

20

INTEGRATED REPORT

20





[GRI 102-14]

## DEAR UNACEM STAKEHOLDERS

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In 2020, we faced an unprecedented global crisis. All of us have been affected by the impact of the COVID-19 pandemic with the loss of a relative or friend, among the 2.5 million people who have died around the world to date. The pandemic not only triggered a worldwide public health crisis, but an economic crisis, as well, both of which have tested our solidarity, values, ethics, and commitment as people, companies, and countries. These crises have changed the way we live, work, run our businesses, and relate to one another. Undoubtedly, there will be more consequences—in both the short and long run—that we will have to overcome.

Amidst this unheard-of environment, in 2020 the world economy experienced a drastic contraction of 3.5%, due above all to the steps taken to contain the pandemic, which included stay-at-home orders and restrictions on movement in most countries. While these measures were more flexible during the second half of the year, they have once again become stricter in recent months due to the surge in pandemic. Nevertheless, the drop in global GDP was much lower than expected, thanks to the rapid and forceful application of fiscal and monetary policy stimuli by each one of the governments and central banks around the world, and, without a doubt, thanks to the development of vaccines in record time and the news of their effectiveness.





The pandemic severely affected Latin America, in terms of both public health and economy, despite the strict lockdown measures and the monetary and fiscal policies enacted by the different governments. As a result of the weakness of its health care systems and high levels of informal employment, Latin America—whose population is around 8% of the world's total—accounted for 20% of all cases, resulting in a 7.4% contraction in its gross domestic product (GDP), thus making for a severe impact on all of the countries in the region where we operate.

Peru was among the countries that were most affected by COVID-19, with over 1.2 million cases to date, in spite of the drastic lockdown measures implemented to stop it, as well as the largest economic package in the region, which included a series of fiscal and monetary stimuli. At the same time, Peru experienced one of its worst political crises in the last twenty years, resulting from the ongoing confrontation between the executive branch and the Congress. While 2020 closed with a 11.1% drop in gross domestic product, the country's economic performance accelerated during the second half of the year. As always, the construction sector played a main role in driving the economy, achieving a significant recovery starting toward the end of 3Q2020, closing 2020 with a contraction of 14.2% over 2019. The sector's results were mainly due to internal consumption of cement, with a solid demand from the self-construction segment due to a change in the public's consumption habits during the pandemic, as they allocated a higher percentage of their income for construction and home improvements.

From the very start of the crisis, UNACEM worked to maintain its responsible, active role as part of society and value-generating entity, focused on four different aspects: caring for our team members' health; meeting our communities' needs; providing support to our customers and suppliers; and guaranteeing the continuity of all of our operations. To achieve this, we took a series of steps: First, we established strict protocols to safeguard our team members' health. Second, to guarantee the liquidity of the Company and all of its subsidiaries, we took out short-term lines, we worked on a cost reduction plan, we sped up our search for increased efficiency with positive results, we accepted our officers' generous offer to temporarily lower their monthly salaries, and





we suspended the quarterly distribution of dividends, regarding which we would like to thank our shareholders for their understanding. Thirdly, we worked closely with suppliers and customers to ensure their continued loyalty. We maintained business conditions with our customers throughout the entire distribution network in the midst of the state of emergency, and we ensured supply in accordance with the needs of each group of customers, in addition to providing them with advice and support to comply with procedures and protocols, and obtain financing through the government's reactivation programs when operations recommenced in the sector. Finally, through Asociación UNACEM, we took immediate and ongoing actions to support the most vulnerable communities in our areas of influence by donating masks to health care workers, along with groceries and protocol guidance to communities. Thanks to the teamwork of the authorities, the Church, the Government, and private sector, we were able to donate a medical oxygen plant to Félix Mayorca Soto Hospital in the city of Tarma, and we carried out the necessary formalities with the South Lima Integrated Health Care Network Office (DIRIS Lima Sur) to install a similar plant to benefit the population in that part of the city. These and other actions helped us to manage our value chain, a process that demands, now more ever, that we be flexible and dynamic, but above all, responsible.

In the midst of this difficult scenario, the annual revenue of our cement operation in Peru was better than we had anticipated around mid-year, thanks to the performance of our bagged cement unit. We closed 2020 with a 14.4% decline in revenue over 2019, mainly due to cement dispatch, which was 16.1% lower. The gross margin fell to 31.1% due to the higher fixed costs assumed because of the halt of operations and other expenses connected to the COVID-19. Our EBITDA was S/ 498 million, not including the dividends reported by our subsidiaries, making for an EBITDA margin of 29.3%. Consequently, the net profit for the year was S/ 30 million, 91.3% lower than the previous year.

In terms of debt, in order to guarantee the continuity and sustainability of the operation, short-term financing was taken out with different local banks for a total amount of S/ 160 million and





US\$ 80 million in April and May. As a result, as of the close of 2020, the total debt was S/ 3.171 billion, 3.4% higher than in 2019. However, it should be noted that the net debt at the close of 2020 was S/ 2.881 billion, that is, 5.9% lower than in 2019.

Our subsidiaries results' were affected to a greater or lesser extent by the pandemic, depending on the markets they serve. UNICON and Concremax suffered a significant contraction of 42.0% in their volumes of ready-mix concrete dispatched. Their customers' recovery has been gradual and slower, given their ties to infrastructure and private investment. Nevertheless, they were able to maintain their leading position in the market. CELEPSA had reasonable results, ensuring the operational continuity of its activities and achieving a respectable availability rate of 97.9%. For its part, UNACEM Ecuador was faced with a complicated scenario, with the halt of operations for forty-seven days. It recommenced dispatches in May, with an adequate cash management and a robust plan for customers and suppliers that enabled them to close the year with sales of US\$ 120 million, 14.5% lower than in 2020. The performance of Skanon Investments was the pleasant exception, with new records in clinker and cement production, and the sale of ready-mix concrete, which accounted for a 16.2% increase in cement sales volumes, as well as new EBITDA and profit records. The annual results of PREANSA in Chile and Colombia were satisfactory, despite the restrictions implemented by those countries' governments to mitigate the pandemic's impact. The two companies reported 10.8% and 2.0% higher sales, respectively. In Peru, however, the results of PREANSA Perú were 67.2% lower, as a result of the cancellation and delay of works in the industrial sector.

In 2020, we continued building and working on sustainable growth in economic, social, and environmental scopes to add value to our stakeholders and improve our contribution to the Sustainable Development Goals (SDG). We thus reaffirmed our commitment to the United Nations' 2030 Agenda and the Principles of the Global Compact. In terms of climate action, we continued to develop our climate management guidelines as part of the Cement Industry Roadmap to 2030, with the goal of reducing greenhouse gas emissions in the cement sector and contributing to the





country through the commitments assumed in the Nationally Determined Contributions (NDC). In October, we achieved the “Certificado Azul” given out by the National Water Authority (ANA, for its acronym in Spanish) in recognition of our efficient and responsible water use management at the facilities of Atocongo plant, which follows the “Certificado Azul” obtained in 2018 by the Condorcocha plant.

As for corporate governance, this year we were named a Top Mover by La Voz del Mercado 2020 (a distinction by Lima Stock Exchange), as the company that displayed the greatest advance in corporate governance matters over the previous year. We know that we still have a long way to go, but we are determined to keep moving forward. One example of this is the creation of two new specialized Board committees, whose duties will help bolster the Company’s strategy and good governance.

The improvements and efficiency we have created through our environmental investments, as well as our commitment to social investment throughout our value chain and in our talent management, helped put us in the Dow Jones Sustainability MILA Index for the second year in a row.


This year was also an extremely important one for UNACEM with regard to internal matters. As we announced in January 2020, after almost twenty-five years as general manager, Carlos Ugás retired and was replaced by Pedro Lerner. Carlos became the manager of UNACEM back when the company had a separated turnover of S/ 353 million and a consolidated turnover of S/ 375 million, it had cement operations, and it was starting to integrate with ready-mix concrete in Peru. Under his management, our operational capacity grew exponentially. Today, we are active in the cement, concrete, energy, and service sectors in five countries throughout the Americas. As Carlos bids us farewell, he leaves behind him a company with a separated turnover of S/ 1.985 billion and a consolidated turnover of S/ 4.1 billion in 2019, based on an ever-present foundation of sustainable development.



  
**WE HAVE REDEFINED OUR PURPOSE TO VISIBLY REFLECT THIS NEW THRUST: "GROWING TOGETHER TO BUILD A SUSTAINABLE WORLD".**

On behalf of the Board of Directors and myself, I would like to give special thanks to Carlos Ugás for his years of leadership, commitment, and dedication to UNACEM. His qualities as a professional, and more importantly, as a human being, have left a permanent legacy in the book of our company's history.

In 2020, UNACEM started a new stage under the leadership of Pedro Lerner, who has over twenty years of solid experience in different managerial positions in the group; he had been the general manager of CELEPSA since 2006. During this time, Pedro has actively participated in the electricity sector as a board member of the National Association of Mining, Oil, and Energy. He is currently the Chairman of the Board of Peru 2021. In all of his activities, he has demonstrated great professional and personal ability, with outstanding results and a commitment to sustainability. Pedro has been tasked with leading our business group's transformation toward a corporate structure that will help build on our legacy while preparing to tackle an extremely challenging, quickly changing, and highly complex future. This transformation has begun with the alignment of UNACEM and its subsidiaries' long-term value creation strategies, as well as the joint work for change implementation and talent development. For such purpose, we have redefined our





purpose to visibly reflect this new thrust: Growing together to build a sustainable world. We also approved the creation of the first three corporate vice president positions, who will begin to work together with Pedro on the design and execution of the UNACEM group's strategy.

I would like to once again thank our shareholders for their understanding and the trust they have placed in us; our customers for their loyalty to our products and the work they have done alongside us to face the difficulties brought about by the pandemic; each one of the board members for their dedication and support; and especially, each one of our team members: We are proud of your work, your commitment, and your ability to adapt to change, all of which have enabled us to face an uncertain scenario and move forward together toward a better future.

Crises give us a chance to rejuvenate, refocus, and learn. This crisis coincides with the start of a new, previously planned stage for the Company. We aspire to be a world-class organization, committed to building a safer and more sustainable world. We welcome 2021 with the conviction that together, we can achieve just that. I invite you to learn about UNACEM's most relevant events during 2020.



Ricardo Rizo Patrón de la Piedra  
Chairman of the Board

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**"CRISES GIVE US A CHANCE TO REJUVENATE, REFOCUS, AND LEARN. THIS CRISIS COINCIDES WITH THE START OF A NEW, PREVIOUSLY PLANNED STAGE FOR THE COMPANY. WE ASPIRE TO BE A WORLD-CLASS ORGANIZATION, COMMITTED TO BUILDING A SAFER AND MORE SUSTAINABLE WORLD."**

RICARDO RIZO PATRÓN DE LA PIEDRA



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# 2020 RELEVANT EVENTS

[GRI 102-7]

**1** We defined our purpose and develop our business strategy for 2030.

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**2** Our Progresol home improvement store network broke a record with 1,105 points of sale as of the end of 2020.

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**3** For the second time in a row, we were included in the Dow Jones Sustainability MILA Pacific Alliance Index, the world's most prestigious sustainability index.

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**4** We were recognized as a Certified Socially Responsible Business (DESR) by Perú 2021 and the Mexican Center for Philanthropy (CEMEFI).

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**5** We were named a Top Mover by La Voz del Mercado 2020 for our advances in corporate governance matters.

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**6** We maintained compliance with ISO 37001 certification requirements for our anti-bribery management system.

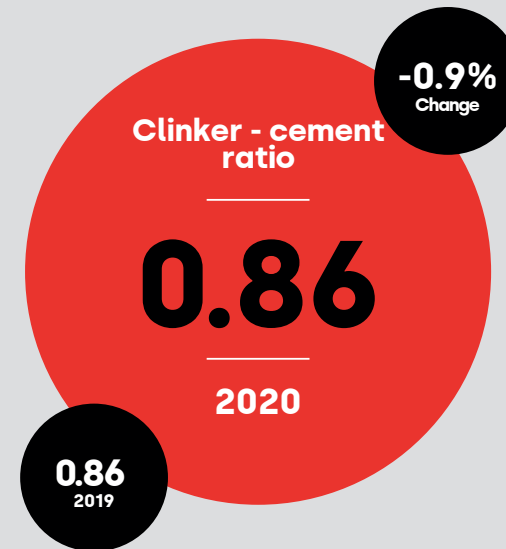
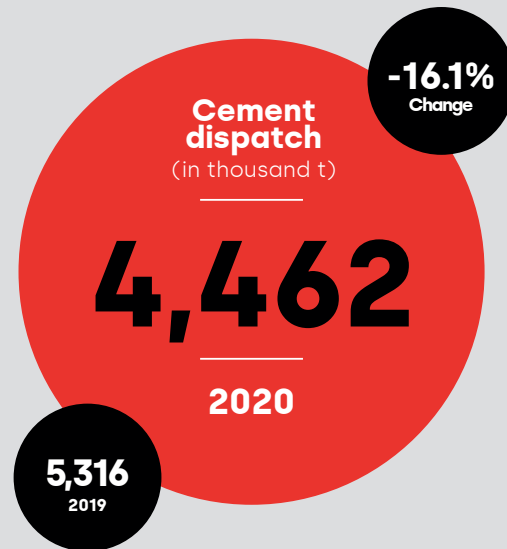
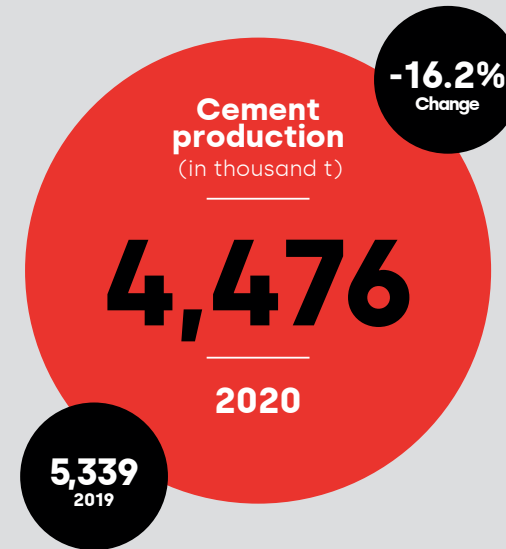
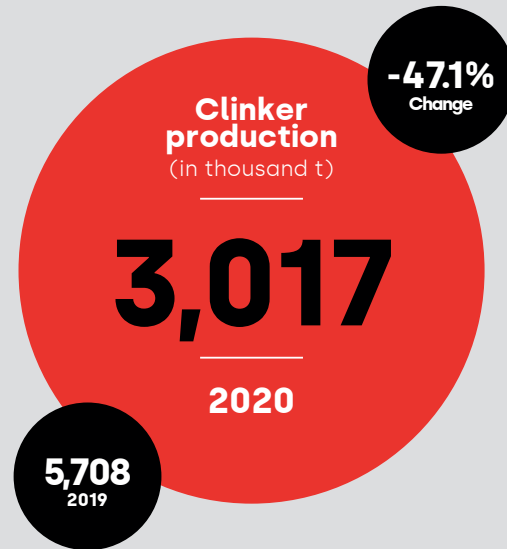
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**7** Thanks to the donation of a medical oxygen plant installed at Félix Mayorca Soto Hospital in Tarma province, we helped over 22,000 families. We benefitted 31,424 families in Atocongo and Condorcocha with the delivery of groceries.

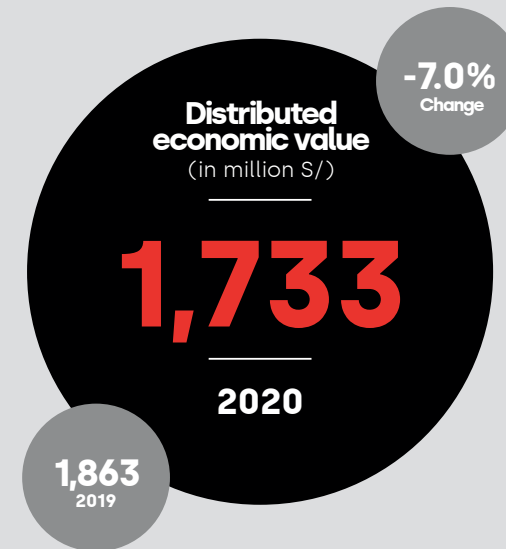
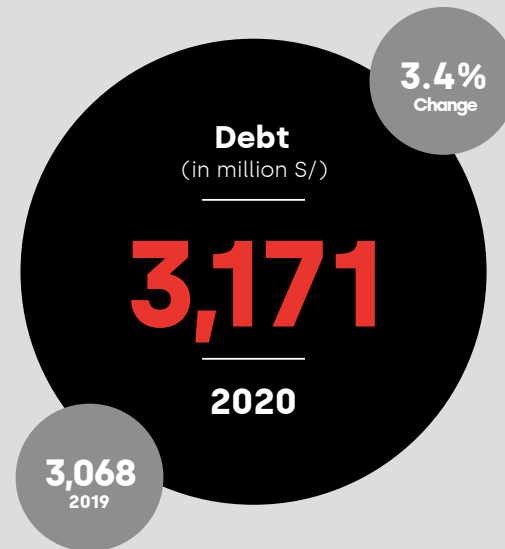
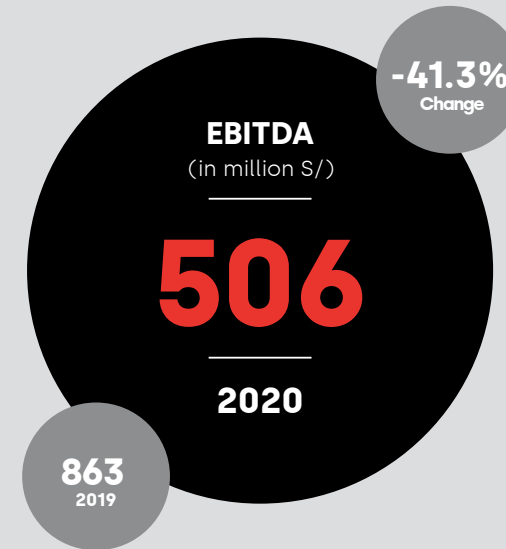
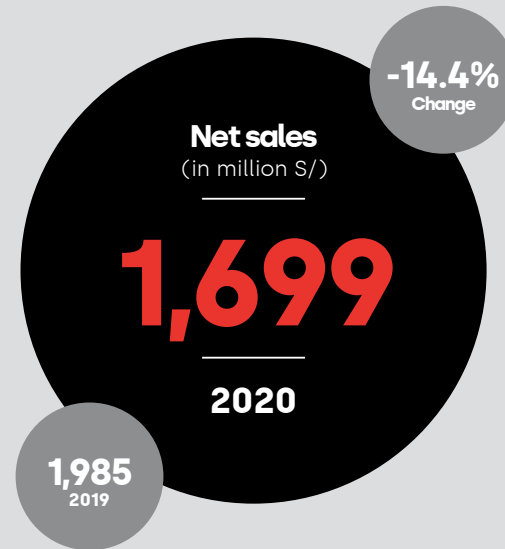
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**8** We started the process for the implementation of a new corporate structure that will help achieve our strategic long-term value creation guidelines for UNACEM and all of its subsidiaries.

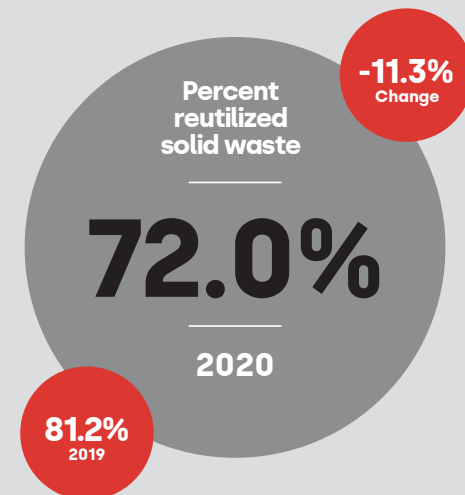
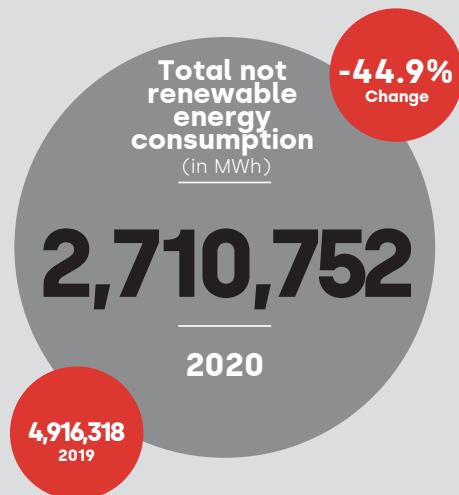
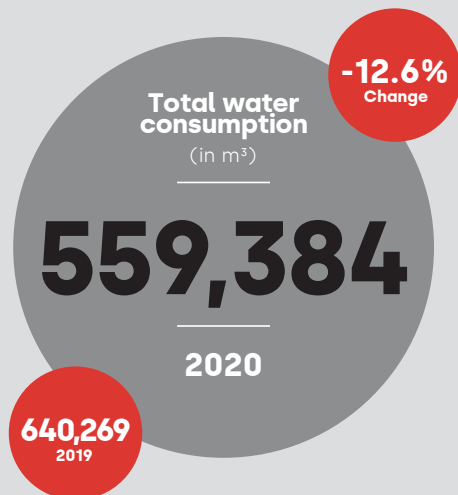
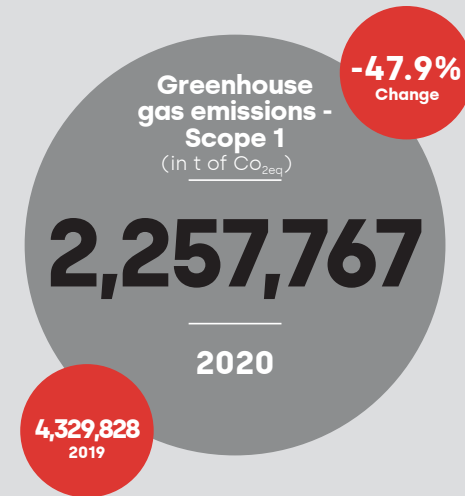
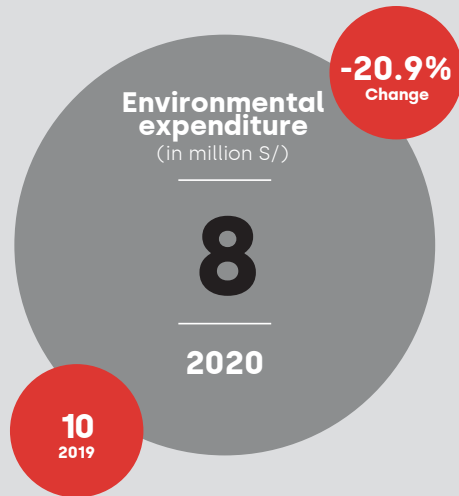
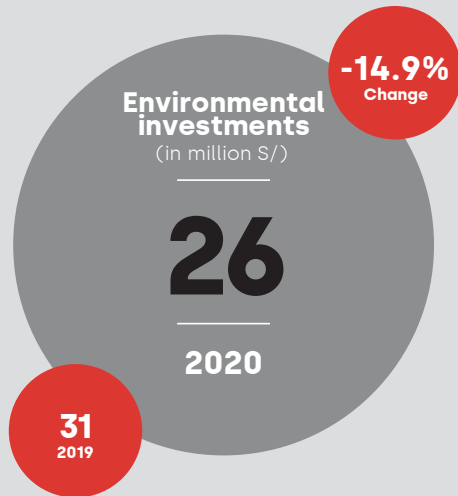
# OPERATIVE RESULTS



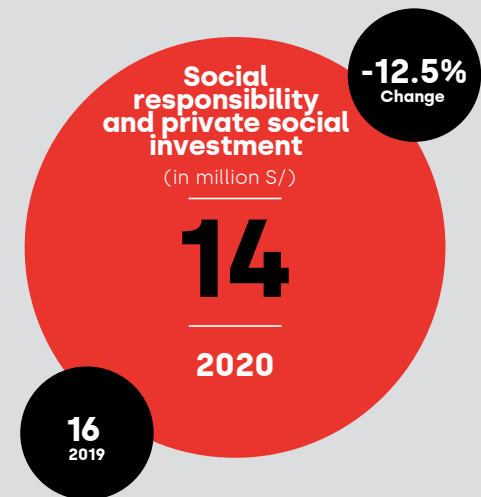
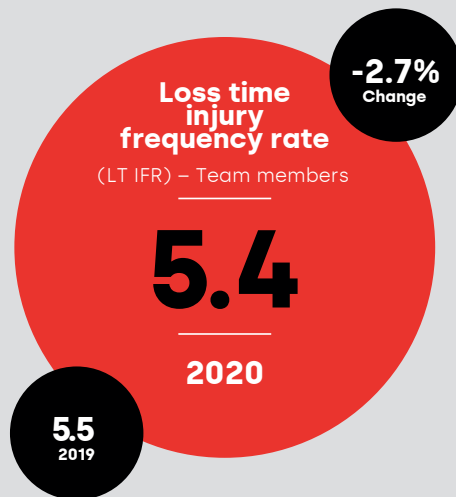
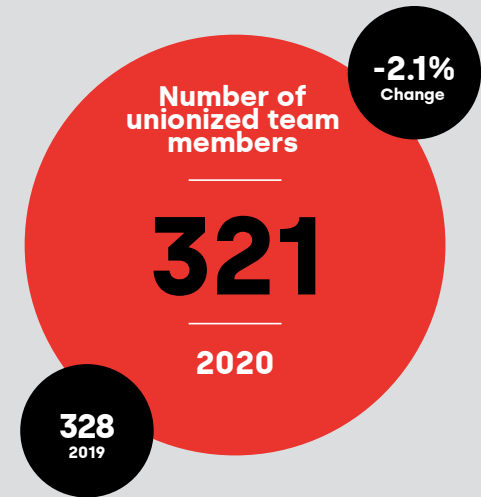
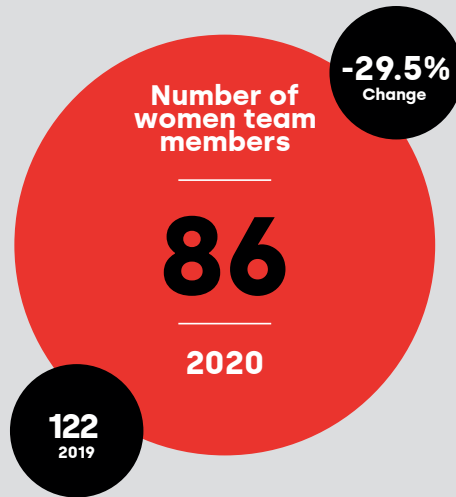
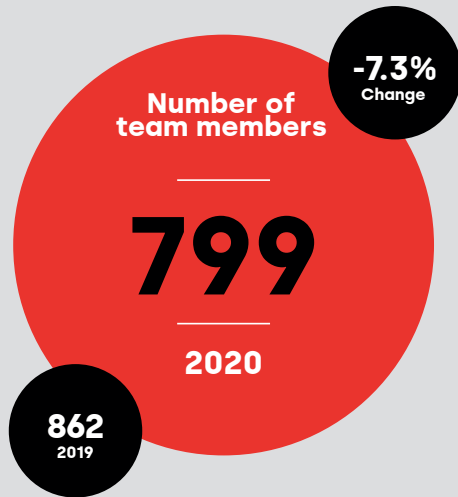
# ECONOMIC RESULTS



# ENVIROMENTAL RESULTS



# SOCIAL RESULTS





# COVID-19 PANDEMIC ACTION

**NUMBER OF DIRECT EMPLOYEES RETAINED DURING THE PANDEMIC:**

**779**

## BIOSAFETY IN THE PLANT AND FOR TEAM MEMBERS



**Home working:** for 209 administrative collaborators at Atocongo and 19 at Condorcocha.



**Reduced task groups:** a maximum of 2 to 4 people in order to ensure social distancing.



**Capacity:** limited to 40%, taking into account proper distancing and cleaning protocols.



**Space optimization:** creation of a locker room dome at Condorcocha and temporary dormitories during the curfew.



**Prevention campaigns:** 55 prevention campaigns and training in COVID-19 prevention.



**Cases of COVID-19:** Daily monitoring of the health of every person diagnosed with COVID-19.



**Biosafety kits:** 481 kits at Atocongo and 288 at Condorcocha



**Tests:** 3,349 rapid tests at Atocongo and 3,335 at Condorcocha; thereafter 10 molecular tests at Atocongo and 28 at Condorcocha.

