

UNACEM BUILDING OPPORTUNITIES



LAST OCTOBER MARKED FIVE YEARS

SINCE THE MERGER OF **CEMENTOS LIMA AND CEMENTO ANDINO**. THIS MAJOR STEP HAS ALLOWED US TO FORGE A SOLID, NEW CORPORATE CULTURE, ROOTED IN A LEGACY OF **KNOWHOW, TECHNOLOGY, GROWTH, AND TALENT**, CONSOLIDATING WHAT IS NOW **THE LARGEST CEMENT COMPANY** IN PERU, WITH OPERATIONS IN FIVE COUNTRIES THROUGHOUT THE REGION. WE ARE **IMMENSELY PROUD** OF THESE RESULTS.

MISSION

CONTRIBUTE TO THE DEVELOPMENT OF INFRASTRUCTURE IN PERU AS A **LEADER IN THE SUSTAINABLE MANUFACTURE** AND SALE OF HIGH QUALITY CEMENT, **CREATING OPPORTUNITIES** AND WELLBEING FOR ALL PERUVIANS.

ALL OF OUR ACTIVITIES ARE FOCUSED ON BEING **AN INNOVATIVE, SOCIALLY RESPONSIBLE COMPANY** THAT IS COMMITTED TO THE HIGHEST STANDARDS OF **SAFETY MANAGEMENT AND CARING FOR THE ENVIRONMENT.**

 / **EXCELLENCE** /

 / **RESPONSIBILITY** /

 / **ETHICS** /

 / **COMMITMENT** /

 / **INNOVATION** /

 / **LEGALITY** /

OUR VALUES

A man with dark hair, wearing a green long-sleeved shirt and blue work gloves, is smiling and holding up a stack of cement bags. The bags are brown with green bands that have the word "CEMENTO" printed in white. The background is slightly blurred, suggesting an outdoor or industrial setting.

EXCELLENCE



WE GUARANTEE THE QUALITY OF OUR GOODS AND SERVICES TO OUR CUSTOMERS, BOTH INTERNAL AND EXTERNAL, THROUGH SKILLED HUMAN RESOURCES AND THE USE OF CUTTING-EDGE TECHNOLOGY.

RESPONSIBILITY



WE PRIORITIZE IN OUR MANAGEMENT, THE SUSTAINABLE DEVELOPMENT, THE HEALTH AND SAFETY OF OUR PERSONNEL, AND THE PROTECTION AND BETTERMENT OF THE ENVIRONMENT.





ETHICS



WE VALUE HONESTY, ENCOURAGE LOYALTY,
AND PROMOTE FAIR TREATMENT AND
MUTUAL RESPECT.

A woman wearing a beige vest with the UNACEM logo and a maroon turtleneck is smiling and showing two oranges to two young girls. The girls are wearing red sweaters; one is also wearing a grey knit hat. They are seated at a table with a red tablecloth, which has plates of food and a small sign on it. The background shows an outdoor setting with a blue wall and a tree.

COMMITMENT



WE FOSTER IDENTIFICATION AND INTEGRATION THROUGH ACTIVE PARTICIPATION.

INNOVATION



WE CONSTANTLY PROMOTE THE APPLICATION OF NEW AND BETTER MANAGEMENT SYSTEMS.

A photograph of three men in a construction or mining setting. They are wearing white and yellow hard hats and orange safety vests over light blue shirts. The man in the foreground is smiling and wearing sunglasses. The background is a rocky, excavated area.

LEGALITY



WE ENFORCE OUR RIGHTS AND PROTECT
OUR BUSINESS ACTIVITY WITHIN THE LEGAL
FRAMEWORK CURRENTLY IN FORCE.

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(GRI-102-55)

MESSAGE FROM THE GENERAL MANAGER

(GRI 102-14)

We are pleased to present UNACEM's fifth sustainability report, a document that forms part of our policy of transparency toward you, our stakeholders, in which we present information on our operating, economic, environmental, and social impacts. This is the first report we have prepared in accordance with the new Global Reporting Initiative (GRI) Standards, remaining in alignment with the 17 Sustainable Development Goals (SDGs) and the advanced criteria of the UN Global Compact.

We are aware that our economic growth must go hand-in-hand with a sustainable management that takes into account the interests and expectations of our stakeholders, and that manages the impacts associated with our operations. In order to create value, we have developed a sustainability strategy based on our Integrated Management System (IMS), which integrates quality, environmental, and occupational health and safety management, in accordance with ISO 9001, ISO 14001, OHSAS 18001, and BASC certification. Additionally, since 2017, we have been working toward

the implementation of the ISO 37001 standard, focused on an anti-bribery system, in accordance with the new regulatory framework. It is important to note that this system is backed by the risk management performed by our Audit Committee and the strategic guidelines set forth in the Sustainability Policy and the Social Responsibility Code.

Fiscal year 2017 presented us with significant challenges. The contraction of the Peruvian construction sector and the coastal El Niño weather phenomenon affected our dispatches during the first half of the year, primarily at the Condorcocha plant. As of the end of the year, cement dispatches had fallen by 2.3% compared to 2016. Nevertheless, our revenues rose by 2.5% thanks to a higher average price. Our margins remained healthy, and thanks to a lower impact from the foreign exchange

rate difference, our net profit increased by 47.4% over 2016, which translates to a positive financial performance.

In environmental terms, our concerns revolved around the reduction of dust and greenhouse gas emissions, which cause our main environmental impacts. Accordingly, at the Atocongo plant, we have used natural gas to successfully reduce more than 120,000 tons of CO₂, leading the list of companies with the greatest reduction of greenhouse gases in the country. We also controlled dust emissions using modern collection systems with a 99.9% efficiency. Among other aspects, we have continued to measure our environmental, carbon, and water footprints, and we remain committed in 2018 to obtaining the Blue Certificate granted by the Peruvian National Water Authority (ANA).

“ WE ARE AWARE THAT OUR ECONOMIC GROWTH MUST GO HAND-IN-HAND WITH A SUSTAINABLE MANAGEMENT THAT TAKES INTO ACCOUNT THE INTERESTS AND EXPECTATIONS OF OUR STAKEHOLDERS, AND THAT MANAGES THE IMPACTS ASSOCIATED WITH OUR OPERATIONS. ”

Through the Asociación UNACEM, we promote the development of projects that generate positive impacts, as part of our quest for peace, harmony, and alliances for the sustainable development of our communities. To this end, we have aligned all of our initiatives around five core lines of community action: social infrastructure, health, education, the environment, and community relations. During the year, we highlighted our progress in complying with the Comprehensive Agreement entered into with the peasant community of Huancayo Sacsamarca in late 2016, as well as our advances toward arrangements with the peasant community of Chancha, with which we hope to sign a comprehensive agreement in 2018.

Our sustainability would not be possible without the development of our strategic allies. To this end, we continued to promote the hiring of local suppliers, which accounted for 12.0% of all procurements in 2017. We also contributed to their development through training, evaluations, and exhaustive reevaluations on labor, health and safety, environmental, and human rights matters. In 2017, we continued to implement the “Promoting Transparency in the Value Chain” program, which made it possible for eight UNACEM partners to publish their sustainability reports in alignment with the GRI G4 Guidelines, and to incorporate management indicators in their strategic and operating plans for their business.

We renewed our commitment to innovation in our product portfolio, in an effort to meet our customers’ needs. For instance, in 2016, we launched a new type of cement, Cemento Andino Ultra, resistant to saltpeter and humidity, aimed at meeting the needs of a market segment that had demanded a specialized cement. This product is now the leader in its category.

Our employees form part of the pillars that have enabled us to maintain our leadership over the years. For this reason, we have repaid their commitment and contributions to the company through training and growth strategies, and above all, by offering them a safe and healthy workplace with equal opportunities.

Although we worked hard day after day to eliminate the main hazards that lead to workplace accidents and occupational diseases, we regret to report two deaths in 2017, involving personnel employed by UNACEM’s contractors. We will continue to work on proactive occupational health and safety measures that will allow us to close existing gaps and build capacities throughout our value chain, with the goal of preventing unfortunate losses such as these.

We invite you to learn more about our progress and efforts throughout 2017 in this Sustainability Report, reaffirming our commitment to tackling all of the major challenges we face.



**CARLOS
UGÁS**

**General Managing Director
UNACEM S.A.A.**



**ARMANDO
CASIS**

**General Manager
Asociación UNACEM**

1

WE ARE WORKING TO **ALIGN OUR ENVIRONMENTAL INDICATORS** WITH THE PRINCIPLES PROMOTED BY THE CEMENT SUSTAINABILITY INITIATIVE (SCI). STARTING IN 2018, WE WILL USE THE GETTING THE NUMBERS RIGHT (GNR) REPORTING STANDARDS, WHICH PROVIDE A STANDARDIZED METHODOLOGY FOR **MEASURING CO₂ EMISSIONS AND ENERGY CONSUMPTION**.

2

IN 2017, OVER **80,000 PEOPLE BENEFITED** DIRECTLY AND INDIRECTLY FROM THE **PRIVATE SOCIAL INVESTMENT AND COMMUNITY RELATIONS** PROJECTS AND INITIATIVES **PROMOTED** BY THE ASOCIACIÓN UNACEM.

IMPORTANT EVENTS

3

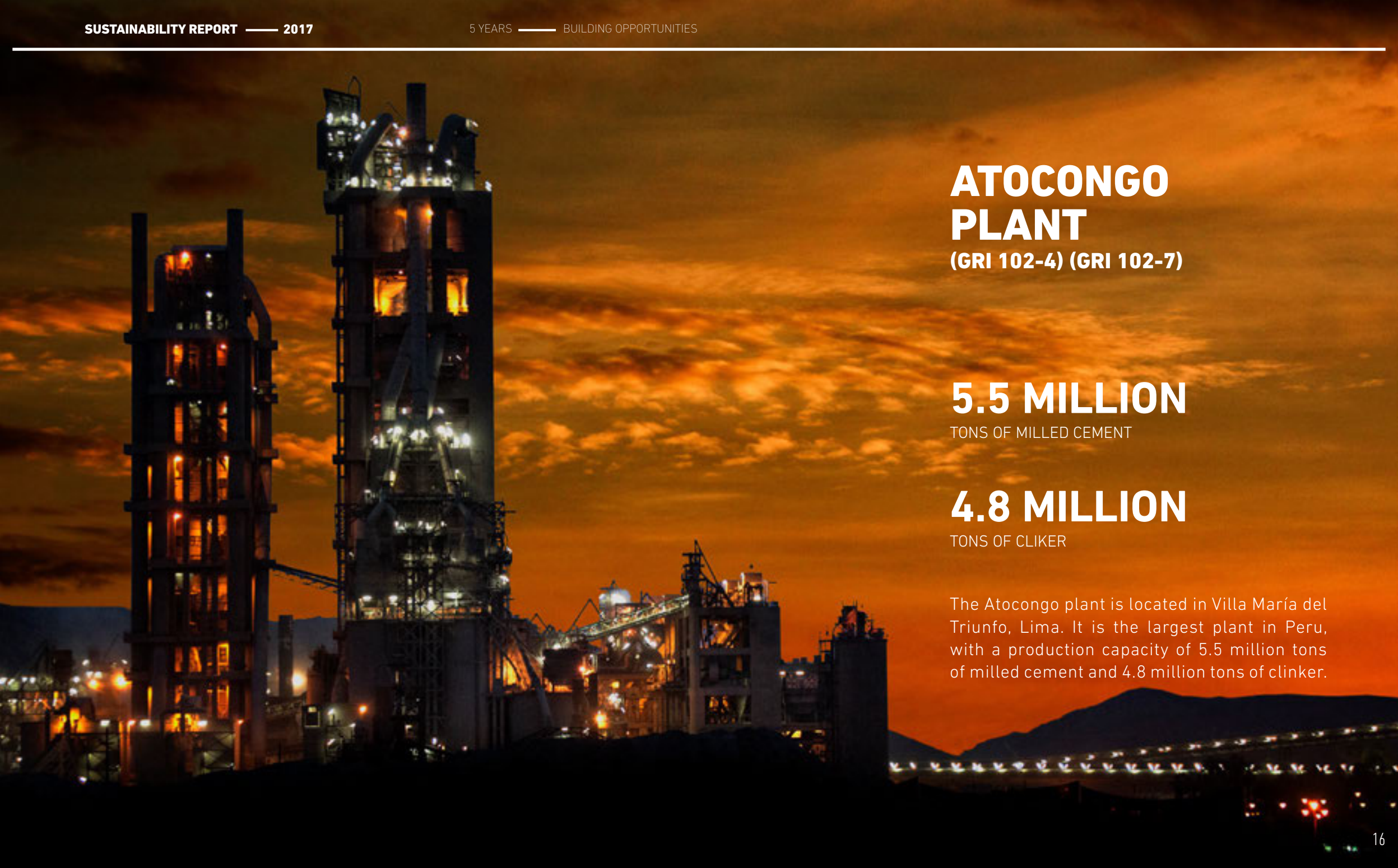
WE PROVIDED A TOTAL OF **21,976 HOURS OF TRAINING TO OUR TEAM**, EQUIVALENT TO AN AVERAGE OF 28.6 MAN-HOURS PER PERSON.

4

AS PART OF OUR COMPLIANCE WITH THE **COMPREHENSIVE AGREEMENT** ENTERED INTO WITH THE **PEASANT COMMUNITY OF HUANCOY SACSAMARCA**, WE HAVE IMPLEMENTED DEVELOPMENT PROJECTS AND INITIATIVES TOGETHER WITH THIS COMMUNITY. WE HAVE ALSO CONTINUED TO COORDINATE WITH THE PEASANT COMMUNITY OF CHANCHA, WITH WHICH WE HOPE TO SIGN AN AGREEMENT IN 2018.

5

THROUGH THE **“PROMOTING TRANSPARENCY IN THE VALUE CHAIN” PROGRAM**, EIGHT PARTNERS PUBLISHED THEIR OWN SUSTAINABILITY REPORTS AND INCORPORATED **SUSTAINABLE MANAGEMENT INDICATORS** INTO THE STRATEGIC AND OPERATING PLANS FOR THEIR BUSINESSES.



ATOCONGO PLANT

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

5.5 MILLION
TONS OF MILLED CEMENT

4.8 MILLION
TONS OF CLIKER

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

CONDORCOCHA PLANT

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

2.8 MILLION
TONS OF MILLED CEMENT

1.9 MILLION
TONS OF CLIKER

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



1

OUR BUSINESS

OUR CUSTOMERS ASK FOR UNACEM'S PRODUCTS BECAUSE OF THEIR QUALITY AND **EXCELLENCE**. THESE CEMENTS ARE A GUARANTEE OF QUALITY WHEN IT COMES TO CONSTRUCTION WORK.

””

WALTER MALPASO TÁMARA

GENERAL MANAGER OF THE "ANCASH" PROGRESOL HOME IMPROVEMENT STORE



1 OUR BUSINESS

(GRI 102-4)

1.1 — ABOUT US

Unión Andina de Cementos S.A.A. (UNACEM) is the leading Peruvian company in the cement industry. We are present in five countries, with international cement operations and domestic operations including ready-mixed, cement byproducts, and energy generation and sale. (GRI 102-1) (GRI 102-5)

We are engaged in the manufacture and sale of clinker, cements, and other construction materials, as well as the operation of the Conchán pier.

