of fuels for the production of clinker, consisting of coal (domestic and imported) and natural gas (at the Atocongo plant). The latter fuel allows us to reduce the level of greenhouse gas emissions, since it is cleaner than coal. The high temperatures (1,450° C) necessary to process clinker in our kilns consumed the following quantity of fuels.

In 2018, the average consumption at the Atocongo plant totaled 89.6 kW-h per ton of cement equivalent. This value meets the goal proposed in the Integrated Management System, which was 94.0 kW-h per ton of cement produced.

The Condorcocha plant, located at over 3,950 meters above sea level, is powered by 4 operative hydroelectric power plants: El Platanal, property of our subsidiary CELEPSA; and Carpapata I, Carpapata II, and Carpapata III. During 2018, this plant's consumption averaged 156.8 kW-h per ton of cement equivalent.

We are working to align our indicators with the principles promoted by the Cement Sustainability Initiative (CSI). Starting in 2018, we now use the Getting the Numbers Right (GNR) reporting standard established by the institution of the same name. This reporting standard provides a homogenized methodology for the industry for the estimation of CO<sub>2</sub> emissions and energy consumption.

We also delivered nearly 2,006.2 kW-h of electricity, free of charge, to the urban part of the district of La Unión Leticia, thanks to a bilateral agreement.

In 2018, the consumption of electric energy at the Condorcocha plant coming from our own generation at the Carpapata I, II, and III hydroelectric plants accounted for 63.6% of the total, compared to the purchase of energy from our subsidiary CELEPSA, which accounted for 36.4%. It should be noted that 100.0% of all electric energy consumed at the Condorcocha plant comes from renewable sources. **(GRI 302)**

### FUEL CONSUMPTION IN KILNS (GRI 302-1)

FUEL TYPE	ATOCONGO PLANT		CONDORCOCHA PLANT	
	2017	2018	2017	2018
Coal (in metric tons)	180,347	54,723	216,498	229,218
Residual Oil (in metric tons)	825	1,165	2,397	3,398
Natural Gas (in cubic meters)	231,129,407	285,441,690	0	0
Diesel (in gallons)	48,732	4,577	6,540	12,223

### ELECTRICITY CONSUMPTION PER PLANT (GIGAJOULES) (GRI 302-1)

	ATOCONGO PLANT		CONDORCOCHA PLANT	
	2017	2018	2017	2018
El Platanal (SEIN)	1,053,233	1,288,107	400,790	385,484
Atocongo Thermal Power Plant	105,454	139,137	–	–
Carpapata I, II, and III Hydropower Plants	–	–	590,378	672,186
<b>Total</b>	<b>1,158,687</b>	<b>1,427,244</b>	<b>991,168</b>	<b>1,057,670</b>



## WATER

Cement manufacturing is a dry process that does not require large amounts of water. All the same, we are conscious of the fact that water is a scarce resource. For that reason, we have a Responsible Water Management Program in place at all of our industrial, mining, port, and power facilities, which are located in 2 zones: an arid climate, mainly in the district of Villa María del Triunfo, Lima; and a more temperate climate, with dry winters, in La Unión Leticia, Tarma.

In 2015, we completed our water footprint study, determining that 2.1 and 2.3 liters of water are used per kilogram of cement produced at the Atocongo and Condorcocha plants, respectively.

On the other hand, we monitor the quality of surface water, groundwater, and effluents through a certified consultant that verifies the quality of the water used at the plants, quarries, and camps.

At UNACEM, we perform the following activities for the reduction, reuse, and efficient utilization of water resources:

- > Recirculation of water in the industrial plant cooling system.
- > High-tech irrigation systems for watering and upkeep of green areas.
- > Efficient water control systems in the office restrooms and locker rooms.
- > Wastewater treatment plant (PTAR), based on lagooning, biotechnology, and disinfection.

## THIS YEAR, WE OBTAINED THE “CERTIFICADO AZUL,” WHICH IS GIVEN OUT BY THE NATIONAL WATER AUTHORITY IN RECOGNITION OF ALL THE ACTIONS AND ACTIVITIES UNDERTAKEN TO CARE FOR WATER.

- > Watering of green areas using treated effluents from the PTAR.
- > Training of personnel on the efficient use of resources.
- > Measurement of our water footprint.
- > Implementation of shared value projects in relation to our water footprint.

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

By determining our water footprint, this indicator helps us define better policies and more effective objectives to reduce our direct and indirect consumption of water.

We have ensured this project's sustainability by incorporating both footprints into our Integrated Management System, and establishing short-, medium-, and long-term goals.

By evaluating their water footprint, companies are able to determine their total water consumption, both visible and invisible, considering direct as well as indirect use. This evaluation is based on water quantity and quality factors, as well as potential impacts on health and ecosystems caused by this consumption. **(GRI 303)**

The water quality in our different processes, whether at our hydroelectric power plants located in the annex of Carpapata or at our PTAR, is ensured thanks to constant monitoring by a consulting firm accredited by the National Quality Institute (INACAL).

This year, we obtained the “Certificado Azul,” which is given out by the National Water Authority (ANA) in recognition of all the actions and activities undertaken to care for the water used at our Condorcocha plant. In 2019, we plan to obtain this certification for our Atocongo plant.



## WATER CONSUMPTION AND MANAGEMENT (GRI 303-1)

	ATOCONGO PLANT (m <sup>3</sup> )	CONDORCOCHA PLANT (m <sup>3</sup> )	ATOCONGO PLANT (m <sup>3</sup> )	CONDORCOCHA PLANT (m <sup>3</sup> )
	2017		2018	
<b>Total Water Consumption</b>	<b>441,488</b>	<b>235,4623</b>	<b>433,257</b>	<b>210,155</b>
Total Groundwater Consumption	441,488	–	433,257	–
Total Consumption of Water from Springs and Creeks	–	235,463	–	210,155
Total Consumption of Water for Domestic Use <sup>1</sup>	209,729	140,983	225,369	139,168
Total Consumption of Water for Industrial and Mining Use	231,759	94,480	207,888	70,987
<b>Volume of Water Reused</b>	<b>122,720</b>	<b>117,985</b>	<b>92,513</b>	<b>108,151</b>
<b>Percentage of Water Reused</b>	<b>28.0</b>	<b>50.1</b>	<b>21.4</b>	<b>51.5</b>

<sup>1</sup> Includes water consumption for the watering of green areas.