## PSYCHOLOGICAL AND MEDICAL ATTENTION FOR ALL TEAM MEMBERS



• Psychological help is being provided to team members and guidance for their families.



• Daily monitoring of confirmed COVID-19 cases.



• Nutritional advice during the illness and post COVID-19 period.

# COMMUNITY SUPPORT



**GROCERIES:** 18,756 families benefiting in areas adjacent to our operations.



**COMMUNITY DINERS:** 45,000 people benefiting from 224 community diners in southern Lima.



**DRINKING WATER:** 43 tankers supplied more than 1,600 families in southern Lima



**MEDICINAL OXYGEN PLANT:** More than 22,000 families benefiting from the medicinal oxygen plant in the province of Tarma.



**N-95 FACE MASKS:** 1,500 face masks donated to healthcare workers in surrounding communities.



**MECHANICAL VENTILATORS AND TESTING:** We contributed to the purchase of 100 mechanical ventilators and 500,000 COVID-19 test kits by CONFIEP and the SNMPE.

# CLIENTS



Health protocols and signage provided to 1,321 clients.



Acrylic screens provided to 1,028 Progresol hardware stores for their service points.



**ADVISORY WORK** to 995 Progresol clients on obtaining operating permits from PRODUCE and MINSA and 128 clients applying for financing from the REACTIVA Peru program.



Development of a **PROGRESOL WEBSITE** to connect 1,105 Progresol hardware stores with clients throughout Peru.

- WhatsApp sales coordination, 100% digital.
- More than 500 Progresol clients trained in WhatsApp Business using Zoom.

# SUPPLIERS



Serological and antigen tests every 14 days for all our contractors.



Training in biosafety protocols for all our contractors.

# cap1.

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**SUSTAINABLE  
BUSINESS**

# 1.1

## COMPANY PROFILE

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### ABOUT US

[GRI 102-7] [GRI 102-12] [GRI 102-13] [SMV 7100 General Information]

Unión Andina de Cementos S.A.A. (UNACEM) is the leading Peruvian company in the cement industry.

For over 100 years now, we have contributed to the country's development through sustainable, innovative, and socially responsible industry and a commitment to safety management and environmental care.

We are engaged in the manufacture and sale of clinker, cement, and other construction materials; the generation of electricity for our own use; and the provision of port services at the Conchán pier. [GRI 102-1] [GRI 102-45]



# UNACEM AND ITS SUBSIDIARIES

1

**USA**



2

**COLOMBIA**



PREANSA

3

**PERU**



4

**ECUADOR**



5

**CHILE**



# MAIN OPERATIONS

## CEMENT

UNACEM PERU  
UNACEM ECUADOR  
DRAKE CEMENT

4 PLANTS  
1 PORT TERMINAL

INSTALLED CAPACITY  
10.7 MILLION  
TONS/YEAR



## CONCRETE

UNICON  
CONCREMAX  
PREANSA  
DRAKE MATERIALS

70 PLANTS  
791 MIXER TRUCKS  
5 INDUSTRIALIZED  
CONCRETE STRUCTURE  
PLANTS



## ENERGY

CELEPSA

5 HYDROELECTRIC PLANTS  
2 THERMAL POWER PLANTS

INSTALLED CAPACITY  
329.4 MW



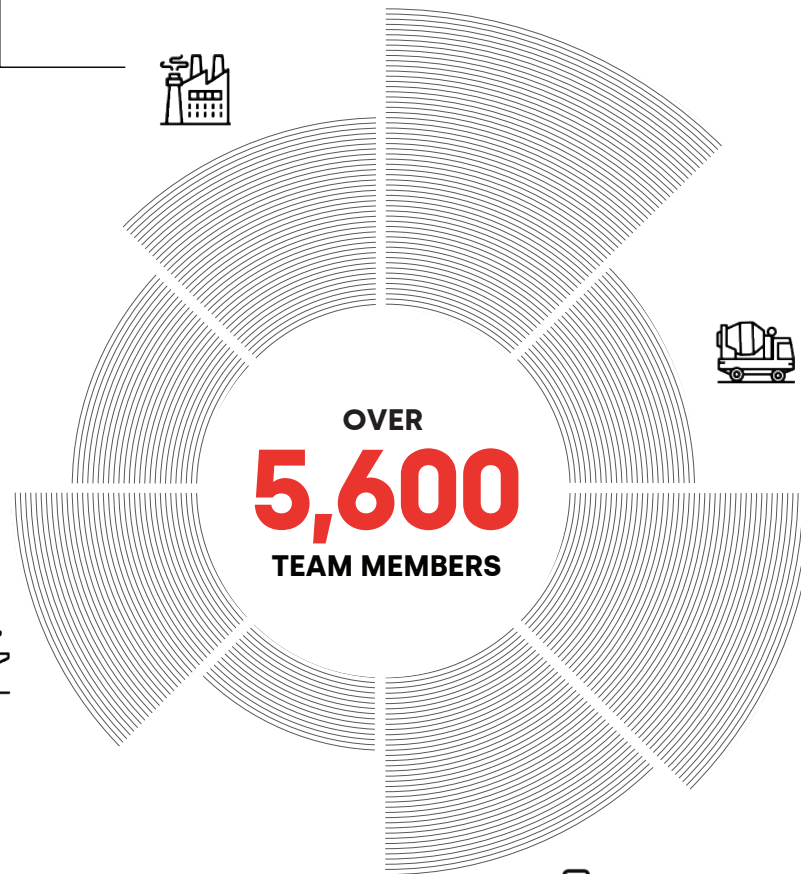
## SERVICES

ARPL  
VIGIANDINA

ENGINEERING CONSULTANCY  
SPECIALIZED SECURITY  
SERVICES



OVER  
**5,600**  
TEAM MEMBERS



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## MACROECONOMIC ENVIRONMENT

[GRI 201-1]

In 2020, the COVID-19 pandemic triggered one of the worst public health crises in the world, which has left 2.5 million people dead to date and infected 110 million people to date. This crisis not only put health care systems to the test, but it has also had economic, political, and social effects, both short- and long-term.

The repercussions of the public health crisis led to a drastic contraction of the global economy by -4.9% in 2020, compared to a growth of 2.9% in 2019, caused primarily by the stay-at-home orders and restrictions on movement, as well as the halt of production and business activities due to the pandemic, which grew more flexible during the second half of the year. Nevertheless, this contraction was lower than initially expected, thanks to the rapid and forceful application of fiscal and monetary policy stimuli by each one of the governments and central banks around the world, and, without a doubt, thanks to the development of vaccines in record time and the news of their effectiveness, which boosted financial markets and commodity prices in keeping with China's recovery.

The gross domestic product (GDP) of developed economies began to recover starting in the third quarter, partially reversing the unprecedented drop of the second quarter. The United States reported an annual contraction of -3.5% in 2020, compared to a growth of 2.9% in 2019. As the country with the highest number of cases and deaths, it suffered its worst economic results since World War II, an unemployment rate of 6.7%, and a period of political instability due to the presidential election, counteracted by the strong performance of the manufacturing and construction sectors, as well as the easing of trade tensions with China following the election results in November.

In the Eurozone (-7.2% in 2020, compared to 1.2% in 2019), the European Central Bank launched multiple emergency asset purchase packages to address the crisis, even going so as to extend



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them into 2021 in response to the abrupt drop in Europe's GDP during the first half of the year, followed by a partial recovery during the second half, although this was later mitigated by the second wave of the pandemic despite the start of the vaccination process. Among the Eurozone's largest economies, the most severe drop in GDP in 2020 was experienced by Spain (-11.3%), followed by France (-9.0%), Italy (-8.7%), Belgium (-7.3%), Germany (-5.6%), and the Netherlands (-4.1%). With the increase in public spending and the decline in tax revenue, the Eurozone closed the year with a public deficit of 8.8% of GDP in 2020 (0.6% in 2019) and an unemployment rate of 7.9% (7.6% in 2019).

As for emerging economies, the overall contraction was -2.6% (vs. 6.1% growth in 2019), with a highly variable performance among countries. All of their GDPs were negatively affected by the public health crisis—Argentina, India, Mexico, and Peru suffered the most severely—with the sole exception of China, which grew by 1.7% (1.5% in 2019), making it the only economy in the world with positive results in 2020. Thanks to a major package of economic measures implemented by the Chinese government in 1Q2020, the country experienced a significant recovery starting in 2Q2020 in the manufacturing sector, which reached pre-COVID-19 levels by the end of the year, along with the construction sector, investment in housing, and a strong rebound in internal demand. The Asian giant closed the year by signing a Comprehensive Agreement on Investment with the European Union.

The pandemic severely affected Latin America, in terms of both public health and economy. The steps taken to control the pandemic fostered uncertainty, risk aversion among both individuals and companies, and social unrest and protests, which worsened the situation, generating a regional contraction of -6.9%, the steepest drop among all of the economies that form part of the emerging bloc. Despite the strict lockdown measures and monetary and fiscal policies enacted by the region's governments, it accounted for 20% of all cases worldwide due to the weakness of the region's health care systems and its high levels of informal employment. Activity in the region began to recover in the third quarter, and by the end of the year, it had regained pre-

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pandemic production levels. According to the International Monetary Fund, the performance of the region's most important countries was as follows: Peru (-11.1%), Argentina (-10.4%), Mexico (-8.5%), Ecuador (-8.0%), Colombia (-7.0), Chile (-6.0%) and Brazil (-4.5%).

The year 2020 was one of the hardest ever faced by humanity, and Peru was no exception. Indeed, it was among the countries most severely impacted by the pandemic, putting its macroeconomic stability and structural conditions to the test. As the country with the most drastic lockdown measures in the region, its GDP fell by -29.8% in 2Q2020. Fortunately, it possessed the macroeconomic solidity necessary to launch the biggest economic package in Latin America, for over S/ 145 billion. This package focused on protecting families and preventing the rupture of corporate chains of payments, and it also included a series of fiscal and monetary stimuli that facilitated recovery during the second half of the year. In the middle of the public health and economic crisis, Peru also experienced its worst political crisis in twenty years, resulting from the ongoing confrontation between the executive branch and the Congress, which resulted in the removal of President Martín Vizcarra from office in November and the appointment of Manuel Merino as interim president. Merino quickly stepped down, however, and Francisco Sagasti was named president in response to the largest protests in the country's history. This entire presidential succession occurred in just eight days.

The resumption of economic activity in Peru occurred in phases, starting in 2Q20, and ended up being faster than other countries in the region. As a result, the GDP at the close of 2020 contracted by -11.1% (vs. a growth of 2.2% in 2019). The performance of the different sectors of the economy varied, with mining and hydrocarbons (-13.2%) being the most heavily affected on the primary side, offset by fishing (2.3%) and agriculture (1.3%). On the non-primary side, contractions were suffered in manufacturing (-13.4%), trade (-15.8%), construction (-14.2%), services (-19.5%), and, to a lesser extent, electricity and water (-6.1%).





The construction sector exhibited a strong recovery toward the end of 3Q20, due mainly to the internal consumption of cement resulting from self-construction demand. This was linked to the change in the public's consumption habits during the pandemic, as they allocated a higher percentage of their income to improving and repairing their homes. The country's main economic indicators during 2020 were as follows:

- Net international reserves of US\$ 74.707 billion, an increase of 9.4% over the international reserves of the previous year (US\$ 68.316 billion).
- Inflation of 2.0% (compared to 1.9% in 2019), remaining within the target range set by the Peruvian Central Reserve Bank (BCRP, for its acronym in Spanish).
- Trade surplus of US\$ 7.795 billion, with exports of US\$ 42.029 billion as of the close of 2020 (US\$ 47.688 billion in 2019). Despite the positive results in the trade balance, export and import levels were significantly lower, declining by -11.9% and -16.7%, respectively, in the midst of an adverse international scenario.
- The Peruvian sol experienced a cumulative depreciation of 9.3% as of the close of the year, and the closing price for the period was S/ 3.362 per U.S. dollar (S/ 3.317 at the close of 2019). There was a great volatility in the foreign exchange markets, due to the uncertainty generated by the pandemic and the global economic crisis. In Peru, the most volatile period occurred in October and November due to the political crisis, which drove the exchange rate to a historic high of S/ 3.667 per dollar, with the ongoing intervention of the Peruvian Central Bank to minimize volatility and stabilize the financial system and the functioning of the markets.

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## OUR ECONOMIC VALUE CREATION


[GRI 201-1]

Our economic management is aimed at providing the necessary resources so that our activities are performed on a timely basis and we are able to guarantee our contribution throughout the value chain. To achieve this, we strive to be efficient and to uphold the commitments we have taken on with each one of our stakeholders.

In 2020, cement dispatch fell by 16.1% over 2019. The dispatched billed as of December 31, 2020, totaled S/ 1.5766 billion, 12.9% lower than the dispatches billed as of December 31, 2019.

This drop was due mainly to a lower net volume of cement sold at a higher average price. Meanwhile, the net profit declined by 91.3% (from S/ 348.9 million as of December 31, 2019 to S/ 30.3 million as of December 31, 2020), equal to 1.8% of net sales, a 17.6% lower figure than that registered as of December 31, 2019.

These results were due primarily to the lower cement dispatch volumes caused by the halt of operations from March to May 2020, with the exception of bulk cement dispatches, which were performed in April and May exclusively to guarantee the continuity of critical operations in the mining subsector, representing just 3,038 tons of cement in said period. All of this was the result of the measures the government implemented to control the COVID-19 pandemic, as well as the lower dividends reported by our subsidiaries.



<b>ECONOMIC VALUE</b> (IN THOUSANDS OF S/)				<b>ECONOMIC VALUE</b> (IN THOUSANDS OF S/)			
<b>ECONOMIC RESULTS</b>	<b>2018</b>	<b>2019</b>	<b>VARIATION</b>	<b>ECONOMIC RESULTS</b>	<b>2019</b>	<b>2020</b>	<b>VARIATION</b>
Sales	1,968,994	1,985,111	16,117	Sales	1,985,111	1,698,958	(286,153)
Gross Profit	746,817	673,393	(73,424)	Gross Profit	673,393	464,050	(209,343)
Operating Profit	616,764	624,207	7,443	Operating Profit	624,207	261,041	(363,166)
EBITDA	869,327	862,817	(6,510)	EBITDA	862,817	506,498	(356,319)
Profit before Taxes	323,700	466,322	142,622	Profit before Taxes	466,322	52,045	(414,277)
Net Profit	242,216	348,916	106,700	Net Profit	348,916	30,287	(318,629)

**DESPITE THE POLITICAL, ECONOMIC, AND PUBLIC HEALTH CRISIS EXPERIENCED BY THE COUNTRY, OUR SOLID ECONOMIC PERFORMANCE ENABLED US TO DISTRIBUTE THE ECONOMIC VALUE AMONG OUR STAKEHOLDERS.**

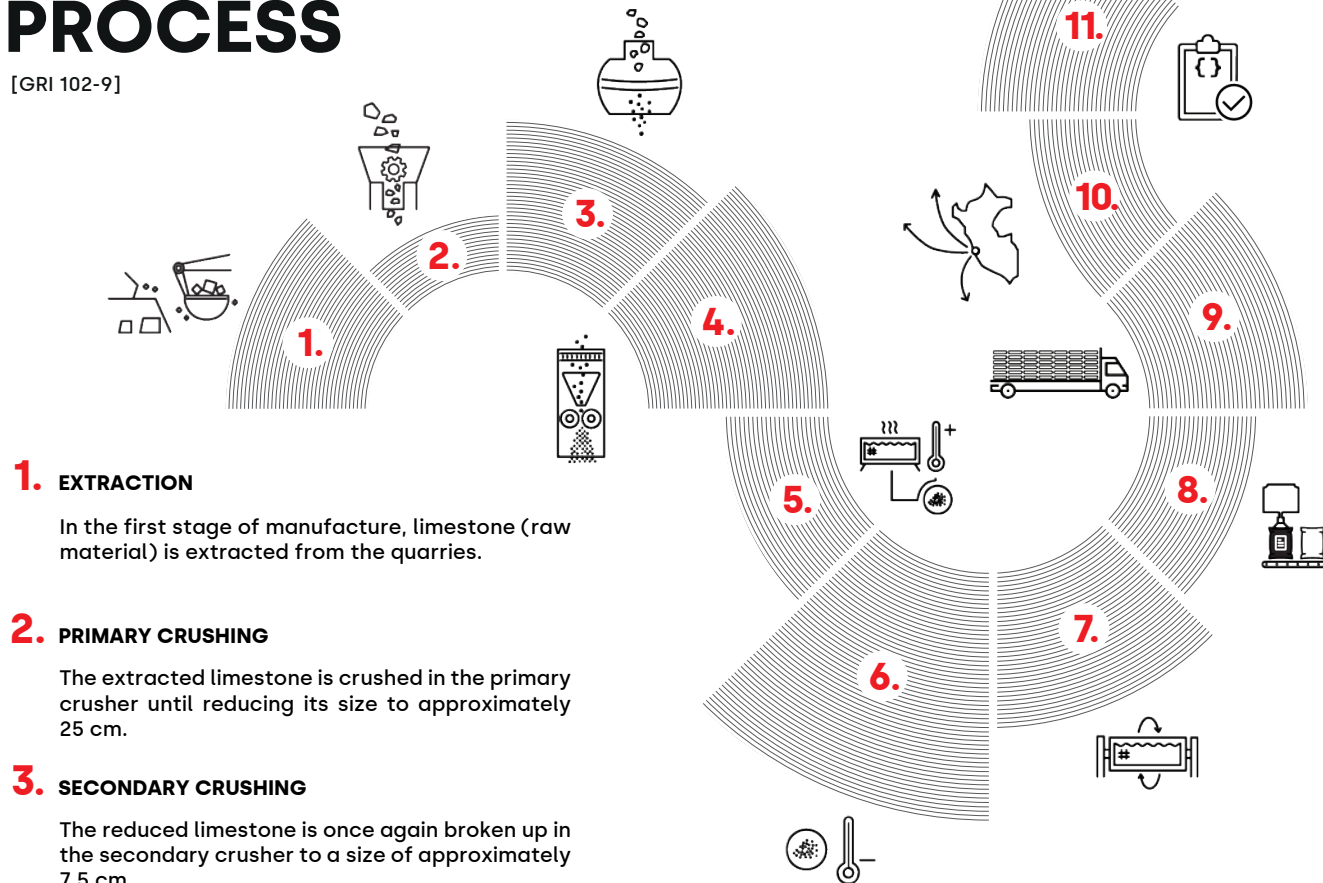
ECONOMIC VALUE (IN THOUSANDS OF S/)				ECONOMIC VALUE (IN THOUSANDS OF S/)			
FIGURES, IN THOUSANDS OF SOLES	2018	2019	VARIATION	FIGURES, IN THOUSANDS OF SOLES	2019	2020	VARIATION
<b>Direct economic value created</b>	<b>2,147,025</b>	<b>2,212,080</b>	<b>65,055</b>	<b>Direct economic value created</b>	<b>2,212,080</b>	<b>1,763,574</b>	<b>(448,506)</b>
a) Sales revenues	1,968,994	1,985,111	16,117	a) Sales revenues	1,985,111	1,698,958	(286,153)
b) Other revenues	178,031	226,969	48,938	b) Other revenues	226,969	64,616	(162,353)
<b>Economic value distributed</b>	<b>1,904,809</b>	<b>1,863,164</b>	<b>(41,645)</b>	<b>Economic value distributed</b>	<b>1,863,164</b>	<b>1,733,287</b>	<b>(129,877)</b>
c) Salaries and other social benefits for employees	201,772	223,304	21,532	c) Salaries and other social benefits for employees	223,304	193,620	(29,684)
d) Goods and services providers	1,154,178	1,152,089	(2,089)	d) Goods and services providers	1,152,089	1,115,192	(36,897)
e) Financial expenses (interest)	246,900	197,294	(49,606)	e) Financial expenses (interest)	197,294	163,936	(33,358)
f) Taxes and payments to governments	283,976	274,70	(9,270)	f) Taxes and payments to governments	274,70	246,739	(27,967)
g) Social responsibility and private social investment	17,983	15,771	(2,212)	g) Social responsibility and private social investment	15,771	13,800	(1,971)
<b>Economic value retained</b>	<b>242,216</b>	<b>348,916</b>	<b>106,700</b>	<b>Economic value retained</b>	<b>348,916</b>	<b>30,287</b>	<b>(318,629)</b>
Dividends to shareholders	85,618	92,312	6,694	Dividends to shareholders	92,312	23,626	(68,686)

As of the close of each fiscal year, we perform different audits that guarantee the quality of the financial information, thus backing and guaranteeing the accuracy of the information we provide to government entities and our stakeholders. These audits include:

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

# OUR PRODUCTION PROCESS

[GRI 102-9]



## 1. EXTRACTION

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

## 2. PRIMARY CRUSHING

The extracted limestone is crushed in the primary crusher until reducing its size to approximately 25 cm.

## 3. SECONDARY CRUSHING

The reduced limestone is once again broken up in the secondary crusher to a size of approximately 7.5 cm.

## 4. MILLING AND HOMOGENIZATION

The limestone is transported to the milling circuits for its final reduction and the adjustment of its chemical composition. It is then sent to the homogenizing silos to ensure a uniform quality.

## 5. CLINKER PRODUCTION

The limestone is subjected to a calcination process, at an average temperature of 1,450°C, to obtain clinker, an intermediate input for cement.

## 6. CLINKER COOLING

The clinker is transported to the coolers, where it drops from an average temperature of 1,200°C to 100°C. This process improves its chemical stability.

## 7. CEMENT MILLING

The clinker is transported to a storage yard, from where it will be fed into the roller presses or ball mills to dose it with gypsum and other additives, depending on the type of cement to be manufactured. Finally, it is transported to the storage silos.

## 8. PACKAGING AND DISPATCH

The cement taken from the silos is dispatched in 42.5 kg, big bags, or in bulk.

## 9. DISTRIBUTION AND SALE

We sell our products through the network of Progresol home improvement stores, independent home improvement stores, and chains of big box home improvement stores. In the provinces, we have authorized distributors

## 10. EXPORT

We export and import materials via the Conchán pier, connected to our Atocongo plant via a tubular belt conveyor that runs 8.2 km long, 95% of which is underground. This helps to ensure the minimal socioenvironmental impact of our operations.

## 11. QUALITY CONTROL

Our quality process encompasses every step of the way from the selection and correct combination of raw materials to the dispatch and delivery of our cements.

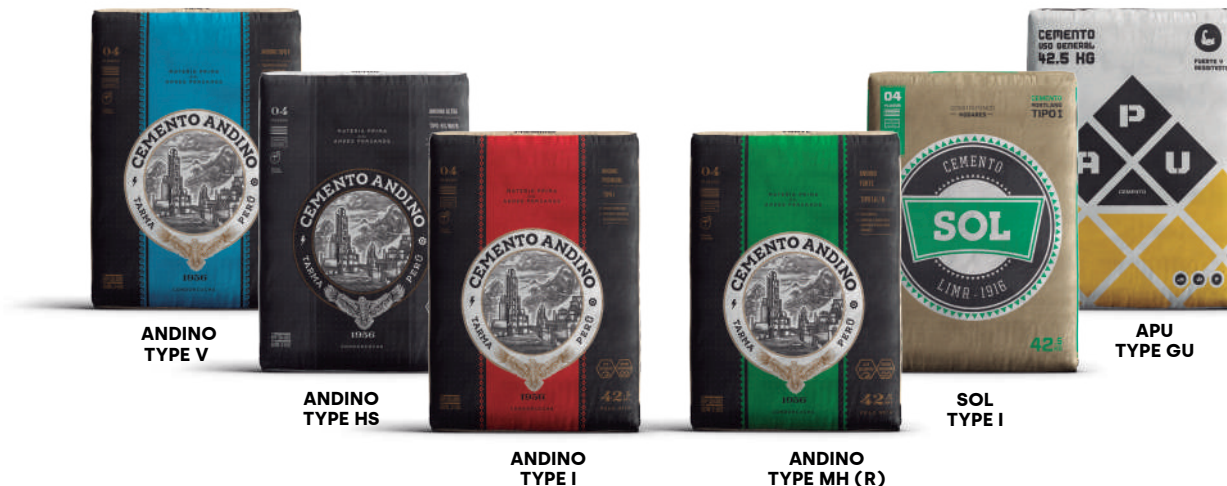
# OUR BRANDS AND PRODUCTS

[GRI 102-2] [GRI 102-7]

We offer our customers high-quality cement with strengths that exceed the requirements of the applicable Peruvian Technical Standards ("NTP," for its acronym in Spanish) and American Society for Testing and Materials (ASTM) standards.

## BAGGED CEMENT

We produce six types of high-quality cement, with packaging that guarantees the conservation of its properties.







### BLENDED CEMENTS

As part of our portfolio strategy and launch of new products, we are constantly assessing the market to offer products that meet customer and customer needs and requirements, while also reducing our environmental impact. We offer the blended cements Andino Ultra, Andino Forte, and Apu, which now account for 34.7% of UNACEM's sales (+6.4% over 2019).

### BULK CEMENT

Cement is dispatched in 1.5-ton big bags or via tanker trucks directly to the customer.



Atocongo Plant, Villa Maria de Triunfo.



# OUR OPERATIONS

[SMV (7200) Description of Operations and Development]

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## PRODUCTION AND DISPATCH IN THE LOCAL MARKET

[Non-GRI Market Share]

The government's declaration of a national state of emergency on March 15, 2020, forced us to immediately suspend our clinker and cement production operations, as well as the dispatch at our Atocongo and Condorcocha plants.