In Peru, we have two 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.





Our operations are not bound by borders. In 2011, we began producing cement in Arizona, in the United States, and in 2014, we acquired a cement operation in Ecuador, now known as UNACEM Ecuador S.A. We also produce largescale industrialized structures, through PREANSA, in Chile, Peru, and Colombia.

We are also present in the Peruvian electricity market through our subsidiary CELEPSA, which—in addition to the El Platanal hydroelectric plant—has been operating the Marañón hydroelectric plant since June 2017.

“ WE ARE A PERUVIAN COMPANY LEADER IN THE CEMENT INDUSTRY.

”

OUR CORPORATE VALUES (GRI 102-16)

With the approval of our Strategic Plan 2016-2021, we redefined UNACEM's principles, which apply to all of the activities we perform at the Company.

The principles that guide our management are as follows:



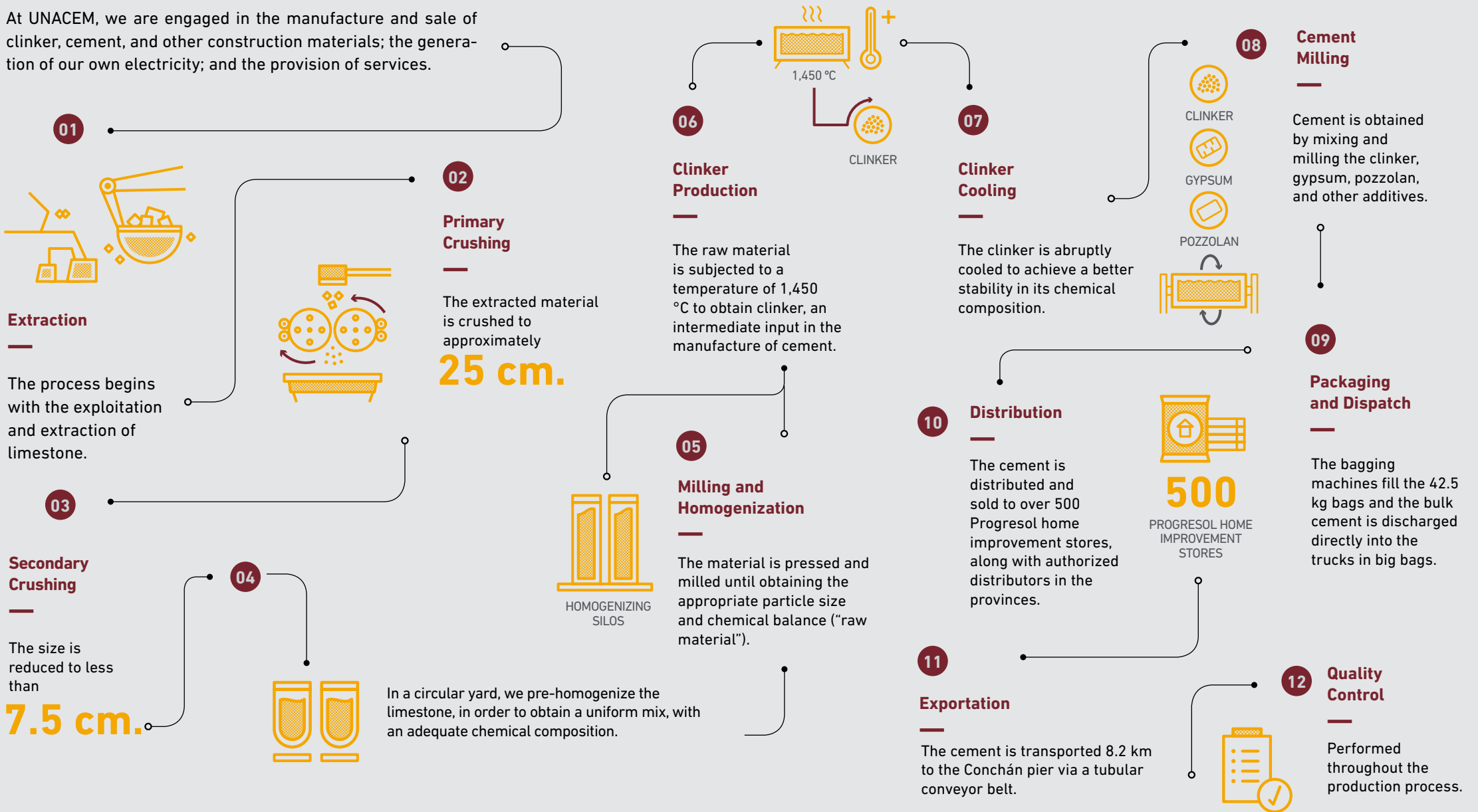
We have a Code of Ethics and Conduct, approved by the Board of Directors in a meeting held in October 2017, and an Integrated Management System, which allow us to optimize our institutional performance through our quality, environmental, and occupational health and processes at our facilities. Furthermore, we adhere to and have received certification under the following voluntary initiatives and standards.

STANDARDS AND INITIATIVES (GRI 102-12)
Letter of Adherence to the Ten Commandments for Socially Responsible Companies
Adherence to the United Nations (UN) Global Compact
Declaration of Commitment on Climate Change
BASC Certification ¹ : Atocongo plant and Conchán pier
ISO 9001 Standard Certification ² : Atocongo plant, Condorcocha plant, and Conchán pier
ISO 14001 Standard Certification ³ : Atocongo plant, Condorcocha plant, and Conchán pier
OHSAS 18001 Standard Certification ⁴ : Atocongo plant, Condorcocha plant, and Conchán pier
Port Facility Security Certification
Port Facility Compliance Declaration
ABE Certification
Water Footprint Program – Blue Certificate from the National Water Authority (ANA)

- ¹ Certification in Control and Security Management System.
- ² Certification in Quality Management Systems.
- ³ Certification in Environmental Management Systems.
- ⁴ Certification in Occupational Health and Safety Management Systems.

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.



1.2 — OUR ADDED VALUE

(GRI 201: Economic Performance –
GRI 103-2 and GRI 103-3) (GRI 102-7)

At UNACEM, we seek to create value for all of our stakeholders. For over 60 years now, we have sold high-quality products that contribute to the country's development. Our financial management is aimed at providing the economic resources necessary to perform our activities on a timely basis, in accordance with market needs. We strive to be efficient and comply with all of the commitments we have assumed.

In 2017, our cement dispatches fell by 2.3% compared to 2016, mainly due to the contraction of the construction

sector. This contraction can be explained by the corruption scandals involving Brazilian companies active in Peru, including Peruvian companies that had formed consortiums with them, and the potential consequences for some politicians. This situation was further aggravated by the coastal El Niño phenomenon, which affected our dispatches—mainly from the Condorcocha plant—during the first half of this year. It should be noted that dispatches improved in the second half of the year. Thanks to the higher average price, we closed out the year with revenues that were 2.5% higher than those achieved in 2016.

Our net earnings rose by 49.3% over the previous year, jumping from S/ 312.2 million in 2016 to S/ 466.2 million in 2017. This amount is equivalent to 24.4% of net sales, compared to 16.7% in 2016.

THOUSANDS OF SOLES	2016	2017	CHANGE
Sales	1,865,100	1,912,284	47,184
Gross Margin	781,765	771,843	-9,922
Operating Margin	714,399	709,313	-5,086
EBITDA	920,700	978,563	57,863
Earnings Before Taxes	470,954	575,713	104,759
Net Earnings	312,228	466,158	153,930

Despite the difficult circumstances the sector is currently undergoing, 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)

THOUSANDS OF SOLES	2016	2017	CHANGE %
DIRECT ECONOMIC VALUE CREATED	2,124,563	2,219,775	4.5
Revenues from Sales	1,865,100	1,912,284	2.5
Other Revenues	259,463	307,491	18.5
ECONOMIC VALUE DISTRIBUTED	1,812,335	1,753,617	-3.2
Salaries and other Social Benefits for our team	176,899	191,257	8.1
Suppliers of Goods and Services	1,222,776	1,100,031	-10.0
Financial Expenses (Interest)	228,356	225,595	-1.2
Taxes and Payments to Governments	161,981	220,698	36.2
Social Responsibility and Private Social Investment	17,686	16,036	-9.3
ECONOMIC VALUE RETAINED	312,228	466,158	49.3
Dividends to Shareholders	85,618	85,619	0.0

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

UNACEM IS A MEMBER OF AND PARTICIPATES IN ALLIANCES WITH THE FOLLOWING ORGANIZATIONS

Alliance for Works for Taxes (ALOXI)	National Confederation of Private Business Institutions (CONFIEP)
American Concrete Institute (ACI)	Yaqua Social Enterprise
Friends of the Police (SINACCOOP-PNP)	Global System, Global Standard, and Global Solution-1 (GS1)
BASC Peru Non-Profit Association (BASC Perú)	Peruvian Institute of Mining Engineers (IIMP)
Exporters' Association (ADEX)	Mining Safety Institute (ISEM)
Peruvian Port Operators' Association (ASPPOR)	Peruvian Institute of Entrepreneurial Action (IPAE)
Cement Producers' Association (ASOCEM)	Peruvian Institute of Economics (IPE)
National Advertisers' Association (ANDA)	"Lima Cómo Vamos" Citizens' Observatory
Peruvian Roads Association (APC)	Perú 2021
Peruvian Human Resources Association (APERHU)	RedEAmérica
Peru-Brazil Binational Chamber of Commerce and Integration (CAPEBRAS)	National Training Service for the Construction Industry (SENCICO)
American Chamber of Commerce in Peru (AMCHAM Perú)	National Industrial Training Service (SENATI)
Lima Chamber of Commerce (CCL)	Peruvian Foreign Trade Association (COMEXPERÚ)
Peruvian Chamber of Construction (CAPECO)	National Association of Industries (SNI)
Banking and Trade Club (CBC)	National Mining, Oil, and Energy Association (SNMPE)
Peruvian Engineers' Association (CIP)	

AWARDS AND RECOGNITIONS RECEIVED

Perú 2021	Recognition of corporate social responsibility (CSR)
Mexican Center for Philanthropy (CEMEFI)	Recognition as an exemplary company for our corporate social responsibility (CSR) in Latin America
Latin American EffieAwards	Golden Effie in the "Other Products" category for Cemento Sol's "100 Years of Tun Tun" campaign
EffieAwards® Perú	Silver Effie in the "Sustained Success" category for the effectiveness of the Cementos Apu campaign "Apu: As Strong as You Are"
Totem Awards	Award for the Cemento Sol campaign "Mirasol: 100 Years of Tun Tun," in the Advertising on Transportation category
Diocese of El Callao	Recognition for the social work, commitment, and support in the construction and repair of infrastructure works



1.3 — CORPORATE GOVERNANCE (GRI-102-7)

As of the close of 2017, UNACEM has a total of 2,561 shareholders, of which 6 hold a total stake of over 80.0%.

OUR MAIN SHAREHOLDERS AND THEIR OWNERSHIP STAKES

SHAREHOLDERS	PERCENTAGE
Sindicato de Inversiones y Administración S.A.	43.4
Inversiones Andino S.A.	24.3
AFP (Integra, Prima, Profuturo, and Habitat)	20.2

The Company’s corporate governance practices are aligned with the law, the Company’s bylaws, and the regulations of the Peruvian Securities and Exchange Commission (SMV).

OUR BOARD OF DIRECTORS (GRI 102-18)

UNACEM’s Board of Directors is made up of twelve members, all male, of whom four are independent. The Board of Directors periodically supervises the



performance of the senior management and monitors the implementation of the Company's Strategic Plan 2016-2021, which includes economic, environmental, and social objectives. It also oversees the internal control and risk management systems, through the Audit Committee.

Our Board of Directors is currently evaluating its annual performance and strengthening its members' knowledge of the most relevant economic, social, and environmental matters in connection with the Company's business.

The Board of Directors' remuneration policy is established in accordance with the Company's Bylaws, and is equivalent to 1.0% of earnings before taxes.

For more details about UNACEM's compliance with our good corporate governance practices, see our web page: http://www.unacem.com.pe/?page_id=136

ANTI-CORRUPTION AND TRANSPARENCY PRACTICES

Our Legal Management is responsible for safeguarding UNACEM's rights, ensuring compliance with its legal obligations, and minimizing contingencies through prevention. For this purpose, we use the GEORGE software program, which identifies legal and contractual obligations (safety, environment, mining and electricity), assigning a responsible party to ensure compliance

therewith and creating alerts. The Legal Management also conducts audits twice yearly, on both the Atocongo plant and the Condorcocha plant. (GRI 419: Socioeconomic Regulatory Compliance – GRI 103-2 and GRI 103-3)

At UNACEM, we do not tolerate acts of corruption, and we vow to continue conducting our operations with transparency and integrity. This commitment starts with our Board of Directors, and has resulted in the publication, in October of 2017, of our Code of Ethics and Conduct, as well as the implementation of a reporting hotline.

We currently have an anticorruption policy in place, and we are in the midst of preparing corruption risk matrixes, with the goal of obtaining certification under ISO 37001: Anti-Bribery Management System standards. To this effect, we have implemented a range of controls to guarantee compliance with anti-bribery laws. (GRI 205: Anti-Corruption – GRI 103-2 and GRI 103-3)

In December of 2017, we began implementing a strategy to disseminate information on these topics within UNACEM. For such purpose, we trained all of the managers and assistant managers, along with 94 administrative staff members (59 from Atocongo and 35 from Condorcocha). We are scheduled to train our whole team by the end of 2018, and there are plans to include our business partners in this program. This year, we will also be disseminating our new Code of Ethics and Conduct among our team members and business partners. (GRI 205-2) (GRI 205: Anti-Corruption – GRI 103-2 and GRI 103-3)





Social Infrastructure Program: Construction of athletic field in A.H. El Porvenir, Villa María del Triunfo, Lima.



2

SUSTAINABLE MANAGEMENT

WE WORK **RESPONSIBLY** WITH THE ENVIRONMENT. WE PLANT TREES AND RECEIVE TRAINING FROM UNACEM SO WE CAN GET LOCAL RESIDENTS INVOLVED AND HELP RECOVER AREAS THAT HAVE BEEN ABANDONED.



FELIPE FRANCIA PLAZA

PRESIDENT OF THE ZONAL ENVIRONMENTAL COMMITTEE (CAZ)



2 SUSTAINABLE MANAGEMENT

2.1 — SUSTAINABILITY STRATEGY (GRI 102-11)

At UNACEM, we strive to guarantee our sustainable management by identifying and managing economic, social, and environmental impacts related to our operations. To achieve this, we have an Audit Committee and an Integrated Management System (IMS). We also comply with the principles of the UN Global Compact, and are aligned with the Sustainable Development Goals (SDGs).

Our IMS integrates quality management, environmental management, and occupational health and safety management, in accordance with ISO 9001, ISO 14001, and OHSAS 18001 standards.

We also have an Internal Auditing area, which is responsible for assessing business risks by scheduling internal audits and following up on corrective actions.

Finally, through the Asociación UNACEM, we strive to channel and bolster efforts for the development of the communities neighboring UNACEM's operations, and to guarantee the responsible management of our stakeholders. These actions are guided by our Sustainability Policy and Social Responsibility Code.