## EFFLUENT AND WASTE MANAGEMENT

- > At the Atocongo and Condorcocha plants, we continued to water the green areas using treated wastewater from our PTAR, thus reducing groundwater consumption by over 200,000 m<sup>3</sup> per year.
- > We reuse 100.0% of the effluents treated at our PTARs to water green areas and supply our firefighting system. We do not dump any effluents into natural bodies of water.
- > To measure water consumption, UNACEM's Condorcocha plant has current meters that measure the quantity of water used in industrial activities, everyday domestic activities, and in the firefighting system and effluents from the wastewater treatment plant (PTAR).
- > We do not generate any industrial effluents at our Atocongo and Condorcocha plants, since all of the process water is recirculated (closed circuit).

We encourage the reduction, reuse, and recycling of solid waste. Through the "Tu Papel No Termina Aquí... Recicla" ("Your Paper Doesn't End Here... Recycle") campaign, we encourage the sorting and minimization of waste at our facilities, delivering the waste to formal recyclers'

## OUR SOLID WASTE MANAGEMENT APPROACH IS BASED ON THE APPLICATION OF THE "FOUR R'S": REDUCE, REUSE, RECYCLE, AND RECOVER.

associations in our community. We also use weeds and brush, mud from the PTARs, and organic waste from the dining halls in our compost heaps.

All of our non-salable waste is delivered to companies authorized by the Ministry of Health.

Our solid waste management approach is based on the application of the "four R's": reduce, reuse, recycle, and recover.

To achieve this, we have a solid waste management procedure consisting of the following steps:

- > Temporary storage of waste (collection points).
- > Collection of solid waste.

- > Transport of hazardous and non-hazardous solid waste.
- > Waste sorting.
- > Centralized waste storage.
- > Waste reuse and recycling.
- > Final disposal of unusable waste.

UNACEM has evaluated the possibility of co-processing our waste as an alternative fuel for our kilns. We are currently conducting a prefeasibility study, and will soon begin the technical studies for the pilot tests for the implementation of this project, given that the cement industry presents a viable waste management alternative for our cities, and for the country as a whole. **(GRI 306)**



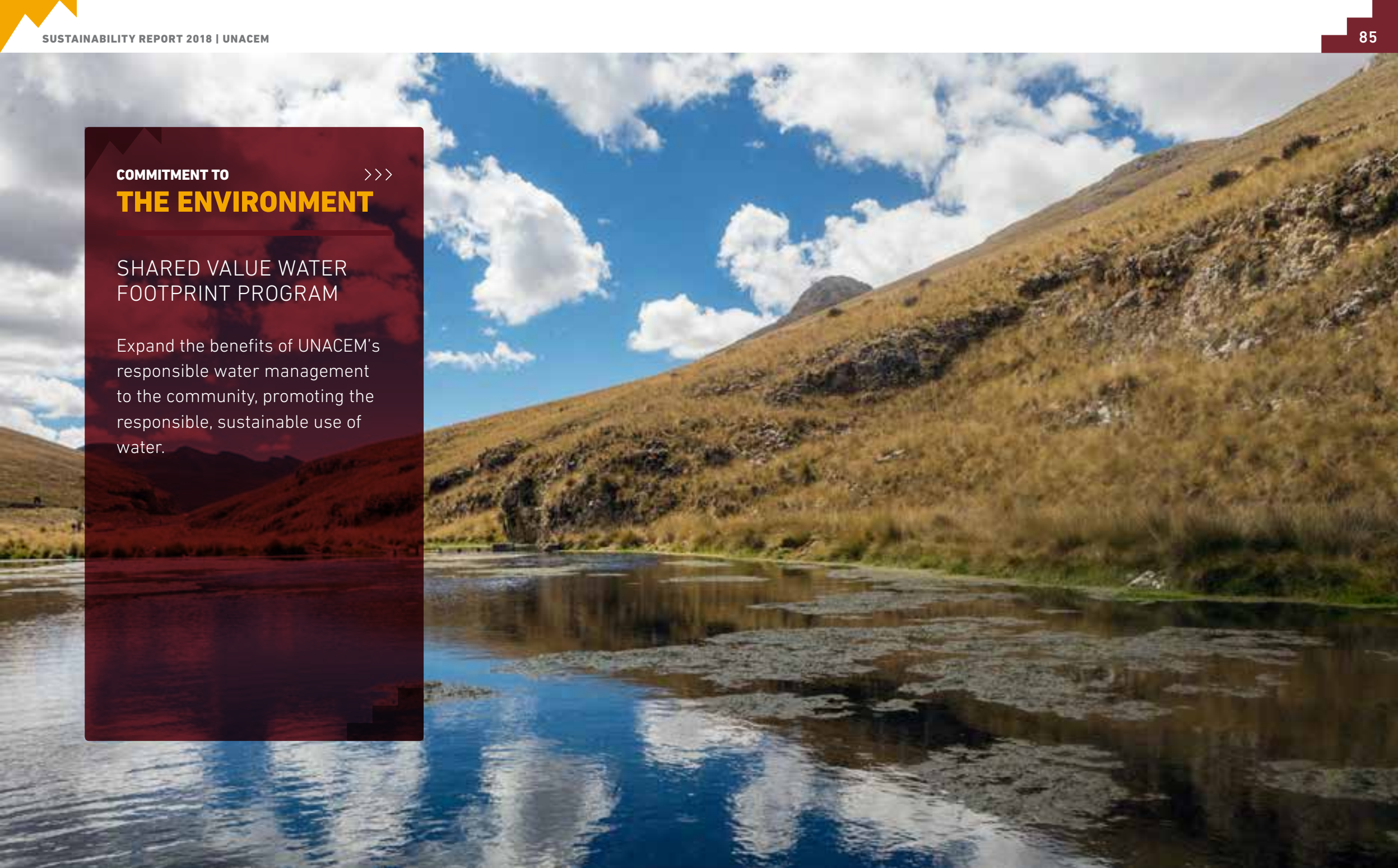
## WASTE MANAGEMENT (GRI 306-2)