In mid-April, we began to dispatch bulk cement on an extremely limited basis, exclusively to supply the mining subsector in the performance of its critical activities, under strict safety measures and new protocols with supplementary measures to protect our employees' health.

Subsequently, Supreme Decree 080-2020-PCM, dated May 3, 2020, approved the gradual and progressive resumption of economic activities within the framework established by the declaration of the national state of emergency. This allowed us to recommence our clinker milling activities and the dispatch of bagged and bulk cement starting May 20, 2020, following all of the recommendations made by the public health authorities so as to safeguard the wellbeing of our employees and the value chain.

In view of the foregoing, our operations at the Atocongo and Condorcocha plants had atypical results, with a combined plant utilization rate of 45.0% (85.2% in 2019) in clinker production, and 53.9% (64.3% in 2019) in cement.

▼



Total clinker production was 3,017,405 t, or 47.1% lower than that achieved in 2019 (5,709,299 t). This significant drop in clinker production was due to the total halting of production in March, and the measures we took to address the pandemic, such as prioritizing the consumption of 1,378,500 t of clinker in inventory to protect our liquidity.

With the resumption of dispatch operations to the entire market on May 20, we started up kiln operations at both plants on a gradual basis. It should be noted that the increase in our dispatches starting in September was much higher than expected, even setting a new monthly dispatch record in October. That same month, in order to guarantee our ability to fully meet demand for cement, we decided to order three shipments of imported clinker.

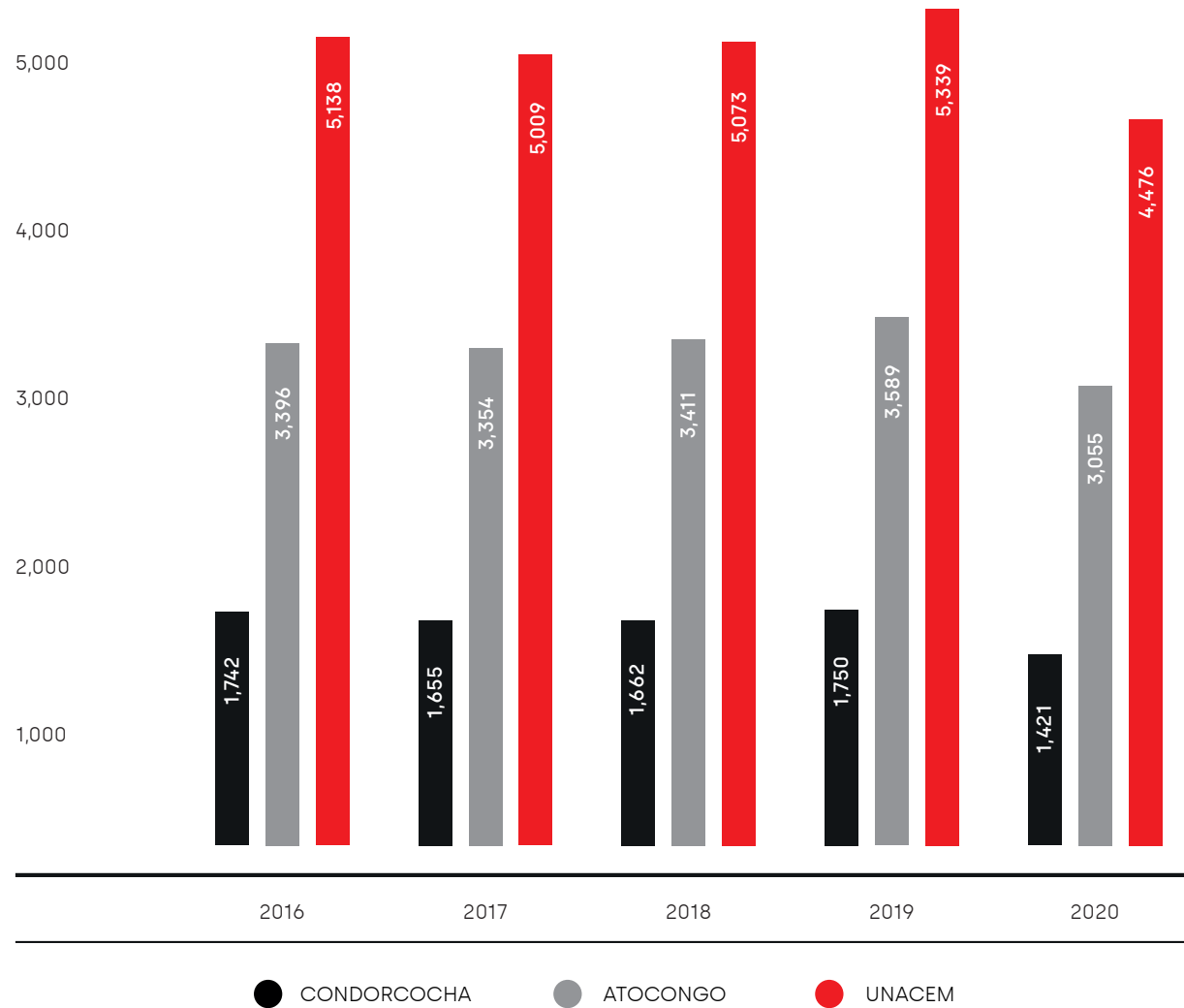
Cement production totaled 4,475,625 t, a drop of 16.2% over the 5,338,844 t produced the previous year. This decline was in keeping with the lower demand in the local market this year, due to the mandatory sixty-three day halt in operations at the orders of the government in response to the pandemic, with the exception of the dispatches we performed to the mining subsector in April and May.

As of the close of 2020, cement production at the Atocongo plant (Lima) was 3,054,622 t, and 1,421,022 t at the Condorcocha plant (Junín), thus fully meeting local cement demand.



# CEMENT PRODUCTION BY PLANT, 2016 - 2020

(In thousands of metric tons)

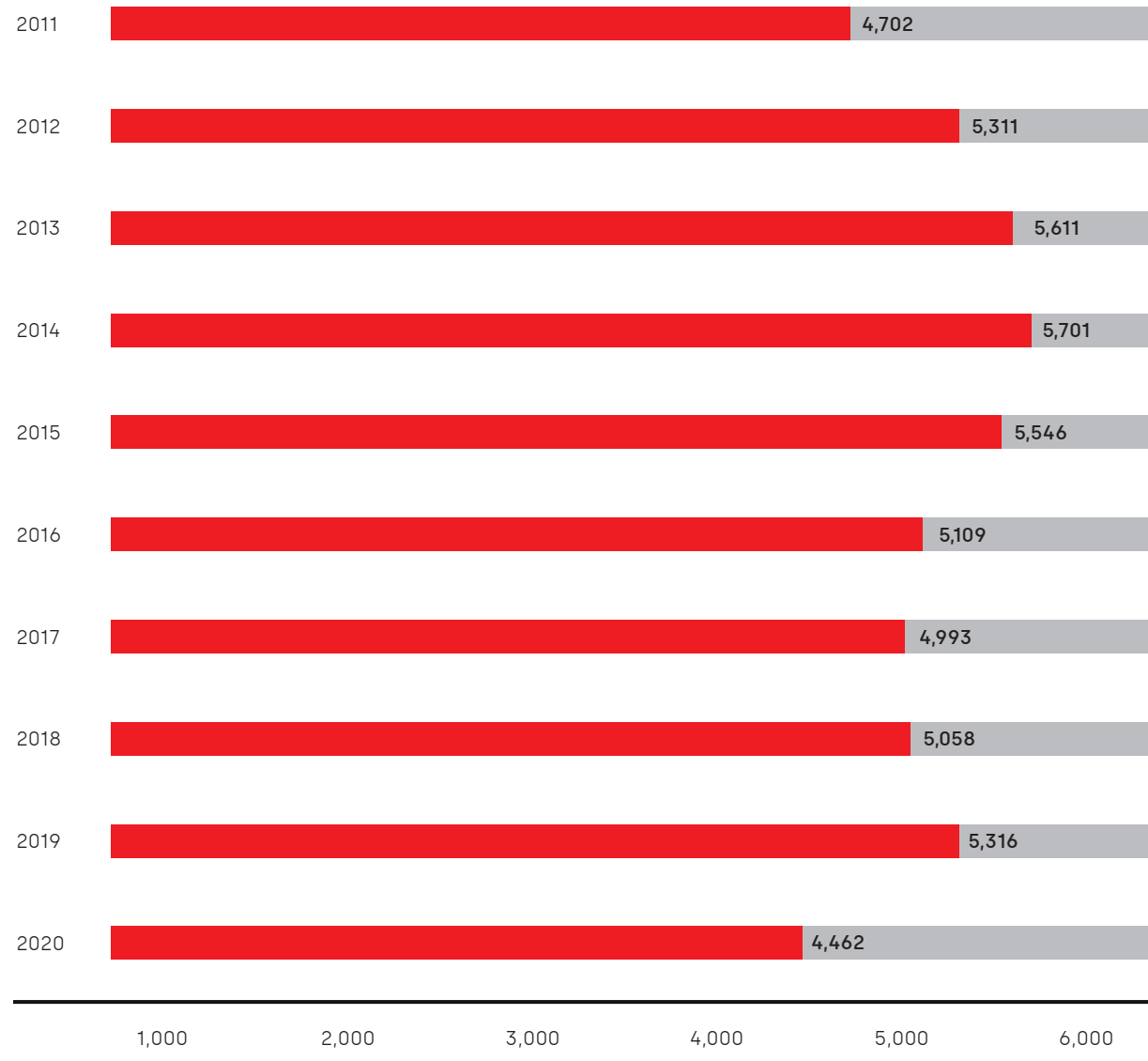


# DOMESTIC CEMENT DISPATCHES, 2011 - 2020

(In thousands of metric tons )

In 2020, the total volume of cement dispatched was 4,461,843 t, or 16.0% lower than in 2019 (5,316,427 t). As mentioned above, bagged and bulk dispatch operations were resumed on May 20 and continued throughout the following months. Demand recovered significantly, and the results were due primarily to improvements in bag dispatch.

According to the National Institute of Statistics and Information (INEI, for its acronym in Spanish), national cement dispatches totaled 10,034,156 t, which was 14.7% lower than in 2019, at 11,761,527 t.



# SALES

[SMV (7200) Description of Operations and Development]

## CEMENT DEMAND

[Non-GRI - Events that affected cement demand] [GRI 102-6]

Our products are distributed and sold through two different business units, bagged cement and bulk cement, which accounted for 76.7% and 23.3% of the total dispatched in 2020, respectively. Although the bagged cement business unit declined by 9.8% compared to 2019, considering that cement production and dispatch were suspended and the market could not be supplied for two months due to government-imposed health measures, this drop was substantially less than expected due to the extraordinary V-shaped recovery of the traditional home improvement store channel. In this channel, 38% of new self-construction works (Ipsos – Self-construction Market Study in Lima, Chíncha, etc. – September 2020) began during the pandemic, especially during the second half of 2020, with especially positive growth numbers during the last quarter of the year. The bulk cement business unit was the most seriously affected by pandemic, declining by 31.7% over the previous year due to the freezing of the housing, urban development, mining, and industry markets (the latter two of which experienced severe decreases of 25.3% and 49.3%, respectively). The halting of largescale works such as the penitentiary in Ica, the Comas Park, the La Virgen hydroelectric plant, and other buildings on which work was suspended for months, had a negative effect on this business unit.

The portfolio of products distributed and sold by the bagged cement business unit consists of the following brands: Cemento Andino - Type I, Cemento Sol - Type I, Cemento Andino Forte - Type MH/R, Cemento Andino - Type IPM, Cemento Andino - Type V, Cemento Andino Ultra - Type HS, Cemento Apu - Type GU, and Cemento Apu - Type ICo (sale of Cemento Andino - Type IPM and





Cemento Apu - Type ICo was ceased in 2020).

Our bagged products are primarily sold through two distribution channels: the traditional home improvement store channel (consisting of the Progresol hardware store network and independent stores that do not form part of that network) and the modern home improvement store (consisting of self-serve big box home improvement stores).

For its part, the bulk cement business unit sells Portland cement Type I, IP, IPM, GU, V, and HS, and primarily supplies suppliers of ready-mix concrete, hydroelectric plant builders, mining and oil companies, miscellaneous construction companies, and companies that manufacture cement byproducts (starting in January 2020, IP cement is no longer sold and has been replaced in the central highland and jungle markets by the new Andino Forte bulk product).

Our sales strategy remains focused on innovation, not only in goods and services, but with new business models that will allow us to keep strengthening sustainable business relations throughout our value chain, from our plants to the points of sale in home improvement stores. With this in mind, we have continued to forge bonds and earn the loyalty of home improvement store owners through our meticulous business management and wider coverage, thanks to our Progresol network of home improvement stores, which set a record of 1,105 points of sale at the close of 2020.

As noted above, the declaration of a national state of emergency and mandatory lockdown to avoid the spread of COVID-19 led to the suspension of our operations from March 16 to May 19, with the exception of minor dispatches to the mining subsector, in compliance with the regulations established by the government. Despite the halting of operations, however, we took steps to safeguard the health and safety of our team members, first and foremost, as well as our business partners. These included the development of preventive health protocols in our distribution





channels, whom we provided with the necessary materials to comply with this protocol (alcohol, face masks, etc.).

One of the most important objectives during this period was to ensure the continuity of the home improvement business through the following actions:

- We maintained business conditions throughout the distribution network in the middle of the state of emergency.
- We ensured the rapid supply of all home improvement stores in our distribution network, as well as construction and mining companies.
- We ensured adequate credit for the reactivation of each one of our customers.
- We carried out promotional campaigns.
- We adapted our pre- and post-sale service to continue serving customers remotely and maintain the quality of service we provide customers in the construction and industrial sectors.







Thanks to our team's hard work, we closed 2020 having achieved the following milestones

- 1** As of the end of 2020, we had 1,015 loyal customers in the Progresol network.

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- 2** Despite the economic crisis, cement prices in the market remained stable.

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- 3** Thanks to our brands' strength and customer preference, we were able to maintain our market share, despite the fact that we had no dispatches for sixty-three days because of the lockdown measures, with the exception of the mining subsector in April and May.

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- 4** We eliminated two cements from the portfolio (Andino IPM and Apu ICo) with the goal of simplifying our offer and improving order fill times for our customers and end consumers.

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- 5** We improved customer service by producing Andino Type I at the Atocongo plant.

# EXPORTS AND PORT OPERATIONS

[SMV(7200)Description of Operations and Development]

- During 2020, clinker export volumes reached 521,287 t, 25.1% lower than the figure reported the previous year (709,140 t). It is important to emphasize that part of this total volume was supplied through brokerage so that we could meet our sales commitments between March and June, because there was an incident with the ship loader at the pier that reduced our export capacity until July. Of our total export contracts for the year, 93% were destined for Chile and just 7% were shipped to customers in Guatemala.
- The total volume of bulk solids handled by the Conchán pier was 772,773 t, 30.8% lower than in 2019. In all, 24 vessels were loaded and unloaded. In addition to clinker export shipments, the main products unloaded at the pier were gypsum, coal, slag, pozzolan, grains for third parties, and imported clinker, for a total of 463,106 t (407,305 t in 2019).

## RURAY PROGRAM

In May 2020, in the midst of extremely challenging circumstances, the Ruray Program was born. This program allowed us to tackle the pandemic by searching for ways to increase efficiency and innovation in regard to four major aspects: production, procurements, sales, and projects. As of the close of 2020, thanks to the commitment of the different teams that form part of the program, thirteen initiatives are now underway that have increased efficiency on the order of S/ 18.4 million, thus surpassing the initial target.



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### ATOCONGO PLANT

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

[GRI 102-4] [GRI 102-7]





### CONDORCOCHA PLANT

Our 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 cement and 1.9 million tons of clinker.

[GRI 102-4] [GRI 102-7]



# ECONOMIC MANAGEMENT



**ISO 37001**

Anti-Corruption and Bribery Prevention Policy certified to ISO 37001, approved and implemented in 2019.

**CODE OF ETHICS AND CONDUCT (CODEC)**

The CODEC has been in force since 2017 as the principal guidelines for relations with our stakeholders, based on our corporate values.

**INTEGRATED REPORTING SYSTEM**

Since 2017 we have received 43 anonymous through the IRS (managed by PwC), investigated by the board of directors' Ethics and Good Conduct Committee.

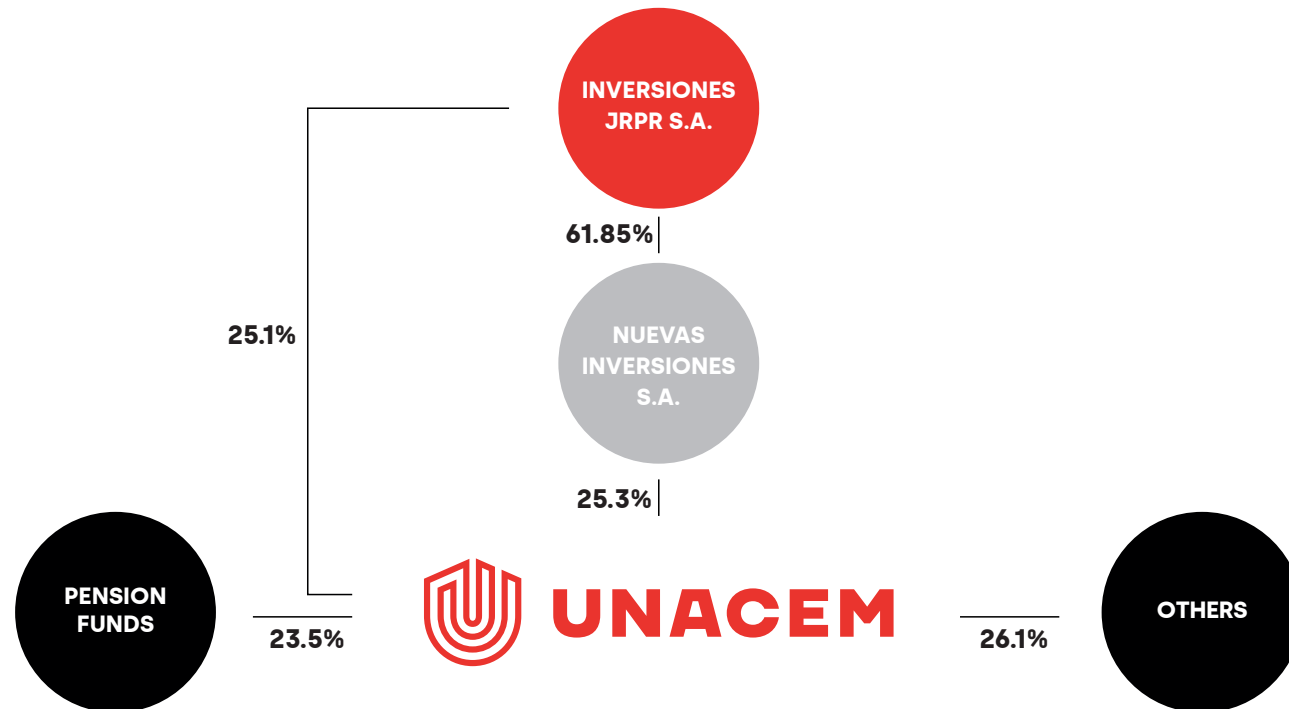
**TRANSPARENCY IN THE VALUE CHAIN**

- 17 companies drew up sustainability reports to GRI standards in 2020.
- They identified and managed reputational risks and thus improved their competitiveness.

**SHAREHOLDERS**

[GRI 102-7] [GRI 102-10]

The registered capital stock is S/ 1,818,127,611, represented by 1,818,127,611 common shares with a par value of S/ 1.00 each. As of the close of 2020, UNACEM has 3,116 common shareholders, of which six hold 73.9% of the stake in the Company, as follows: Nuevas Inversiones S.A., with 25.3%; Inversiones JRPR S.A., with 25.1%; and the private pension fund management companies (AFPs) Integra, Prima, Profuturo, and Habitat, with a collective stake of 23.5%. Inversiones JRPR S.A. is the ultimate parent company of the economic group.





As part of our core practice of transparency, we publish our annual report, interim quarterly financial statements, and quarterly reports (which include a summary of the quarter's most important activities) on our website. Our Investor Relations team also seeks to maintain direct contact with all of our investors through participation in local and international conferences. This year, these conferences were held online. We successfully adapted to these developments, holding meetings, calls, and quarterly teleconferences open to all of our shareholders via different online platforms.

## **SUBSIDIARIES AND AFFILIATES**

### **INVECO S.A. / UNICON S.A.**

(Ownership: 93.4% of INVECO / 100.0% of UNICON)

At the close of 2020, UNICON's ready-mix concrete dispatches nationwide totaled 1,341,199 m<sup>3</sup>, which was 40.9% lower than in 2019, when 2,267,546 m<sup>3</sup> were dispatched. This major drop in dispatches was due to the halting of operations caused by the mandatory lockdown during the first half of the year and a gradual recovery of demand from customers during the second half of the year, starting in July.

As part of its efforts to address the pandemic, UNICON implemented strict occupational health and safety protocols, as well as offering those employees able to work at home the option of doing so. The Occupational Health and Wellbeing team also offered ongoing support to affected team members and their families.

The new normal under COVID-19 required the use of construction systems and equipment that provide greater efficiency and reduce the likelihood of contagion due to large groups of people, as





well as environmental risks and on-site incidents. In response, UNICON offered a comprehensive solution using special concretes, such as UNIRAPID, and the use of the placing boom to guarantee greater productivity and safety at work sites. It also implemented online training sessions for customers and boosted the use of digital tools through the SI UNICON system to facilitate order scheduling.

Throughout the year, UNICON continued to supply ready-mix concrete to major infrastructure projects such as Line 2 of the Lima Metro, the control tower at Jorge Chávez International Airport, the first stage of the Ambo-Oyón national highway, and other road works (roadway, sidewalks, retaining walls, and curbs) on Avenida Víctor Malásquez in Manchay.

In September, the National Institute of Quality ("INACAL," for its acronym in Spanish) accredited the UNICON calibration laboratory in magnitude of force. This certification authorizes UNICON to issue certificates for the calibration and verification of pressure equipment both nationwide and internationally.

For the sixth consecutive year, UNICON was named a Socially Responsible Company (Empresa Socialmente Responsable - ESR®) by Perú 2021, a promoter of social responsibility and sustainable development in the country.

The audited financial statements of UNICON, as of December 31, 2020, showed the following results:

- Net sales of S/ 531.5 million (S/ 863.7 million in 2019).
- Net loss of S/ -9.3 million (net profit of S/ 35.8 million in 2019).
- Net shareholders' equity of S/ 360.5 million (S/ 369.9 million in 2019).







El Platanal substation – CELEPSA.



UNACEM Ecuador.



National Museum of Archeology - Pachacámac.

**CONCREMAX S.A.**

CONCREMAX S.A. is a wholly owned subsidiary of UNICON.

It is primarily engaged in the production, sale, distribution, and pumping of ready-mix concrete especially aimed at the medium and small works market. It also offers three concrete construction systems: voided slabs consisting of beams and blocks; hollow-core slabs; and concrete shuttering. Finally, it sells bagged dry mixes under the UNICON brand in four presentations: concrete, mortar, rendering, and adhesive rendering.

Nationwide, CONCREMAX ready-mix concrete dispatches totaled 268,230 m<sup>3</sup>, 47.4% lower than the dispatch volume reported in 2019 (509,597 m<sup>3</sup>).

The audited financial statements of CONCREMAX, as of December 31, 2020, showed the following results:

- Net sales of S/ 108.8 million (S/ 198.5 million in 2019).
- Net loss of S/ -6.8 million (net profit of S/ 3.3 million in 2019).
- Net shareholders' equity of S/ 69.6 million (S/ 76.3 million in 2019).

**UNICON ECUADOR CÍA LTDA.**

(previously HORMIGONERA QUITO S.A.)

In July 2017, UNICON expanded its presence to the international stage with the acquisition of Hormigonera Quito, now known as UNICON Ecuador.

In 2020, as part of the measures taken by the Ecuadorian government in response to the pandemic, all sectors deemed non-essential halted operations for sixty days. As a result, the dispatches





of UNICON Ecuador totaled 111,387 m<sup>3</sup>, 31.6% lower than the dispatch volume achieved in 2019 (162,744 m<sup>3</sup>).

Despite this difficult scenario, UNICON Ecuador proved its strength by lending its contingent to the local government to help disinfect critical areas of the city, such as streets and markets. It also played a key part in the pilot plan for the reactivation of the construction sector, where it demonstrated its leadership in biosafety by complying with all of the protocols required by the authorities in order to commence operations.

The audited financial statements of UNICON Ecuador, as of December 31, 2020, showed the following results:

- Net sales of US\$ 10.6 million (US\$ 15.2 million in 2019).
- Net loss of US\$ -0.6 million (net profit of US\$ 0.03 million in 2019).
- Net shareholders' equity of US\$ 11.2 million (US\$ 11.7million in 2019).

#### **UNICON S.A. – CHILE**

In May 2018, UNICON acquired 100% of the shares in Hormigones Independencia S.A., a company engaged in the manufacture, sale, distribution, and marketing of ready-mix concrete in Chile. The company is now known as UNICON Chile.

In 2020, ready-mix concrete dispatches by UNICON Chile totaled 559,221 m<sup>3</sup>, 26.8% lower than the volume dispatched in 2019 (764,383 m<sup>3</sup>).

This significant decline in volume was mainly due to the COVID-19 pandemic and the steps taken by the Chilean government to handle it throughout the year. This initially meant the temporary





closure of certain branches in lockdown zones. As the months went by, the country migrated to a system in which (essential) public works remained in operation even during lockdown, while private works were subsequently reactivated, in accordance with the protocols established by the Chilean Chamber of Construction.

The unaudited financial statements of UNICON Chile, as of December 31, 2020, showed the following results:

- Net sales of US\$ 39.0 million (US\$57.1 million in 2019).
- Net loss of US\$ -1.6 million (US\$ -1.7 million in 2019).
- Net shareholders' equity of US\$ 8.8 million (US\$ 8.8 million in 2019).

#### **ENTREPISOS LIMA S.A.C.**

UNICON holds a 50% stake in Entrepisos Lima S.A.C.

This company offers prefabricated concrete products as a construction solution for different structural elements in building and infrastructure works. It is a specialist in prefabricated products, and is active in the real estate, infrastructure, and mining sectors nationwide. During 2020, it worked with an emphasis on protocol management and employee health, participating in major infrastructure projects such as Line 2 of the Lima Metro and the expansion of Jorge Chávez International Airport.

The audited financial statements of Entrepisos Lima, as of December 31, 2020, showed the following results:

- Net sales of S/ 17.2 million (S/ 21.7 million in 2019).
- Net profit of S/ 0.8 million (S/ 1.3 million in 2019).
- Net shareholders' equity of S/ 13.0 million (S/ 12.2 million in 2019).





### **MASTER BUILDERS SOLUTIONS PERÚ S.A.**

(previously BASF Construction Chemicals Perú S.A.)