MANAGEMENT SYSTEM

- ▶ QUALITY, ENVIRONMENT, HEALTH AND SAFETY POLICY
- ▶ COMPETENCY-BASED MANAGEMENT MODEL
- ▶ SUSTAINABILITY POLICY
- ▶ ANNUAL TRAINING PLAN
- ▶ PERFORMANCE EVALUATION SYSTEM
- ▶ ANNUAL INTERNAL AUDITING PROGRAM
- ▶ DOCUMENTED STANDARDS

ORGANIZATIONAL CULTURE

- ▶ CORPORATE VALUES
- ▶ INTERNAL CODE OF CONDUCT (NIC)
- ▶ INDUCTION PROCESS ON ORGANIZATIONAL CULTURE

2.1 — STAKEHOLDER RELATIONS

(GRI 102-42) (GRI 102-43)

At UNACEM, we conduct our business responsibly, promoting the sustainable development and growth of our stakeholders. As noted in our Sustainability Policy, we strive to maintain a close relationship based on ongoing, clear, and transparent dialogue, which helps us build trust over the long term.

This closeness allows us to establish early alerts in order to prevent, control, or mitigate the impacts caused by our operations, as well as responding to our stakeholders' real needs and expectations through private social investment projects.



MAIN CRITERIA FOR OUR STAKEHOLDER SELECTION

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 processes and 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, a commercial, legal, operating, or ethical responsibility.

OUR MAIN STAKEHOLDERS (GRI 102-40)

At UNACEM, we implement spaces for dialogue and other communication mechanisms to help us learn about the expectations, concerns, and needs of all of our stakeholders, so that we can prioritize them and include them in our management so as to mitigate potential conflicts and risks.



COMMUNICATION CHANNELS WITH OUR STAKEHOLDERS (GRI 102-13)

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



As part of the process of drafting the Sustainability Report, we periodically review our stakeholders' expectations with regard to the information they require from UNACEM. (GRI 102-43)

FREQUENCY OF DIALOGUE TO DETERMINE EXPECTATIONS FOR THE SUSTAINABILITY REPORT (GRI 102-43)

STAKEHOLDERS	DIALOGUE FREQUENCY
Shareholders	Every 2 years
Team	Every year
Community and Future Generations	Every year
Contractors and Suppliers	Every 2 years
Customers	Every 2 years
Government	Every year



Healthy Communities Project: Implementation of prenatal stimulation and OB/GYN psychoprophylaxis service, Villa María del Triunfo, Lima.



3

COMMITMENT TO OUR STAKEHOLDERS

UNACEM IS COMMITTED TO **ETHICAL** BEHAVIOR. WE HAVE ALWAYS SENT CONSISTENT MESSAGES AND OFFERED CONSTRUCTIVE SUPPORT AND OPINIONS. WE HAVE NEVER BEEN DENOUNCED. I THINK THAT LEARNING EXPERIENCE AND THOSE TIES HAVE BEEN EXTREMELY VALUABLE.



MARIANA ALEGRE SCORZA

GENERAL COORDINATOR OF
LIMA COMO VAMOS



3 COMMITMENT TO OUR STAKEHOLDERS

3.1 — OUR TEAM

At UNACEM, our team is the driving force that has enabled us to become the leaders of our sector over the years. We value its contribution to the company and we seek to promote its development through a training strategy, on both a personal and professional level, offering a safe and health work environment. (GRI 401: Employment – GRI 103-2 and GRI 103-3)

We maintain an “open door” policy with our team, and we are currently working on a formal internal communication procedure for 2018.



During 2017, UNACEM provided direct employment to 823 people—among them team members in training programs—all on a full-time basis, including four individuals with some type of disability. We promote local hiring in our area of direct influence at both plants. (GRI 102-8)

JOB CLASSIFICATION BY GENDER AND PROVENANCE (GRI 102-7) (GRI 102-8)

CLASSIFICATION	2017				TOTAL
	FEMALE		MALE		
	Junín	Lima	Junín	Lima	
Administrative Employees	2	49	64	161	276
Workers	3	28	40	86	157
Interns	1	0	191	142	334
Interns	1	22	1	32	56
Total	7	99	296	421	823

JOB CLASSIFICATION BY AGE (GRI 405-1)

CLASSIFICATION	2017			TOTAL
	<30	30-50	>50	
Administrative Employees	16	146	114	276
Workers	8	69	80	157
Workers	44	165	125	334
Total	68	380	319	767

IMPORTANT OUTSOURCED SERVICES (GRI 102-8)

ACTIVITY	FEMALE	MALE	TOTAL
Cleaning	131	9	140
Security	253	2	255
Dining Hall	8	7	15
Total	392	18	410

WE PROMOTE THE DEVELOPMENT OF OUR TEAM THROUGH A TRAINING STRATEGY, ON BOTH A PERSONAL AND PROFESSIONAL LEVEL, OFFERING A SAFE AND HEALTHY WORK ENVIRONMENT.

HIRING AND RETENTION OF OUR TALENT

Our personnel selection process is regulated and audited as part of the IMS, in order to ensure that the personnel who are hired to work for us have the competencies required for each job position. We have a competency-based management model that is continuously upgraded and improved, based on the following processes: job profile analysis; recruitment and selection; performance evaluation; and the development and training of our team. (GRI 401: Employment – GRI 103-2 and GRI 103-3).

Once team members begin working for us, they must complete an induction process to ensure that they interiorize UNACEM's mission, vision, and values, and that they are familiar with their role and responsibilities. New team members also receive an induction on our IMS.

At the Condorcocha plant, we have assumed a commitment with the community to prioritize the hiring of local labor from our areas of influence, provided they meet the respective job profiles. Although no executives⁵ were hired from local communities in 2017, a number of local laborers joined our team. (GRI 202: Market Presence – GRI 103-2 and GRI 103-3) (GRI 202-2)

In terms of promotion and equal opportunities, our Company is firmly committed to non-discrimination and equal opportunities when promoting all of our personnel.

⁵ Personnel in job categories from supervisor to manager.

This commitment is formally recognized in our Internal Labor Regulations and our Code of Ethics and Conduct. In this regard, our objective for the coming years is to increase the number of women hired and the number of executive positions they hold. (GRI 405: Diversity and Equal Opportunity – GRI 103-2 and GRI 103-3)

On the other hand, we began to develop a succession plan for key positions in the organization, in view of the upcoming retirement of certain executives. We have worked on several projects with UNACEM Ecuador, through the Human Resources Management, in order to forge synergies that benefit the corporation.



We promote the personal and professional development and growth of our team members, so that they are eligible for promotion and able to progress along their respective career paths. Whenever vacant positions cannot be filled internally, we undertake an external recruitment process. Our job turnover level is very low, since our team members rarely leave after they begin working for us.

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

GENDER	LIMA		JUNÍN		TOTAL
	20-29	30-39	20-29	30-39	
Male	13	6	4	3	26
Female	2	1	1	0	4
Total	15	7	5	3	30

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

GENDER	LIMA			JUNÍN			TOTAL
	20-39	40-59	60-70	20-39	40-59	60-70	
Male	2	1	6	5	1	3	18
Female	1	1	2	1	-	0	5
Total	3	2	8	6	1	3	23

**HEALTH AND SAFETY FIRST (GRI 403:
Occupational Health and Safety – GRI 103-2 and
GRI 103-3)**

UNACEM has 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 them using adequate technical and administrative measures. This system fosters a culture of risk prevention, promoting an appropriate response by our team and contractors when faced with risks.

ACCIDENT FREQUENCY AND SEVERITY RATES (GRI 403-2)

ATOCONGO PLANT	2016	2017
Frequency Rate	6.6	6.9
Severity Rate (*)	36.4	56.9
Rate of Incidents and Occupational Diseases (*)	0.2	0.0
Work Absenteeism Rate (UNACEM personnel only)	0.0	2.2
Number of Fatal Victims	0	0
CONDORCOCHA PLANT	2016	2017
Frequency Rate	3.6	7.8
Severity Rate (*)	60.3	5,178.5
Rate of Incidents and Occupational Diseases (*)	0.2	0.0
Work Absenteeism Rate (UNACEM personnel only)	0.0	2.9
Number of Fatal Victims	0	2
TOTAL	2016	2017
Frequency Rate	5.5	7.2
Severity Rate (*)	44.7	1,740.4
Rate of Incidents and Occupational Diseases (*)	0.2	0.0
Work Absenteeism Rate (UNACEM personnel only)	0.0	2.4
Number of Fatal Victims	0	2

(*) In 2017, both rates rose considerably as a result of the fatal accidents reported at the Condorcocha plant.

Our annual occupational health and safety plan included a training program, based on the following proactive indicators:

- ▶ Planned work observation (PWO)
- ▶ Five-minute safety talks
- ▶ Safety inspections by a senior management representative
- ▶ Inspections by the Central Occupational Health and Safety Committee
- ▶ During 2017, we implemented visible leadership interventions (VLIs), which were aimed at motivating personnel to adopt safe behaviors.

This year, we also performed a diagnosis of our Occupational Health and Safety Management System, which will be used as a guide for the implementation of improvement activities in 2018.

Our rates include both our own personnel and those of our contractors. Both fatalities at the Condorcocha plant involved male team members employed by our contractors: one at the Carpapata II hydroelectric plant and the other at the Patón Electrical Substation. In both cases, we proceeded to report, investigate, and analyze the accidents, based on our internal procedures, and we took comprehensive actions to improve our safety management, so that we can prevent accidents such as these from happening again in the future.

Occupational Health and Safety Committee

Our Occupational Health and Safety Committee is made up, jointly, of six representatives appointed by UNACEM’s management and six representatives appointed by our team who were chosen in open elections organized by the respective workers’ unions. The current committee took office in August 2017 for a period of two years. This committee represents 100.0% of UNACEM’s team.

MINOR AND INCAPACITATING ACCIDENTS (GRI 403-2)

	MINOR			INCAPACITATING		
	Male	Female	Total	Male	Female	Total
Atocongo plant	29	1	30	30	4	34
Condorcocha plant	20	0	20	17	0	17
Total	49	1	50	47	4	51

WE RESPECT HUMAN RIGHTS

At UNACEM, we respect human rights, the laws in force, and international conventions on the matter. This commitment is established in both our Internal Labor Regulations (RIT) and our Code of Ethics and Conduct, and has been bolstered by our adherence to the principles of the UN Global Compact and the Peruvian Association of Good Employers (ABE), sponsored by the American Chamber of Commerce in Peru (AMCHAM Perú).

At UNACEM, we oppose discrimination of any kind. We promote equal treatment in the workplace, and we guarantee the same opportunities for development to all of our team. Our objective is to ensure that our personnel interiorize the fact that discrimination must be rejected, and our Human Resources Management is responsible for making sure this important goal is met. In 2017, there were no complaints or reports involving discrimination filed by our team or stakeholders. (GRI 406: Non-Discrimination – GRI 103-2 and GRI 103-3) (GRI 406-1).

Work hours are controlled by a computerized clock-in system, which is supervised by the Personnel Department. All work performed outside normal working hours is coordinated with and authorized by the team member's direct superior, and compensated on a timely basis. (GRI 409: Forced or Compulsory Labor – GRI 103-2 and GRI 103-3)



According to our RIT, all team members must be of legal age in order to work at UNACEM. On occasions, however, we provide support to young people under the age of 18 through SENATI's Vocational Training Program, to help them develop the professional skills they will need for today's workplace. As such, we are in full compliance with the Youth Occupational Training Act. (GRI 408: Child Labor - GRI 103-2 and GRI 103-3)

On the other hand, it is important to note that there are no risks of forced labor or child labor that might affect our team. Likewise, no complaints have been filed against us in regards to this matter with the Ministry of Labor and Employment Promotion or the judicial branch. (GRI 409-1) (GRI 408-1).

WE PROMOTE EQUAL TREATMENT IN THE WORKPLACE, AND WE GUARANTEE THE SAME OPPORTUNITIES FOR DEVELOPMENT TO ALL OF OUR ENTIRE TEAM.

Security Personnel Trained in Human Rights (GRI 410: Security Practices – GRI 103-2 y GRI 103-3)

Our security contractors, VIGIANDINA, are committed to providing a safe environment, minimizing or eliminating potential risks, guaranteeing the wellbeing of all individuals and the protection of their property. Under VIGIANDINA's integrated policy, all of its personnel are required to undergo training and receive information on human rights and compliance with the laws in force.

VIGIANDINA is regulated under Directive No. 001-2015-SUCAMEC, which establishes the Basic and Continuing Training Study Plan for Security Agents issued by the National Superintendency for the Supervision of Security Services, Arms, Munitions, and Explosives for Civil Use (SUCAMEC). This plan includes an annual "Constitution and Human Rights" course. This course is compulsory in order for security personnel to receive their private security permit, authorizing them to provide security services. The course includes an explanation of what human rights are,

and a definition of each person's fundamental rights and duties with regard to life, wellbeing, liberty, and security.

The only personnel who have not received training are new team members. Given that the training courses depend on the schedule established by the SUCAMEC, these persons are currently in the process of regularizing this situation. However, this lack of training is compensated through talks organized by the Security Department, in coordination with VIGIANDINA.

The effectiveness of this course and the performance of the security personnel is evaluated via internal and external inspections, to ensure the adequate treatment of all persons and the appropriate compliance with their duties.

SECURITY PERSONNEL TRAINED IN HUMAN RIGHTS (GRI 410-1)

LOCATION	TOTAL PERSONNEL	PERSONNEL TRAINED	PERCENTAGE TRAINED
Lima	249	224	90
Tarma	104	91	87

TRAINING AND DEVELOPMENT
(GRI 404: Training and Education –
GRI 103-2 y GRI 103-3)

We have an Annual Training Plan (PACE) for each plant, in which we have prioritized “occupational health and safety” skills. We also foster the development of technology-based skills and knowledge.

This year, we have innovated with our plan by incorporating training activities for internal teachers, who are supervisors specializing in their respective

matters (electrical risks, safety, etc.). We have also hired specialized institutions who are highly respected in Peru and abroad.

We also have new projects focused on the development of soft skills with the new CrossKnowledge e-learning platform that we acquired, with the goal of developing our team's personal skills and leadership abilities. We are also working on creating the UNACEM Perú Institute, which will primarily be tasked with training our engineers, analysts, and technicians in technical skills, in an effort to standardize our processes.

“**WE ACQUIRED THE CROSSKNOWLEDGE E-LEARNING PLATFORM TO HELP DEVELOP PERSONAL SKILLS AND LEADERSHIP ABILITIES.**”



CLASSIFICATION OF OUR TRAINING ACTIVITIES

ORGANIZATIONAL TRAINING

INVOLVES STRATEGIC, CROSS-CUTTING TOPICS.

SPECIFIC TRAINING ACTIVITIES

INVOLVE SKILLS SPECIFIC TO DIFFERENT JOB POSITIONS.

GENERAL TRAINING

AIMED AT DEVELOPING AND FOSTERING PERSONAL ABILITIES.

In 2017, we provided a total of 21,973 hours of training to our team, for an average of 28.6 man-hours per person.