METHOD	ATOCONGO PLANT				CONDORCOCHA PLANT			
	2017		2018		2017		2018	
	Weight in tons	%	Weight in tons	%	Weight in tons	%	Weight in tons	%
<b>NON-HAZARDOUS WASTE</b>	<b>3,847</b>	<b>100.0</b>	<b>4,684</b>	<b>100.0</b>	<b>1,365</b>	<b>100.0</b>	<b>1,144</b>	<b>100.0</b>
Reuse	1,637	43.0	2,734	58.0	84	6.0	83	7.0
Recycling	1,650	43.0	1,199	26.0	835	61.0	490	43.0
Composting	51	1.0	53	1.0	195	14.0	240	21.0
<b>Total Non-Hazardous Waste Recycled</b>	<b>3,338</b>	<b>87.0</b>	<b>3,985</b>	<b>85.0</b>	<b>1,114</b>	<b>82.0</b>	<b>812</b>	<b>71.0</b>
Dump	509	13.0	699	15.0	251	18.0	331	29.0
<b>HAZARDOUS WASTE</b>	<b>140</b>	<b>100.0</b>	<b>274</b>	<b>100.0</b>	<b>74</b>	<b>100.0</b>	<b>80</b>	<b>100.0</b>
Recycling	24	17.0	45	16.0	27	36.0	30	37.0
Stabilization	-	0.0	-	0.0	6	9.0	2	2.0
Encapsulation	-	0.0	-	0.0	0	0.0	0	0.2
Dump	116	83.0	229	84.0	41	55.0	48	60.2

COMMITMENT TO >>>  
**THE ENVIRONMENT**

SHARED VALUE WATER  
FOOTPRINT PROGRAM

Expand the benefits of UNACEM's responsible water management to the community, promoting the responsible, sustainable use of water.



## COMMITMENT TO THE ENVIRONMENT

### SHARED VALUE WATER FOOTPRINT PROGRAM

- UNACEM has a responsible water management program. Since 2015, it has measured the water footprint at its 2 plants and established short-, medium-, and long-term reduction goals that now form part of our Integrated Management System.
- In 2018, we obtained the “Certificado Azul,” given out by the National Water Authority, at our Condorcocha Plant. In 2019, we plan to obtain this certification for our Atocongo Plant, as well.
- As part of our shared value program, in alliance with the MINSA, we helped strengthen the Sanitation Service Administration Boards (JASSs) and water users’ boards with the goal of improving local management of this important resource in Pachacámac, Lurín, and La Unión Leticia.
- We supported our communities by providing cement for the performance and maintenance of communal infrastructure works such as dams, irrigation canals, retaining walls, and other projects aimed at making sustainable use of water in a domestic and agricultural use.





ABOUT OUR  
SUSTAINABILITY  
REPORT

5

# 5 ABOUT OUR SUSTAINABILITY REPORT

## **MATERIALITY PROCESS** (GRI 102-45) (GRI 102-49) (GRI 102-50) (GRI 102-51) (GRI 102-52) (GRI 102-54)

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This Sustainability Report provides annual information on UNACEM's economic, social, and environmental management in Peru. It covers the period between January 1st and December 31st, 2018, and is our second sustainability report prepared in accordance with the Global Reporting Initiative (GRI) Standards under the "Core" option.

To gather information on the GRI indicators, we have reviewed internal and public documents. We have likewise used data collection sheets, which were prepared in accordance with GRI's technical protocols. We also organized workshops to raise awareness and provide personalized advice to those responsible for filling out the information.



This year, as part of the process for the preparation of this report, we updated stakeholder expectations using a participative process. Below is an overview of the main expectations we identified in 2018 **(GRI 102-44)**

## MAIN STAKEHOLDER EXPECTATIONS

### TEAM MEMBERS

- > Develop training and vocational plans.
- > Develop mechanisms for communication of activities performed by Asociación UNACEM.
- > Continue with the support provided to communities.
- > Improve the performance evaluation mechanism.
- > Improve occupational health programs.

### DISTRIBUTORS

- > Develop a special offers schedule.
- > Develop a platform to handle complaints and grievances they receive regarding our products.
- > Increase thickness of bags.
- > Provide information on the materials used in the production of blended cements.

### COMMUNITY

- > Continue complying with the commitments assumed with the communities of La Unión Leticia.
- > Develop a nighttime emissions reduction program.
- > Provide information on the materials used in our production.
- > Create a truck traffic schedule to reduce noise.
- > Recommence and improve technical and production training programs.

### GOVERNMENT AND CIVIL SOCIETY

- > Expand agreements to carry out more projects in the areas of direct and indirect influence.
- > Expand agreements for anemia eradication programs.
- > Reinforce mechanisms to publicize joint activities carried out.