UNICON holds a 30.0% share in the capital stock of Master Builders Solutions Perú S.A. The other 70% stake is held by Master Builders Solutions Deutschland GmbH, after finalizing the transfer of BASF's management to an affiliate of the Lone Star Funds private equity firm.

The Master Builders Solutions brand is the property of MBCC Group, which consists of seventy legal entities worldwide, with a network of global and regional research and development centers and over 7,500 employees and construction experts in sixty countries. It specializes in concrete additives, but its portfolio contains a wide range of applications, including weatherproofing solutions, sealants, industrial flooring, and high-performance grouts.

The different construction chemical business segments of Master Builders Solutions Perú S.A. were affected by the restrictions imposed by the government to control the pandemic, especially the on-site concrete and underground mining construction segments. The company concentrated on developing the protocols and other measures necessary to adapt its work, as well as constantly monitoring the health of all its employees.

The audited financial statements of Master Builders Solutions Perú, as of December 31, 2020, showed the following results:

- Net sales of S/ 61.1 million (S/ 86.5 million in 2019).
- Net profit of S/ 7.1 million (S/ 12.3 million in 2019).
- Net shareholders' equity of S/ 38.7 million (S/ 31.6 million in 2019).



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**COMPAÑÍA ELÉCTRICA EL PLATANAL S.A. – CELEPSA**  
(Ownership: 90.0%)

The El Platanal hydroelectric power plant produced 1,108 GWh of power. With an annual total energy produced in the national market of 49,187 GWh (7% less than in 2019), this situates the company in tenth place in national production in the National Grid System (SEIN), with a share of 2.25%. Among hydroelectric power plants, it achieved a share of 3.78% and ranked ninth in the country.

In 2020, CELEPSA sold 1,352 GWh of energy via contracts, of which 533.0 GWh are sales to the regulated market and 819.0 GWh are to its customers in the free market. The total power supplied to its customers ranged from a peak of 170.0 MW to a low of 110.0 MW. To meet its contractual commitments, CELEPSA supplemented its capacities by buying energy under contract from Fénix Power, CELEPSA Renovables, firm power from Hidrocañete, and firm energy from UNACEM.

Over the course of 2020, CELEPSA continued to play an active role in discussions with the sector's agents and regulatory entities regarding the consequences of the generation surplus and the underreporting of natural gas prices, which have continued to distort energy prices.

In response to the public health emergency experienced in the country, CELEPSA adopted measures focused on ensuring its employees' health and wellbeing; ensuring operational continuity, achieving an average availability rate of 97.9% in its operating units; preserving liquidity through rigorous collection management, which, aided by the quality of its customer portfolio, reported no delinquency; consolidating its social commitment through an interinstitutional agreement with the Cañete-Yauyos Health Care Network that resulted in the donation of face masks and cleaning supplies, rapid tests, fuel for the ambulance, and biosafety training among peasant communities in the company's area of influence.

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Thanks to its core commitment to sustainability, CELEPSA received the following acknowledgments in 2020:

- Renewal of the "Certificado Azul" by the National Water Authority (ANA), in recognition of the company's commitment to responsible water use.
- Recognition as a Socially Responsible Company by Perú 2021 for the third consecutive year.
- Recognition for Innovation and Technology given out by the National Council of Science and Technology (Concytec) for the development of sustainable aquaculture in Tanta.
- Recognition by Mobilis for its contributions to promoting sustainable, safe, and clean transport in the country, as part of Peruvian Mobility Week (SeMPerú) 2020.
- Great Place to Work award (fourth place in 2020), and, for the second year in a row, a spot in the ranking of Best Industries to Work in in Peru.

The unaudited financial statements de CELEPSA, as of December 31, 2020, showed the following results:

- Net sales of S/ 231.2 million (S/ 258.1 million in 2019).
- Net profit of S/ 14.4 million (S/ 44.6 million in 2019).
- Net shareholders' equity of S/ 770.2 million (S/ 755.7 million in 2019).

#### **CELEPSA RENOVABLES S.R.L. – CERE**

The Marañón hydroelectric power plant, with 19.92 MW of power, is located at 2,900 meters above sea level, near the town of Nuevas Flores, in Huamalíes province, Huánuco region.





In 2020, the production of the Marañón hydroelectric power plant, which meets renewable energy standards, totaled 138.9 GWh. The company's results were as follows:

- Net sales of S/ 18.1 million (S/ 17.2 million in 2019).
- Net loss of S/ -10.1 million (S/ -0.04 million in 2019).
- Net shareholders' equity of S/ 165.7 million (S/ 175.8 million in 2019).

#### **AMBIENTAL ANDINA S.A. – AMBIAND**

In 2020, AMBIAND's sales declined by 13% from 2019. The revenue of the Meteorology Business Unit was the most severely affected (-26%).

In Hydrology, a technical/scientific cooperation agreement was signed with PEJEZA, sponsored by Irrigadora Cerro Prieto, for a term of three (3) years for the management of the water resources of the Gallito Ciego dam. Three new water use studies are also currently being performed for the purpose of electricity generation in the Huatziroki Basin.

During the year, measures were taken to achieve a 15% decrease in service costs and 13% savings on operational expenses, obtaining the following results:

- Net sales of S/ 1.9 million (S/ 2.2 million in 2019).
- Net profit of S/ 0.07 million (net loss of S/ -0.02 million in 2019).
- Net shareholders' equity of S/ 1.1 million (S/ 1 million in 2019).





  
**SKANON INVESTMENTS, INC. / DRAKE CEMENT, LLC**

(Ownership: 96.5% of Skanon Investments / 94.1% of Drake Cement)

UNACEM holds direct and indirect ownership of 96.5% of the shares in its subsidiary Skanon Investments, which is, in turn, the owner of 94.1% of Drake Cement and 100.0% of the companies grouped under the Drake Materials brand.


According to estimates by the Portland Cement Association (PCA), the cement market in Arizona grew by 15% in 2020 over the previous year (in 2019, it grew by 11% over 2018).

Drake Cement's clinker production volume totaled 629,680 short tons, 4.7% higher than the 601,206 short tons produced in 2019 and very close to the plant's design capacity. In 2020, the plant achieved a kiln productivity rate of 95% (91% in 2019).

This year, the total sales volume of cement produced at Drake was 730,381 short tons (628,437 short tons produced in 2019), making for an increase of 16.2% (equivalent to 101,944 short tons). It is important to note that in 2020, all sales were handled and produced directly by Drake without any middleman, unlike previous years.

In 2020, Skanon's comprehensive management of the companies comprising the business unit in the United States enabled it to consolidate the results in cement and ready-mix concrete, reporting a total EBITDA of US\$ 23.4 million, higher than the US\$ 17.7 million reported in 2019, with new records in clinker production and the production and sale of ready-mix concrete.

From the very start of the pandemic, Skanon worked on a COVID-19 prevention strategy centered on its employees and on the sustainability of operations, following state and federal guidelines. These efforts allowed it to maintain stable operations throughout the year. Toward the end of the





year, it began to prepare a vaccination policy, which is expected to be completed during the first quarter of 2021.

The unaudited consolidated financial statements of Skanon Investments, Inc., as of December 31, 2020, showed the following results:

- Net sales of US\$ 171.1 million (US\$ 132.0 million in 2019).
- Net earnings before taxes of US\$ 2.0 million (loss of US\$ -7.4 million in 2019).
- Net shareholders' equity of US\$ 256.6 million (US\$ 254.6 million in 2019).

#### **INVERSIONES IMBABURA S.A. – UNACEM ECUADOR S.A.**

(Ownership: 100.0% of IMBABURA / 99.5% of UNACEM Ecuador)

In Ecuador, the stoppage of production activities and the restrictions imposed under the state of emergency had a negative impact on the country's gross domestic product (GDP), which fell by -8.9% to -9.5%, according to estimates by the Ecuadorian Central Bank and the International Monetary Fund (IMF), respectively.

The Ecuadorian government's response was focused on establishing measures for economic reactivation, social protection, and the consolidation of a path toward fiscal restructuring, which allowed it to sign a new agreement with the IMF for an amount of \$6.5 billion and renegotiate part of its external debt to alleviate its payment commitments and gain access to new financing in the coming years.

The stoppage of production activities and a drop in public and private investment affected the construction industry, which contracted by -16.0%, according to the Ecuadorian Central Bank.





Nevertheless, the completion of works underway, especially private works, helped the cement industry mitigate, to some degree, the negative effects of the public health crisis, which forced a stoppage in production activities for forty-seven days.

For UNACEM Ecuador, its main goal was tackling the challenge of efficiently resuming operations, with the adequate management of cash and financial information for decision-making, as well as the highest biosafety standards. To this end, the company's Management Committee designed an Return to Operations Plan, which primarily included a robust biosafety training plan for its employees, contractors, and customers.

For team members, a protocol and rules for safe and healthy community living were established, work systems and shift plans were adopted to fit the new reality, and a technical training and retraining program was implemented for the preventive protocol, including psychosocial risks and the strengthening of digital skills, through the "Soy Digital" program, to support vulnerable employees. Transparent case management was critical.

The protocol and rules for containing the spread of COVID-19 were also shared with UNACEM Ecuador's contractors. Guidance was also provided to suppliers to help promote the use of digital operational and legal tools in goods and services procurement processes, by coordinating training sessions with authorities and billing and electronic signature experts.

UNACEM Ecuador's commercial strategy focused on strengthening its distribution network during the lockdown period, along with a special campaign celebrating the fortieth anniversary of its flagship brand, Cemento Selvalegre. Through its Return to Operations Plan, the company offered decisive support and guidance to its customers during a period of uncertainty, addressing such important issues as biosafety and the strengthening of chains of payment, thus helping to boost





the performance of the distribution network during the post-lockdown period. These efforts, along with the accurate identification of the segments that would recover most quickly in the market and help leverage reactivation, allowed UNACEM Ecuador to improve its performance during the second half of 2020.

The cooperation agreements with the surrounding communities were implemented as normal during 2020, prioritizing education (by providing computer equipment to 131 students and the UNACEM Scholarship program, to the benefit of 102 children and teens) and production projects for small animal breeding as an alternative for earning additional income for 167 families. During the crisis, UNACEM Ecuador also implemented an Aid Committee for Vulnerable Groups to meet the needs of the surrounding communities. The company's aid was focused on three main areas: Health and Safety, Family Subsistence, and Business Partnerships. Of the total budget invested, 44% was allocated to cooperation with local governments for the purchase of personal protective equipment and rapid test kits for coronavirus. Through the Family Subsistence area, 5,358 families received food and hygiene kits. In alliance with local and international companies looking to help ensure the hygiene of areas in danger of contamination, UNACEM Ecuador helped support the cleaning of markets in the city of Quito.

UNACEM Ecuador's focus on operational excellence and sustainability during 2020 was reflected in its renewed certification under ISO 9001:2015 and ISO 14001:2015 standards, and its recognition as an eco-efficient company by the Ecuadorian Ministry of the Environment and Water, based on the verification of five "green points" or cleaner production projects. The company continued to strengthen its commitment to sustainable industrialization and a circular economy, both internally and with its stakeholders. During its second period as the leader of the SDG 9 Industry, Innovation, and Infrastructure working group—part of an initiative promoted by the United Nations Global Compact—UNACEM Ecuador delivered the final report on Phase 1 of the circular economy white





paper to the Ministry of Production, Foreign Trade, Investment, and Fisheries (MPCEIP). This paper will be used to put together the country's National Circular Economy Strategy. The United Nations Global Compact and the MPCEIP both publicly acknowledged UNACEM Ecuador's contributions in promoting a circular economy in the country, particularly in projects such as the alliance for the destruction of ozone-depleting substances and its contributions toward enabling the national government to uphold its responsibilities under the Montreal Protocol.

The unaudited financial statements de UNACEM Ecuador S.A., as of December 31, 2020, showed the following results:

- Net sales of US\$ 119.7 million (US\$ 140.0 million in 2019).
- Net profit of US\$ 23.7 million (US\$ 27.7 million in 2019).
- Net shareholders' equity of US\$ 119.8 million (US\$ 94.8 million in 2019).

#### **CANTERAS Y VOLADURAS S.A. – CANTYVOL**

CANTYVOL S.A. is a subsidiary of UNACEM Ecuador S.A. engaged in the extraction and sale of raw materials for the manufacture of cement. It has three active mining concessions: Cumbas (pozzolan), Pastaví (clay), and Selva Alegre (limestone). During 2020, CANTYVOL S.A. processed 190,516 t of pozzolan, 170,197 t of clay, and 799,739 t of crushed limestone.

Following the stoppage of production activities because of the state of emergency declared by the Ecuadorian government due to the spread of COVID-19, CANTYVOL resumed its operations under the guidelines of the Return to Operations Plan established by UNACEM Ecuador. Accordingly, the company applied a strict biosafety protocol during the two reactivation phases: the first consisted of safeguarding the Quinde Project's safety system (chimney and tunnel) for the





movement of material; and the second consisted of the resumption of operation and the dispatch of raw materials.

The unaudited financial statements de CANTYVOL, as of December 31, 2020, showed the following results:

- Net sales of US\$ 6.9 million (US\$ 6.0 million in 2019).
- Net profit of US\$ 0.4 million (US\$ 0.3 million in 2019).
- Net shareholders' equity of US\$ 3.5 million (US\$ 3.5 million in 2019).

#### **PREFABRICADOS ANDINOS PERÚ S.A.C. – PREANSA PERÚ**

(Ownership: 50.0%)

The COVID-19 pandemic and the measures taken by the government to fight it had a significant impact on the industrial sector, which is one of the most important for PREANSA Perú. This caused a number of delays and the cancellation of multiple projects in its portfolio for pending execution in 2020. In response, the company implemented strict measures to reduce costs and expenses, while safeguarding the wellbeing of its employees at all times.

Works executed over the course of the year included pit 25 of Line 2 of the Lima Metro, the expansion of the Ciudadela Distribution Center, and the new plant for Ingeniería en Cartones y Papeles S.A.C. (ICyP). The company's sales management was also strengthened to promote and reinforce the advantages of prefabricated systems in the face of the new social distancing and labor requirements.

Performed assemblies were billed at S/ 4.0 million, with 1,351 m<sup>3</sup> produced.





The audited financial statements de PREANSA Perú, as of December 31, 2020, showed the following results:

- Net sales of S/ 5.1 million (S/ 12.2 million in 2019).
- Net loss of S/ -5.8 million (S/ -4.4 million in 2019).
- Net shareholders' equity of S/ 31.9 million (S/ 37.7 million in 2019).

#### **PREFABRICADOS ANDINOS S.A.S. – PREANSA COLOMBIA**

(Ownership: 100.0% by PREANSA PERÚ)

Colombia was not immune to the international public health and economic crisis caused by the COVID-19 pandemic. Several lockdown periods were ordered in the country, with extremely strict measures, especially during the first half of the year. From March 20 to April 20, the lockdown process required all production plant operations to cease nationwide. In late April, PREANSA Colombia resumed activities as part of the infrastructure sector, although at a slower rate than originally planned.

Since resuming operations, the company has complied with each and every one of the management and prevention requirements and protocols established by Colombian law to mitigate the impact of COVID-19.

In terms of the projects implemented during the year, PREANSA Colombia continued to operate the mobile production plant to supply the "Autopistas al Mar 1" project, a concession that forms part of Colombia's fourth generation road projects. The contract was increased by approximately 40%, thanks to the positive results demonstrated. Accordingly, the mobile plant will continue to operate until 2021.





PREANSA Colombia entered the pedestrian bridge market, where it succeeded in implementing several projects: the Bogotá North Access Routes Concession, or "Accenorte"; the "Puente Helicoidal" ("Corkscrew Bridge") of the West Sabana Concession (CSO); and the reactivation of the Bogotá-Girardot Third Lane" project. It also performed the manufacturing, transport, and assembly for construction of the turbine electric building and bay for the expansion of the Candelaria thermal power plant in the city of Cartagena de Indias, with a contract worth US\$ 2.1 million.

During the year, the company also continued with the production and assembly of prefabricated modules for the discharge channel of the "PTAR El Salitre" wastewater treatment plant in the city of Bogota.

As a result of the foregoing, the company was able to reach the break-even point, with a positive EBITDA at the close of 2020 of US\$ 1.4 million, despite the pandemic's impact on the results for the year.

#### **PREFABRICADOS ANDINOS S.A. – PREANSA CHILE**

(Ownership: 51.0%)

In 2020, despite the pandemic's impact on Chile, which led to the temporary stoppage of production plants and a slowdown in private investment. The plant production level was satisfactory. The Pozo Almonte plant (Region II North Iquique) was dedicated to the production of prefabricated modules for the Quebrada Blanca II Project, while the Til Til plant (Metropolitan Region) was focused on the manufacture of beams and handrails for the country's public spending.

During the preventive quarantine periods, the plants were declared essential, since they supply road and mining projects, both of which were been deemed essential by the Ministry of the







Economy. This ensured the continuity of production at the plants, while constantly working to care for employee health and adopting all protocols and measures established by authorities.

The unaudited financial statements de PREANSA Chile, as of December 31, 2020, showed the following results:

- Net sales of S/ 65.5 million (S/ 63.0 million in 2019).
- Net profit of S/ 4.4 million (S/ 0.6 million in 2019).
- Net shareholders' equity of S/ 12.0 million (S/ 5.4 million in 2019).

#### **ARPL TECNOLOGÍA INDUSTRIAL S.A.**

(Ownership: 100.0% by UNACEM)

In 2020, due to the emergency decrees issued by the government and the mandatory stay-at-home orders starting on March 16 in response to the COVID-19 pandemic, ARPL established a number of extraordinary measures for remote work, while publicizing preventive actions and official communications to raise awareness among employees. With the return to in-person work, the workplace COVID-19 prevention and control protocols approved by the Ministry of Health were implemented. These included health protocols for housing, construction, and sanitation during the execution of works.

The Project Technology business unit reduced its sales projections due to the fact that UNACEM was forced to halt certain projects, and it promoted the continuity of current engineering projects, as well as works underway, such as the repair of the ship loader at the Conchán pier, the dedusting system and cooler of Kiln 2 at Condorcocha, among others.





Despite the challenging circumstances, the Laboratory business unit was able to obtain a four-year renewal of National Quality Institute - INACAL accreditation of its quality assurance system in accordance with ISO/IEC 17025-2017. Currently, ARPL is the only ISO-accredited laboratory in the country authorized to perform tests and evaluate cements, limestone, gypsum, and aggregates.

Additionally, the BIM 360 was implemented in 2020, migrating the local BIM server to a private cloud service to improve productivity in engineering development and management processes.

The unaudited financial statements de ARPL Tecnología Industrial S.A., as of December 31, 2020, showed the following results:

- Net sales of S/ 33.9 million (S/ 38.4 million in 2019).
- Net profit of S/ 7.1 million (S/ 9.9 million in 2019).
- Net shareholders' equity of S/ 38.1 (S/ 39.9 million in 2019).

#### **VIGILANCIA ANDINA S.A. – VIGIANDINA**

(Ownership: 55.5% de UNACEM)

As a result of the government's response to the COVID-19 pandemic, many of Vigiandina's customers halted operation, thus causing a contraction of 9.3% in the company's sales.

Because its economic activities are classified as essential, most of Vigiandina's employees continued to work in-person. Accordingly, the company worked from the very start to ensure that its team members complied with the established biosafety protocols. As part of its occupational health and safety actions, the company periodically monitored employees' health using online





forms (sworn statement of health and systems, weight and temperature check, etc.). A number of surveys and assessments were also conducted to identify the risk of work stress, fear of COVID 19, and psychosocial and ergonomic factors, in order to identify and measure any aspects that may have affected employees' mental and physical health. Administrative personnel worked remotely.

As part of its strategic plan, VIGIANDINA renewed its certification in quality (ISO 9001), occupational health and safety (OSHAS 18001), environmental practices (ISO 14001), and its BASC certification, enabling it to uphold its commitments with its customers at the highest possible standard. Out of necessity, as part of its plan of action to contain the effects of COVID-19, the company moved forward with its digital transformation, improving digital platforms and virtual communication tools.

The unaudited financial statements de Vigilancia Andina S.A., as of December 31, 2020, showed the following results:

- Net sales of S/ 41.1 million (S/ 45.3 million in 2019).
- Net profit of S/ 1.1 million (S/ 0.9 million in 2019).
- Net shareholders' equity of S/ 6.9 million (S/ 5.8 million in 2019).

#### **AGREEMENT FOR THE ACQUISITION OF CEMENTOS LA UNIÓN S.A. IN CHILE**

In December 2020, UNACEM purchased 100% of the shares in Cementos La Unión S.A. (CLU CHILE) and 100% of the ownership interests of Inversiones Mel 20 Limitada (MEL20), subject to the approval of the National Economic Prosecutor's Office of Chile (FNE), which was obtained on February 23, 2021.





With this purchase UNACEM, through the aforementioned Chilean companies, is now the owner of the plant located at the port of San Antonio, willing a cement milling and dispatch capacity of 300,000 MT/year; and a ready-mix concrete unit with cement plants and trucks, with a capacity of 336,000 m<sup>3</sup>/year of ready-mix concrete, already fully operational.

The purchase value totaled US\$ 23 million, with a small portion corresponding to the purchase price and a much larger component corresponding to the outstanding debts owed by CLU CHILE.

## NOTABLE PROJECTS

[SMV (7200) Description of Operations and Development]

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During 2020, we continued to develop the engineering of our strategic projects, some of which will begin construction in 2021, and others in the medium term.

We also executed projects prioritized as part of our strategic plan, centered on improvements in environmental and safety practices, new technologies, and an increase in the efficiency of our operations.

### • PROJECTS AT THE ATOCONGO AND CONDORCOCHA PLANTS

Fire alarm system for the electrical substations at Atocongo and Condorcocha

- At Atocongo, we continued with the implementation of the second stage, and at Condorcocha,



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we completed the engineering development for this project, which consists of the installation of a modern fire alarm system at strategic points in the industrial areas and administrative offices of both plants.

- This system includes the installation of early detection, alarm, and early suppression devices in the event of a fire using clean agents (FM-200 gas).

#### • PROJECTS AT THE CONDORCOCHA PLANT

##### CLINKER YARD

- We completed the construction of the second stage of the project works to enclose the clinker yard at our plant, with a total storage capacity of 130,000 t of clinker.

##### MIGRATION OF THE KILN 2 CONTROL SYSTEM

- Project involving the overhaul of the current control system for the Kiln 2 production line at our plant, with the goal of optimizing the system and guaranteeing its reliability.
- In 2020, we began to implement new hardware in this system. Together with the installation of the new software, this activity will be completed in 2021.

##### OVERHAUL OF THE KILN 2 COOLER, INCLUDING BAG FILTER

- We carried out the third and final stage of the civil works for this project, in addition to initiating the work of mechanical, electrical, and control assembly of this new system. These works will be completed during the first quarter of 2021.

**THANKS TO THIS PROJECT, WE WILL REDUCE THE THERMAL ENERGY IN OUR KILN 2 BY APPROXIMATELY 2%.**

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#### **NEW COOLER AND BAG FILTER FOR KILN 3**

- In the last quarter of 2020, we began developing the basic engineering for this project, which involves the installation of a new clinker cooler and its dedusting system.

**WITH THIS PROJECT, WE WILL REDUCE THE THERMAL ENERGY CONSUMPTION IN OUR KILN 3 BY APPROXIMATELY 5% AND INCREASE ITS CAPACITY BY APPROXIMATELY 3%.**

#### **• NOTABLE PROJECTS AT THE ATOCONGO PLANT**

#### **SYSTEM OF ENVIRONMENTALLY FRIENDLY CONVEYOR BELTS FOR LIMESTONE FROM MANCHAY TO ATOCONGO**

- We continued to develop the engineering and carry out the approval process for the amendment to this project's environmental impact assessment. The project's purpose will be





to safely, efficiently, and sustainably transport limestone reserves from Silencio 8 quarry in Manchay to our Atocongo plant.

**THIS SYSTEM WILL REPLACE THE USE OF APPROXIMATELY 133,000 TRUCK TRIPS TO TRANSPORT LIMESTONE, MAKING FOR SIGNIFICANT ENVIRONMENTAL BENEFITS.**

#### **CLINKER FINES SEPARATOR AT ATOCONGO**

- In 2020, we developed the engineering for this project, which involves the implementation of a rotary sieve system to separate the finest clinker particles. These particles will then be destined for export, thus avoiding possible environmental emissions.

#### **CLINKER YARD AT ATOCONGO**

- In 2020, we began the prefeasibility study for this project, which consists of the enclosure and roofing of the clinker yard, for a storage capacity of 250,000 to 300,000 t of clinker.



# 1.2

## GROWING TOGETHER TO BUILD A SUSTAINABLE WORLD

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**IN 2020, WE DEFINED A NEW CORPORATE PURPOSE THROUGH A PROCESS OF STRATEGIC REFLECTION WITH A VIEW TO ESTABLISHING OUR BUSINESS STRATEGY FOR 2030.**

In doing this, we took into account the 2030 Sustainable Development Agenda, the main environmental, social, and governance (ESG) factors of the international cement industry, and the challenges in terms of socioenvironmental management and ethics faced by companies in the extractive sector in Peru.





**OUR PURPOSE:**

# GROWING TOGETHER TO BUILD A SUSTAINABLE WORLD

Our purpose is aligned with our commitments to our stakeholders, based on the management of our different forms of capital to create long-term value. [GRI 102-40] [GRI 102-42]

**STATEMENT**



Everything we do is centered on improving people's lives, and we achieve this by always working with a union of talent and knowledge.



We believe that everyone deserves to live a dignified, safe, and happy life, and we know that together, we can build better conditions to ensure this.



For us, caring for the environment is not just a promise, it is a commitment that we strive to uphold in all of our actions by focusing on the continuous improvement of our processes and making them more efficient and sustainable every day.