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

CLASSIFICATION	GENDER	NO. OF HOURS	AVG. HOURS
Administrative	Female	1,153.5	22.6
	Male	9,114.5	40.5
	Total	10,268.0	37.2
Employees	Female	493.5	15.9
	Male	3,850.0	30.6
	Total	4,343.5	27.7
Workers	Female	16.0	16.0
	Male	7,345.5	22.1
	Total	7,361.5	22.0
Total		21,973.0	28.6

RELATIONS WITH OUR UNIONS

At UNACEM, we firmly believe that maintaining a respectful, transparent, and open dialogue is the best way to ensure that the Company and the entire team are able to reach peaceful solutions, to the benefit of all. For this reason, we hold weekly meetings with our unions. (GRI 407: Freedom of Association and Collective Bargaining – GRI 103-2 and GRI 103-3) (GRI 407-1).

We believe that freedom of association and collective bargaining are part of our obligations. Furthermore, our Internal Labor Regulations require us to “respect each worker’s right to unionize, in accordance with the laws in force.”

It is important to note here that the mechanisms for the evaluation of compliance with obligations under our collective bargaining agreements are registered in the payrolls.

At UNACEM, we have two unions: (GRI 102-41)

- ▶ At the Atocongo plant, the Sindicato de Trabajadores de Unión Andina de Cementos S.A.A. – Canteras de Atocongo, of which 140 workers are members. Union members account for 55.0% of employees and workers at this plant.
- ▶ At the Condorcocha, the Sindicato Único de Trabajadores de Unión Andina de Cementos S.A.A., of which 157 workers are members. Union members account for 52.0% of the whole team at this plant.



COLLECTIVE BARGAINING AGREEMENTS (GRI 102-41)

ATOCONGO PLANT	CONDORCOCHA PLANT
Signed in July 2015 for a term of 3 years. Expires in June 2018.	Signed in May 2016 for a term of 3 years. Expires in December 2018.

NUMBER AND PERCENTAGE OF UNIONIZED TEAM MEMBERS BY GENDER AND JOB CLASSIFICATION (GRI 102-41)

CLASSIFICATION	ATOCONGO PLANT								
	MALE			FEMALE			TOTAL		
	Total	Unionized	%	Total	Unionized	%	Total	Unionized	%
Administrative	140	0	0	48	0	0	188	0	0
Employees	86	36	42	29	5	17	115	41	36
Workers	142	99	70	0	0	0	142	99	70
Total	368	135	37	77	5	7	445	140	32

CLASSIFICATION	CONDORCOCHA PLANT								
	MALE			FEMALE			TOTAL		
	Total	Unionized	%	Total	Unionized	%	Total	Unionized	%
Administrative	64	0	0	2	0	0	66	0	0
Employees	40	0	0	3	0	0	43	0	0
Workers	191	156	82	1	1	100	192	157	82
Total	295	156	53	6	1	17	301	157	52

3.2 — OUR SUPPLIERS AND CONTRACTORS

(GRI 204: Procurement Practices – GRI 103-2
and GRI 103-3)

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

All contractors must sign agreements specifying the commitments they are expected to uphold with regard to occupational health and safety, labor management, and legal obligations to their personnel. These commitments are monitored through audits, both internal and external. We also perform unannounced inspections of our contractors. At the Condorcocha plant, each agreement includes a scale of fines to be implemented in case of failure to uphold these obligations.



We also have occupational health and safety sub-committees, which meet on a monthly basis:

- ▶ Contractors' OHS Sub-Committee
- ▶ UEA Atocongo OHS Sub-Committee (mining concession)
- ▶ UEA Pucará OHS Sub-Committee (mining concession)

Procurement management practices are also subject to audits (internal and external), based on ISO 9001, ISO 14001, OHSAS 18001, and BASC standards. This includes attention to grievances and complaints. (GRI 204: Procurement Practices – GRI 103-2 and GRI 103-3)

VALUE CHAIN MANAGEMENT (GRI 204-1)

In 2017, UNACEM hired 2,256 goods and services

providers, accounting for procurements in excess of 1,048 billion soles. We define local suppliers as those whose tax domicile is registered in the districts neighboring 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 during the year accounted for 12.0% of our total procurements.

LABOR MANAGEMENT

As a company certified as a Good Employer by the American Chamber of Commerce in Peru (AMCHAM Perú), we encourage our suppliers to treat their employees in accordance with good labor practices. For such purpose, we perform monthly monitoring visits to our contractors, in order to verify their compliance with labor obligations and the legal benefits offered to their personnel. (GRI 401: Employment – GRI 103-2 and GRI 103-3)

We also perform periodic audits on occupational health, safety, and the environment.

On the other hand, through the Asociación UNACEM, we coordinate with our contractors in an effort to promote the hiring of local personnel. (GRI 414: Supplier Social Assessment – GRI 103-2 and GRI 103-3)



HUMAN RIGHTS MANAGEMENT

At UNACEM, we respect all human rights laws in force. In addition to applying these laws, we perform periodic audits and visits to our contractors, as part of our IMS, to verify their compliance and make sure that they are not engaged in practices such as forced labor, child labor, or discrimination, and that they do not restrict their employees' freedom of collective bargaining. We are thus able to ensure their alignment with UNACEM's policies and values. (GRI 414: Supplier Social Assessment – GRI 103-2 and GRI 103-3) (GRI 409: Forced or Compulsory Labor – GRI 103-2 and GRI 103-3) (GRI 408: Child Labor – GRI 103-2 and GRI 103-3) (GRI 407: Freedom of Association and Collective Bargaining for Contractors – GRI 103-2 and GRI 103-3)

Our goods suppliers sign an affidavit stating that—just like our contractors—they comply with respecting human rights. These affidavits have not yet been verified, but we are evaluating the possibility of doing so in 2018.

On the other hand, as part of our policies, we verify the identity of all individuals at the time they begin working at our facilities. For such purpose, we require them to show us a valid National Identity Document (DNI) to prove that they are of legal age to work. (GRI 408-1)

In terms of the risks associated with hazardous work, we maintain and foster a culture of preventive safety. Our



Industrial Health and Safety Department is responsible for constantly monitoring all of the activities performed at our facilities, as well as ensuring that all of our suppliers are aligned with our safety management system. (GRI 408-1)

We are pleased to note that we have still not received any grievances or complaints involving human rights violations by our contractors and suppliers. (GRI 408-1) (GRI 409-1)

HEALTH, SAFETY, AND CARE FOR THE ENVIRONMENT

Goods Suppliers

All of our suppliers meet the standards demanded by our Company. Most of them also have environmental and quality certifications aligned with those required by UNACEM. (GRI 204: Procurement Practices – GRI 103-2 and GRI 103-3)



PROCUREMENT PRACTICES ARE SUBJECT TO MANAGEMENT AUDITS BASED ON ISO 9001, ISO 14001, OHSAS 18001, AND BASC STANDARDS.



The Procurement Department evaluates potential suppliers based on the Supplier Assessment Form, which has the binding force of an affidavit. This form includes general information, a list of brands and products represented, warranty and post-sale service information, and information on the supplier's quality, environmental, occupational health and safety, and social responsibility management. This information is gathered and corroborated by our team. The score obtained determines whether or not the supplier will be accepted. Between both plants, a total of 612 new suppliers were assessed. (GRI 308-1) (GRI 414-1).

With regard to the legal origins of certain inputs (such as coal, silica, limestone, sediment, and spall), up-to-date records are kept, including the supplier's identity and the concession of origin, location, address, and other information required to ensure that the origin of these minerals is legal.

The suppliers to be assessed are chosen based on the purchase amount and suggestions submitted by other areas of the Company. Suppliers are also asked to submit an affidavit. (GRI 308-1) (GRI 407-1)



In 2018, we will be outsourcing the assessment of goods and service suppliers, based on the variables established in the IMS, as well as other aspects such as human rights, occupational health and safety, labor issues, evaluation of their impact on the community, and social responsibility. (GRI 308: Supplier Environmental Assessment – GRI 103-2 and GRI 103-3) (GRI 414: Supplier Social Assessment – GRI 103-2 and GRI 103-3).

Procurement management is evaluated through management audits (internal and external) based on ISO 9001, ISO 14001, OHSAS 18001, and BASC standards. These audits include procurement processes, as well as attention to grievances and complaints, in accordance with the established procurement management procedures.

Contractors

Contractors are considered strategic members in several of our processes, for which reason they are subject to ongoing assessment and monitoring activities. They are required to participate in the identification and assessment of risks (environmental and occupational health/safety), in accordance with the environmental impact and risk assessment and control procedure, and the application of control measures. (GRI 308: Supplier Environmental Assessment – GRI 103-2 and GRI 103-3)

The Procurement Department assesses potential contractors and suppliers based on our Supplier Assessment Form.

All of the information gathered from different sources is

used to assign a score for each compliance verified. The score obtained determines whether or not the supplier will be accepted.

The IMS Departments perform OSHE (occupational health, safety, and environment) management audits on recurring contractors, in order to verify that they comply with UNACEM's standards and the applicable laws. An audit report is issued, containing all of the findings, so that the contractor can then submit its action plan for the correction of any problems, which will then be confirmed in a future audit.

On the other hand, twice a year, the user areas perform an assessment (and reassessment) of contractors. After verifying the score obtained, they determine whether to keep the contractor or suspend all business with it. In the event of a suspension, the contractor shall take the actions necessary to guarantee its proper performance. After the manager of the user area has approved the actions taken, the contractor will once again be eligible to work with the Company.

Before commencing their activities, contractors are obligated to implement their respective occupational health, safety, and environmental management systems, based on the approach set forth in ISO 14001, OHSAS 18001, and the Occupational Health and Safety Act—Law 29783.

At the Atocongo plant, internal users assessed 39 of the 46 contractors, or 85.0% of all contractors. We also audited 11 contractors on matters of occupational health, safety,

and the environment. (GRI 308: Supplier Environmental Assessment – GRI 103-2 and GRI 103-3) (GRI 414: Supplier Social Assessment– GRI 103-2 and GRI 103-3)

At the Condorcocha plant, all 17 contractors were assessed by internal users. Additionally, they were audited using the occupational health, safety, and environment procedure for contractor companies. (GRI 308-1) (GRI 414-1).



BEFORE COMMENCING THEIR ACTIVITIES, CONTRACTORS ARE OBLIGATED TO IMPLEMENT THEIR RESPECTIVE ENVIRONMENTAL MANAGEMENT AND OCCUPATIONAL HEALTH AND SAFETY SYSTEMS.



TRANSPARENCY IN UNACEM'S VALUE CHAIN

In 2017, we continued to implement the project for the Promotion of Transparency in UNACEM's Value Chain, aimed at encouraging our partners to draft and publish their own sustainability reports, in accordance with the GRI G4 guidelines.

PROJECT RESULTS

- ▶ EIGHT PARTNERS FROM UNACEM'S VALUE CHAIN PREPARED SUSTAINABILITY REPORTS FOR 2016, UNDER THE GRI G4 GUIDELINES.
- ▶ THEY HAVE TAKEN STEPS TO IDENTIFY AND MANAGE REPUTATIONAL RISKS.
- ▶ THEY HAVE DETERMINED THEIR MAIN SUSTAINABILITY IMPACTS AND MEASURED THEM USING INDICATORS.
- ▶ THEY UNDERSTAND THE IMPORTANCE OF BEING FAMILIAR WITH THEIR STAKEHOLDERS AND THEIR EXPECTATIONS, AND HOW TO INCLUDE THEM IN THEIR MANAGEMENT PRACTICES.
- ▶ COMPETITIVE ADVANTAGE OVER OTHER COMPANIES IN BECOMING SUPPLIERS FOR LARGE CORPORATIONS COMMITTED TO SUSTAINABILITY.
- ▶ BETTER REPUTATION, HIGHER LEVEL OF TRUST AND COMMITMENT AMONG STAKEHOLDERS.

PARNTERS

- ▶ A. BERIO Y CÍA. (DISTRIBUTOR)
- ▶ ALIAGA & BALUIS (CONTRACTOR)
- ▶ CEMENTO Y ACERO – CEMENSA (DISTRIBUTOR)
- ▶ DEMARSA (CONTRACTOR)
- ▶ LA VIGA (DISTRIBUTOR)
- ▶ MACISA (DISTRIBUTOR)
- ▶ PREANSA (SUBSIDIARY)
- ▶ ARPL TECNOLOGÍA INDUSTRIAL (RELATED COMPANY)

In 2017, we launched our Corporate Sustainability and Accountability for Competitive Businesses initiative, implemented by the Global Reporting Initiative (GRI), in collaboration with Perú 2021 and with the support of Swiss Cooperation in Peru (COSUDE), in which we participated along with twelve suppliers from our value chain. The purpose of this program is to encourage suppliers that form part of the value chain of a large enterprise—in this case, UNACEM—to transparently report their sustainable practices through a Sustainability Report. This initiative will begin implementation in 2018.

Both projects will be carried out using the GRI Standard methodology.

3.3 — OUR COMMUNITIES

(GRI 413: Local Communities – GRI 103-2 and GRI 103-3)

Our community management strategy is based on our Sustainability Policy and Code of Ethics and Conduct. We seek to promote sustainable relationships and achieve an adequate balance in the management of economic, social, and environmental factors, both in our business and among our neighboring communities and other stakeholders.



UNACEM's sustainability management with the community can be summed up with the following core ideas:

- ▶ We operate in strict compliance with the law.
- ▶ We promote transparency and dialogue with nearby communities, establishing trust-based relationships founded on teamwork, cooperation, and the goal of strengthening the communities and helping them to achieve autonomy.
- ▶ We create sustainable development opportunities in the communities in our areas of influence. We develop and build capacities and social capital in the communities, thus allowing them to spearhead their own sustainable development, in alliance with other institutions.

This matter is the responsibility of the Asociación UNACEM, which promotes and facilitates the implementation of our corporate sustainability strategy, engages in community relations, and encourages social investment initiatives aligned with our business objectives. Our management is also aligned with Sustainable Development Goals, the voluntary international standards of ISO 26000, and the Global Reporting Initiative (GRI) indicators.

We evaluate our private social investment projects through monitoring and assessment actions throughout the project's entire life cycle, with the goal of making sure that each project achieves the results, effects, and impacts determined in the respective plans, and implementing any corrective measures on a timely basis. We also include periodic measurements of beneficiary satisfaction, in order to determine the degree to which beneficiaries' and community leaders' expectations and interests have been fulfilled.



COMMUNITY MANAGEMENT

Through the Asociación UNACEM, we promote projects with positive impacts, in an effort to improve social conditions in the communities around us. With this goal in mind, we prioritize projects focused on entrepreneurship, upgraded infrastructure, quality of life, and the sustainable development of our direct areas of influence. (GRI 203: Indirect Economic Impacts – GRI 103-2 and GRI 103-3).

One focal point of our social investment efforts is the donation of cement, which requires local communities to organize so as to provide additional materials and labor.

This process encourages formalization, autonomy, and the strengthening of grassroots social organizations.

We promote projects aimed at developing technical and production skills, including topics tied to starting and managing a business. This contributes to local self-management, autonomy, and entrepreneurship among both residents and social organizations.

We also foster the development of local capacities for job creation and the use of the local workforce in our value chain.

Our policy of facilitating multi-sector alliances in an effort to ensure sustainable development allows us to leverage other technical, economic, and logistical resources, in addition to the Company's contributions, thus bolstering our intervention.

Through the Asociación UNACEM, we implement our community strategy based on five lines of action.

LINES OF COMMUNITY ACTION

**SOCIAL
INFRASTRUCTURE**



HEALTH



EDUCATION



ENVIRONMENT



**COMMUNITY
RELATIONS**



AREAS OF INFLUENCE

Our direct area of influence includes five districts in Lima and three in Tarma, where we carry out our main social development activities.