## MATERIAL ASPECTS INCLUDED

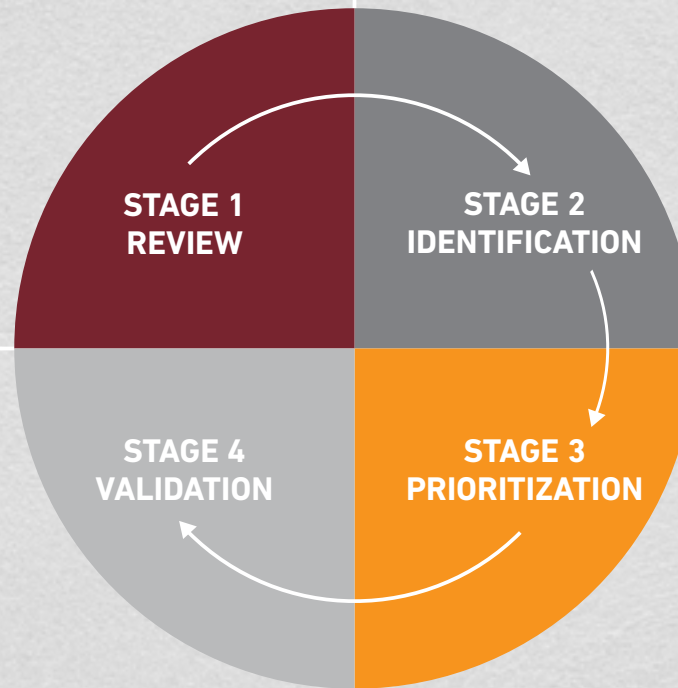
To select the most relevant aspects to be included in this report, so as to reflect the matters most important to the Company's stakeholders and identify the most significant sustainability impacts, we carried out a four-stage process. **(GRI 102-46)**

## MATERIALITY PROCESS (GRI 102-46)

- > During this stage, we review emerging sustainability topics in the sector according to RobecoSAM's Sustainability Yearbook 2018. We also review the sustainability reports issued by international cement manufacturing and distribution companies who are leaders in sustainability.

- > To identify key sustainability issues for UNACEM during 2018, we interviewed 19 representatives from the Company's management and assistant management areas. We also reviewed UNACEM's Strategic Plan 2016-2021, along with its policies, processes, and procedures.

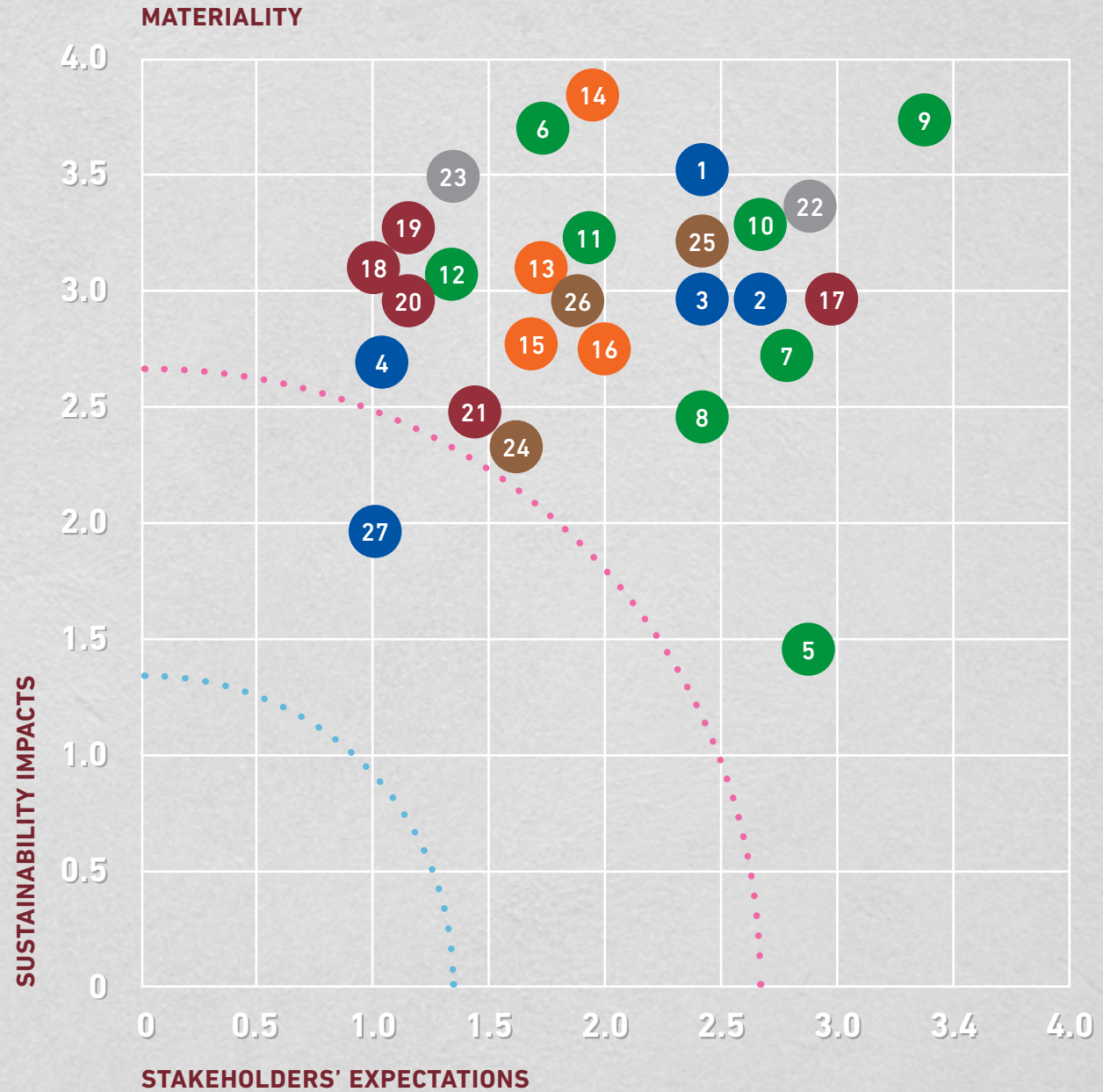
- > To identify key sustainability issues for our stakeholders, we engaged in a dialogue process with team members (2 discussion panels with workers and 70 online surveys with employees), the community (2 discussion panels), suppliers (240 online surveys), customers (1 discussion panel), and civil society (2 interviews).



- > The results of this materiality matrix were validated by our managers in a workshop organized by Asociación UNACEM.
- > Subsequently, the indicators and management approaches were selected for inclusion in the 2018 Sustainability Report.

- > The methodology used to prioritize the most relevant issues according to our stakeholders was by level of interest. As for those topics most relevant to UNACEM, we used a risk assessment methodology developed by Avanza Sostenible.