STAKEHOLDERS	COMMITMENTS	CAPITALS
<p><b>TEAM MEMBERS</b></p>	<ul style="list-style-type: none"> <li>• Guarantee a safe and healthy workplace</li> <li>• Promote a culture of recognition</li> <li>• Foster a leadership style that inspires and challenges</li> </ul>	Human-Intellectual
<p><b>CLIENTS</b></p>	<ul style="list-style-type: none"> <li>• Provide innovative products</li> <li>• Create greater value propositions</li> <li>• Training for our clients</li> </ul>	Social-Relational
<p><b>SHAREHOLDERS</b></p>	<ul style="list-style-type: none"> <li>• Practice good corporate governance</li> <li>• Manage business continuity and the company's sustainability over time</li> <li>• Focus on returns for shareholders</li> </ul>	Financial
<p><b>SOCIETY</b></p>	<ul style="list-style-type: none"> <li>• Reduce our environmental impacts (carbon footprint, water footprint, fugitive emissions)</li> <li>• Be a good corporate citizen</li> <li>• Be a leader in promoting local development in our surroundings through our social investment strategy</li> </ul>	Social-Relational  Natural
<p><b>SUPPLIERS</b></p>	<ul style="list-style-type: none"> <li>• Promote supplier development and certification</li> <li>• Establish transparent rules of the game</li> <li>• Promote respect for free competition</li> </ul>	Manufactured



**This report is aligned with the International Integrated Reporting Council (IIRC) framework, which presents an organization's business model as its system of transforming inputs, through its business activities, into outputs and outcomes that aims to fulfil the organization's strategic purposes and create value over the short, medium, and long term.**



**Below, we present the resources (inputs) used in our business and the impacts (outputs) generated by the Company on society. According to the IIRC, the capitals are value factors on which the success of an organization depends, as inputs for their business model, and which increase, decrease, or are transformed through the organization's business activities and outcomes. Capitals are classified as financial, manufactured, intellectual, human, social and relationship, and natural. Below, we show how we transform those capitals during our business processes and what kinds of impacts and outcomes we delivered to society in 2020.**



CAPITALS	STAKEHOLDERS AFFECTED	OUTCOMES
 <p><b>SOCIAL AND RELATIONSHIP</b> Dialogue and transparency with our stakeholders</p>	<p><b>CUSTOMERS</b></p> <hr/> <p><b>SOCIETY</b></p>	<ul style="list-style-type: none"> <li>Record of 1,105 points of sale at the close of 2020 in our network of Progresol home improvement stores.</li> <li>84% satisfaction rate in Progresol home improvement store network and 82% in independent home improvement stores.</li> </ul> <hr/> <ul style="list-style-type: none"> <li>S/ 2,233,364 spent on donations of groceries, drinking water, tools and equipment, other services, and the donation of an oxygen plant during the COVID-19 public health emergency.</li> </ul>
 <p><b>HUMAN</b> Team members' skills and abilities</p>	<p><b>TEAM MEMBERS</b></p>	<ul style="list-style-type: none"> <li>S/ 193,620 M paid in wages and other social benefits to team members.</li> <li>Score of 76% in the Organizational Health Index (OHI) survey.</li> <li>14,896 employee training hours, with an annual average of 18.64 hours per team member.</li> </ul>
 <p><b>INTELLECTUAL</b> Intangible assets based on our own business know-how</p>	<p><b>SHAREHOLDERS CUSTOMERS SUPPLIERS TEAM MEMBERS</b></p>	<p><b>RURAY PROGRAM</b></p> <ul style="list-style-type: none"> <li>13 initiatives underway, and increased efficiency resulting in savings of S/ 18.4 million above the established goal.</li> </ul>
 <p><b>MANUFACTURED</b> Physical assets we possess for the production of goods and services</p>	<p><b>SHAREHOLDERS CUSTOMERS SUPPLIERS</b></p>	<ul style="list-style-type: none"> <li>Total of 4,475,625 t of cement produced.</li> <li>Total of 3,017,405 t of clinker produced.</li> <li>Total of 4,461,843 t of cement dispatched.</li> </ul>





CAPITALS	STAKEHOLDERS AFFECTED	OUTCOMES
 <p><b>FINANCIAL</b> Economic resources for the production of goods and services</p>	<p><b>SHAREHOLDERS TEAM MEMBERS CUSTOMERS SUPPLIERS</b></p>	<ul style="list-style-type: none"> <li>• S/ 30.3 million net profit.</li> <li>• S/ 1.699.0 billion in net sales.</li> <li>• S/ 4.802.2 billion in net shareholders' equity.</li> </ul>
 <p><b>NATURAL</b> Natural resources and an adequately</p>	<p><b>ENVIRONMENT CUSTOMERS SOCIETY</b></p>	<p><b>BLENDED CEMENTS</b></p> <ul style="list-style-type: none"> <li>• Increase of 15% in sales of blended cements between 2016 and 2020, thus avoiding 500,000 tons of CO2.</li> </ul>
	<p><b>ENVIRONMENT SOCIETY</b></p>	<p><b>EMISSIONS</b></p> <ul style="list-style-type: none"> <li>• Reduction of 14.5% in clinker/cement ratio, thus avoiding 469,000 tons of GHG emissions</li> </ul>
		<p><b>WATER FOOTPRINT</b></p> <ul style="list-style-type: none"> <li>• Reduction of 0.5 liters of water per ton of cement produced.</li> </ul>
		<p><b>WASTE</b></p> <p>We reused:</p> <ul style="list-style-type: none"> <li>• 75% of non-hazardous waste.</li> <li>• 90% of organic waste.</li> <li>• 31% of hazardous waste.</li> </ul>
		<p><b>BIODIVERSITY</b></p> <ul style="list-style-type: none"> <li>• Sustainable Development Award in the Environmental Management category for the Mining sector with the project for the "Restoration of Hill Ecosystems for the Closure of Operations at the Cristina Quarry."</li> </ul>





### • MATERIALITY IN OUR BUSINESS

**The definition of material topics is a fundamental process for integrating sustainability into the core of our business.** These periodic assessments are part of a range of processes that we use to identify sustainability topics that are relevant to our business and our stakeholders' interest.

In 2020, we updated our materiality based on the redefinition of our purpose. To do so, we organized dialogue spaces on online platforms, bearing in mind the representation of stakeholders from both locations, including executives, senior management, employees, customers, suppliers, contractors, community leaders, opinion leaders, and trade associations.

The knowledge we obtained in this process will help us manage future risks and opportunities in our operations. The process also allowed us to establish a dialogue space, thus strengthening our relationship with our stakeholders.

To select the most relevant topics included in this report, we carried out a process consisting of three stages: [GRI 102-49]

### REVIEW

In this stage, we benchmarked sustainability reports from the sector's leading companies. We also reviewed emerging sustainability topics in the sector, as established in The Sustainability Yearbook 2020 published by RobecoSAM y S&P Global<sup>1</sup>, to identify market trends and relevant aspects that can be used as a basis for comparison with the materiality established in 2019.

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<sup>1</sup> A publication by RobecoSAM with an assessment of the annual sustainability performance of the world's biggest companies in each industry, based on the results of the Corporate Sustainability Assessment (CSA). At the beginning of 2020, S&P Global acquired the ESG rating business from RobecoSAM to consolidate its position as the main resource for information and solutions in environmental, social, and governance (ESG) products.





Lastly, we reviewed UNACEM's main policies, regulations, and processes.

### **IDENTIFICATION AND RELATION-BUILDING**

We held two online workshops with twenty-six representatives from the Company's different management and deputy management areas. We also held workshops with fourteen representatives from our value chain and twenty community leaders. Lastly, we conducted an online survey that was taken by 149 employees, and a more focused online survey among opinion leaders.

### **PRIORITIZATION OF MATERIAL TOPICS** [GRI 102-46]

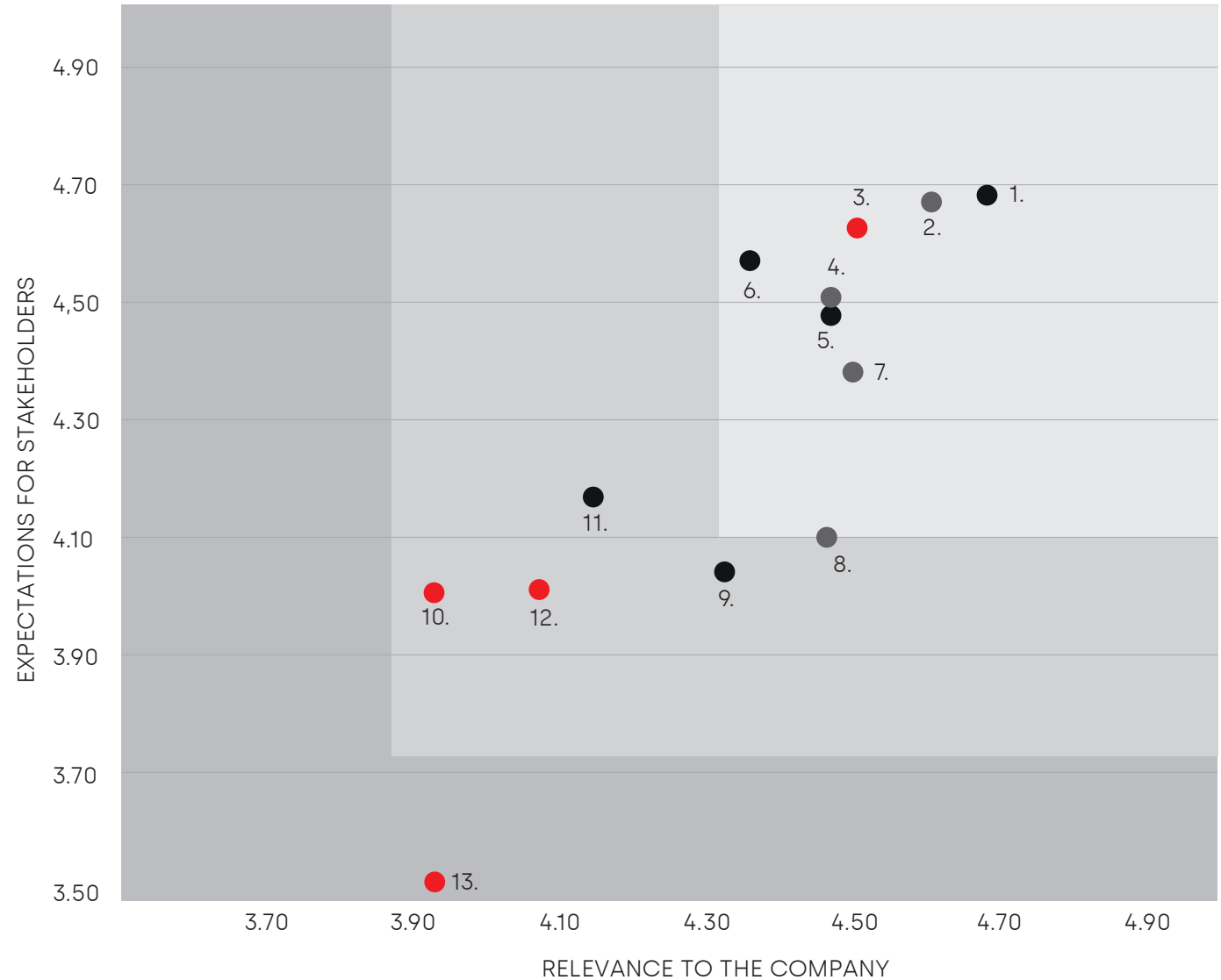
Taking into account the guidelines of the International Integrated Reporting Council (IIRC) and the parameters of the Dow Jones Sustainability Index (DJSI), of which we have formed part since 2019, we have strengthened our understanding of the materiality of our business. As a result of the dialogue process, we prioritized thirteen relevant topics, as detailed in the following graph and tables:



# MATERIALITY MATRIX

- ECONOMIC AND GOVERNANCE DIMENSION
- SOCIAL DIMENSION
- ENVIRONMENTAL DIMENSION
- VERY HIGH RELEVANCE
- HIGH RELEVANCE
- MEDIUM RELEVANCE

1. Corporate ethics
2. Safe and healthy working environment
3. Energy and emissions
4. Communities and social investment
5. Product quality
6. Compliance
7. Human rights
8. Jobs, talent management and diversity
9. Economic performance
10. Operating environmental efficiency
11. Supply chain management
12. Biodiversity
13. Sustainable construction




**MATERIAL ISSUES AND STAKEHOLDER'S EXPECTATIONS** [GRI 102-42] [GRI 102-44] [GRI 102-47]

This year, as part of the process for drafting this report, we used the expectations gathered in the 2020 materiality analysis. Below are the main expectations we identified:

MATERIAL TOPIC	GRI TOPIC	EXPECTATIONS
<b>ENVIRONMENTAL PERFORMANCE</b>		
<b>ENERGY AND EMISSIONS</b>	GRI 302 GRI 305	Stakeholders expect the Company to provide more information on the management of negative impacts tied to energy use and emissions generation.
<b>OPERATIONAL ECO-EFFICIENCY</b>	GRI 301 GRI 303 GRI 306	The expectation is to work jointly with different stakeholders in the value chain in order to raise the visibility of required transformations and changes.
<b>BIODIVERSITY</b>	GRI 304	There is an expectation that the conservation of protected areas will be incorporated as part of the corporate strategy.
<b>SUSTAINABLE CONSTRUCTION</b>	Non-GRI BLENDED CEMENTS	There is an expectation regarding the innovation strategies to be applied by UNACEM to implement good practices for sustainable construction.







MATERIAL TOPIC	GRI TOPIC	EXPECTATIONS
<b>ECONOMIC PERFORMANCE</b>		
<b>CORPORATE ETHICS AND COMPLIANCE</b>	GRI 102 GRI 205 GRI 206 GRI 307 GRI 419 Non-GRI ISO 37001 Certification	Stakeholders have a positive opinion of UNACEM's ethical performance and compliance, and they expect the Company to maintain best practices.
<b>PRODUCT QUALITY</b>	GRI 416 GRI 417	Stakeholders believe that UNACEM's products are high-quality, with strengths that exceed local and international standards. They expect that high quality to be maintained.
<b>ECONOMIC PERFORMANCE</b>	GRI 201 GRI 203 GRI 303 Non-GRI Market Share Non-GRI Profitability Non-GRI Events that affected cement demand	Stakeholders view UNACEM's financial management as sound, and they believe the Company correctly allocates resources, costs, and margins. They expect to receive information on the strategy implemented by UNACEM to maintain its economic performance during the pandemic.
<b>SUPPLY CHAIN MANAGEMENT</b>	GRI 102 GRI 204 GRI 308 GRI 414	Stakeholders believe that ISO compliance is extremely important to UNACEM, and the Company meets those parameters and takes care of the environment. They expect that compliance to continue.





MATERIAL TOPIC	GRI TOPIC	EXPECTATIONS
<b>SOCIAL PERFORMANCE</b>		
<b>OCCUPATIONAL HEALTH AND SAFETY</b>	GRI 403	Stakeholders feel that the Company strives to ensure its employees' wellbeing, provides ongoing training for those employees, and follows strict protocols with its contractors to prevent occupational risks.
<b>COMMUNITIES AND SOCIAL INVESTMENT</b>	GRI 413	Stakeholders expect to periodically receive information on the management of health, education, and infrastructure campaigns. Special note was made of the positive opinion of the community relations area and its prompt support.
<b>HUMAN RIGHTS</b>	GRI 406 GRI 407 GRI 408 GRI 409 GRI 410	Stakeholders expect the Company to continue promoting respect for labor rights. They recognize the importance of promoting a continued increase in the quota of female employees.
<b>EMPLOYMENT, TALENT MANAGEMENT, AND DIVERSITY</b>	GRI 401 GRI 404	Stakeholders expect to receive more information on talent management and the workplace climate with all of the Company's employees. Information on technological improvements for work.





#### • SUSTAINABILITY MANAGEMENT

Our sustainability management aims to strike a balance between economic, social, and environmental aspects for both our business and our stakeholders.

This management is based on UNACEM's Integrated Management System ("IMS," for its acronym in Spanish), as well as the guidelines established in our Sustainability Policy and our Code of Ethics and Conduct. It is also aligned with the principles of the United Nations Global Compact and Sustainable Development Goals (SDGs).

We have implemented a number of management standards, which have served as the foundation for the certification of our integrated management system.

The management standards we apply are as follows:

- ISO 9001 v2015
- ISO 14001 v2015
- ISO 37001 v2016
- ISO 45001 v2018
- BASC v2017

#### CERTIFICATIONS:

[SMV (7200) Description of Operations and Development]

- ISO 9001:2015: Quality Management Systems (Atocongo plant, Conchán pier, Condorcocha plant, and hydroelectric power plants).
- ISO 14001:2015: Environmental Management Systems (Atocongo plant, Conchán pier, Condorcocha plant, and hydroelectric power plants).





- ISO 37001:2016: Anti-Bribery Management Systems (Atocongo plant, Condorcocha plant, Conchán pier, and Villarán offices).
- ISO 45001:2018: Occupational Health and Safety Management Systems (Atocongo plant, Conchán pier, Condorcocha plant, and hydroelectric power plants).
- BASC 2017 and BASC 5.0.1.: Security and Control Management System (Conchán pier and exports).
- Statement of Compliance with International Code for the Protection of Ships and Port Facilities (ISPS) (Conchán pier). ([https://www.unacem.com.pe/?page\\_id=61](https://www.unacem.com.pe/?page_id=61))
- Water Footprint Program – “Certificado Azul” from the National Water Authority (ANA), Atocongo plant and Condorcocha plant. (<https://www.unacem.com.pe/?p=13655>)

## • WE HAVE JOINED THE FIGHT AGAINST COVID-19

The pandemic has profoundly transformed different areas of our lives, from the way we work to how we run our businesses, care for our families, and socialize. It has laid bare the shortcomings of our health, education, and social welfare systems and worsened already existing social problems.



**AT UNACEM, WE HAVE WORKED FROM DAY ONE ON AN ACTION PLAN BASED ON FOUR DIFFERENT COMPONENTS TO TAKE CARE OF OUR TEAM MEMBERS, MEET OUR COMMUNITIES' NEEDS, PROVIDE SUPPORT TO OUR CUSTOMERS, AND GUARANTEE THE CONTINUITY OF OUR BUSINESS.**

The management of UNACEM's corporate governance has been fundamental in launching an assertive response to the pandemic and its challenges while generating confidence among the Company's different stakeholders.

From the very start of the pandemic, the Company's Board of Directors and executives focused on designing a plan of action to address the pandemic's impact and maintain the Company's role as a value creator.

The Board's main resolutions were focused on three major aspects:

- Guaranteeing the liquidity of the Company and all of its subsidiaries by taking out short-term lines of credit, working to reduce costs, and speeding up the search for increased efficiency

▲

by reducing our CAPEX to the strictly necessary, using up existing stocks, suspending the distribution of dividends, and working closely with our suppliers and customers.

- Establishing strict protocols to safeguard the health of all our team members, whether it be those who work in person at our plants or those who work remotely from home.
- Continuing to support the most vulnerable populations in our plants' areas of influence by donating biosafety equipment to health centers at the start of mandatory lockdown, food, and later on, a medical oxygen plant that was installed in the province of Tarma.

#### **CARING FOR THE NEEDS OF THE COMMUNITY**

Through the Asociación UNACEM, we took immediate support actions and ensured ongoing communication with the most vulnerable communities and social organizations in the area of influence of the Atocongo and Condorcocha plants. Our actions included the following donations:

- 18,756 received groceries in Villa María del Triunfo (VMT), Villa El Salvador (VES), Lurín, Pachacámac, SJM; Chilca in Cañete; San Clemente in Pisco; La Unión Leticia, Palca (Carpapata), and Acobamba in Tarma; and CC Cucuya.
  - 224 soup kitchens received groceries that fed over 45,000 people in the districts of Villa María del Triunfo and Pachacamac.
  - Over 1,600 families in southern Lima received forty-three tanks of water.
  - 55 soup kitchens implemented best health and hygiene practices thanks to remote orientation and health protocols.
- ▼



- 1,500 face masks for health care workers near us.
- Over 22,000 families benefited from the medical oxygen plant installed at Félix Mayorca Soto Hospital in Tarma, with a production capacity of 720 m<sup>3</sup> per day.

For its part, corporate contributed:

- 100 mechanical ventilators and 500,000 COVID-19 tests donated by the National Confederation of Private Business Entities (CONFIEP) and the National Associate of Mining, Oil, and Energy (SNMPE).

Our contributions were worth a total value of S/ 2,233,364, invested in groceries, drinking water, tools and equipment, other services, and the donation of the oxygen plant.





## JUANA NERIO

Community relations specialist  
at Asociación UNACEM

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*"Our interaction with our local communities was severely affected by the COVID-19 pandemic. This forced us to seek out innovative solutions to work on two of the population's most vulnerable issues: health care and food. The donations, training, and workshops with the community had to be done remotely to make sure those activities could continue.*

*To address the technology gap in the public, we offered guidance and training for community leaders who wanted to learn to use online platforms and applications such as Google, email, Zoom, WhatsApp, and others. These tools allowed them to increase their level of participation in coordinating meetings and reports.*

*Lastly, we focused on reinforcing the knowledge and abilities of local leaders in the areas of management, the creation of associations, and leadership".*





## FATHER OMAR SÁNCHEZ

Asociación de las  
Bienaventuranzas (ADLB)

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*"Under these extremely difficult circumstances for so many families, our joint work with UNACEM has been very important. With the company's help, we were able to provide baskets with essential groceries for the public at the start of the pandemic.*

*To help those who need it the most, the selection of beneficiaries was a critical step. We were able to observe how UNACEM has forged a close relationship with the communities and their leaders. The company is familiar with their needs, and that allowed us to provide much-needed help as quickly as possible.*

*I would also like to recognize UNACEM's support for soup kitchens during lockdown. The company helped them boost their capacities, especially through women's empowerment, which is the main driver of family development. Those efforts allowed these spaces to continue supporting the community during this difficult time.*

*The residents of southern Lima are very grateful. They recognize UNACEM as a strong ally and supporter".*

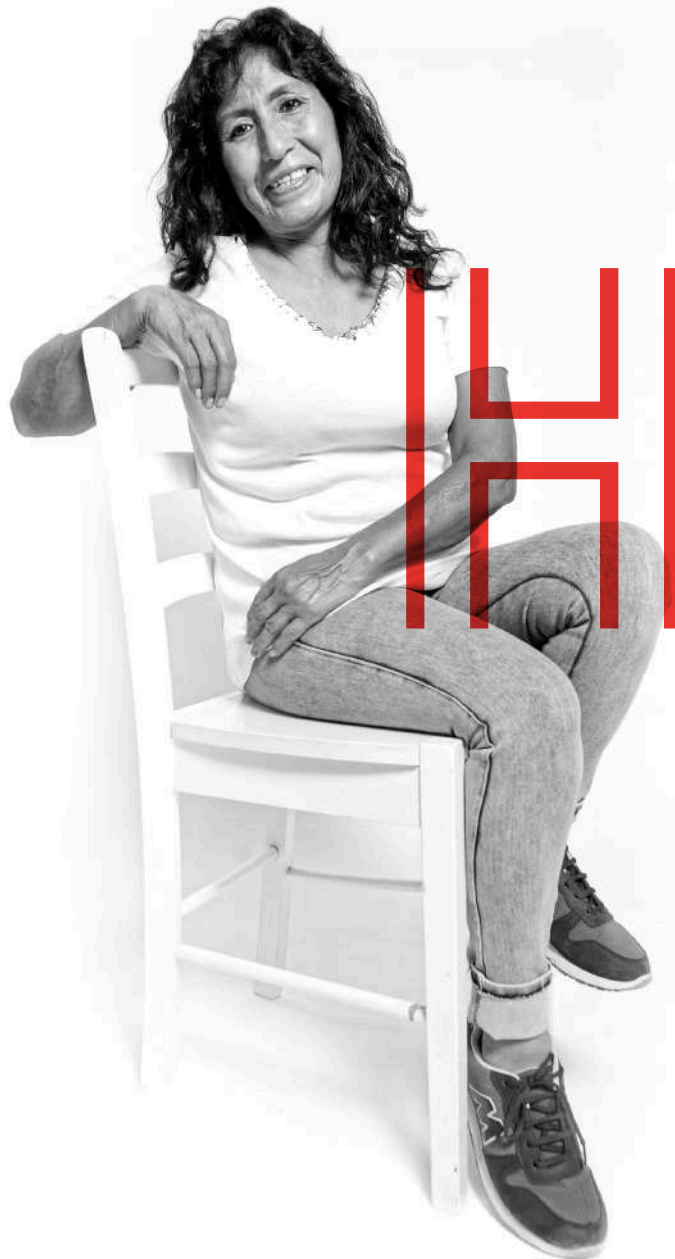


## MARÍA MALLQUI

Business owner

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*"Asociación UNACEM trained us on the use of social media so we could continue with our businesses during lockdown. It was all new to me. I had never used social media as a business platform. I've been able to continue with my sales, obtaining new customers through social media, offering my products, and receiving payments through apps".*



## HILDA CÁ CERES

Cruz de Motupe  
Soup Kitchen

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*"The support we received from Asociación UNACEM was so important during this crisis. I help 46 different people, and I prepare 138 portions a day. The groceries they donated helped us to continue operating, and they supported the families who come to us for help."*

*Asociación UNACEM also gave us advice on how to work safely, taking care of our own health and that of the people who come to eat at the kitchen".*



### **CARING FOR THE HEALTH AND SAFETY OF OUR TEAM MEMBERS**

As part of our COVID-19 Monitoring, Prevention, and Control Plan, we established strict protocols to safeguard the physical and emotional health of all of our workers, promoting social distancing, disinfection of work areas, blood tests at our plants, and the sharing of preventive information among all of our team members. Among the main steps we took:

- We declared the Central Safety Committee in permanent session to review and approve new procedures in accordance with the standards issued by the Ministry of Health.
- We implemented remote work capabilities for 209 employees who perform administrative work at Atocongo and 19 at Condorcocha.
- We allowed 164 employees at Atocongo and 19 at Condorcocha to take their computers and ergonomic chairs home.
- We created work teams with a maximum of 2-4 people in order to ensure social distancing.
- We limited capacity to 40% to guarantee adequate distancing, and we established a cleaning and care protocol.
- We optimized space in our locker rooms and increased their capacity by fitting out a dome in Condorcocha, thus allowing greater distancing among employees.
- We set up temporary dormitories to comply with curfew measures.
- We fitted out UNACEM's dining areas with acrylic protectors on each one of the tables and food service lines.
- For contractors, we set up temporary dining areas with domes to ensure adequate distancing.
- In all of our areas, we have attempted to ensure adequate natural ventilation.
- We conducted fifty-five preventive campaigns, sharing audiovisual materials and providing training on COVID-19 prevention, a healthy lifestyle, and nutrition for our team members.





- We monitored diagnosed cases of COVID on a daily basis to keep track of employees' health. We also provided psychological guidance to employees and their families who were affected by the current emergency.
- We gave out 481 kits with biosafety tools for COVID-19 prevention at Atocongo and 288 at Condorcocha.
- We performed 3,349 rapid tests at Atocongo and 3,335 at Condorcocha, followed by 10 molecular tests at Atocongo and 28 at Condorcocha.
- We granted paid leave to 62 employees at Atocongo and 28 at Condorcocha.

**WE PERFORMED 3,349 RAPID TESTS AT ATOCONGO AND 3,335 AT CONDORCOCHA, FOLLOWED BY 10 MOLECULAR TESTS AT ATOCONGO AND 28 AT CONDORCOCHA.**





## GIOVANNA ESPINOZA

Social Wellbeing  
Area at UNACEM

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*"From the very start of lockdown, we began to implement actions to safeguard the health of our employees and their families. For those employees or their families who were diagnosed with COVID-19, we monitored their health daily and provided them with psychological and nutritional guidance. Employees have valued this sense of closeness that we have with them, in spite of the physical distance. It was through constant communication that we were able to learn in detail about the needs and concerns of our employees and their families".*



### **CARING FOR THE HEALTH OF OUR CUSTOMERS AND HELPING THEM ADAPT THEIR BUSINESSES**

To help our customers reopen their businesses, we provided advice and support so that they could comply with the required operating procedures and service protocols while ensuring social distancing and standard health practices. We also helped them obtain financing through government programs.