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 HUANCOY SACSAMARCA
- ▶ PALCA
- ▶ ACOBAMBA

MAIN PROJECTS AND INITIATIVES WITH OUR COMMUNITIES

The projects, programs, and initiatives to be carried out in our communities are determined based on our lines of action, which include the socioenvironmental commitments established in our environmental instruments. Community organizations are also encouraged to propose improvements to infrastructure and social programs. (GRI 413-1).

Community engagement is essential in order to create a bond, motivating communities to identify problems and the resources available to them, so that they can prepare projects in coordination with different actors, both public and private.

SOCIAL INFRASTRUCTURE

(GRI 203-1)

We foster the development of our communities by donating cement, cobblestones, and concrete for works such as retaining walls, stairways, sewer systems, reinforcement of dry stone walls, community halls, athletic fields, classrooms in schools, and perimeter fences. We also support communities in the direct implementation of general interest works, with the active engagement of residents.



AT THE ATOCONGO PLANT

- ▶ 38,000 bags of cement donated for 101 community works, to the benefit of approximately 38,500 residents.
- ▶ 44 families benefited from the “Techo Propio” program run by the Ministry of Housing, Construction, and Sanitation in high-risk areas, receiving support for the construction of retaining walls and the rendering of the dwelling modules.
- ▶ Construction of sidewalks with two neighborhood committees in Villa María del Triunfo.

AT THE CONDORCOCHA PLANT

- ▶ Four community halls built and overhauled, two athletic fields fixed up, one watering canal upgraded, and five schools repaired.
- ▶ Construction of the perimeter fence for the General Cemetery, and installation of cobblestones and sidewalks in front of the town hall in the Populated Center of Condorcocha.
- ▶ Preparation of the technical file for installation of cobblestones and sidewalks in the district of La Unión Leticia (urban area).
- ▶ The pre-investment profile of the “works in exchange for taxes” project for sanitation in the Populated Center of Condorcocha is currently in the preparation phase.
- ▶ The pre-investment profile of the “works in exchange for taxes” project for the paving of 900 meters of Jr. Junín, in La Unión Leticia, is currently in the preparation phase.

HEALTH

(GRI 203-1)

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



AT THE ATOCONGO PLANT

- ▶ 23,000 preventive care appointments with medical and educational services as part of family health campaigns.
- ▶ 9,000 people benefited from 17 mass health prevention/promotion activities, as well as an intervention program to control and reduce anemia.
- ▶ Coordinated work with 14 health establishments and 23 grassroots social organizations.

AT THE CONDORCOCHA PLANT

- ▶ 4,000 preventive care appointments with medical and educational services as part of family health campaigns.
- ▶ 1,500 people benefited from three mass health prevention/promotion activities, as well as an intervention program to control and reduce anemia.
- ▶ 87 professionals from 35 health establishments within the jurisdiction of the Tarma Health Network were trained on anemia prevention and the systematization of health experiences.
- ▶ Joint work with 4 health establishments and 20 grassroots social organizations.

EDUCATION

(GRI 203-1)

We promote the development and strengthening of athletic 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. The main projects and programs in this line of action include the following:



AT THE ATOCONGO PLANT

- ▶ 411 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, 22 entrepreneurs received specialized business advice.
- ▶ 2,500 students took part in 105 workshops over the course of the year, through the Art, Culture, and Sports program.

AT THE CONDORCOCHA PLANT

- ▶ 214 women from the communities of La Unión Leticia and Tarma strengthened their vocational and productive skills in weaving, while 57 improved their knowledge of marketing, costs, and the forming of associations.
- ▶ 228 children and adolescents strengthened their school performance and developed crosscutting skills and athletic abilities, thanks to 15 workshops.
- ▶ 266 students and 29 teachers from nine primary schools strengthened their educational capacities for teaching reading comprehension, thanks to the "Read to Grow" program.
- ▶ 273 students and 25 teachers from nine primary schools of La Unión Leticia strengthened their educational capacities and abilities, using information and communications technology (ICT) to improve classroom teaching processes, thanks to the "Digital Inclusion for Teachers" program.

ENVIRONMENT

(GRI 203-1)

Through the Community Environmental Program, we foster better environmental management in the towns in our surroundings, in alliance with the communities and local and sector authorities. The program's most important achievements include the following:

AT THE ATOCONGO PLANT

- ▶ 13 tree-planting campaigns covering a total of 4,000 m² in our areas of influence in the districts of Villa María del Triunfo and Villa El Salvador, to the benefit of 7,000 people.
- ▶ 40 environmental leaders were trained on the internal institutional strengthening of the Zonal Environmental Committees (CAZ), as well as compliance with the local environmental agenda through Municipal Environmental Committees (CAM).
- ▶ 39 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 MINEDU strategy. Eight of them received recognition from Local School District (UGEL) No. 01 and the Asociación UNACEM.
- ▶ 55 teachers received their teaching license, as part of an agreement with UGEL No. 01 – SJM.
- ▶ 10,000 families benefited from the maintenance of 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

- ▶ We provided guidance on the implementation of environmental instruments to strengthen local environmental management for solid waste in the district of La Unión Leticia.
- ▶ We helped build teachers' capacities in environmental matters, and provided environmental education training for residents of four neighborhoods, as part of our agreement with the Peasant Community of Huancoy Sacsamarca.
- ▶ 55 teachers received their teaching licenses, as part of an agreement with the UGEL Tarma.

COMMUNITY RELATIONS

(GRI 203-1)

In an effort to forge a positive rapport with our communities, we strengthen, coordinate, and monitor our ties with the population, local organizations, and institutions in the area surrounding our operations, preventively identifying possible problems linked to misinformation, public opinion, and community relations.



AT THE ATOCONGO PLANT

- ▶ 6,000 direct beneficiaries thanks to support for 22 local initiatives.
- ▶ 14 social organizations that were formalized and strengthened their management capacity through training workshops and working meetings.
- ▶ 7 informational talks on UNACEM's management and 12 plant visits, with the participation of 303 local residents.

AT THE CONDORCOCHA PLANT

- ▶ 10,000 direct beneficiaries thanks to support for 48 local initiatives.
- ▶ We commenced our compliance with some points of the agreement signed with the Peasant Community of Huancoy, such as the hiring of local workers, provision of study scholarships, supply of electricity, leasing of 9 hectares of land, the sale of cement, and title clearance of lands for the road.
- ▶ 8 social organizations visited the plant, with the participation of a total of 121 community members and teachers.
- ▶ We provided technical assistance and organized workshops for the water and sanitation management boards and users' commissions. A total of 85 leaders participated.
- ▶ We performed 5 study tours, 2 participative monitoring sessions, and 1 workshop on the interpretation of the 2016 monitoring results, with the participation of 9 social organizations.
- ▶ We held the first high school students' meeting and implemented the environmental brigade at a school in the district of La Unión Leticia, with the participation of 192 students and 16 teachers.

3.4 — OUR CUSTOMERS

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.

OUR PRODUCTS (GRI 102-2) (GRI 102-7)

We offer our customers high-quality cement with a strength that exceeds the requirements established “in Peruvian Technical Standards (NTP) and American Society for Testing Materials (ASTM) standards.” (GRI 102-2).

Through internal and external management audits (ISO 9001), we verify compliance with all product-related requirements.

Our bagged cements feature a label indicating their respective brands, the referential technical standards, and general instructions on their use and conservation.

In the case of Cemento Sol, each bag of cement is labeled with a code containing information on its provenance: the silo it comes from, the machine in which it was bagged, and the bagging date and time. This way, each lot dispatched to the market is identified, making it easier to ensure traceability if required. (GRI 417: Marketing and Labeling – GRI 103-2 and GRI 103-3).

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

Cement is a standardized product, and the origin of its components is common for all regulated cements. UNACEM’s products are subject to ASTM (C-150, C-595, and C-1157) and NTP standards (334.009, 334.090, and 334.082), which establish its makeup. These standards are noted on each bag. (GRI 417-1)

At the back of each bag, we print recommendations on the use of the product. For their part, bulk cement transporters are provided with an “instruction sheet for transporters,” with recommendations on how to respond to any incident that may occur with regard to the cargo being transported.

Finally, regarding our sales at destination, we have procedures in place for the treatment of the product in case of spills due to traffic accidents. These procedures have been implemented at both of our plants. (GRI 417-1).

OUR PRODUCTS

PRODUCT TYPE	DESCRIPTION
Bagged Cement	<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"> ▶ Cemento Andino I ▶ Cemento Andino Ultra HS ▶ Cemento Andino IP ▶ Cemento Andino IPM ▶ Cemento Andino V ▶ Cemento Sol I ▶ Cemento Apu GU
Bulk Cement	<p>Bulk cement is dispatched in 1.5-ton big bags or using tank trucks, and delivered directly to the customer.</p>

CUSTOMER HEALTH AND SAFETY

We believe it is important to ensure safety throughout our entire value chain. With this goal in mind, we evaluate the principal processes that may have an impact on the health and safety of our customers, transporters, and drivers who pick up our products directly at our facilities. This evaluation is aimed at reducing the risks posed by unsafe conditions and acts, by identifying and analyzing them beforehand. (GRI 416: Customer Health and Safety – GRI 103-2 and GRI 103-3).



OUR CEMENTS OFFER HIGH QUALITY AND STRENGTH CHARACTERISTICS THAT EXCEED THE RESPECTIVE STANDARDS. THEIR COMPLIANCE IS VERIFIED THROUGH MANAGEMENT AUDITS UNDER ISO 9001 STANDARDS.



At the Atocongo plant, we evaluate the dispatch of clinker and cement; and at the Condorcocha plant, the processes for the dispatch of cement by road and direct dispatches to the customer, along with all of the processes carried out in our port operations. Additionally, as part of our IMS, we have a procedure in place at the Atocongo plant and our administrative offices for the registration, investigation, and analysis of unsafe acts that may involve our customers, as well as a procedure for handling cement spills caused by traffic accidents, an instruction sheet for our transporters, and a procedure for responding to complaints. (GRI 416-1).

In November 2017, we formed a work team to migrate the Atocongo dispatch to the SAP system, and to standardize and improve dispatch processes at Condorcocha. Our goal is to automate and improve the dispatch process at both plants, in order to provide our customers with better service, with the corresponding collateral impact on the health and safety of drivers and transporters.

For the sale of cement and clinker, we have material safety data sheets (MSDS) that establish the considerations to be taken into account when handling our products. These sheets are given to all customers who request them. It should be noted that some of these considerations are also printed on the back of the bags of cement that we sell. (GRI 416-1) (GRI 416: Customer Health and Safety – GRI 103-2 y GRI 103-3)



CUSTOMER TYPES

Most of UNACEM's sales are made through distributors and the Progresol Home Improvement Store Network, which sell our products primarily to do-it-yourself home builders. (GRI 102-6) (GRI 102-7)

We sell our products through two business units: bagged cement and bulk cement. In 2017, these two units accounted for 74.2% and 25.8% of our total dispatches, respectively. In Peru, the construction sector depends heavily on do-it-yourself home building. Accordingly, 80.0% of bagged cement is used for such activities, while the remaining 20.0% of cement is used by formal construction companies. As for bulk cement, 85.0% is sold to concrete manufacturers, and 15.0% to mining and industrial companies.



IN PERU, THE CONSTRUCTION SECTOR DEPENDS HEAVILY ON DO-IT-YOURSELF HOME BUILDING. ACCORDINGLY, 80.0% OF BAGGED CEMENT IS USED FOR SUCH ACTIVITIES.



TRAINING AND DEVELOPMENT

At UNACEM, we focus on providing our consumers with the opportunities and tools they need to professionalize their work and make them more competitive in the market.

The Progresol Home Improvement Store Network, made up of over 500 home improvement store owners nationwide, has become our main distribution network. We provide store owners with support in the efficient management of their business through activities that help generate demand at their points of sale: improving the establishment’s image, special offers, and advertising materials.

We also have a training program for construction foremen and workers who do not have any specialized background in construction techniques, merely knowledge gained from experience. In response to this situation, we created the Professional Training Program ten years ago to help fine-tune construction techniques

and provide important information on how to do their jobs safely and responsibly. This training is offered mainly in Lima, the highlands, and the central jungle areas.

COMMUNICATION WITH OUR CUSTOMERS

Our advertising seeks to inform and reinforce the positioning of our brands and products, to ensure that they are most preferred by construction foremen and do-it-yourself home builders. (GRI 417: Marketing and Labeling – GRI 103-2 and GRI 103-3)

Our marketing management is based on four strategic concepts:

- 1. Protect preference for our products among end consumers:** We forge the identity and positioning of each brand through multi-channel communications campaigns and professional training activities for construction foremen.

- 2. Create value through a solid, streamlined portfolio of products:** We identify market opportunities, perform a feasibility analysis for new launches, and prepare the launch of new products.

- 3. Foster loyalty and strengthen traditional home improvement stores:** We help develop the Progresol Network and implement plans to build loyalty and raise our visibility in independent home improvement stores.

- 4. Develop sales channels to reach construction companies and industrial companies:** In 2017, we improved presale and post-sale service in both channels, and our multi-product order system began operating in the construction company channel.