As a result of this process, we identified the material aspects to be included in this Report. Its boundaries<sup>2</sup>, the stakeholders, and related business units are detailed in the following graph and table **(GRI 102-46)**



<sup>2</sup> Boundaries: Description about where impacts are generated in each aspect.

## MATERIAL ASPECTS INCLUDED

The material aspects included in this report, their boundaries, and the related stakeholders are detailed below **(GRI-102-48)**

MATERIAL TOPICS (GRI 102-47) (GRI 102-49)			
n.º	GRI MATERIAL TOPIC	GRI CATEGORY	BOUNDARY (GRI 103-1)
1	GRI 201: Economic Performance	GRI 200: Economy	Inside and Outside Boundary
2	GRI 203: Indirect Economic Impacts	GRI 200: Economy	Outside Boundary
27	GRI 204: Procurement Practices <sup>3</sup>	GRI 200: Economy	Outside Boundary
3	GRI 205: Anti-Corruption	GRI 200: Economy	Inside and Outside Boundary
4	GRI 206: Anti-Competitive Behavior	GRI 200: Economy	Inside and Outside Boundary
5	GRI 301: Materials	GRI 300: Environment	Inside Boundary
6	GRI 302: Energy	GRI 300: Environment	Outside Boundary
7	GRI 303: Water	GRI 300: Environment	Outside Boundary
8	GRI 304: Biodiversity	GRI 300: Environment	Outside Boundary
9	GRI 305: Emissions	GRI 300: Environment	Outside Boundary
10	GRI 306: Effluents and Waste	GRI 300: Environment	Outside Boundary
11	GRI 307: Environmental Compliance	GRI 300: Environment	Outside Boundary
12	GRI 308: Supplier Environmental Assessment	GRI 300: Environment	Outside Boundary
13	GRI 401: Employment	GRI 400: Society	Inside and Outside Boundary
14	GRI 403: Occupational Health and Safety	GRI 400: Society	Inside and Outside Boundary
15	GRI 404: Training and Education	GRI 400: Society	Inside Boundary
16	GRI 405: Diversity and Equal Opportunities	GRI 400: Society	Inside Boundary
17	GRI 406: Non-Discrimination	GRI 400: Society	Inside and Outside Boundary
18	GRI 407: Freedom of Association and Collective Bargaining	GRI 400: Society	Inside and Outside Boundary
19	GRI 408: Child Labor	GRI 400: Society	Inside and Outside Boundary
20	GRI 409: Forced or Compulsory Labor	GRI 400: Society	Inside and Outside Boundary
21	GRI 410: Security Practices	GRI 400: Society	Outside Boundary
22	GRI 413: Local Communities	GRI 400: Society	Outside Boundary
23	GRI 414: Supplier Social Assessment	GRI 400: Society	Outside Boundary
24	GRI 416: Customer Health and Safety	GRI 400: Society	Outside Boundary
25	GRI 417: Marketing and Labeling	GRI 400: Society	Outside Boundary
26	GRI 419: Socioeconomic Regulatory Compliance	GRI 400: Society	Inside and Outside Boundary

<sup>3</sup> Material topic included for strategic reason.

## GRI CONTENT INDEX (including Global Compact Cop and SDGs)

“For Materiality Disclosures Services, GRI has verified that the GRI table is clear and that the references for Contents 102-40 to 102-49 the indicated sections of the report”.



### GRI CONTENT INDEX (GRI 102-55)

#### GRI 101: FOUNDATION 2016

(GRI 101 does not include content)

#### GRI 102: GENERAL DISCLOSURES 2016

#### GENERAL DISCLOSURES 2016

#### PAGE/ DIRECT ANSWERS

#### OMISSIONS / OBSERVATIONS

#### SDGs

#### GLOBAL COMPACT ADVANCED COP

#### COMPANY PROFILE

<b>102-1:</b> Name of the organization	108	–	–	–
<b>102-2:</b> Activities, brands, products, and services	63	–	–	–
<b>102-3:</b> Location of headquarters	108	–	–	–
<b>102-4:</b> Location of operations	14, 15, 88	–	–	–
<b>102-5:</b> Ownership and legal form	13, 108	–	–	–
<b>102-6:</b> Markets served	63	–	–	–
<b>102-7:</b> Scale of the organization	14, 15, 17	–	–	–
<b>102-8:</b> Information on employees and other workers	36, 36	–	SDG N° 8	Principle 6
<b>102-9:</b> Supply chain	16	–	–	–
<b>102-10:</b> Significant changes to the organization and its supply chain	There were no significant changes during the reporting period	–	–	–
<b>102-11:</b> Precautionary Principle or approach	26, 70, 71, 72	–	–	–

GENERAL DISCLOSURES 2016	PAGE/ DIRECT ANSWERS	OMISSIONS / OBSERVATIONS	SDGs	GLOBAL COMPACT ADVANCED COP
<b>102-12:</b> External initiatives	27	–	–	–
<b>102-13:</b> Membership of associations	20	–	–	–
<b>STRATEGY</b>				
<b>102-14:</b> Statement from senior decision-makers	8, 9	–	–	–
<b>ETHICS AND INTEGRITY</b>				
<b>102-16:</b> Values, principles, standards, and norms of behavior	25	–	SDG N° 16	Principle 10
<b>GOVERNANCE</b>				
<b>102-18:</b> Governance structure	17	–	–	–
<b>102-35:</b> Remuneration policy	The Board of Directors compensation policy is established in line with the company Bylaws and is equivalent to 1% of earnings before taxes. The Chairman receives double compensation	–	–	–
<b>STAKEHOLDER ENGAGEMENT</b>				
<b>102-40:</b> List of stakeholders	30	–	–	–
<b>102-41:</b> Collective bargaining agreements	43, 44	–	SDG N° 8	Principle 3
<b>102-42:</b> Identifying and selecting stakeholders	29	–	–	–