- We advised 995 customers on the procedure for obtaining operating from the Ministry of Production (PRODUCE) and the Ministry of Health (MINSA).
- We helped 1,321 customers by:
  - Distributing safe service protocols at the point of sale.
  - Providing signs at the point of sale to help ensure social distancing.
  - Providing guidance on good health practices and donating health kits.
- We provided 1,028 customers with acrylic dividers for cash register areas.
- We provided advice to 128 customers on the process for obtaining financing through the "Reactiva Perú" program.

In 2020, we developed the Progresol website to meet the needs of our Progresol home improvement store customers nationwide by connecting them to people looking to buy construction materials. Thanks to the Progresol website:

- We helped 1,105 Progresol customers maintain market exposure in Lima and the provinces through digital tools that minimize exposure due to contact with others.
- We provided quotes for nearly 2 million bags.
- We generated over 10,000 interactions between interested parties and home improvement stores via WhatsApp. Sales coordinated via WhatsApp, 100% digital.
- We trained over 500 Progresol customers through Zoom on WhatsApp Business.





## YOLANDA PEREA

Progresol customer

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*"UNACEM gave us health protocols and kits to help us take care of our own health and that of our customers. They also gave us acrylic dividers, signs, gloves, and face masks to make sure we were able to follow those protocols. Thanks to their advice, we received financing through the "Reactiva" program so we could buy merchandise and continue with our sales. Through the Progresol website, we were able to communicate with more customers online".*





Atocongo Plant, Villa Maria de Triunfo.

# 1.3

## SUSTAINABILITY IN OUR VALUE CHAIN

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### OUR IMPACTS ON THE VALUE CHAIN

[GRI 102-9]

In June 2020, we began the SDG Compass study to prove our contribution to the Sustainable Development Goals (SDG). This tool, developed by the Global Compact and the Global Reporting Initiative (GRI), is aimed at maximizing our positive impact based on the Company's strategic SDGs, through a focus on our business's value chain. Starting in 2021, we will begin the process of setting objectives, goals, and indicators to monitor our contribution to the SDGs.

The stage implemented in 2020 was aimed at determining priorities, which helped us to name five strategic SDGs for UNACEM's value chain and seven SDGs for private social investment:





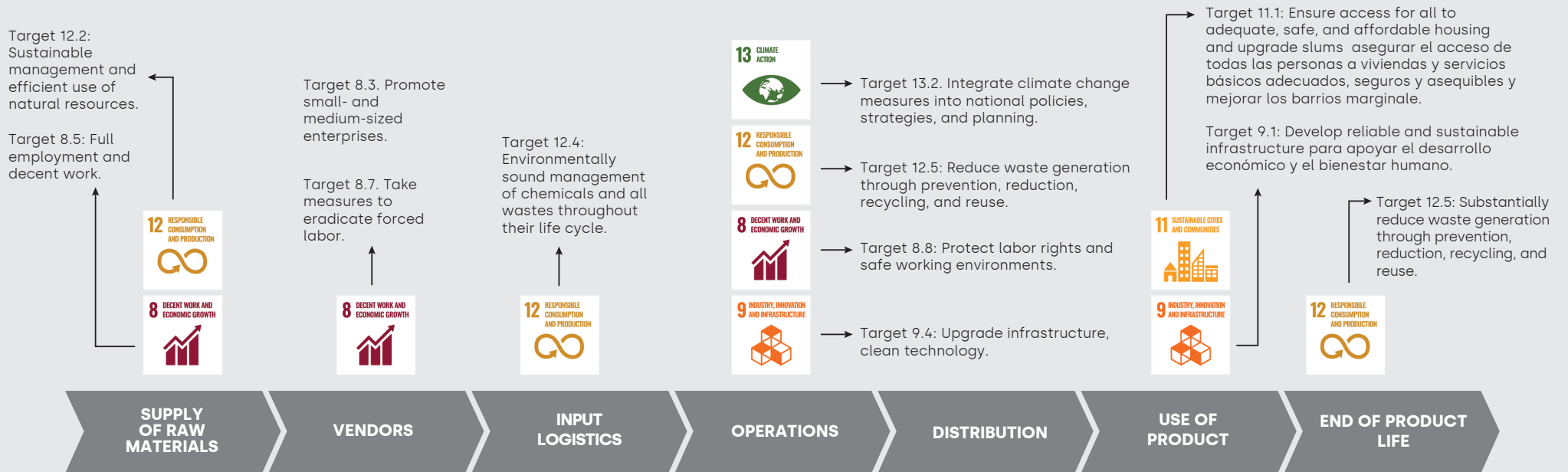
**PROPOSED PRIORITIZATION OF SDGs**



Below are the strategic SDGs identified throughout the value chain, based on the existing relationship between the identified impacts and the respective goals for each SDG



**IDENTIFICATION OF IMPACTS ON UNACEM'S VALUE CHAIN**





## • TRANSFER OF GOOD PRACTICES TO CONTRACTORS AND SUPPLIERS

[GRI 204-1]

Respect, equity, trust, and transparency are the foundations of our relationship with our contractors and suppliers.

We have a selection and evaluation procedure for suppliers of goods and services (contractors) that includes the execution of an affidavit of compliance with law, respect for human rights, and proper occupational health and safety and environmental management.

IN 2020, UNACEM CONTRACTED WITH 2,007 SUPPLIERS OF GOODS AND SERVICES (CONTRACTORS), WHO ACCOUNTED FOR PURCHASES WORTH S/ 898,975,912.20.

OUR PROCUREMENTS FROM LOCAL SUPPLIERS OVER THE COURSE OF THE YEAR ACCOUNTED FOR 11% OF ALL OUR PURCHASES OF GOODS AND HIRING OF SERVICES.

## SUPPLIERS EVALUATION [GRI 308-1] [GRI 414-1]

Purchase management is evaluated through (internal and external) management audits based on ISO 9001, ISO 14001, OHSAS 18001, ISO 37001, and BASC standards, which include purchase processes, as well as grievance and complaint response, as established in the procedures.



## REGISTRATION AND EVALUATION OF GOODS AND SERVICES SUPPLIERS

The procedure for the "Registration and Evaluation of Goods and Services Suppliers" establishes the guidelines for ongoing registration and evaluation. The process is as follows:

<b>1.</b>	<b>SUPPLIERS REGISTRATION</b>	Done using a registration form asking for taxpayer ID number (RUC) and a copy of their operating license.
<b>2.</b>	<b>PERFORMANCE EVALUATION</b>	Evaluation of environmental, social, labor, and occupational health and safety management, on an integrated basis, according to parameters and procedures established in the Integrated Management System.
<b>3.</b>	<b>SCORE</b>	There is a score scale used to evaluate suppliers based on different parameters: general information, company information, activity, credit rating.



The environmental, social, ethical requirements evaluated include:

#### 1. OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM.

- ISO 9001, ISO 14001, and/or ISO 45001 certification.
- Occupational health and safety regulations.
- Risk map.
- HIRARC matrix. Audit records.

#### 2. SOCIAL RESPONSIBILITY AND HUMAN RIGHTS.

- Social responsibility programs.
- Anti-discrimination practices.
- Social responsibility report.

#### 3. ENVIRONMENTAL MANAGEMENT SYSTEM.

- Environmental aspects and impacts matrix.
- Audit records.
- Carbon and water footprints.
- Solid waste management.

#### 4. ANTI-CORRUPTION.

- Guidelines and/or policies to avoid corrupt practices.
- Familiarity with UNACEM's Code of Ethics and Conduct and its Anti-Corruption Policy.





### CONTRACTOR'S EVALUATION

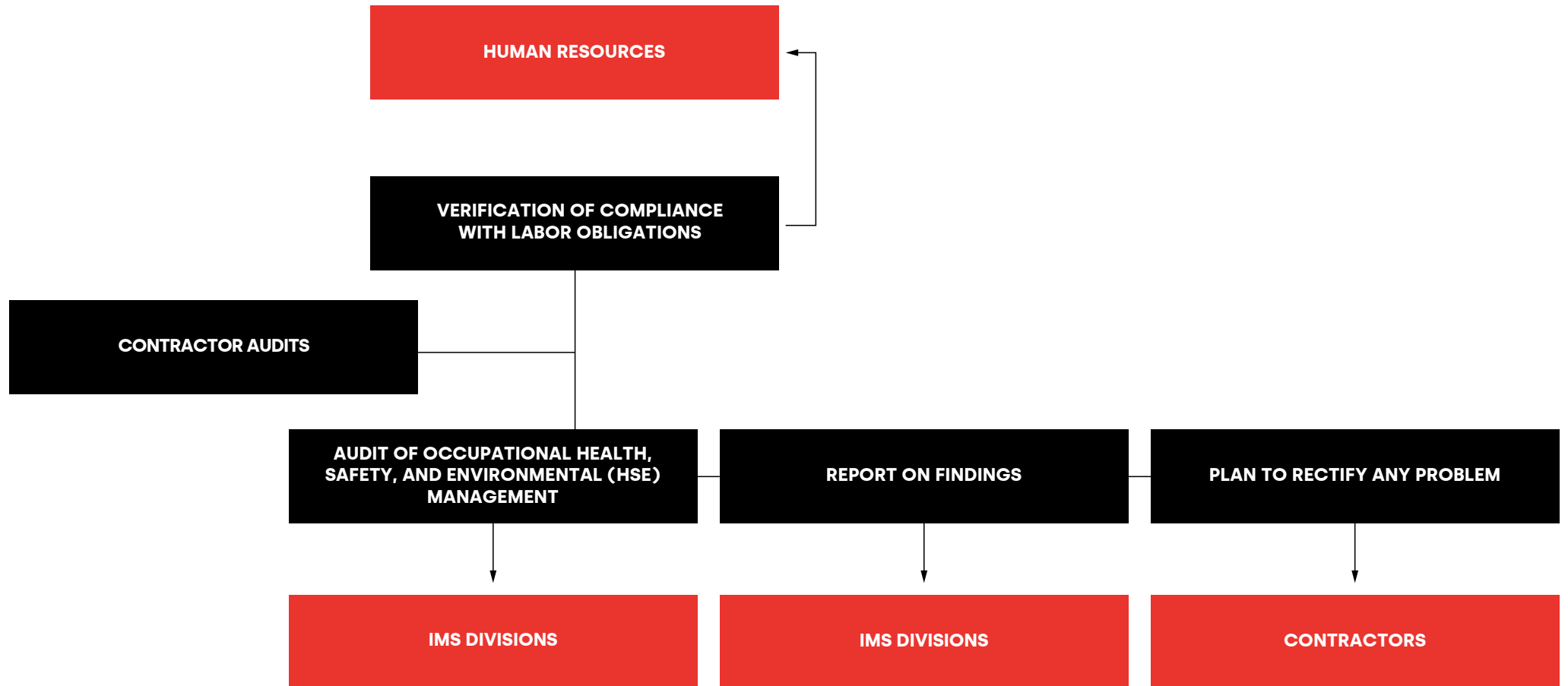
- Our contractors are strategic partners in several of our processes. That is why they are subject to ongoing evaluation and monitoring activities.
- We require that they strictly comply with the laws in force on labor, environmental, and occupational health and safety matters, as well as ethical behavior, effective compliance with anti-corruption policies, respect for human rights, and the development of socially responsible practices.

Because we are strategic partners, we are jointly and severally liable for any event or accident that they may cause, in accordance with law. For that reason, before contractors can begin their activities, they are obligated to identify and evaluate occupational risks and environmental impacts, and to provide occupational health and safety training in accordance with national law.





# CONTRACTOR'S EVALUATION



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Twice a year, user areas evaluate contractor's performance with regard to quality, occupational health and safety, and the environment. Any contractors who fail to obtain the minimum score in this evaluation will be suspended until they take the necessary actions to ensure proper performance standards. Once these corrective actions have been approved, the contractor may once again be authorized to do business with UNACEM.

The "Integrated Management for Contractors" procedure establishes the guidelines and requirements to be taken into account and complied with by contractors in order to prevent accidents, incidents, and environmental impacts.



**GUIDELINES AND REQUIREMENTS FOR CONTRACTORS IN:**

- LABOR MATTERS.
- OCCUPATIONAL HEALTH AND SAFETY
- ENVIRONMENT.

**SCOPE**

**INCLUDES CONTRACTORS WHO WORK WITH US AT:**

- PLANTS.
  - QUARRIES.
  - HYDROELECTRIC POWER PLANTS.
- ▼



### CONTRACTOR AUDITS

The occupational health, safety, and environment (OHSE) audit cycle performed in 2020 on Atocongo-Conchán contractors included nine in-person audits during the first quarter. Due to the national public health emergency, these evaluations are scheduled to resume in 2021, in-person and/or virtually.

The OHSE audits reported 120 findings, of which 10.3% involved partial compliance and 1.5% corresponded to noncompliance.

Below are the details on the companies evaluated during each half of the year in 2020:

<b>FIRST HALF</b>	66 contractors evaluated
<b>SECOND HALF</b>	52 contractors evaluated

In 2020, a total of 76 contractors were evaluated, counting those companies that had at least one evaluation during each half-year period.

### COMPETITIVE BUSINESSES

The "Competitive Businesses" program is a joint initiative with the Global Reporting Initiative (GRI) aimed at fostering companies' ability to manage their risks through a measurement of their sustainability (reporting process), thus enabling them to be more competitive and gain access to new market opportunities.

Asociación UNACEM took part in the "Competitive Businesses" program for the second consecutive years, successfully getting seventeen companies in UNACEM's value chain to prepare 2019 sustainability reports.





The companies participating in the program were able to:

- Identify and close economic, environmental, and social development gaps.
- Plan, implement, and measure the results of improvements in their management.
- Report on advances in sustainability in a common language with their different stakeholders.

## CUSTOMERS AND DISTRIBUTORS

### • COMMUNICATION WITH OUR CUSTOMERS [GRI 417-1]

Our communication strategy is focused on advertising and reinforcing the position of each one of the brands and products in our portfolio, with the goal of increasing customer preference among foremen and self-construction customers.

Our marketing management is based on four strategic pillars:

- Maintain end customer preference for our products: we develop the identity and positioning of each brand with the goal of launching multi-channel communication campaigns and professional training for construction foremen every year.
- Create value through a solid, streamlined portfolio of products: we identify market opportunities, perform feasibility analyses for new launches, and develop the launch of new products, such as Cemento APU in 2014 and Cemento Andino Ultra in 2017.
- Increase loyalty and strengthen the traditional home improvement business through the development of the Progresol network and our customer loyalty and visibility plans in independent home improvement stores.
- Develop construction and industrial channels through customer loyalty plans with technical assistance for better pre- and post-sale service.





To date, we have over 1,015 points of sale in the Progresol network, of which 302 are wholesalers and 713 are retailers.

Our goal is to strengthen channels of communication with construction companies and industrial customers. We seek out innovative solutions to improve pre- and post-sale service, with a view to increasing customer loyalty in both channels via digital platforms.

#### • CUSTOMER HEALTH AND SAFETY

The safety of our value chain is very important to us. For that we reason, we work to evaluate the primary processes that may affect the health and safety of our clients, transportation workers, and drivers who pick up products directly from our facilities. These efforts are aimed at reducing the risk levels caused by external factors and unsafe actions by identifying and analyzing them.

#### STANDARDIZED DISPATCH PROCESSES

Since June 2018, dispatch processes at both plants (Atocongo and Condorcocha) have been standardized. This enables us to provide better service and keep records on drivers' and vehicles' legal compliance in a single platform or system.

Day-to-day compliance with procedures, standards, and protocols is ensured through the operational supervision of each process, which is performed by dispatch and packaging supervisors, industrial health and safety inspectors, and our employees in general (who report unsafe actions and conditions).





### HOW WE EVALUATE COMPLIANCE WITH OUR DISPATCH PROCEDURES

- **At the Atocongo plant**, we evaluate compliance with the clinker and cement dispatch procedures established in the IMS.
- **At the Condorcocha plant**, we evaluate compliance with the road cement dispatch and direct dispatch processes to customers, as well as all the processes performed as part of our port operations. Additionally, as part of our IMS at the Atocongo plant and our administrative offices, we have a procedure for record keeping, investigation, and analysis of unsafe acts that may involve our customers, as well as a complaint and grievance procedure.
- We have a procedure for the management of cement spills caused by accidents during transportation.
- We have an instruction sheet for our transporters and a complaint response procedure.
- Day-to-day compliance with procedures, standards, and protocols is guaranteed through the operational supervision of each process. This oversight is conducted by the dispatch and packaging supervisors, industrial health and safety inspectors, and our employees in general (who report unsafe actions and conditions).

### LABELING OF OUR PRODUCTS

Our bagged cements are labeled with their respective brand names, reference technical standards, and general instructions on their use and conservation. Additionally, all bags are labeled with a code containing information on their provenance (the silo from which they come and the machine used to bag them), thus enabling the traceability of the information on each bag sent to market. On the back of the bags, there are recommendations on the use of the product.





We have a prevention policy that specifies the maintenance schedule for our equipment, thus enabling us to verify the correct functioning of the labeling equipment and the correct use of codes. We provide transporters who haul bulk cement with an “instruction sheet for transporters”, with recommendations to be followed in case of any incident involving the cargo being hauled.

• **WE HAVE JOINED THE FIGHT AGAINST COVID-19 ALONGSIDE OUR CUSTOMERS**

In 2020, we carried out actions to support and advise our customers with the goal of helping them comply with health conditions and facilitate their access to financing under the “Reactiva Perú” program. We also made the following changes:





## ACTIONS IMPLEMENTED AT UNACEM TO THE BENEFIT OF CUSTOMERS

We updated our general health and safety procedures to reflect the new scenario under COVID-19.

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We sent mass emails to customers detailing the new safety protocols in place for entering the plant, including taking visitors' temperatures, respirator use, face shields, etc.

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We installed handwashing stations (water and soap) in the dispatch area of both plants.

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Signs to prevent the spread of COVID-19 (banners and posters) in the dispatch areas of both plants.

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### PROGRESOL WEBSITE

The Progresol website was created due to the need to connect the home improvement stores in our Progresol network nationwide—over 1,000 of them—to people looking to buy construction materials.

We provided quotes for nearly 2 million bags, generated over 10,000 interactions between interested buyers and home improvement stores via WhatsApp, and coordinated 100% digital sales via this app.

We also trained Progresol customers over Zoom in WhatsApp Business, an excellent tool to supplement the [www.progresol.com](http://www.progresol.com) website, benefiting over 500 customers.





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## WE HELPED OUR CUSTOMERS TO CONTINUE DOING BUSINESS USING DIGITAL TOOLS, ENABLING THEM TO GENERATE INCREMENTAL SALES AND LIMIT THEIR PHYSICAL EXPOSURE TO OTHERS.

In 2020, the website benefited all of our Progresol customers in Lima and the provinces, enabling them to reach higher and higher goals.

### • CUSTOMER SATISFACTION

[Non-GRI – Customer Satisfaction Survey]

Each year, we measure the satisfaction of our customers using surveys intended for the persons responsible for purchasing our products and the users of our services. This also allows us to receive suggestions, compliments, and information that we are then able to analyze and incorporate to improve our processes. We are firmly committed to responding to our customers' needs.

In 2020, we increased the satisfaction rate in our Progresol home improvement store network by 6%, and in independent home improvement stores by 5%, compared to 2019. Some of the most important actions that enabled us to achieve these results included:

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- Maintaining cement prices despite the economic crisis.
- Streamlining our offer by eliminating two cements from the portfolio (Andino IPM and Apu ICo).
- Improving our order fill times for customers and final consumers, as well as our customer service, producing Andino Type I cement at our Atocongo plant.
- Through the Progresol website, we helped our customers maintain their supply of products using digital tools that generate incremental sales and help minimize interaction with other people during the pandemic.

CUSTOMERS	2019	2020
PROGRESOL	79%	84%
INDEPENDENT HOME IMPROVEMENT STORES	78%	82%

#### • **"BUILDING FOREMEN" PROGRAM**

[Non-GRI - "Building Foremen" Program]

With the goal of continually increasing professionalism and formality in construction and looking out for the health of construction foremen, we have once again implemented our "Building Foremen" program. We are also working to develop "UNACEM Quarry", a completely free online learning platform where thousands of constructors will have the chance to receive training and improve their skills and knowhow.

This platform will help us reach more foremen, since there are no space limitations and each individual can use this tool at their own leisure.





The platform includes the following learning options.

- The Professional Training Program and free certification course. In alliance with the Instituto CAPECO, 800 scholarships will be given out. This program includes courses focused on reading blueprints, construction materials specifications, concrete dosing and mixing, the brickwork construction system, fittings and finishes, and others.
- It will offer users two other free options, consisting of training to improve construction techniques and develop projects, and solutions with useful tools to reinforce knowledge of the construction process and work safety.

• **INTERNAL GUIDELINES ON ANTI-COMPETITIVE, ANTI-TRUST, AND MONOPOLY BEHAVIOR**

[GRI 206-1]

We have a Code of Ethics and Conduct that describes the minimum standards of conduct to be met by all of our directors, executives, employees, and external advisors, regardless of where they may be, to ensure that their behavior strengthens our company's image.

This document contains general action and decision-making criteria in accordance with our values, and applies to stakeholder relationships. There is a section dedicated to competition, which states that:



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**“WE DEFEND FREE COMPETITION. ACCORDINGLY, WE WILL NOT TOLERATE ANY KIND OF CONDUCT THAT MAY UNLAWFULLY AND UNFAIRLY DIMINISH COMPETITION IN THE MARKET, OR THAT MAY BE CONSIDERED A DETRIMENTAL PRACTICE TO THE CUSTOMER OR CONSUMER. WE ARE PROUD OF OUR STRICT COMPLIANCE WITH THESE ANTI-TRUST LAWS, WHICH ARE DESIGNED TO PROTECT THE MARKET.”**

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# cap2.

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## **CORPORATE GOVERNANCE**

[SMV (7200) Description of Operations and Development]

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During 2020, we reaffirmed our commitment to maintaining good corporate governance processes. Our practices are based on transparency, long-term value creation, and equal treatment of all our stakeholders.

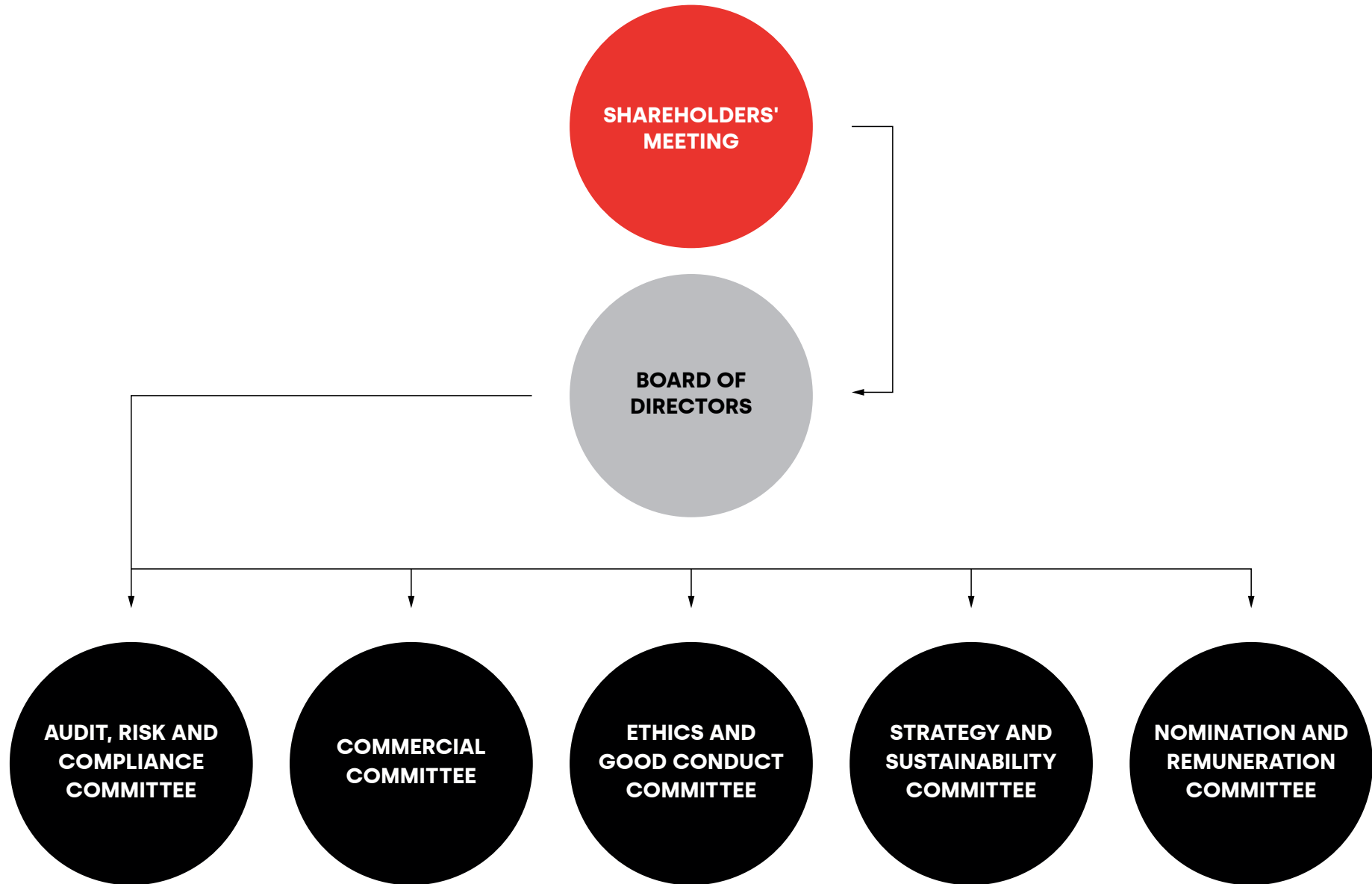
We have corporate governance guidelines that regulate our most important management procedures:

- Corporate Bylaws
- Code of Good Corporate Governance Practices
- Regulations on Shareholders' Meetings
- Dividends Policy
- Regulations on Board of Directors Meetings
- Code of Ethics and Conduct
- Regulations on Board of Directors Committees

Our normative framework establishes an administrative and management structure that encompasses all areas of the Company's actions. Given that our model is continuously improving, two new committees were created in 2020: The Strategy and Sustainability Committee and the Appointments and Salaries Committee.

Additionally, the name of the Audit and Risk Committee was changed to the "Audit, Risk, and Compliance Committee." The Company's current governing structure is as follows: [GRI 102-18]





# 2.1

## SHAREHOLDERS' MEETING

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The Shareholders' Meeting is the Company's highest body, and as such, it decides on the most important aspects in the performance of our business. The Shareholders' Meeting is regulated by corporate law, national law in general, and by the Company's statutes. Its main duties include approving the corporate performance and the financial statements for the fiscal year; electing board members and setting their salaries, as well as the Chairperson and Vice Chairperson; appointing or delegating to the Board of Directors the appointment of external auditors; and deciding on any other matters under its jurisdiction according to the corporate bylaws.