CONSTRUCTION FOREMEN TRAINED

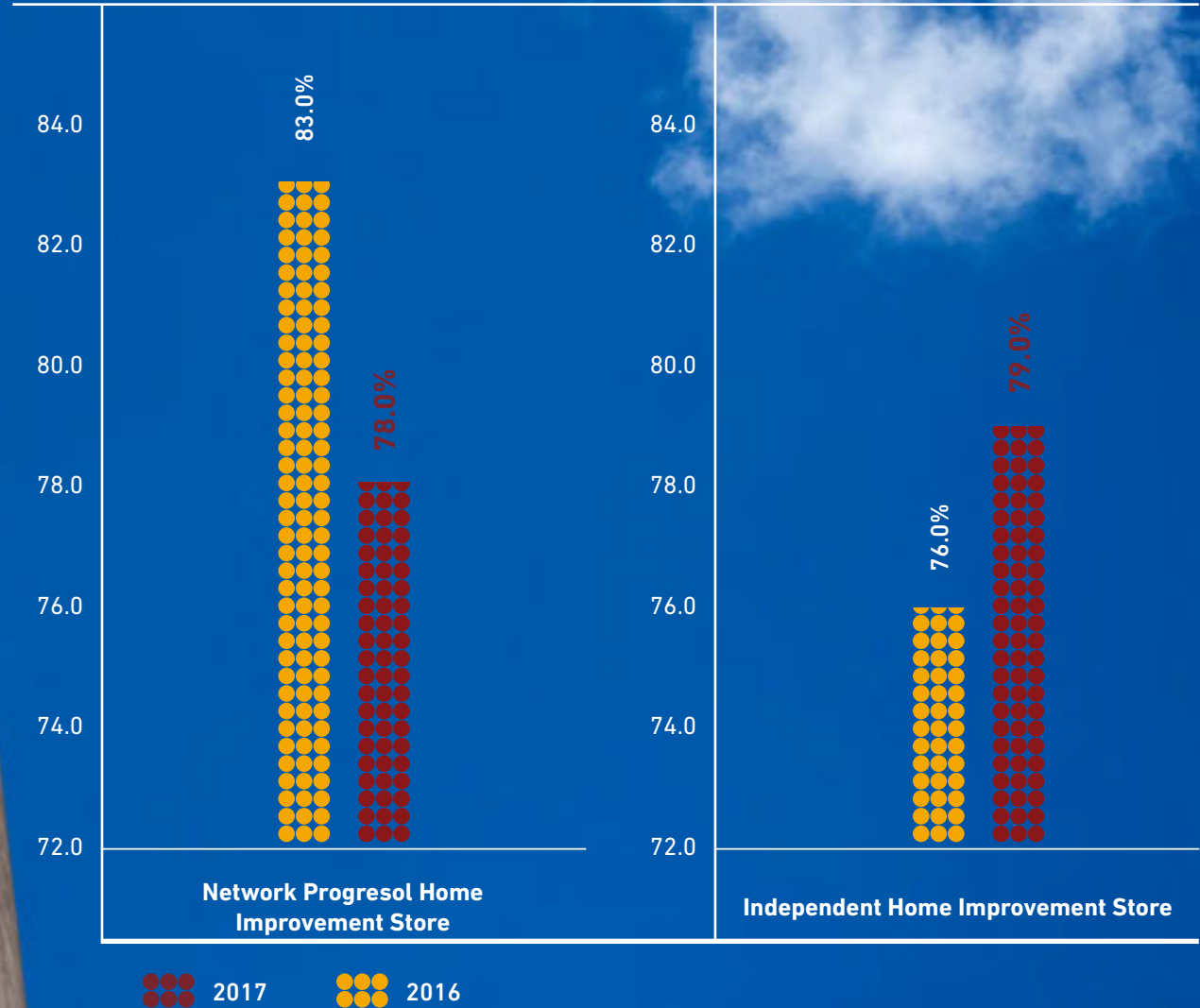
CEMENT TYPE	ATTENDANCE GOAL		ACTUAL ATTENDANCE		NO. OF TRAINING ACTIVITIES	
	2016	2017	2016	2017	2016	2017
Cemento Sol	3,500	2,740	3,941	2,812	40	26
Cemento Apu	4,000	3,600	4,070	3,847	41	36
Cemento Andino	2,500	3,740	2,626	3,562	23	30

CUSTOMER SATISFACTION

Each year, we measure the satisfaction of our customers through surveys aimed at the persons responsible for purchasing our products or the users of our services. This information also provides us suggestions, complaints, and compliments, which we analyze and include in our operations in an effort to improve our processes. (GRI 417: Marketing and Labeling – GRI 103-2 and GRI 103-3)

WE MEASURE THE SATISFACTION OF OUR CUSTOMERS THROUGH SURVEYS THAT PROVIDE US WITH SUGGESTIONS, COMPLAINTS, AND COMPLIMENTS.

SATISFACTION RATE AMONG THE PROGRESOL NETWORK AND INDEPENDENT HOME IMPROVEMENT STORES





Social Infrastructure Program: Installation of cobblestones in front of the town hall of the populated center of Condorcocha, Tarma, Junín.



4

ENVIRONMENTAL MANAGEMENT

UNACEM IS **COMMITTED** TO US AND THEY PROVE IT EVERY DAY BY HAVING ENGINEERS COME GIVE US TRAINING TALKS TO HELP DEVELOP OUR PROJECTS. OUR COMMUNITY OF FARMERS IS WELL AWARE THAT, BY WORKING TOGETHER WITH THE COMPANY, WE WILL BE ABLE TO ACHIEVE OUR OBJECTIVES.



YERSON MENDOZA TORREJÓN

PRESIDENT OF THE PEASANT COMMUNITY OF HUANCOY SACSAMARCA IN LA UNIÓN LETICIA, TARMA.



4 ENVIRONMENTAL MANAGEMENT

4.1 — ENVIRONMENTAL IMPACT OF OUR OPERATIONS (GRI 102 – 11)

Our Environmental Management System is focused on preventing and reducing environmental impacts, while 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 environmental issues in our operations. We also make great efforts to improve the efficiency of our production processes by reducing power and water consumption, with the goal of improving our environmental performance in the manufacture of clinker and cement, as well as in our port, mining, and electricity activities.

The improvements we have made are due to our team members, who constantly monitor our processes through inspections, as well as internal and external audits. This has allowed them to optimize processes and comply with all applicable environmental regulations.

MAIN ENVIRONMENTAL COMPONENTS IDENTIFIED IN OUR OPERATIONS

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



WE HAVE A COMPLAINT AND GRIEVANCE PROCEDURE THAT FORMS PART OF THE IMS AT BOTH PLANTS.



Our environmental management is based on four lines of action:

- ▶ **Environmental Quality:** Manage significant environmental aspects as emissions, air quality, and noise, and well as water and solid waste. Base all actions on the Maximum Permissible Limits (MPLs) established by the competent authority.
- ▶ **Natural and Cultural Resources:** Manage biodiversity and archaeological resources, as well as soil use, through studies and the monitoring of flora and fauna, archaeological sites, and the potential of the soil where our activities are located.
- ▶ **Environmental Certifications:** Obtain approved environmental instruments for all activities and projects pending preparation such as Environmental Impact Assessments (EIAs), Environmental Impact Statements (EISs), and Supporting Technical Reports (ITs) and Mine Closure Plans. Verify compliance with ISO 14001 standards as well.
- ▶ **Capacity Building:** Internal and external environmental training and awareness are aimed at publicizing the Company's environmental management and performance, and promoting behaviors conducive to environmental preservation and care, as well as the optimization of resources.

FORMAL GRIEVANCE AND COMPLAINT MECHANISMS

AS PART OF OUR IMS, WE HAVE A PROCEDURE AT BOTH THE ATOCONGO PLANT AND THE CONDORCOCHA PLANT

that establishes two types of grievances and complaints: environmental and social. The process states that any of UNACEM's team members may receive, from any stakeholder, an inquiry/grievance/complaint with regard to our operations, after which it shall be registered and contact shall be made with the respective stakeholder to resolve its grievance or complaint as soon as possible.

ALL GRIEVANCES OR COMPLAINTS FILED BY THE COMMUNITIES ARE REGISTERED BY THE COMMUNITY RELATIONS AREA OF THE ASOCIACIÓN UNACEM,

which initiates coordinated actions with the plant's operating units.

ALL OF THE GRIEVANCES AND COMPLAINTS FILED WITH UNACEM HAVE BEEN RESPONDED TO AND RESOLVED.

We guarantee our compliance with the law (GRI 307: Environmental Compliance – GRI 103-2 and GRI 103-3) (GRI 305: Emissions – GRI 103-2 and GRI 103-3)

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:

1. 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.
2. Surprise visits to our activities, conducted by the Environmental Assessment and Auditing Agency (OEFA), which guarantee our compliance with law.
3. The preparation of compliance reports on environmental commitments 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, MEM, MINCUL, and other institutions).

4. Internal and external audits, as required by our Integrated Management System.

Since 2013, the OEFA has performed over 50 environmental oversight visits, both regularly scheduled and special, to our industrial, electrical generation, mining, and port operations. To date, there have only been eight 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)





“
**THE USE OF NATURAL GAS AT
 THE ATOCONGO PLANT HAS
 REDUCED GHG EMISSIONS BY
 OVER 120,000 TONS ANNUALLY.**
 ”

Emissions (GRI 305: Emissions – GRI 103-2 and GRI 103-3)

The main goal of our management system is to reduce, prevent, mitigate, and control the potential impacts of our activities due to the emission of 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 Generated (GRI 305: Emissions – GRI 103-2 and GRI 103-3)

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 are the first Peruvian cement manufacturer to issue carbon securities, 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 kilns and our 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 quality standards for air, 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.
- ▶ We comply with all of the commitments assumed under our environmental instruments by implementing measures for reduction, mitigation, prevention, and control in our industrial, generation, mining, and port activities.

The results of our monitoring activities are audited by the Environmental Assessment and Auditing Agency (OEFA).

GREENHOUSE GAS EMISSIONS - CONDORCOCHA (GRI 305-1) (GRI 305-2)

Tons of carbon dioxide equivalent

DIRECT EMISSIONS (SCOPE 1)	
CO ₂ Emissions	1,264,370.22
INDIRECT EMISSIONS (SCOPE 2)	
CO ₂ Emissions	64,152.41

GREENHOUSE GAS EMISSIONS - ATOCONGO (GRI 305-1) (GRI 305-2)

Tons of carbon dioxide equivalent

DIRECT EMISSIONS (SCOPE 1)	
CO ₂ Emissions	2,382,586.97
INDIRECT EMISSIONS (SCOPE 2)	
CO ₂ Emissions	68,601.60

EMISSIONS AND MAIN INDICATORS (GRI 305-7)

Average by plant

	ATOCONGO PLANT	CONDORCOCHA PLANT
Greenhouse Gas Emissions kg of CO ₂ eq/t cement	710	764
Clinker/Cement Ratio	0.87	0.89
Specific Heat Consumption (kcal/kg clinker)	759	834

Biodiversity (GRI 304: Biodiversity – GRI 103-2 and GRI 103-3)

At UNACEM, we use biodiversity indicators in the areas of influence of our operations, which we monitor and keep track of every six months. We also have an Environmental Management Plan for each operating unit, which are approved by the competent authority and are aimed at preventing, mitigating, and correcting the environmental impacts of our activities.

Additionally, we have approved environmental impact assessments, which describe the environmental baseline of the biodiversity in our area of influence, establishing measures for the prevention, control, and mitigation of adverse impacts on physical, biological, and social environments.

Protected and Restored Habitats (GRI 304-3)

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 some parts of the Atocongo and Cristina quarries, which belong to our Atocongo unit, the hilly areas have been classified as fragile ecosystems. As such, UNACEM has a plan for the conservation and revegetation of hill species in the environmental instruments approved for our operations. Additionally, the closure activities for these areas include the physical and chemical stability of our components, such as

mining pits and waste yards, as well as social activities offering professional conversion programs for our team members.

In those production activities involving ecosystems of particular importance and fragility, such as the lakes and wetlands that exist in our Las Dunas concession, in the Province of Pisco, in the Ica Region, we have established a conservation plan in part of our direct area of influence. With regard to the hill ecosystems, we are working to implement conservation programs and plans with local and international organisms. (Closure Plan) (MM10)

The pro-biodiversity strategies implemented by UNACEM include the following:

- ▶ Research on flora and fauna in the hills, to gain a better knowledge of the vegetation there, their conservation, and their sustainable use in the mining units.
- ▶ Development and promotion of research projects for the remediation and recovery of affected areas.
- ▶ Biological monitoring during both dry and rainy seasons within our operations.
- ▶ Maintenance of green areas with efficient, high-tech irrigation systems that use treated wastewater obtained from our wastewater treatment plants.

There are no protected habitats in the surroundings of the Condorcocha plant, but there are four restored areas:

- ▶ **The duck pond**, which is located inside our facilities. In the past, limestone was extracted from this site. The pond is used as a habitat by migratory birds, and ducks and geese are also raised here. The pond is inhabited by trout, which have adapted very well to this environment.
- ▶ **Zone of Pacchon**, an area previously used for a dump. Here we have planted tall-trunk species (such as eucalyptus and *queñuales*), and cultivated shrub species (such as clover and alfalfa), which are used as a feed source for our guinea pig farm.

- ▶ **The ravine**, which was also used as a dump. Different species are grown here, but mainly shrub species such as alfalfa, which have successfully adapted and are used as a feed source for our guinea pig farm.
- ▶ **Carpapata**, where we have finished the construction of the Carpapata III hydroelectric power plant and we

have remediated two areas: one of them located on a former dump; and the other near a high-voltage tower. We have sowed shrub species native to the zone for greater adaptability.



4.2 — RESOURCE CONSUMPTION AND MANAGEMENT

ENERGY (GRI 302: Energy – GRI 103-2 and GRI 103-3)

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 production lines.

One of our strategies for achieving this goal is the production of blended cement, which has a lower clinker/cement ratio, and thus, requires a lower consumption of energy and raw materials. We also monitor heat and electricity consumption for each ton of clinker and cement produced in our plants.

We also incorporate and promote 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.

Finally, 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.
- ▶ Changing 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 consumptions: 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:

FUEL CONSUMPTION IN KILNS (GRI 302-1)

FUEL TYPE	2016		2017	
	ATOCONGO PLANT	CONDORCOCHA PLANT	ATOCONGO PLANT	CONDORCOCHA PLANT
Coal (in metric tons)	192,932	162,277	180,347	216,498
Oil (in metric tons)	952.5	3,035	825	2,397
Natural Gas (in cubic meters)	169,610,434	-	231,129,407	-
Diesel (in gallons)	57,260	9,434	48,732	6,540



Electric Energy Consumption: The energy for the Atocongo plant comes from the El Platanal hydroelectric plant. It is distributed by the national grid system (SEIN) and GEA S.A. (Atocongo Thermal Power Plant) and enters directly as consumption at peak hours or when failures occur in the national grid system. In 2017, the average consumption at the Atocongo plant totaled 90.8 kWh per ton of cement equivalent. This value meets the goal proposed in the Integrated Management System, which was 94 kWh per ton of cement equivalent.

The Condorcocha plant is powered by four operative hydroelectric power plants: El Platanal, property of our subsidiary CELEPSA; and Carpapata I, Carpapata II, and Carpapata III. The consumption of this plant—which operates at an elevation of 3,950 meters above sea level—averaged 160.4 kWh per ton of cement equivalent. (GRI 302-1)

We are working to align our indicators with the principles promoted by the Cement Sustainability Initiative (CSI). Starting in 2018, we will use the Getting the Numbers Right (GNR) reporting standard established by said institution. This reporting standard provides a homogenized methodology for the industry for the estimation of CO₂ emissions and energy consumption.

We also delivered nearly 1,957.81 MWh (7,048.12 GJ) of electricity, free of charge, to the urban part of the district of La Unión Leticia, thanks to a bilateral agreement. (GRI 302-1)

Electric energy consumption at the Condorcocha plant during 2017 from our own generation at our Carpapata I, II, and III hydroelectric power plants accounted for 59.6% of the total consumption, while the remaining 40.4% was purchased from our subsidiary CELEPSA. It is important to note that 100.0% of the total electric energy consumed at the Condorcocha plant comes from renewable sources.

The total renewable energy used by UNACEM at both plants accounts for 95.0% of all electric energy consumed.

100.0% OF THE TOTAL ELECTRIC ENERGY CONSUMED AT THE CONDORCOCHA PLANT COMES FROM RENEWABLE SOURCES.

ELECTRIC ENERGY CONSUMPTION (GRI 302-1)

ELECTRIC ENERGY CONSUMPTION IN GIGAJOULES	2016		2017	
	ATOCONGO PLANT	CONDORCOCHA PLANT	ATOCONGO PLANT	CONDORCOCHA PLANT
El Platanal (SEIN)	1,156,712	499,124	1,053,233	400,790
Atocongo Thermal Power Plant	98,991	-	105,454	-
Carpapata I, II, and III hydroelectric plants	-	357,182	-	590,378
Total	1,255,703	856,306	1,158,687	991,168

WATER (GRI 303: Water – GRI 103-2 and GRI 103-3)

Cement manufacturing is an activity that requires little water, given that it is a dry process. 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 two 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 2017, we continued with the measurement of the water footprint at the Condorcocha plant. In coordination with the IMS area, we are establishing procedures for this measurement. In 2015, we completed the 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 also entrusted the monitoring of water quality and effluents to a certified consultant to accredit the water quality at our plants 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 maintaining green areas.
- ▶ Efficient water control systems in the office restrooms and locker rooms.
- ▶ Wastewater treatment plant (PTAR), based on lagooning, biotechnology, and disinfection.
- ▶ Watering of green areas using treated effluents from the PTAR.
- ▶ Training of personnel on the efficient use of resources.
- ▶ Measurement of our water footprint.