GENERAL DISCLOSURES 2016	PAGE/ DIRECT ANSWERS	OMISSIONS / OBSERVATIONS	SDGs	GLOBAL COMPACT ADVANCED COP
<b>102-43:</b> Approach to stakeholder engagement	31	–	–	–
102-44: Key topics and concerns raised	89	–	–	–
<b>ELABORATION OF SUSTAINABILITY REPORT</b>				
<b>102-45:</b> Entities included in the consolidated financial statement	88	–	–	–
<b>102-46:</b> Defining report content and topic boundaries	89, 90, 91	–	–	–
<b>102-47:</b> List of material topics	92			
<b>102-48:</b> Restatements of information	No information has been restated	– –	– –	– –
<b>102-49:</b> Changes in reporting	88, 92			
<b>102-50:</b> Reporting period	88	–	–	–
<b>102-51:</b> Date of most recent report	88	–	–	–
<b>102-52:</b> Reporting cycle	88	–	–	–
<b>102-53:</b> Contact point for questions regarding the report	108	–	–	–
<b>102-54:</b> Claims of reporting in accordance to the GRI Standards	88	– –	– –	– –
<b>102-55:</b> GRI content index	93, 94, 95, 96, 97, 98, 99, 100, 101			
<b>102-56:</b> External assurance	The company does not undergo external assurance	– –	– –	– –

## MATERIAL TOPICS

GRI 103: MANAGEMENT APPROACH 2016	PAGE/ DIRECT ANSWERS	OMISSIONS / OBSERVATIONS	SDGs	GLOBAL COMPACT ADVANCED COP
<b>GRI 200: ECONOMIC</b>				
<b>GRI 201: DESEMPEÑO ECONÓMICO 2016</b>				
<b>GRI 103-1.</b> Explanation of the material topic and its boundary. 2016	92	–	–	–
<b>GRI 103-2.</b> The management approach and its components. 2016	18, 19	–	–	–
<b>GRI 103-3.</b> Evaluation of the management approach. 2016	18, 19	–	–	–
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
<b>GRI 201-1.</b> Direct economic value generated and distributed	19		SDGs N° 2, 5, 7, 8, 9	
<b>GRI 203: INDIRECT ECONOMIC IMPACTS 2016</b>				
<b>GRI 103-1.</b> Explanation of the material topic and its boundary	92	–	SDGs N° 2, 5, 7, 9, 11	–
<b>GRI 103-2.</b> The management approach and its components	54, 55	–	SDGs N° 2, 5, 7, 9, 11	–
<b>GRI 103-3.</b> Management approach assessment	54, 55	–	SDGs N° 2, 5, 7, 9, 11	–
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
<b>GRI 203-1.</b> Infrastructure investments and services supported	56	–	SDGs N° 2, 5, 7, 9, 11	–
<b>GRI 204: PROCUREMENT PRACTICES 2016</b>				
<b>GRI 103-1.</b> Explanation of the material topic and its boundary	92	–	–	–
<b>GRI 103-2.</b> The management approach and its components	47	–	–	–
<b>GRI 103-3.</b> Management approach assessment	47	–	–	–
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
<b>GRI 204-1.</b> Proportion of spending on local suppliers	47	–	SDG N° 12	–



GRI 103: MANAGEMENT APPROACH 2016	PAGE/ DIRECT ANSWERS	OMISSIONS / OBSERVATIONS	SDGs	GLOBAL COMPACT ADVANCED COP
<b>GRI 205: ANTICORRUPTION 2016</b>				
<b>GRI 103-1.</b> Explanation of the material topic and its boundary	92	–	–	–
<b>GRI 103-2.</b> The management approach and its components	21	–	–	–
<b>GRI 103-3.</b> Management approach assessment	21	–	–	–
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
<b>GRI 205-2.</b> Communication and training about anti-corruption policies and procedures	21	–	SDG N°16	Principle 10
<b>GRI 206: ANTI-COMPETITIVE BEHAVIOR 2016</b>				
<b>GRI 103-1.</b> Explanation of the material topic and its boundary	We are a leading company in the market. Currently, we don't have any policy related to anti-competitive behavior	–	–	–
<b>GRI 103-2.</b> The management approach and its components	Currently, we don't have any policy related to anti-competitive behavior	–	–	–
<b>GRI 103-3.</b> Management approach assessment	Currently, we don't have any policy related to anti-competitive behavior	–	–	–
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
<b>GRI 206-1</b> Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No legal action has been taken	–	–	–

<b>GRI 103: MANAGEMENT APPROACH 2016</b>	<b>PAGE/ DIRECT ANSWERS</b>	<b>OMISSIONS / OBSERVATIONS</b>	<b>SDGs</b>	<b>GLOBAL COMPACT ADVANCED COP</b>
<b>GRI 300: ENVIRONMENT</b>				
<b>GRI 301: MATERIALS 2016</b>				
<b>GRI 103-1.</b> Explanation of the material topic and its boundary	92	–	–	–
<b>GRI 103-2.</b> The management approach and its components	78	–	–	–
<b>GRI 103-3.</b> Management approach assessment	78	–	–	–
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
<b>GRI 301-1.</b> Materials used by weight or volume	78	–	SDGs N° 13, 14, 15	Principles 7, 8 y 9
<b>GRI 302: ENERGY 2016</b>				
<b>GRI 103-1.</b> Explanation of the material topic and its boundary	92	–	–	–
<b>GRI 103-2.</b> The management approach and its components	79, 80	–	–	–
<b>GRI 103-3.</b> Management approach assessment	79, 80	–	–	–
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
<b>GRI 302-1.</b> Energy consumption within the organization	80	–	SDGs N° 7, 8, 12, 13	Principles 7, 8 y 9
<b>GRI 303: WATER 2016</b>				
<b>GRI 103-1.</b> Explanation of the material topic and its boundary	92	–	–	–
<b>GRI 103-2.</b> The management approach and its components	81	–	–	–
<b>GRI 103-3.</b> Management approach assessment	81	–	–	–
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
<b>GRI 303-1.</b> Total water withdrawal by source	82	–	SDG N° 6	Principles 7, 8 y 9