In February 2020, quarterly dividends were paid out in accordance with the established policy. In response to the COVID-19 pandemic, starting in April the quarterly payment of dividends was suspended. The payment of quarterly dividends resumed in February 2021.

Despite the limitations imposed by mandatory social distancing, communication with our investors has remained close and we have made every effort to keep them informed of the different measures and actions taken by the Company on multiple fronts, acting with transparency, and above all, ensuring our rigorous compliance with the orders issued by the government

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# 2.2

## BOARD OF DIRECTORS

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The Board of Directors is the Company's highest administrative body, elected by the Shareholders' Meeting. The Board of Directors is responsible for the management and representation of the Company. It is required to uphold its responsibilities and obligations in accordance with the Law, the bylaws, and the resolutions adopted in the Shareholders' Meetings.

### • BOARD OF DIRECTORS' COMPOSITION

The Board of Directors for the 2020-2022 period consists of eleven members, including one woman and three independent directors.

All of our directors have a strong background in the industry, with exceptional personal qualities.

**The inclusion of a woman marks an important step toward a more diverse Board of Directors.**





## Ricardo Rizo Patrón de la Piedra

### Chairman of the Board

Mr. Rizo Patrón has been the chairman of our board of directors since 2012 and a board member since 1985. He was previously the chairman of the board of CELEPSA, Sindicato de Inversiones y Administración S.A. (SIA), Inversiones Andino S.A. (IASA), and Vigilancia Andina S.A. (VASA) starting in 2014, where he was also formerly vice chairman. Additionally, he was previously vice president of Nuevas Inversiones S.A. (NISA) starting in 1984. He served as manager of ARPL Tecnología Industrial S.A. (ARPL) starting in 1979, and became a board member of El Pacífico-Peruano Suiza Compañía de Seguros y Reaseguros S.A. starting in 2003. He holds a Bachelor's Degree in chemical engineering from the University of Notre Dame and Master's Degree in Chemical Engineering from Massachusetts Institute of Technology.

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## Alfredo Gastañeta Alayza

### Vice Chairman of the Board

Mr. Gastañeta has been the vice chairman of our board of directors since 2012, and a board member since 1981. He was previously chairman of the board of NISA starting in 1992, and a member of the board starting in 1977. He was also previously a board member of Banco Internacional del Perú – Interbank from 2004 to 2015. He has been a board member of Inversiones en Concreto y Afines S.A. - INVECO since 1996, UNICON since 1996, and CELEPSA since 2005. He is a partner at Estudio García Sayán Abogados law firm, and has over 40 years' experience in corporate and tax law. He is an attorney-at-law graduated from Pontificia Universidad Católica del Perú (PUCP).



## Marcelo Rizo Patrón de la Piedra

### Director

Mr. Rizo Patrón has been a member of our board since 1994. He has also been chairman of the board of UNICON since 1996, PREANSA Perú since 2007, and BASF Constructions Chemicals Perú S.A. or "BASF" since 2000. He was previously manager and board member of ARPL starting in 2001. He has been a board member of CELEPSA since 2005, Entrepisos Lima S.A.C. since 2010, PREANSA Chile since 2014, and PREANSA Colombia since 2013. He holds a Bachelor's Degree in Mechanical Engineering from the University of Notre Dame and Master's Degree in Mechanical Engineering from Georgia Institute of Technology. He is also a graduate of the Senior Management Program at Universidad de Piura.

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## María Elena Rizo Patrón de la Piedra

### Director

Ms. Rizo Patrón has been a member of the Administrative Management of ARPL since 1995 and a board member since 2007. She is also a board member and General Manager of Inversiones JRPR S.A., a board member of Vigilancia Andina S.A., Inversiones Nacionales y Multinacionales Andinas S.A., and de Inmobiliaria Santa Cruz S.A. She is currently also a member of the Advisory Board of Asociación UNACEM. She has been a board member of UNICON since 2010 and UNACEM since 2020. She holds a Bachelor's Degree in Business Administration from Universidad del Pacífico. She is also a graduate of the Specialized Finance and Control Management Program of the Escuela de Dirección at Universidad de Piura.

**She has been a board member since July 3, 2020.**



## Carlos Ugás Delgado

### Director

Mr. Ugás has been a member of our board since 1996. He was our chief executive officer from 1996 to June 2020. He has served as a board member of UNICON since 2002 and CELEPSA since 2005. Mr. Ugás holds a Bachelor's Degree in Electromechanical Engineering from Universidad Nacional de Ingeniería, and participated in a special training program organized by Reliance Electric in Cleveland, Ohio. He is also a graduate of the Executive Development, Senior Management, and Management Skills Programs at Universidad de Piura.

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## Jaime Sotomayor Bernós

### Director

Mr. Sotomayor has served as a member of our board of directors since 1994. He has been a board member of NISA since 1989 and CELEPSA since 2005. He was previously a technical manager at ARPL starting 1992. Prior to that, he was president of the Peru division and district leader of the American Society of Mechanical Engineers (ASME) for Latin America and the Caribbean. Mr. Sotomayor holds a Bachelor's Degree in Mechanical Engineering from Pontificia Universidad Católica del Perú (PUCP), a Master's Degree in Science from Columbia University, and an MBA from Escuela de Administración de Negocios para Graduados (ESAN).



## Diego de la Piedra Minetti

### Director

Mr. de la Piedra has served as a member of our board of directors since 2011. He has been general manager and a board member of La Viga S.A. (La Viga) since 1990, a board member of SIA since 2011, NISA since 2010, and PSW S.A. since 2007. He holds a Bachelor's Degree in Business Administration from Universidad del Pacífico and an MBA from Universidad de Piura.

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## Martín Ramos Rizo Patrón

### Director

Mr. Ramos has been a board member of UNACEM since 2018. Since 2012, he has been an investment professional at The Rohatyn Group (TRG), where he manages the LAPEF private capital fund and participates in the strategic management of companies in its investment portfolio. He was previously part of the Latin America investment banking and corporate financing team of the investment bank Morgan Stanley in New York. He was previously part of the investment banking and corporate finance team, focusing on clients in the technology sector in the U.S. market. He has been an independent board member of Pesquera Exalmar S.A.A since 2016 and was previously a board member of Sindicato de Inversiones y Administración S.A. (2012-2015). He holds a Bachelor's Degree in Electrical Engineering and a Bachelor's Degree in Administrative Sciences, majoring in Finance, from Massachusetts Institute of Technology (MIT). He also holds a Master's Degree in Electrical Engineering and Computer science from MIT.



## Jorge Ramirez del Villar Lopez de Romaña

### Independent Director

Mr. Ramirez del Villar has been an independent director of UNACEM since 2018. He is a director, advisor to the senior management, and a member of board committees. He was previously the Central Manager of Banco de Crédito BCP (2010-2016), Manager of the Administration and Processes Division of the BCP (2008-2010), and Manager of the Finance Division of the BCP (2008-1995). He has also held the positions of Investment Banking Manager at Financiera de Crédito, General Manager of Prodebolsa (now Credicorp Capital), advisor to the senior management at Inversiones Centenario, among others. He holds a Bachelor's in Industrial Engineering from Universidad Nacional de Ingeniería and a Master's in International Relations from the University of Cambridge, a Master's in Economics with a concentration in capital markets from The London School of Economics, a Master's in Systems Engineering from The Moore School, and an MBA from The Wharton School at the University of Pennsylvania.



## José Antonio Payet Puccio

### Independent Director

Mr. Payet has been an independent director of UNACEM since 2018. He is a founding partner of the law firm Payet, Rey, Cauvi, Pérez Abogados, which was created in 1996. There, he specializes in general commercial law, mergers and acquisitions, and financial transactions. He began his professional career at CONFIEP (1990). He has been an advisor to the Minister of Industry, Tourism, Integration, and International Trade Negotiations (1992-1993), Legal Manager of AFP Integra (1993-1996), and a member of the INDECOPI board of directors and Court for the Defense of Free Competition. He is a board member of Bolsa de Valores de Lima S.A.A., Inversiones Brade S.A., IncaRail S.A., and UNACEM S.A.A. He was also previously a professor in the areas of his expertise at Pontificia Universidad Católica School of Law. He holds Bachelor's Degree in Law from Pontificia Universidad Católica del Perú and a Master of Laws (LL.M.) from Harvard Law School.



## Elmer Cuba

### Independent Director

Mr. Cuba has been a member of UNACEM's board of directors since 2020. He is a managing partner of Macroconsult S.A. and an independent director of Refinería La Pampilla S.A. He was previously a specialized economist at the BCRP (1993-1995), a Peruvian delegate to the PECC Pacific Economic Outlook, coordinator of the Macroeconomics Group of the Consorcio de Investigación Económica y Social, and a board member of Cofide (2000-2001). He was also the vice president of Osinerg and a member of the Steering Committee (2000-2006), a member of the Advisory Council of the President of the Judiciary (2009-2010), an independent board member of the mining company Milpo and the mining company Atacocha until 2010, and vice chairman and member of the INDECOPI Commission for Free Competition (2004-2013).

Consultant to the Inter-American Development Bank, World Bank, ILO, CEPAL, USAID, CAF, CAN, CIES, Fondoempleo, PCM, MEF, and SUNAT, and permanent macroeconomic consultant to major national and international companies that operate in Peru. He holds a Master's Degree in Economics from Pontificia Universidad Católica de Chile and is professor in the Master's Program in Economics at Universidad Católica.

**He has been a member of the board of directors since July 3, 2020.**

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## Hernán Torres Marchal

### Director

Mr. Torres has served as a member of the board since 2012. He has also been a board member of VASA since 1990, Ferrocarril Central Andino S.A. since 1999, and CELEPSA since 2005. He holds a Bachelor's Degree in Electromechanical Engineering from Universidad Nacional de Ingeniería and an MBA from ESAN. He also graduated from the Senior Management Program at Universidad de Piura.

**He was a board member until July 3, 2020.**

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## Oswaldo Avilez D'Acunha

### Director

Mr. Avilez has served as a member of the board of directors since 2012. He has also been a board member of IASA since 1984, VASA since 1990, and UNICON, INVECO, and ASOCEM since 1996. Previously, he was the president of the New York division of the Peruvian National Accountants' Association. He holds a Bachelor's Degree in Economics from PUCP and an MBA from Universidad de Piura.

**He was a board member until July 3, 2020.**



## Roberto Abusada Salah

### Independent Director

Mr. Abusada has served as a member of the board of directors since 2014. He is the founding director of the Instituto Peruano de Economía. He is an independent consultant, and is currently a local partner of Global Source Partners. He is also a board member of GMD S.A. and GMP S.A. (subsidiaries of Graña & Montero S.A.A), and numerous non-profit organizations. He was the Vice Minister of Trade, Vice Member of the Economy, head economic advisor to the Ministry of the Economy between 1980 and 1983. He was also previously a board member of the Peruvian Central Reserve Bank and an advisor to the President of Peru. In 1993, he was the head advisor to the Ministry of the Economy and Finance. He holds a Bachelor's Degree in Economics from PUCP and a PhD in Economics from Cornell University.

**He was a board member until July 3, 2020.**

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## Roque Benavides Ganoza

### Director independiente

Mr. Benavides has served as a member of our board of directors since 2010. He has been the general manager of Compañía de Minas Buenaventura S.A.A. (Buenaventura) since 2011 and a board member since 2004. He has also served on the board of directors of eight companies related to Buenaventura and Banco de Crédito del Perú. He was previously the president of the National Association of Mining, Oil, and Energy, and of the National Confederation of Private Business Entities (CONFIEP). He holds a Bachelor's Degree in Civil Engineering from Pontificia Universidad Católica del Perú (PUCP) and an MBA from the Henley Business School of the University of Reading. He also finished the Executive Development Program at Harvard Business School and the Advanced Management Programme at Oxford University.

**He was a board member until July 3, 2020.**

Read the board members' resumes to find out more about their background and experience att:

**Executive Team | UNACEM**

**Table 1: UNACEM Board of Directors 2020**

NAME	TITLE	INDEPENDENT	APPOINTED	BOARD COMMITTEES	PARTICIPATION IN OTHER COMPANIES' BOARDS	BOARD MEETING ATTENDANCE
Mr. Ricardo Rizo Patrón de la Piedra	Chairman of the Board	NO	March 1985	Strategy and Sustainability Committee	Inversiones JRPR S.A., CELEPSA, Nuevas Inversiones S.A., UNACEM Ecuador S.A., ARPL Tecnología Industrial, Drake Cement, Skanon Investment Inc., INVECO S.A.	100%
Mr. Alfredo Gastañeta Alayza	Vice Chairman of the Board	NO	March 1981	Audit, Risk and Compliance Committee Nomination and Remuneration Committee	CELEPSA, Nuevas Inversiones, UNICON, Drake Cement, UNACEM Ecuador S.A.	100%
Mr. Marcelo Rizo Patrón de la Piedra	Director	NO	March 1994	Commercial Committee Strategy and Sustainability Committee	Inversiones JRPR S.A., UNICON, PREANSA, ARPL Tecnología Industrial S.A., CELEPSA, Drake Cement, and BAS	100%
Ms. María Elena Rizo Patrón de la Piedra	Director	NO	March 2020	Commercial Committee Nomination and Remuneration Committee	Inversiones JRPR S.A., INVECO S.A., Skanon Investment, UNACEM Ecuador S.A., UNICON, VIGIANDINA S.A., ARPL Tecnología Industrial	100%
Mr. Carlos Ugás Delgado	Director	NO	March 1996	Nomination and Remuneration Committee	UNICON, CELEPSA Preansa Peru, VIGIANDINA S.A., Drake Cement, INVECO	100%





NAME	TITLE	INDEPENDENT	APPOINTED	BOARD COMMITTEES	PARTICIPATION IN OTHER COMPANIES' BOARDS	BOARD MEETING ATTENDANCE
Mr. Jaime Sotomayor Bernós	Director	NO	March 1994	Ethics and Good Conduct Committee	NISA, ARPL, and CELEPSA	100%
Mr. Diego de la Piedra Minetti	Director	NO	March 2012	Commercial Committee Strategy and Sustainability Committee	La Viga S.A., NISA, Drake Cement, and PSW S.A.	100%
Mr. Martín Ramos Rizo Patrón	Director	NO	March 2018	Commercial Committee Strategy and Sustainability Committee	Pesquera Exalmar S.A.A., ARPL.	100%
Mr. Hernán Torres Marchal	Director	NO	From July 2012 to July 2020	Ethics and Good Conduct Committee	VASA, Ferrocarril Central Andino S.A., and CELEPSA.	100%
Mr. Oswaldo Avilez D'Acunha	Director	NO	From July 2012 to July 2020	Ethics and Good Conduct Committee	IASA, VASA, UNICON, INVECO, and ASOCEM	100%
Mr. Jorge Ramírez del Villar López de Romaña	Director	YES	March 2018	Commercial Committee Audit, Risk and Compliance Committee Nomination and Remuneration Committee	Drake Cement Banco Pichincha Perú, Director de Mercancia Mercados Integrados	100%
Mr. José Antonio Payet Puccio	Director	YES	March 2018	Audit, Risk and Compliance Committee Ethics and Good Conduct Committee	Bolsa de Valores de Lima S.A.A., Inversiones Brade S.A., IncaRail S.A.	100%
Mr. Roque Benavides Ganoza	Director	YES	From March 2010 to July 2020	Ethics and Good Conduct Committee	Minas Buenaventura S.A.A.	100%
Mr. Roberto Abusada Salah	Director	YES	From March 2014 to July 2020	–	GMD S.A., GMP S.A.	100%
Mr. Elmer Cuba Bustinza	Director	YES	July 2020	Strategy and Sustainability Committee Ethics and Good Conduct Committee	Refinería La Pampilla	100%



#### • Board Meeting Attendance

During 2020, fourteen board meetings were held with 100%, in addition to extraordinary meetings and some members' participation in the crisis committee to review the plan of action and the impact of COVID-19.

A number of online platforms were implemented, thanks to which the shareholders' meeting and the Board of Directors could perform their operations as normal.

#### • Induction of New Board Members

In August, the newly elected Board of Directors was inducted, with a focus on three major aspects:

- Business aspects.
- Legal, tax, and good corporate governance.
- Corruption prevention.

#### • External Evaluation Process

During the last quarter of the year, we carried out an evaluation process on the Board of Directors' performance, with the assistance of an external advisor. The evaluation was performed on the Board of Directors as a collective body and on each one of its members, thus allowing us to identify and weigh those practices that require improvement, or those that must be prioritized to ensure better performance in the future.

The evaluation was conducted based on the following study components: (i) compliance with internal rules and regulations; (ii) following corporate governance trends; and (iii) analysis of compliance with possible areas for progress defined in previous years' evaluations.





During fiscal year under evaluation, it was concluded that both the Board of Directors and its committees have fully exercised their duties without interference, with full respect for the laws in force and the Company's rules and regulations during the 2020 period.

### BOARD OF DIRECTORS' COMMITTEES

The committees encourage board members' participation and monitoring of issues of primary concern. During the year, the makeup and activities of the five committees were as follows:

#### • Audit, Risk, and Compliance Committee

The purpose of this committee is to assist the Board of Directors in the proper presentation of financial information and reports, risk management, and internal control, in alignment with the organization's strategy and in compliance with internal rules and regulations, as well as all external legal provisions to which the Company and its subsidiaries are subject.

COMMITTEE	CREATION DATE	MEMBERS	NO. OF MEETINGS
Audit, Risk, and Compliance	April 26, 2006	Jorge Ramírez del Villar (i) Jose Antonio Payet (i) Alfredo Gastañeta	12 meetings in 2020

(i) Independent director





#### • Ethics and Conduct Committee

The purpose of this committee is to ensure compliance with the guidelines set forth in the Code of Ethics and Conduct; receive reports filed via the ethics hotline, and any inquiries made; assign the performance of investigations to the competent parties, in accordance with the matters involved; receive the results of said investigations; and report to the Board of Directors on the status of the grievances and the relevant remediation plans.

COMMITTEE	CREATION DATE	MEMBERS	NO. OF MEETINGS
Ethics and Good Conduct	February 23, 2018	Roque Benavides (until Jul. 3, 2020) Oswaldo Avilez (until Jul. 3, 2020) Hernan Torres (until Jul. 3, 2020) José Antonio Payet (i) (since Sep. 25, 2020) Elmer Cuba (i) (since Sep. 25, 2020) Jaime Sotomayor (since Sep. 25, 2020)	1 meeting in 2020

(i) Independent director

#### • Commercial Committee

Assists the Board of Directors in matters of commercial policy and the evaluation of primary commercial decisions, with regard to the approval and ratification of products, distribution and sale strategies, and markets to be served, with the goal of sending key proposals to the Board of Directors for approval.

COMMITTEE	CREATION DATE	MEMBERS	NO. OF MEETINGS
Commercial	October 26, 2018	Marcelo Rizo Patrón Jorge Ramírez del Villar Martín Ramos María Elena Rizo Patrón (since Sep. 25, 2020)	7 meetings in 2020





### • Strategy and Sustainability Committee

This committee's mission is to evaluate, review, and monitor the Annual Strategic Plan and Budget, as well as the main strategic decisions on investment and divestment, forms of debt, and social-environmental management, in order to guarantee growth, strengthening, and maximum efficiency in the Company's use of its resources. The committee also evaluates and supervises the Company's primary innovation initiatives.

COMMITTEE	CREATION DATE	MEMBERS	NO. OF MEETINGS
Strategy and Sustainability	September 25, 2020	Ricardo Rizo Patrón (since Sep. 25, 2020) Marcelo Rizo Patrón (since Sep. 25, 2020) Elmer Cuba (i) (since Sep. 25, 2020) Diego de la Piedra (since Sep. 25, 2020) Martín Ramos (since Sep. 25, 2020)	1 meeting in 2020

(i) Independent director

### • Nomination and Remuneration Committee

The purpose of this committee is to assist the Board of Directors in proposing directors, appointing and ratifying managers, establishing manager salaries, and evaluating board members and managers.

COMMITTEE	CREATION DATE		NO. OF MEETINGS
Nomination and Remuneration Committee	September 25, 2020	Jorge Ramírez del Villar (i) (since Sep. 25, 2020) María Elena Rizo Patrón (since Sep. 25, 2020) Carlos Ugás (since Sep. 25, 2020) Alfredo Gastañeta (since Sep. 25, 2020).	3 meetings in 2020

(i) Independent director





During 2020, the Appointments and Salaries Committee worked on a proposal to be submitted to the Board of Directors to begin the process of implementing a new corporate structure that will help us fulfill the Group's strategic guidelines:

- i. Creation of long-term value;
- ii. Alignment between UNACEM and all of its subsidiaries;
- iii. Attraction, retention, and development of talent; and
- iv. Implementation of organizational change and transformation.

**AS A FIRST STEP IN FOSTERING THE TRANSFORMATION AND CHANGE NECESSARY FOR THE DESIGN OF THE GROUP'S STRATEGY, ON JANUARY 27, 2021, THE BOARD OF DIRECTORS UNANIMOUSLY APPROVED THE CREATION OF THREE CORPORATE VICE PRESIDENT POSITIONS:**

- CORPORATE VICE PRESIDENT OF FINANCE**
- CORPORATE VICE PRESIDENT OF TALENT AND CULTURE**
- CORPORATE VICE PRESIDENT OF INDUSTRY**



# 2.3

## MANAGEMENT





## Pedro Lerner Rizo Patrón

### Corporate General Manager

Mr. Lerner has been our Corporate General Manager since July 1, 2020. Previously, he was the General Manager of CELEPSA (Compañía Eléctrica El Platanal SA) starting in 2006. He holds a Bachelor's Degree in Science, with a major in mechanical engineering, from Pontificia Universidad Católica del Perú. He holds two master's degrees, one in Technology and Strategy and the other in Electrical Engineering and Computer Science, from the Massachusetts Institute of Technology (MIT) (1997). He was also the chairman of the board of Peru 2021 ([www.peru2021.org](http://www.peru2021.org), Global Network Partner of the World Business Council for Sustainable Development (WBCSD)) from 2009 to 2016, and a board member of the National Association of Mining, Oil, and Energy (SNMPE) from 2019 to 2020.



## Álvaro Morales Puppo

### Corporate Vice President of Finance (since February 1, 2021) Corporate Finance and Development Manager (through January 31, 2021)

Mr. Morales has been the Corporate Vice President of Finance since February 1, 2021. He was previously the Corporate of Finance and Development Manager from 2012 to January of 2021, and our financial manager starting in 1992. He has been a board member of UNICON since 1996, BASF since 2002, CELEPSA since 2005, PREANSA Perú since 2007, and Entrepisos since 2010. He holds a Bachelor's Degree in Business Administration from Universidad del Pacífico, with a diploma in finance from ESAN, and has completed the Executive Development Program at Universidad de Piura.



## **Marlene Negreiros Bardales**

### **Corporate Vice President of Talent and Culture**

Ms. Negreiros has been the Corporate Vice President of Talent and Culture since February 15, 2021, and Corporate Manager of Human Resources at AENZA (Graña y Montero) since February 2019. Previously, she was the Corporate Human Resources Manager at Grupo Gloria, and prior to that, the Global Director of Human Resources at Grupo AJE.

She holds a Bachelor's Degree in Business Administration from Universidad Peruana de Ciencias Aplicadas. She holds certificate in Human Resources for Business from the Human Resources Certification Institute (HRCI), and a Master's Degree in Human Resources from INCAE Executive Education and the McDonough School of Business at Georgetown University.

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## **Eduardo Sánchez Verdejo**

### **Corporate Vice President of Industrial Operations**

Mr. Sánchez has been the Corporate Vice President of Industry since February 1, 2021. He was Plant Manager at UNACEM ECUADOR S.A. starting in January 2010. He was previously special legal representative at UNACEM Ecuador, President of Canteras y Voladuras Ecuador, General Manager of Hidrointag (an electricity project company in Ecuador). He has extensive knowledge of the cement industry, in which he has been active since 1995.

Mr. Sánchez holds a Bachelor's Degree in Chemical Engineering from Universidad de Salamanca in Spain.



## **José Luis Perry Gaviño**

### **Legal Manager**

Mr. Perry has been our Legal Manager since December 2019. Prior to that he was Assistant Legal Manager starting in 2012, and before that, he was a legal advisor and attorney-in-fact for Cementos Lima from 2004 to 2012.

He is a licensed attorney-at-law with a Master's Degree in Tax and Fiscal Policy from Universidad de Lima, with a double degree from Universidad Autónoma de Madrid.



## **Francisco Barúa Costa**

### **Investment Manager**

Mr. Barúa has been our Investment Manager since 2014. Previously, he was the Vice President of Corporate Finance at Larrain Vial S.A. in Chile from 2011 and 2014 and an associate on the mergers and acquisitions team at Citigroup in the United States from 2009 to 2011. He holds a Bachelor's Degree in Economics from Universidad del Pacífico and an MBA from the Tuck School of Business at Dartmouth College.



## **Víctor Cisneros Mori**

### **Central Manager**

Mr. Cisneros has been our Central Manager since 2012. Before that, he was Plant Manager at the Condorcocha Plant starting in 1988, Production Supervisor from 1983 to 1988, and Quality Control Supervisor from 1978 to 1980. He holds a Bachelor's Degree in Chemical Engineering from Universidad Nacional de Ingeniería, with a Diploma in Construction Materials from Université de Liège in Belgium, and has completed the Executive Development Program at Universidad de Piura.

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## **Jeffery Lewis Arriarán**

### **Project Execution Manager**

Mr. Lewis has been our Project Execution Manager since 2009. Prior to that, he was our Civil Construction Supervisor from 1996 to 2009. He holds a Bachelor's Degree in Civil Engineering from Universidad Ricardo Palma and an MBA from Universidad del Pacífico.



## Kurt Uzátegui Dellepiane

### Commercial Manager

Mr. Uzátegui has been our Commercial Manager since 2012. Before that, he was our Marketing Manager from 2008 to 2012. He was previously the Senior Product Manager for Peru and Venezuela and the Trade Marketing and Analgesics Category Manager for Pfizer. From 2007 to 2008, he was the National Trade Marketing Manager of Johnson & Johnson in Peru. He holds a Bachelor's Degree in Business Administration from Universidad del Pacífico and an MBA with double degrees from INCAE in Costa Rica and Universidad Adolfo Ibáñez in Chile.

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## Juan Asmat Siqueiro

### Atocongo Operations Manager

Mr. Asmat has been our Operations Manager at the Atocongo Plant since 2011. Prior to that, he was the Maintenance Supervisor from 2005 to 2011, Head of Mechanics from 2003 to 2005, and a supervisor from 1990 to 2003. He holds a Bachelor's Degree in Mechanical Engineering from Universidad Nacional de Ingeniería and an MBA from the Centrum Católica Graduate Business School.



## Héctor Leyva Cruz

### Condorcocha Operations Manager

Mr. Leyva has been the Operations Manager at the Condorcocha Plant since July 2018. Prior to that, he was the Assistant Manager of Production from 2012 to 2018, and Head of the Production Department starting in 2002.