For 2018, we have committed to obtaining the Blue Certificate given out by the National Water Authority (ANA); continuing with the calculation of our water footprint; installing domestic and industrial water consumption metering systems; and carrying out the “Let’s Care for Water” campaign, aimed at raising awareness among our own personnel and that of our contractors.

WATER CONSUMPTION AND MANAGEMENT (GRI 303-1)

	2016		2017	
	ATOCONGO PLANT (in m ³)	CONDORCOCHA PLANT (in m ³)	ATOCONGO PLANT (in m ³)	CONDORCOCHA PLANT (in m ³)
Total Water Consumption	518,150.1	187,237.9	441,488.1	235,462.8
Total Groundwater Consumption	518,150.1	-	441,488.1	-
Total Consumption of Water from Springs and Creeks	-	187,237.9	-	235,462.8
Total Water Consumption for Domestic Use ⁶	353,464.0	131,470.1	209,729.0	140,983.1
Total Water Consumption for Industrial and Mining Use	164,686.1	46,414.0	231,759.1	36,170.0
Firefighting System	-	9,353.8	-	14,467.8
Total Water Consumption for Watering of Roads (m ³)	-	-	-	43,841.9
Volume of Water Reused	132,551.0	105,176.1	122,720.0	117,985.3
Percentage of Water Reused	26.0	56.2	28.0	50.1

⁶ Includes water consumption for the watering of green areas.

Effluent and Wastewater Management (GRI 306: Effluents and Waste – GRI 103-2 and GRI 103-3)

- ▶ At the Atocongo plant, we continued to water the green areas using treated wastewater from the PTAR, thus reducing consumption of groundwater by more than 11,000 m³ per month.
- ▶ To measure water consumption, Condorcocha plant has current meters that measure the quantity of water used in industrial activities, domestic activities, and in the firefighting system and effluents from the PTAR.
- ▶ We reuse 100.0% of the effluents treated in our PTARs to water green areas and supply water for our firefighting system.

Waste Management (GRI 306: Effluents and Waste – GRI 103-2 and GRI 103-3)

We encourage the reduction, reuse, and recycling of solid waste. Through the “Tu Papel No Termina Aquí... Recicla” (“Your Role Doesn’t End Here... Recycle”) campaign, we incentivize the separation and minimization of waste at our facilities, delivering the waste to the recyclers’ associations in our community. We also reuse weeds and brush, mud from the PTARs, and organic waste from the dining halls in our compost heaps. Likewise, 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 responsibly. To achieve this, we have a solid waste management procedure, which involves 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.
- ▶ Reuse and recycling of waste.
- ▶ Final disposal of non-usable 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 implementation of this project, given that the cement presents a viable waste management alternative for cities.



At UNACEM, we reuse 81.6% and 86.8% of non-hazardous waste at our Condorcocha and Atocongo plants, respectively; and 36.0% and 17.1% of hazardous waste at our Condorcocha and Atocongo plants, respectively.

WASTE MANAGEMENT AND TREATMENT METHODS (GRI 306-2)


METHOD	CONDORCOCHA PLANT		ATOCONGO PLANT	
	WEIGHT (in tons)	%	WEIGHT (in tons)	%
NON-HAZARDOUS WASTE	1,365.2	100.0	3,846.6	100.0
Reuse	83.9	6.1	1,637.0	42.6
Recycling	835.1	61.2	1,650.2	42.9
Composting	195.2	14.3	50.6	1.3
Total of recycled non-hazardous waste	1,114.2	81.6	3,337.8	86.8
Dump	251.0	18.4	508.8	13.2
HAZARDOUS WASTE	74.0	100.0	139.6	100.0
Reuse	26.6	36.0	23.8	17.1
Total of recycled hazardous waste	26.6	36	23.8	17.1
Recycling	6.4	8.7	-	-
Encapsulation	0.1	0.1	-	-
Dump	40.9	55.3	115.8	83.0



Community Environmental Project: Environmental training for teachers, Villa María del Triunfo, Lima.

5

ABOUT OUR SUSTAINABILITY REPORT

A woman with dark hair, wearing a black lace top, is smiling and holding a large bundle of green plants. The background shows a stone wall and wooden structures, suggesting a farm or agricultural setting. The text is overlaid on the left side of the image.

THANKS TO UNACEM'S STUDY TOURS, WE HAVE BEEN ABLE TO **INNOVATE** IN THE WAY WE RUN OUR FARM. WE ARE NOW RAISING GUINEA PIGS IN SHEDS, IN SMALL PITS, THANKS TO THE STUDY TOURS. THIS HAS MADE OUR BUSINESS EASIER AND MORE PROFITABLE.

MILAGROS PAYANO MARTÍNEZ

VICE PRESIDENT OF THE UK MAQUILLA GUINEA PIG BREEDERS' ASSOCIATION IN LA UNIÓN LETICIA, TARMA.

5 ABOUT OUR SUSTAINABILITY REPORT

5.1— SUSTAINABILITY REPORT

MATERIALITY PROCESS

(GRI 102-4) (GRI 102-45) (GRI 102-49)
(GRI 102-50) (GRI 102-51) (GRI 102-52)
(GRI 102-54)

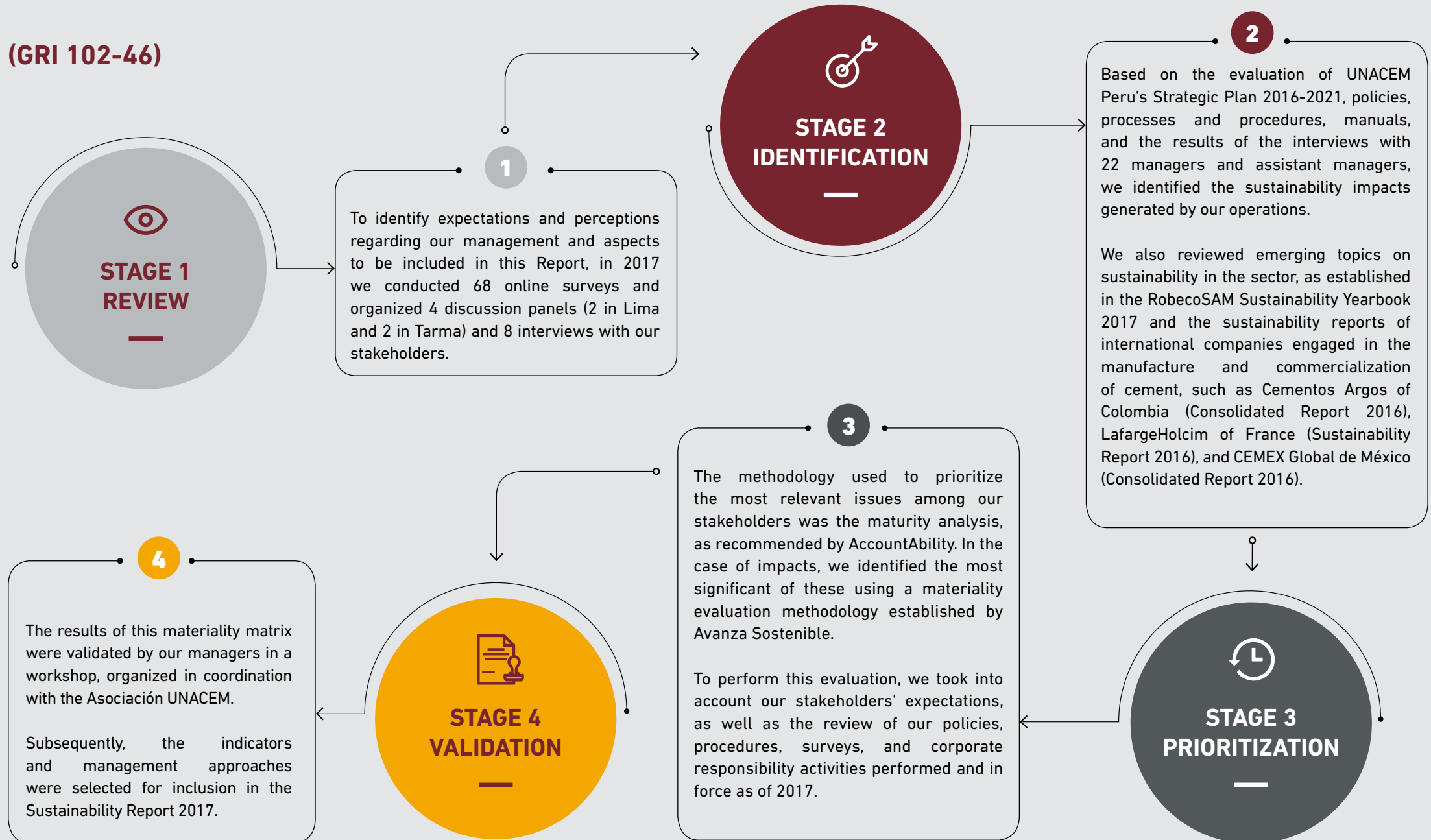
This Sustainability Report provides annual information on UNACEM's economic, social, and environmental management in Peru. It covers the period between January 1 and December 31, 2017, and is our first sustainability report prepared in accordance with the Global Reporting Initiative (GRI) Standards under the "Core" option, using the GRI G4 Mining & Metals Sector Supplement. Previously, for the 2016 period, we used the GRI G4 Guidelines.

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.

MATERIAL ASPECTS INCLUDED

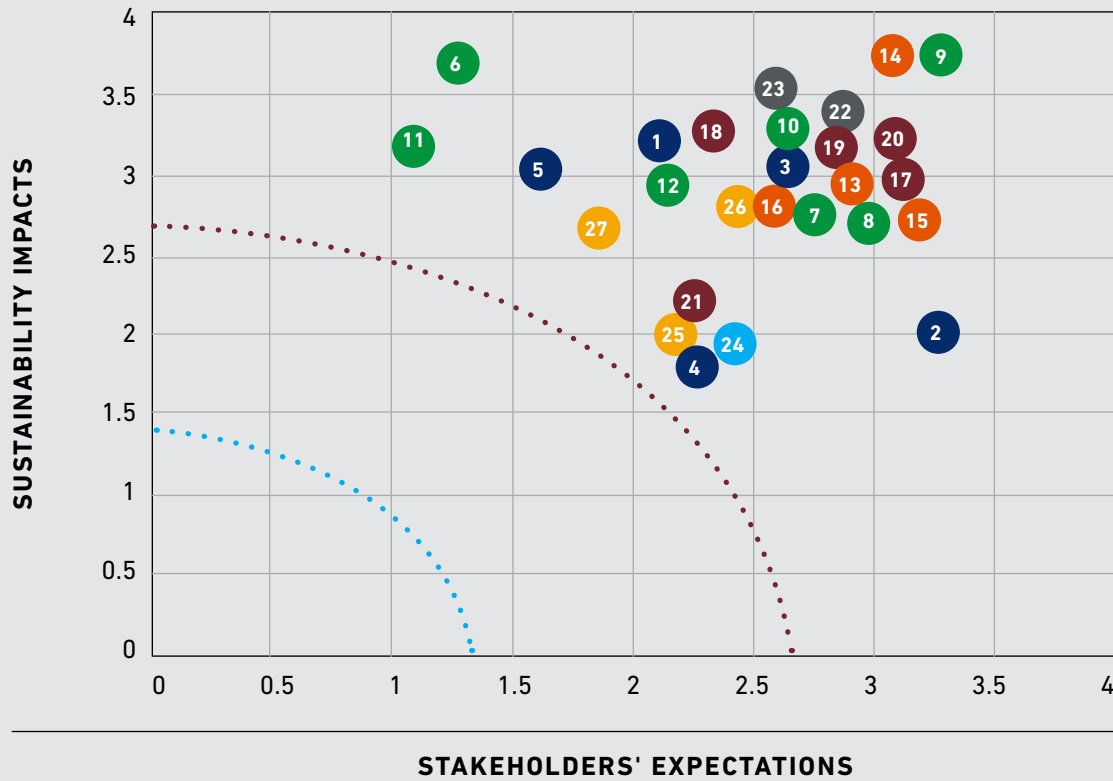
To select the most relevant aspects to be included in this report, so as to reflect the matters most important to the Company's stakeholders and identify the most significant sustainability impacts, we carried out a four-stage process: (GRI 102-46)

(GRI 102-46)



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

MATERIALITY



MATERIAL ASPECTS INCLUDED

The material aspects included in this report, their boundaries, and the related stakeholders are detailed below:

MATERIAL ISSUES (GRI 102-46) (GRI 102-47)				
N	GRI MATERIAL TOPIC	GRI CATEGORY	BOUNDARY (GRI 103-1)	RELATED STAKEHOLDERS (GRI 102-44)
1	GRI 201: Economic Performance	GRI 200: Economy	Inside Boundary	Shareholders
2	GRI 202: Market Presence	GRI 200: Economy	Inside Boundary	Team Members
3	GRI 203: Indirect Economic Impacts	GRI 200: Economy	Outside Boundary	Community
4	GRI 204: Procurement Practices	GRI 200: Economy	Outside Boundary	Suppliers and Contractors
5	GRI 205: Anti-Corruption	GRI 200: Economy	Inside and Outside Boundary	Team Members, Customers, Suppliers and Contractors, and Government
6	GRI 302: Energy	GRI 300: Environment	Outside Boundary	Community and Environment
7	GRI 303: Water	GRI 300: Environment	Outside Boundary	Community and Environment
8	GRI 304: Biodiversity	GRI 300: Environment	Outside Boundary	Community and Environment
9	GRI 305: Emissions	GRI 300: Environment	Outside Boundary	Community and Environment
10	GRI 306: Effluents and Waste	GRI 300: Environment	Outside Boundary	Community and Environment
11	GRI 307: Environmental Compliance	GRI 300: Environment	Outside Boundary	Community and Environment
12	GRI 308: Supplier Environmental Assessment	GRI 300: Environment	Outside Boundary	Suppliers and Contractors
13	GRI 401: Employment	GRI 400: Society	Inside and Outside Boundary	Team Members and Community
14	GRI 403: Occupational Health and Safety	GRI 400: Society	Inside and Outside Boundary	Team Members, and Suppliers and Contractors
15	GRI 404: Training and Education	GRI 400: Society	Inside Boundary	Team Members
16	GRI 405: Diversity and Equal Opportunities	GRI 400: Society	Inside Boundary	Team Members
17	GRI 406: Non-Discrimination	GRI 400: Society	Inside and Outside Boundary	Team Members, Suppliers and Contractors, and Community
18	GRI 407: Freedom of Association and Collective Bargaining	GRI 400: Society	Inside and Outside Boundary	Team Members, and Suppliers and Contractors
19	GRI 408: Child Labor	GRI 400: Society	Inside and Outside Boundary	Team Members, and Suppliers and Contractors
20	GRI 409: Forced or Compulsory Labor	GRI 400: Society	Inside and Outside Boundary	Team Members, and Suppliers and Contractors
21	GRI 410: Security Practices	GRI 400: Society	Outside Boundary	Community, Suppliers and Contractors
22	GRI 413: Local Communities	GRI 400: Society	Outside Boundary	Community
23	GRI 414: Supplier Social Assessment	GRI 400: Society	Outside Boundary	Suppliers and Contractors
24	Closure Plans	Non-GRI	Outside Boundary	Community and Environment
25	GRI 416: Customer Health and Safety	GRI 400: Society	Outside Boundary	Customers
26	GRI 417: Marketing and Labeling	GRI 400: Society	Outside Boundary	Customers
27	GRI 419: Socioeconomic Regulatory Compliance	GRI 400: Society	Inside and Outside Boundary	Shareholders, Team Members, Suppliers and Contractors, Community, and Environment

5.2 — GLOBAL REPORTING INITIATIVE STANDARDS CONTENT INDEX (GRI 102-55)

MATERIALITY DISCLOSURE
SERVICE SEAL

GRI STANDARD	DISCLOSURES	PAGE	OMISSIONS	GLOBAL COMPACT	SDGs ⁷
FOUNDATION					
GRI 101: Foundation 2016	-	-	N/A	-	-
GENERAL DISCLOSURES					
GRI 102: General Disclosures 2016	102-1: Name of the organization	20 y 113	N/A	-	-
	102-2: Primary brands, products, and/or services	70	N/A	-	-
	102-3: Location of headquarters	113	N/A	-	-
	102-4: Location of operations	16-17, 20-21 y 96	N/A	-	-
	102-5: Nature of ownership and legal form	20 y 113	N/A	-	-
	102-6: Markets served	72	N/A	-	-
	102-7: Scale of the organization	16-17, 24-25, 28, 43, 70 y 72	N/A	-	-
	102-8: Information on employees and other workers	43	N/A	Principle 6	SDG 8
	102-9: Description of the supply chain	23	N/A	-	-

⁷ SDG: Sustainable Development Goal.