<b>GRI 103: MANAGEMENT APPROACH 2016</b>	<b>PAGE/ DIRECT ANSWERS</b>	<b>OMISSIONS / OBSERVATIONS</b>	<b>SDGs</b>	<b>GLOBAL COMPACT ADVANCED COP</b>
<b>GRI 304: BIODIVERSITY 2016</b>				
<b>GRI 103-1.</b> Explanation of the material topic and its boundary	92	–	–	–
<b>GRI 103-2.</b> The management approach and its components	75, 76, 77	–	–	–
<b>GRI 103-3.</b> Management approach assessment	75, 76, 77	–	–	–
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
<b>GRI 304-3.</b> Habitats protected or restored	77	–	SDGs N° 6, 14, 15	Principles 7, 8 y 9
<b>GRI 305: EMISSIONS 2016</b>				
<b>GRI 103-1.</b> Explanation of the material topic and its boundary	92	–	–	–
<b>GRI 103-2.</b> The management approach and its components	73	–	–	–
<b>GRI 103-3.</b> Management approach assessment	73	–	–	–
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
<b>GRI 305-1.</b> Direct (Scope 1) GHG emissions	74	–	SDGs N° 3, 12, 13, 14, 15	Principles 7, 8 y 9
<b>GRI 305-7.</b> Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	74	–	SDGs N° 3, 12, 13, 14, 15	Principles 7, 8 y 9
<b>GRI 306: EFFLUENTS AND WASTE 2016</b>				
<b>GRI 103-1.</b> Explanation of the material topic and its boundary	92	–	–	–
<b>GRI 103-2.</b> The management approach and its components	83	–	–	–
<b>GRI 103-3.</b> Management approach assessment	83	–	–	–
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
<b>GRI 306-2.</b> Waste by type and disposal method	84	–	SDGs N° 3, 6, 12	Principles 7, 8 y 9

<b>GRI 103: MANAGEMENT APPROACH 2016</b>	<b>PAGE/ DIRECT ANSWERS</b>	<b>OMISSIONS / OBSERVATIONS</b>	<b>SDGs</b>	<b>GLOBAL COMPACT ADVANCED COP</b>
<b>GRI 307: ENVIRONMENTAL COMPLIANCE 2016</b>				
<b>GRI 103-1.</b> Explanation of the material topic and its boundary	92	–	–	–
<b>GRI 103-2.</b> The management approach and its components	21, 72	–	–	–
<b>GRI 103-3.</b> Management approach assessment	21, 72	–	–	–
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
<b>GRI 307-1.</b> Non-compliance with environmental laws and regulations	72	–	SDG N° 16	Principles 7, 8 y 9
<b>GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016</b>				
<b>GRI 103-1.</b> Explanation of the material topic and its boundary	92	–	–	–
<b>GRI 103-2.</b> The management approach and its components	49, 50	–	–	–
<b>GRI 103-3.</b> Management approach assessment	49, 50	–	–	–
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
<b>GRI 308-1.</b> New suppliers that were screened using environmental criteria	50	–	–	Principle 7, 8 y 9
<b>GRI 400: SOCIAL</b>				
<b>GRI 401: EMPLOYMENT 2016</b>				
<b>GRI 103-1.</b> Explanation of the material topic and its boundary	92	–	–	–
<b>GRI 103-2.</b> The management approach and its components	35, 37, 38	–	–	–
<b>GRI 103-3.</b> Management approach assessment	35, 37, 38	–	–	–
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
<b>GRI 401-1.</b> New employee hiring and employee turnover	38	–	SDGs N° 5, 8	Principle 6

<b>GRI 103: MANAGEMENT APPROACH 2016</b>	<b>PAGE/ DIRECT ANSWERS</b>	<b>OMISSIONS / OBSERVATIONS</b>	<b>SDGs</b>	<b>GLOBAL COMPACT ADVANCED COP</b>
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2016</b>				
<b>GRI 103-1.</b> Explanation of the material topic and its boundary	92	–	–	–
<b>GRI 103-2.</b> The management approach and its components	40, 41, 42	–	–	–
<b>GRI 103-3.</b> Management approach assessment	40, 41, 42	–	–	–
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
<b>GRI403-2.</b> Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	41	–	SDGs N° 3, 8	Principle 6
<b>GRI 404: TRAINING AND EDUCATION 2016</b>				
<b>GRI 103-1.</b> Explanation of the material topic and its boundary	92	–	–	–
<b>GRI 103-2.</b> The management approach and its components	46	–	–	–
<b>GRI 103-3.</b> Management approach assessment	46	–	–	–
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
<b>GRI 404-1.</b> Average hours of training per year per Employee	46	–	SDGs N° 4, 5, 8	Principle 6
<b>GRI 405: Diversity and equal opportunities 2016</b>				
<b>GRI 103-1.</b> Explanation of the material topic and its boundary	92	–	–	–
<b>GRI 103-2.</b> The management approach and its components	37	–	–	–
<b>GRI 103-3.</b> Management approach assessment	37	–	–	–
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
<b>GRI 405-1.</b> Diversity of the Board of Directors and employees by employee category	36	–	–	Principle 6

<b>GRI 103: MANAGEMENT APPROACH 2016</b>	<b>PAGE/ DIRECT ANSWERS</b>	<b>OMISSIONS / OBSERVATIONS</b>	<b>SDGs</b>	<b>GLOBAL COMPACT ADVANCED COP</b>
<b>GRI 406: NON-DISCRIMINATION 2016</b>				
<b>GRI 103-1.</b> Explanation of the material topic and its boundary	92	–	–	–
<b>GRI 103-2.</b> The management approach and its components	42	–	–	–
<b>GRI 103-3.</b> Management approach assessment	42	–	–	–
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
<b>GRI 406-1.</b> Incidents of discrimination and corrective actions taken	42	–	SDGs N° 5, 8, 16	Principles 1, 2, 6
<b>GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016</b>				
<b>GRI 103-1.</b> Explanation of the material topic and its boundary	92	–	–	–
<b>GRI 103-2.</b> The management approach and its components	43	–	–	–
<b>GRI 103-3.</b> Management approach assessment	43	–	–	–
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
<b>GRI 407-1.</b> Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	44	–	SDG N° 8	Principles 1, 2, 3
<b>GRI 408: CHILD LABOR 2016</b>				
<b>GRI 103-1.</b> Explanation of the material topic and its boundary	92	–	–	–
<b>GRI 103-2.</b> The management approach and its components	42, 48	–	–	–
<b>GRI 103-3.</b> Management approach assessment	42, 48	–	–	–
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
<b>GRI 408-1.</b> Operations and suppliers at significant risk for incidents of child labor	42, 48	–	SDG N° 8	Principles 1, 2, 5