GRI STANDARD	DISCLOSURES	PAGE	OMISSIONS	GLOBAL COMPACT	SDGs ⁷
GRI 102: General Disclosures 2016	102-10: Significant changes to the organization and its supply chain	There were no significant changes during the reporting period	N/A	-	-
	102-11: Description of how the organization applies the Precautionary Principle or approach	33-34 y 78-80	N/A	-	-
	102-12: Externally-developed economic, environmental, and social principles or programs, or other initiatives to which the organization subscribes, or which it endorses	22	N/A	-	-
	102-13: Membership of national or international associations and/or advocacy organizations	26	N/A	-	-
	102-14: Statement from the Chairman of the Board about the relevance of sustainability to the organization and its strategy	13 y 14	N/A	-	-
	102-16: Organization's values, principles, standards, and norms of behavior	22	N/A	Principle 10	SDG 16
	102-18: Governance structure of the organization	28 y 29	N/A	-	-
	102-40: List of stakeholder groups engaged by the organization	36 y 37	N/A	-	-
	102-41: Collective bargaining agreements	52 y 53	N/A	Principle 3	SDG 8
	102-42: Basis for identifying and selecting stakeholders	35	N/A	-	-
	102-43: Approach to stakeholder engagement	35 y 38	N/A	-	-
	102-44: Key topics and concerns, by stakeholder, that have been raised through stakeholder engagement	99	N/A	-	-
	102-45: Entities included in the organization's consolidated financial statements	96	N/A	-	-

GRI STANDARD	DISCLOSURES	PAGE	OMISSIONS	GLOBAL COMPACT	SDGs ⁷
GRI 102: General Disclosures 2016	102-46: Process for defining the sustainability report content and topic boundaries	96-99	N/A	-	-
	102-47: List of material topics	99	N/A	-	-
	102-48: Explanation of the effect of any restatements of information given in previous sustainability reports	No information has been restated	N/A	-	-
	102-49: Significant changes from previous reporting periods	96	N/A	-	-
	102-50: Reporting period for the sustainability report	96	N/A	-	-
	102-51: Date of the most recent sustainability report	96	N/A	-	-
	102-52: Reporting cycle	96	N/A	-	-
	102-53: Contact point	113	N/A	-	-
	102-54: Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core Option	N/A	-	-
	102-55: Content index specifying the where the information can be found within the sustainability report	100-110	N/A	-	-
102-56: Policy and practice with regard to seeking external assurance for the sustainability report	This report will not be audited	N/A	-	-	
MATERIAL TOPICS					
ECONOMIC PERFORMANCE					
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	99	-	-	-
	103-2: The management approach and its components	24-25	-	-	-
	103-3: Evaluation of the management approach	24-25	-	-	-

GRI STANDARD	DISCLOSURES	PAGE	OMISSIONS	GLOBAL COMPACT	SDGs ⁷
GRI 201: Economic Performance 2016	201-1: Direct economic value generated and distributed	25	-	-	SDG 2, 5, 7, 8, 9
MARKET PRESENCE					
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	99	-	-	-
	103-2: The management approach and its components	44	-	-	-
	103-3: Evaluation of the management approach	44	-	-	-
GRI 202: Market Presence 2016	202-2: Proportion of senior management hired from the local community	44	-	Principle 6	SDG 8
INDIRECT ECONOMIC IMPACTS					
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	99	-	-	-
	103-2: The management approach and its components	62	-	-	-
	103-3: Evaluation of the management approach	62	-	-	-
GRI 203: Indirect Economic Impacts 2016	203-1: Infrastructure investments and services supported	64-68	-	-	SDG 2, 5, 7, 9, 11
PROCUREMENT PRACTICES					
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	99	-	-	-
	103-2: The management approach and its components	54-56	-	-	-
	103-3: Evaluation of the management approach	54-56	-	-	-
GRI 204: Procurement Practices 2016	204-1: Proportion of spending on local suppliers	55	-	-	SDG 12

GRI STANDARD	DISCLOSURES	PAGE	OMISSIONS	GLOBAL COMPACT	SDGs ⁷
ANTI-CORRUPTION					
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	99	-	-	-
	103-2: The management approach and its components	29	-	-	-
	103-3: Evaluation of the management approach	29	-	-	-
GRI 205: Anti-Corruption 2016	205-2: Communication and training about anti-corruption policies and procedures	29	-	Principle 10	SDG 16
ENERGY					
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	99	-	-	-
	103-2: The management approach and its components	86-88	-	-	-
	103-3: Evaluation of the management approach	86-88	-	-	-
GRI 302: Energy 2016	302-1: Energy consumption within the organization	87-88	-	Principles 7, 8 y 9	SDG 7, 8, 12, 13
WATER					
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	99	-	-	-
	103-2: The management approach and its components	99	-	-	-
	103-3: Evaluation of the management approach	89-91	-	-	-
GRI 303: Water 2016	303-1: Total water withdrawal by source	90	-	Principles 7, 8 y 9	SDG 6
BIODIVERSITY					
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	99	-	-	-
	103-2: The management approach and its components	84	-	-	-
	103-3: Evaluation of the management approach	84	-	-	-
GRI 304: Biodiversity 2016	304-3: Habitats protected or restored	84 y 85	-	Principles 7, 8 y 9	SDG 6, 14 y 15

GRI STANDARD	DISCLOSURES	PAGE	OMISSIONS	GLOBAL COMPACT	SDGs ⁷
EMISSIONS					
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	99	-	-	-
	103-2: The management approach and its components	81-83	-	-	-
	103-3: Evaluation of the management approach	81-83	-	-	-
GRI 305: Emissions 2016	305-1: Direct (Scope 1) GHG emissions	83	-	Principles 7, 8 y 9	SDG 3, 12, 13, 14, 15
	305-2: Energy indirect (Scope 2) GHG emissions	83	-	Principles 7, 8 y 9	SDG 3, 12, 13, 14, 15
	305-7: Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	83	-	Principles 7, 8 y 9	SDG 3, 12, 13, 14, 15
EFFLUENTS AND WASTE					
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	99	-	-	-
	103-2: The management approach and its components	91	-	-	-
	103-3: Evaluation of the management approach	91	-	-	-
GRI 306: Effluents and Waste 2016	306-2: Waste by type and disposal method	92	-	Principles 7, 8 y 9	SDG 3, 6 y 12
ENVIRONMENTAL COMPLIANCE					
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	99	-	-	-
	103-2: The management approach and its components	81	-	-	-
	103-3: Evaluation of the management approach	81	-	-	-
GRI 307: Environmental Compliance 2016	307-1: Non-compliance with environmental laws and regulations	81	-	Principles 7, 8 y 9	SDG 16

GRI STANDARD	DISCLOSURES	PAGE	OMISSIONS	GLOBAL COMPACT	SDGs ⁷
SUPPLIER ENVIRONMENTAL ASSESSMENT					
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	99	-	-	-
	103-2: The management approach and its components	57 y 58	-	-	-
	103-3: Evaluation of the management approach	57 y 58	-	-	-
GRI 308: Supplier Environmental Assessment 2016	308-1: New suppliers that were screened using environmental criteria	57 y 58	-	Principles 7, 8 y 9	-
EMPLOYMENT					
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	99	-	-	-
	103-2: The management approach and its components	42, 44 y 55	-	-	-
	103-3: Evaluation of the management approach	42, 44 y 55	-	-	-
GRI 401: Employment 2016	401-1: New employee hires and employee turnover	45	-	Principle 6	SDG 5, 8
OCCUPATIONAL HEALTH AND SAFETY					
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	99	-	-	-
	103-2: The management approach and its components	46 y 47	-	-	-
	103-3: Evaluation of the management approach	46 y 47	-	-	-
GRI 403: Occupational Health and Safety 2016	403-2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	46 y 47	-	Principle 6	SDG 3, 8

GRI STANDARD	DISCLOSURES	PAGE	OMISSIONS	GLOBAL COMPACT	SDGs ⁷
TRAINING AND EDUCATION					
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	99	-	-	-
	103-2: The management approach and its components	50	-	-	-
	103-3: Evaluation of the management approach	50	-	-	-
GRI 404: Training and Education 2016	404-1: Average hours of training per year per employee	51	-	Principle 6	SDG 4, 5, 8
DIVERSITY AND EQUAL OPPORTUNITY					
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	99	-	-	-
	103-2: The management approach and its components	44	-	-	-
	103-3: Evaluation of the management approach	44	-	-	-
GRI 405: Diversity and Equal Opportunity 2016	405-1: Diversity of the Board of Directors and employees by employee category	43	-	Principle 6	-
NON-DISCRIMINATION					
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	99	-	-	-
	103-2: The management approach and its components	48	-	-	-
	103-3: Evaluation of the management approach	48	-	-	-
GRI 406: Non-Discrimination 2016	406-1: Incidents of discrimination and corrective actions taken	48	-	Principles 1, 2 y 6	SDG 5, 8, 16
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING					
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	99	-	-	-
	103-2: The management approach and its components	52 y 56	-	-	-
	103-3: Evaluation of the management approach	52 y 56	-	-	-

GRI STANDARD	DISCLOSURES	PAGE	OMISSIONS	GLOBAL COMPACT	SDGs ⁷
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1: Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	52 y 57	-	Principles 1, 2 y 3	SDG 8
CHILD LABOR					
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	99	-	-	-
	103-2: The management approach and its components	49 y 56	-	-	-
	103-3: Evaluation of the management approach	49 y 56	-	-	-
GRI 408: Child Labor 2016	408-1: Operations and suppliers at significant risk for incidents of child labor	49 y 56	-	Principles 1, 2 y 5	SDG 8, 16
FORCED OR COMPULSORY LABOR					
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	99	-	-	-
	103-2: The management approach and its components	48 y 56	-	-	-
	103-3: Evaluation of the management approach	48 y 56	-	-	-
GRI 409: Forced or Compulsory Labor 2016	409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labor	49 y 56	-	Principles 1, 2 y 4	SDG 8
SECURITY PRACTICES					
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	99	-	-	-
	103-2: The management approach and its components	49	-	-	-
	103-3: Evaluation of the management approach	49	-	-	-
GRI 410: Security Practices 2016	GRI 410-1: Security personnel trained in human rights policies or procedures	49	-	Principles 1 y 2	SDG 16

GRI STANDARD	DISCLOSURES	PAGE	OMISSIONS	GLOBAL COMPACT	SDGs ⁷
LOCAL COMMUNITIES					
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	99	-	-	-
	103-2: The management approach and its components	60 y 61	-	-	-
	103-3: Evaluation of the management approach	60 y 61	-	-	-
GRI 413: Local Communities 2016	413-1: Operations with local community engagement, impact assessments, and development programs	63	-	Principle 1	-
SUPPLIER SOCIAL ASSESSMENT					
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	99	-	-	-
	103-2: The management approach and its components	55-58	-	-	-
	103-3: Evaluation of the management approach	55-58	-	-	-
GRI 414: Supplier Social Assessment 2016	414-1: New suppliers that were screened using social criteria	57 y 58	-	Principle 6	SDG 16
CUSTOMER HEALTH AND SAFETY					
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	99	-	-	-
	103-2: The management approach and its components	70 y 71	-	-	-
	103-3: Evaluation of the management approach	70 y 71	-	-	-
GRI 416: Customer Health and Safety 2016	416-1: Assessment of the health and safety impacts of product and service categories	71	-	-	-

GRI STANDARD	DISCLOSURES	PAGE	OMISSIONS	GLOBAL COMPACT	SDGs ⁷
MARKETING AND LABELING					
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	99	-	-	-
	103-2: The management approach and its components	70 y 73-74	-	-	-
	103-3: Evaluation of the management approach	70 y 73-74	-	-	-
GRI 417: Marketing and Labeling 2016	417-1: Reporting Transparency: Requirements for product and service information and labeling	70	-	-	SDG 12
SOCIOECONOMIC COMPLIANCE					
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	99	-	-	-
	103-2: The management approach and its components	29	-	-	-
	103-3: Evaluation of the management approach	29	-	-	-
GRI 419: Socioeconomic Compliance 2016	419-1: Non-compliance with laws and regulations in the social and economic area	During 2017, we were not subject to any significant fines or non-pecuniary sanctions	-	-	SDG 16
CLOSURE PLANNING					
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	99	-	-	-
	103-2: The management approach and its components	84	-	-	-
	103-3: Evaluation of the management approach	84	-	-	-
Closure Planning	MM10: Number and percentage of operations with mine closure plans	84	-	-	-



TO REMAIN PART OF UNACEM'S VALUE CHAIN, WE HAVE HAD TO MAKE CHANGES TO OUR INTERNAL SYSTEM, AS DISTRIBUTORS, IN ORDER TO QUICKLY ADAPT TO NEW REGULATIONS AND LAWS AND MAKE SURE WE MEET ALL THE NECESSARY REQUIREMENTS.



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SUSTAINABILITY REPORT 2017

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With the support of:

Avanza Sostenible
www.avanzasostenible.com

© Editorial Rayo Verde S.A.C.
Av. Comandante Espinar No. 884, Lima 18, Peru.

Editors in Chief — MARCELA DELGADO Y CECILIA DURAND

Text Editor — MARJORIE EFFIO

Proofreader — JORGE CORNEJO

English Translation - SERVIDIOMA

Graphic Design and Layout — ICONO COMUNICADORES

Photography and Photography Editing — MARCELA DELGADO Y CECILIA DURAND

Photography Touchups — JULIO BASILIO

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