<b>GRI 103: MANAGEMENT APPROACH 2016</b>	<b>PAGE/ DIRECT ANSWERS</b>	<b>OMISSIONS / OBSERVATIONS</b>	<b>SDGs</b>	<b>GLOBAL COMPACT ADVANCED COP</b>
<b>GRI 409: FORCED OR COMPULSORY LABOR 2016</b>				
<b>GRI 103-1.</b> Explanation of the material topic and its boundary	92	–	–	–
<b>GRI 103-2.</b> The management approach and its components	42, 48	–	–	–
<b>GRI 103-3.</b> Management approach assessment	42, 48	–	–	–
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
<b>GRI 409-1.</b> Operations and suppliers at significant risk for incidents of forced or compulsory labor	48	–	SDG N° 8	Principles 1, 2, 4
<b>GRI 410: SECURITY PRACTICES 2016</b>				
<b>GRI 103-1.</b> Explanation of the material topic and its boundary	92	–	–	–
<b>GRI 103-2.</b> The management approach and its components	45	–	–	–
<b>GRI 103-3.</b> Management approach assessment	45	–	–	–
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
<b>GRI 410-1.</b> Security personnel trained in human rights policies or procedures	45	–	SDG N° 16	Principles 1, 2
<b>GRI 413: LOCAL COMMUNITIES 2016</b>				
<b>GRI 103-1.</b> Explanation of the material topic and its boundary	92	–	–	–
<b>GRI 103-2.</b> The management approach and its components	26, 51, 52, 53, 54, 56, 57, 58, 59, 60	–	–	–
<b>GRI 103-3.</b> Management approach assessment	51, 52, 53, 54, 56	–	–	–
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
<b>GRI 413-1.</b> Operations with local community engagement, impact assessments, and development programs	54, 55, 56, 57, 58, 59, 60	–	–	Principle 1

<b>GRI 103: MANAGEMENT APPROACH 2016</b>	<b>PAGE/ DIRECT ANSWERS</b>	<b>OMISSIONS / OBSERVATIONS</b>	<b>SDGs</b>	<b>GLOBAL COMPACT ADVANCED COP</b>
<b>GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016</b>				
<b>GRI 103-1.</b> Explanation of the material topic and its boundary	92	–	–	–
<b>GRI 103-2.</b> The management approach and its components	48, 49	–	–	–
<b>GRI 103-3.</b> Management approach assessment	48, 49	–	–	–
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
<b>GRI 414-1.</b> New suppliers that were screened using social criteria	Our SIG does not consider social screening of suppliers or the impact they generate	–	SDG N° 16	Principle 6
<b>GRI 416: CUSTOMER HEALTH AND SAFETY 2016</b>				
<b>GRI 103-1.</b> Explanation of the material topic and its boundary	92	–	–	–
<b>GRI 103-2.</b> The management approach and its components	66	–	–	–
<b>GRI 103-3.</b> Management approach assessment	66	–	–	–
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
<b>GRI 416-1.</b> Assessment of the health and safety impacts of product and service categories	66	–	–	–
<b>GRI 417: MARKETING AND LABELING 2016</b>				
<b>GRI 103-1.</b> Explanation of the material topic and its boundary	92	–	–	–
<b>GRI 103-2.</b> The management approach and its components	63, 64, 65	–	–	–
<b>GRI 103-3.</b> Management approach assessment	63, 64, 65	–	–	–
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
<b>GRI 417-1.</b> Reporting Transparency: Requirements for product and service information and labeling	64, 65	–	SDG N° 12	–



GRI 103: MANAGEMENT APPROACH 2016	PAGE/ DIRECT ANSWERS	OMISSIONS / OBSERVATIONS	SDGs	GLOBAL COMPACT ADVANCED COP
<b>GRI 419: SOCIOECONOMIC COMPLIANCE 2016</b>				
<b>GRI 103-1.</b> Explanation of the material topic and its boundary	92	-	-	-
<b>GRI 103-2.</b> The management approach and its components	21	-	-	-
<b>GRI 103-3.</b> Management approach assessment	21	-	-	-
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
<b>GRI 419-1.</b> Non-compliance with laws and regulations in the social and economic areas	During 2018, we were not subject to any significant fines nor pecuniary sanctions	-	SDG N° 16	-

COMMITMENT TO

>>>

## FIGHTING CLIMATE CHANGE

SUPPORT FOR THE IMPLEMENTATION AND UPKEEP OF GREEN AREAS

Contribute to reducing the negative effects of climate change by working together with community organizations to implement green areas in urban spaces, plant trees in rural areas, and conserve hill ecosystems.



## COMMITMENT TO FIGHTING CLIMATE CHANGE

### SUPPORT FOR THE IMPLEMENTATION AND UPKEEP OF GREEN AREAS

- › Since 2009, we have helped implement 7.77 ha of green areas in southern Lima, to the benefit of over 31,000 local residents.
- › In La Unión Leticia, we have begun to plant 4,500 forest species (pines and quinales), and we are providing support to 120 families to help improve their agricultural and environmental conservation practices.
- › We promote the conservation of hill ecosystems through research, the creation of a greenhouse, and the recovery of hill areas located in our quarries.
- › We work together with community organizations that promote the conservation of coastal hills in Villa María del Triunfo and Pachacámac, supporting them in the implementation of their work plans, tourism promotion, and capacity-building.





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