He holds a Bachelor's Degree in Chemical Engineering from Universidad Nacional del Centro del Perú in Huancayo and a Master's Degree in Business Administration from Centrum Católica. He is a graduate of the Leadership Program at EADA in Barcelona, the Business Management Program at ESAN, and the Managerial Leadership Program of the PAD at Universidad de Piura.



## Pablo Castro Horna

### Human Resources Manager

Mr. Castro has been our Human Resources Manager since 2012. Before that, he was our Human Resources Supervisor from 1996 to 2002, Administrative Supervisor from 1992 to 1996, and Head of Industrial Relations from 1989 to 1992. He holds a Bachelor's Degree in Industrial Relations from Universidad San Martín de Porres and Business Administration from Universidad Inca Garcilaso de la Vega. He also completed the Executive Development Program at Universidad de Piura.



## Armando Casis

### General Manager of Asociación UNACEM

Mr. Casis has been the General Manager of Asociación UNACEM since 2012. Before that, he was the General Manager of Asociación Atocongo from 2003 to 2012 and Coal LAR from 1990 to 2003. He has been and continues to be a board member of different organizations. He holds a Bachelor's Degree in Industrial Engineering from Universidad Nacional de Ingeniería, a Master's Degree in Social Management (PUCP), an MBA (Universite du Quebec), and a Master's Degree in Administration (ESAN). He has diplomas in Social Impact Strategy (UPenn), Independent Board Member Certification (CENTRUM Católica), Peruvian Context for Investment Development from the Management School of Universidad de Piura (PAD), Corporate Social Responsibility from Tecnológico de Monterrey (TEC) and the World Bank Institute (WBI), and the Leadership Series at The Harvard Kennedy School. He also has a diploma Corporate Citizenship Management from the Boston College Center for Corporate Citizenship (BCCCC).

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# 2.4

## ETHICS AND COMPLIANCE

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### • ANTI-CORRUPTION POLICY

Our Company, led by its Board of Directors, has assumed a firm commitment in the fight against corruption. One important milestone in this effort was the approval and publication in 2019 of our Anti-Corruption Policy, which is available to all of our stakeholders on our website, and for our team members via our intranet.

During 2020, we sought to bolster the dissemination of our Anti-Corruption Policy and Code of Ethics through:

- Inductions of new personnel, and the handing out of the Anti-Corruption Policy and Code of Ethics.
- Emails and newsletters to raise awareness among personnel.
- Training for critical personnel regarding our anti-bribery management system.

In 2020, we trained 53 employees (directly related to the matter), with 88% participation.

These messages are also shared on television screens located at different points throughout our





facilities, with the goal of constantly reinforcing the criteria that lead our personnel to make ethical decisions. [GRI 205-2]

### **INTEGRATED GRIEVANCE SYSTEM**

We have an official channel, managed by the auditing firm PricewaterhouseCoopers (PwC) to guarantee confidentiality, via which employees, suppliers, stakeholders, and the general public can submit complaints regarding violations of our Code of Ethics and Conduct (CODEC) or make inquiries regarding ethics conflicts.

Our Integrated Grievance System (IGS) consists of the following channels:

- Website: [www.lineaetica.pe/Home](http://www.lineaetica.pe/Home)
- Email: [pe\\_lineaeticaunacem@pwc.com](mailto:pe_lineaeticaunacem@pwc.com)
- Toll-free phone numbers: 0800-18422 / (01) 211 6534 / (01) 211 6531

Individuals can file grievances or submit questions anonymously, thus guaranteeing the confidentiality of all questions and complaints.

We analyze all of the questions and complaints we receive through the aforementioned channels.

We have established internal means to investigate complaints and respond to questions.

- **ISO 37001.**

[Non-GRI ISO 37001 Certification]

In August 2020, BASC performed a follow-up audit that confirmed that our management system continues to be implemented in accordance with ISO 37001 Certification requirements.



### • COMPLIANCE

Our Legal Management is responsible for safeguarding the Company's rights and interests, as well as monitoring compliance with our legal obligations and minimizing contingencies through a preventive approach. We currently have a team member who meets the profile of a compliance officer, whose official appointment is scheduled for the end of the year.

We use the GEORGE program to supervise, identify, and verify legal and contractual obligations (safety, environment, mining, and electricity), assign a party who is responsible for compliance with said obligations, and send out early warnings and alerts. The Legal Management also performs biannual audits to guarantee compliance with these obligations.

We also perform surprise inspections of our activities, which are supervised by the Environmental Assessment and Auditing Entity (OEFA) on an ongoing basis, thus guaranteeing compliance with all of our legal obligations.

In 2021, we will be adding anti-bribery obligations and assuming voluntary obligations (environmental impact assessments and social commitments) to verify compliance. These steps will help ensure that all voluntary and mandatory obligations can be tracked using the GEORGE software. [GRI 307-1] [GRI 419-1]

# cap3.

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## **TALENT MANAGEMENT**


[SMV (7200) [Description of Operations and Development]]

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**AT UNACEM, WE CONSIDER OUR TEAM MEMBERS TO BE THE VERY FOUNDATION THAT HAS ALLOWED US TO REMAIN THE LEADER IN OUR SECTOR OVER THE YEARS. WE VALUE THEIR CONTRIBUTIONS AND WE MAKE EVERY EFFORT TO FOSTER THEIR DEVELOPMENT.**

At UNACEM, we consider our team members to be the very foundation that has allowed us to remain the leader in our sector over the years. We value their contributions and we make every effort to foster their development through a personal, technical, and professional training strategy, offering them a safe, healthy, and positive work environment.

In 2020, we implemented a COVID-19 Monitoring, Prevention, and Control Plan to ensure the health and safety of our team members. The plan included the drafting of procedures and definitions for work and human resources management macro-procedures, in accordance with the regulations in force.



# 3.1

## EMPLOYMENT, TALENT MANAGEMENT, AND DIVERSITY

### • EMPLOYMENT

In response to the pandemic and the economic crisis faced by the country, we made the decision to continue operating without suspending our work. Operational employees with risk factors were granted paid leave, subject to repayment, which enabled us to continue paying their basic wages. During 2020, 90 team members were on paid leave.

The service and administrative areas, with a total of 228 employees, were also ordered to work remotely, while 479 employees worked in-person at the plants.

In 2020, we directly employed 799 full-time personnel. At both plants, we promoted the hiring of local labor from our areas of direct influence, in accordance with the principles of equity and equal opportunity.




**TABLE 2: LABOR CLASSIFICATION BY EMPLOYEE GENDER AND REGION OF PROVENANCE** [GRI 102-8]

2020					
CLASSIFICATION	WOMEN		MEN		TOTAL
	JUNÍN	LIMA	JUNÍN	LIMA	
Administrative	3	58	82	174	317
Employees	2	23	44	83	152
Laborers	0	0	185	145	330
Interns	0	0	0	0	0
<b>Total</b>	<b>5</b>	<b>81</b>	<b>311</b>	<b>402</b>	<b>799</b>

#### • PROMOTION AND EQUAL OPPORTUNITIES

We have a formally established employee selection process that is audited as part of our Integrated Management System (IMS). Our skill-based management model is continuously updated to ensure that those who are hired to work at our Company have the necessary skills for each position. This system involves the following processes: drafting of job profiles; recruitment and selection; performance evaluations; and development and training. [GRI 401-1]

When new employees begin working for us, they go through an induction process to help them internalize our mission and corporate values, and to learn more about their roles and responsibilities. They also receive an induction with regard to our Integrated Management System, which includes





topics such as occupational safety, our Code of Ethics and Conduct (CODEC), and our Anti-Corruption Policy.

Since we tried to perform most administrative activities remotely in 2020, we sought to enrich the different job positions so that we could make better use of our human resources through internal movement, reorganization, and promotions in some of our administrative areas.

As a result, the younger employees in the administrative leadership pipeline ran field operations under the leadership of more experienced managers working remotely. We were thus able to use this opportunity to further their learning and development.

Our employee turnover levels are very low, since personnel rarely leave the Company after they begin working for us. When a position opens up, we always prioritize internal talent before undertaking an external recruiting process. Among the employees who ceased working for us in 2020, 18 cases were due to retirement age limits.

**TABLE 3: NEW TEAM MEMBERS BY GENDER, AGE, AND REGION OF PROVENANCE** [GRI 401-1] [GRI 102-8]

GENDER	LIMA			JUNÍN		
	NEW HIRES			NEW HIRES		
	AGES 20-29	AGES 30-39	AGES 40-59	AGES 20-29	AGES 30-39	AGES 40-59
Male	4	14	5	0	10	3
Female	2	0	2	0	0	0
<b>Total</b>	<b>6</b>	<b>14</b>	<b>7</b>	<b>0</b>	<b>10</b>	<b>3</b>



**TABLE 4: TERMINATION OF TEAM MEMBERS BY GENDER, AGE, AND REGION OF PROVENANCE**

[GRI 401-1] [GRI 102-8]

GENDER	LIMA				JUNÍN			
	NEW HIRES				NEW HIRES			
	AGES 20-29	AGES 30-39	AGES 40-59	AGES 60-70	AGES 20-29	AGES 30-39	AGES 40-59	AGES 60-70
Male	1	3	2	12	0	0	1	5
Female	1	2	2	1	0	0	0	0
<b>Total</b>	<b>2</b>	<b>5</b>	<b>4</b>	<b>13</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>5</b>

We promote the hiring of local labor from our areas of direct influence, out of respect for the principles of equity and equal opportunity.

**TABLE 5: CONTRACTORS WITH THE HIGHEST NUMBER OF EMPLOYEES**

ACTIVITY	ATOCONGO PLANT			CONDORCOCHA PLANT		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Cleaning	8	123	131	3	95	98
Security	0	265	265	0	101	101
Dining Hall	8	7	15	0	14	14
<b>Total</b>	<b>16</b>	<b>395</b>	<b>411</b>	<b>3</b>	<b>210</b>	<b>213</b>



#### • WORKPLACE ENVIRONMENT

In June, we conducted an online organizational health index (OHI) survey through the consulting firm McKinsey.

The evaluation was performed via a platform that evaluates responses based on nine dimensions and three key capacities for any organization:

- Alignment.
- Execution.
- Adaptation to change.

## WE ACHIEVED A SCORE OF 76%, SIX POINTS HIGHER THAN IN THE 2018 SURVEY.

We also identified the following challenges for the future:

- **Have a shared vision of the business:** Establish the direction to be taken through the creation and communication of an attractive, attention-grabbing image of what the future will be like.
- **Strategic clarity:** Articulate a clear direction and a strategy to win, and translate it into specific goals and objectives.
- **Employee performance evaluation:** Use formal performance evaluations, feedback, and follow-up to coordinate and control talent flows.





- **Risk Management:** Identify and mitigate risks of corruption, lack of transparency, and others established in our CODEC, allowing us to quickly respond when such risk situations arise.
- **Feature inspiring leaders:** Stress the ability to inspire employees through support, acknowledgment, and other forms of encouragement.

- **TRAINING**

[GRI 401-1]

We have an Annual Training Plan (PACE, for its acronym in Spanish) in which we plan and execute training activities to develop our team members' knowledge and skills.

As part of our strategic plan, we prioritize issues tied to occupational health and safety, technical aspects, and soft skills.

This year, training sessions placed special emphasis on sharing biosafety protocols to address the COVID-19 health emergency.




**TABLE 6: CLASSIFICATION OF PERSON-HOURS OF TRAINING** [GRI 404-1]

WORK CATEGORY	GENDER	NO. OF HOURS	AVERAGE HOURS
Administrative	Female	1,463	23.98
	Male	8,236	32.30
	<b>Total</b>	<b>9,699</b>	
Employees	Female	431	17.22
	Male	2,151	16.93
	<b>Total</b>	<b>2,582</b>	
Operators	Female		
	Male	2,616	7.90
	<b>Total</b>	<b>2,616</b>	
<b>Total</b>		<b>14,897</b>	<b>18.64</b>

### E-LEARNING PLATFORM

In 2018, we implemented the CrossKnowledge eLearning platform for managerial skills. We expanded the platform to cover supervision lines in 2019, and in 2020, we increased training resources with content produced by World of Business Ideas (WOBI). Topics covered included:





- Negotiation.
- Personal development.
- Creation of efficient teams.
- Innovation and creativity.
- Problem-solving.
- Communication.
- Continuous improvement of processes.
- Personal learning.
- Adaptation to surroundings.

We also continued to hold our technical symposium, in which UNACEM Perú, UNACEM Ecuador, Drake Cement, and other invited companies presented their best practices.

#### **UNACEM ONLINE TRAINING PLATFORM**

We used this platform to train our team in topics such as the environment, industrial health and safety (industry and mining), and biosafety (UNACEM protocols).

#### **INSTITUTO UNACEM**

Instituto UNACEM is an internal initiative that aims to develop our team members' know-how and technical abilities, ensuring compliance with the Company's strategic guidelines. We currently have three programs at the Atocongo and Condorcocha plants:





- **Cement Engineer Certification:** This program seeks to give our team members a comprehensive vision of the cement production process, demonstrating that the value contributed by each area (primary or support) adds to our final products.
- **Operator Certification:** This program seeks to ensure the standardized, expert performance of our control room operators by providing them with theoretical and practical training on the equipment, procedures, and processes involved in cement manufacturing.
- **Quality Analyst Certification:** This program seeks to boost participants' performance through standardized processes that help achieve reliable results, ultimately enhancing continuous improvement in the quality of our products.

In 2020, we continued to develop team members' know-how and technical abilities through the programs of Instituto UNACEM. These programs aim to strengthen the core skills applicable to the business.



**TWENTY-FIVE TEAM MEMBERS IN STRATEGIC POSITIONS WERE TRAINED IN CEMENT PRODUCTION PROCESSES.**

**TABLE 7: CEMENT PRODUCTION PROCESS CERTIFICATIONS**

<b>CERTIFICATIONS</b>	<b>TEAM MEMBERS</b>
Cement Engineers	07
Operators	08
Quality Analysts	10

# 3.2

## SAFE AND HEALTHY WORK ENVIRONMENT

### • OCCUPATIONAL HEALTH AND SAFETY

[GRI 403-4] [GRI 416-1]

At UNACEM, our team members' health and safety is one among our most important capital. To protect it, we have an Occupational Health and Safety Management System that forms part of our Integrated Management System (IMS).

We constantly strive to implement the best practices in order to eliminate or minimize the risks of our activities. In 2020, we focused our efforts on preventing the spread of COVID-19 at our facilities.

We implemented our COVID-19 Monitoring, Prevention, and Control Plan, approved by the Ministry of Health, which included control measures to decrease the likelihood of spreading the virus. The main actions taken under this plan included:

- Declaring the Central Health Committee in permanent session to review and approve new procedures in accordance with the standards issued by the Ministry of Health.
- Having those team members who were able to perform their duties at home do so.
- Disinfecting areas, performing blood tests on personnel, and other actions that helped us limit the likelihood of infections.
- Promoting social distancing through smaller work teams of two to four people.







**OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM** [GRI 403-1] [GRI 403-2]

In 2020, we continued to consolidate our Occupational Health and Safety Management System, based on nine components:



## "BE A MODEL IN OCCUPATIONAL HEALTH AND SAFETY BY 2021".

As part of our strategic goal to "be a model in occupational health and safety" by 2021, we have prioritized the implementation of our management system, with a greater emphasis on the leadership, and organization; risk management; and contractor management components. We measure our performance using reactive and proactive indicators, including the following:

### Reactive Indicators

- Frequency index.
- Severity index.
- Accident rate index.
- % of personnel with COVID-19 who returned to work.

### Proactive Indicators

- Five-minute safety talks at the start of each shift.
- Safety training sessions.
- Events log.
- Records on % of reported events addressed or rectified.
- % of OHS Committee objections resolved.
- % of corrective actions taken to resolve OHS "non-conformities."
- Visible leadership interventions.



There was a decrease in the number of man-hours worked at UNACEM in 2020 due to the stoppage of operations, which affected the reactive indicators at both locations:

**TABLE 8: NO. OF MAN-HOURS WORKED**

	ATOCONGO PLANT		CONDORCOCHA PLANT		TOTAL	
	2019	2020	2019	2020	2019	2020
Man-Hours Worked	6,370,069	4,371,687	3,155,354	2,544,842	9,525,423	6,916,529

**TABLE 9: ACCIDENT FREQUENCY AND SEVERITY INDEXES**

	ATOCONGO PLANT		CONDORCOCHA PLANT		TOTAL	
	2019	2020	2019	2020	2019	2020
Frequency Index	2.4	2.7	1.3	3.1	2.0	2.9
Severity Index	36.7	25.9	19.7	66.4	31.1	40.8
Accident Rate Index	0.1	0.1	0.02	0.2	0.1	0.1
No. of Fatal Accident Victims	0	0	0	0	0	0



The year 2020 was an atypical one, in which the number of man-hours worked (MHW) declined significantly due to the stoppage of activities during the public health crisis.

At Atocongo, the number of accidents with time lost fell by three events (from 15 to 12). Despite this, the frequency index rose due to the decrease in MHW. At Condorcocha, accidents with time lost increased from four to eight in 2020. However, the frequency index jumped by more than 50% due to the decline in MHW.

It should be noted that the accident frequency index was significantly affected by the decrease in man-hours worked due to the stoppage of operations from March and May.

We continue to work on improving our occupational health and safety management, which was primarily focused this year on establishing the necessary protocols to protect our team members' health while working during the pandemic.

**TABLE 10: NUMBER OF MINOR ACCIDENTS** [GRI 403-9]

PLANT	MINOR					
	2019			2020		
	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
Atocongo	28	0	28	9	0	9
Condorcocha	21	0	21	33	0	33




**TABLE 11: NUMBER OF INCAPACITATING ACCIDENTS** [GRI 403-9]

PLANT	INCAPACITATING					
	2019			2020		
	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
Atocongo	15	0	15	12	0	12
Condorcocha	4	0	4	8	0	8

**PROACTIVE INDICATORS**

PROACTIVE INDICATORS	ATOCONGO		CONDORCOCHA		UNACEM	
	2019	2020	2019	2020	2019	2020
Five-minute safety talks at the start of shifts	100%	100%	97%	99%	99%	100%
Safety training sessions	100%	99%	100%	95%	100%	97%
Events log	3,335	873	6,757	3,695	10,092	4,568
% of reported events resolved	86%	94%	89%	92%	87%	93%
% of OHS Committee objections resolved	93%	73%	71%	63%	82%	68%
% of corrective actions taken to resolve OHS "non-conformities"	94%	74%	97%	96%	96%	85%
Visible leadership interventions	4,488	894	2,175	447	6,663	1,341



In 2020, we strengthened our lock-out, tag-out, try-out (LOTOTO) standard and implemented working at height and cargo hoisting standards.

We are currently working to implement standards on:

- Hot work.
- Confined spaces.
- Contractor management.

## OUR GOAL FOR 2021 IS TO ACHIEVE ZERO OCCUPATIONAL ACCIDENTS.

As a future challenge, we are firmly convinced of the strategic necessity of consolidating the concept of self-care and care for coworkers among our own personnel and those of our contractors.

### **Interactive Classroom** [GRI 403-5]

The “Interactive Classroom for Occupational Health and Safety Training” project aims to strengthen skills and abilities, while also raising greater awareness of preventive safety among the team members of UNACEM and its contractors.



In 2020, five courses were offered:

**FIG. 2: 2020 INTERACTIVE CLASSROOM COURSES**



**AS OF MARCH 2020, WE HAD TRAINED 1,204 PARTICIPANTS**

After that, the public health emergency forced us to suspend in-person inductions at the Interactive Classroom facilities.

For more details, see p. 142.





## IN RESPONSE TO THE COVID-19 PANDEMIC, WE CARRIED OUT A NUMBER OF ACTIONS TO HELP ENSURE OUR TEAM MEMBERS' PHYSICAL AND EMOTIONAL HEALTH.

### • OCCUPATIONAL HEALTH [GRI 403-4] [GRI 403-6]

We have a number of programs that aim to safeguard our team members' health, in all different aspects. These programs provide medical assistance and preventive care, as well as responding to any emergencies that may arise in the plant.

We also have a family medical insurance program that allows team members and their registered family members to access medical treatment through a wide network of private clinics. In 2020, we continued with the following programs: [GRI 403-3]

- Occupational medical exam.
- Monitoring of the Occupational Health Plan.
- Oncological preventive exam.
- Preventive program: "Me Quiero Saludable".







In response to the COVID-19 pandemic, we carried out a number of actions to help ensure our team members' physical and emotional health. Among the most notable of these actions were the following: [GRI 403-7]

- We limited the capacity of the buses used to transport personnel (50% of maximum capacity).
- We checked team members' temperatures before they entered the plant and provided them with hand gel.
- We hired additional medical services and nurses at the first-aid station to take temperatures.
- We handed out 481 kits with biosafety tools to prevent COVID-19 at Atocongo, and 288 at Condorcocha.
- We performed 3,349 rapid tests at Atocongo and 3,335 at Condorcocha, followed up by 10 molecular tests at Atocongo and 28 at Condorcocha.
- We gave 55 preventive talks on COVID-19 at Atocongo and 28 at Condorcocha.
- We performed daily monitoring of diagnosed COVID-19 cases to keep track of team members' health. We also provided them with nutritional advice during and after their illness..

Additionally, we fitted out the plants to help prevent COVID-19, ensuring healthy conditions and adequate social distancing:

- We optimized space in our locker rooms and increased their capacity by fitting out a dome in Condorcocha, thus allowing greater distancing among employees.
- We set up temporary dormitories to comply with curfew measures.
- We fitted out UNACEM's dining areas with acrylic protectors on each one of the tables and food service lines.
- We limited capacity to 40% to guarantee adequate distancing, and we established a cleaning and care protocol.





- For contractors, we set up temporary dining areas with domes to ensure adequate distancing.
- In all of our areas, we have attempted to ensure adequate natural ventilation.

We allowed 164 employees at Atocongo and 19 at Condorcocha who were able to work remotely to take their computers and ergonomic chairs home.

Thanks to these measures, as well as the preventive information on health-related topics, only 18% of team members had caught COVID-19 as of the end of 2020.

We owe the success of all of these measures to our team members' active participation and cooperation.



# 3.3

## HUMAN RIGHTS

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Respect for human rights is part of our corporate culture. We promote the unconditional application of and compliance with the laws in force, compacts and agreements to which Peru is party, and all international covenants on the matter. [GRI 406] [GRI 408-1] [GRI 409-1]

### PREVENTION OF HARASSMENT AND DISCRIMINATION

We promote an environment free from sexual harassment and discrimination, where respectful treatment is prioritized among all of our team members. We work hard to ensure that this environment is free from offensive or hostile treatment, whether in writing, verbally, or through inappropriate acts or gestures. Any behavior, habits, or abuse of authority that makes our team members uncomfortable is absolutely unacceptable.

**IN 2020, WE FORMED THE SEXUAL HARASSMENT INTERVENTION COMMITTEE, WHICH IMMEDIATELY BEGAN TO PERFORM ITS DUTIES IN ACCORDANCE WITH THE SEXUAL HARASSMENT PREVENTION AND PUNISHMENT ACT.**



Our Board of Directors has an Ethics and Good Conduct Committee to ensure compliance with our Code of Ethics and Conduct (CODEC). This Committee reviews complaints filed through our comprehensive complaint hotline. This hotline is anonymous, and is managed by the auditing firm PricewaterhouseCoopers (PWC) to guarantee confidentiality.

In 2020, we formed the Sexual Harassment Intervention Committee, which immediately began to perform its duties in accordance with the Sexual Harassment Prevention and Punishment Act. Committee members serve for a period of two years. We also shared the "Sexual Harassment Prevention" procedure with all of UNACEM's personnel.

#### **TRAINING OF SECURITY PERSONNEL** [GRI 410-1]

Vigiandina is our subsidiary that provides security services for all of our facilities. This company has a comprehensive policy according to which its personnel must undergo training and learn about human rights and compliance with the applicable laws.

This policy is aligned with the governing directives that regulated this sector. As part of these activities, its personnel follow a curriculum that train them on a range of subjects, including human rights.

**TABLE 12: TRAINING OF SECURITY PERSONNEL** [GRI 410-1]

<b>TRAINING OF SECURITY PERSONNEL</b>			
<b>LOCATION</b>	<b>TOTAL TEAM MEMBERS</b>	<b>TEAM MEMBERS TRAINED</b>	<b>PERCENTAGE TRAINED</b>
Lima	258	241	93.41
Tarma	104	96	92.30





To obtain a private security guard license from the Peruvian Superintendency for the Oversight of Security Services, Arms, Munitions, and Explosives for Civilian Use (SUCAMEC), applicants are required to pass the mandatory "Constitution and Human Rights" course, which includes topics such as fundamental rights and duties tied to human beings' life, integrity, freedom, and safety.

In 2020, we received no complaints or grievances for the violation of human rights (child labor, forced labor, or discrimination) by our contractors or suppliers.

In 2021, we will continue to work on human rights issues, primarily within the company, but also with our contractors and suppliers.

UNACEM contributes to Sustainable Development Goal 8.8: "Protect labor rights and promote safe and secure working environments for all workers", making us a model for occupational health and safety in Peru.

#### • UNION RELATIONS

[GRI 407-1] [GRI 102-41]

The evaluation mechanisms regarding our compliance with obligations established in collective bargaining agreements are included in the payroll, demonstrating the absence of any restrictions on freedom of association and collective bargaining, both at the Company and for vendor or contractor employees who wish to join unions. [GRI 102-41]





We have two unions:

- **At the Atocongo plant:** The Sindicato de Trabajadores de Unión Andina de Cementos S.A.A.– Canteras de Atocongo, of which 169 laborers and employees are members, accounting for 36.0% of all team members there.

The most recent collective bargaining agreement was signed in July 2018 for a three-year period, and runs until June 2021. All of the Company's personnel who are members of this union are mandatorily covered by collective bargaining agreements. [GRI 102-41]

At our discretion, we have decided to extend the application of the collective bargaining agreements to cover workers and employees who are not union members. [GRI 407-1]

- **At the Condorcocha plant:** The Sindicato Único de Trabajadores de Unión Andina de Cementos S.A.A., of which 155 laborers are members, accounting for 49% of all team members.

All of the Company's personnel who are members of this union are mandatorily covered by collective bargaining agreements. At our discretion, we have decided to extend the application of the collective bargaining agreements to cover team members who are not part of the union [GRI 102-41] [GRI 407-1]

Since the start of the public health emergency, we have remained in close contact with our unions via periodic online meetings.



Atocongo Plant, Villa Maria del Triunfo, Lima.



# SOCIAL MANAGEMENT

## HEALTH AND SAFETY AT WORK



### BIOSAFETY KITS

to prevent COVID-19 provided to collaborators.



We carried out COVID-19 prevention work in the plants in order to ensure healthy conditions and adequate social distancing.

## ORGANIZATIONAL HEALTH EVALUATIONS



The organizational health evaluation produced a result of 76%, emphasizing skills development, the working environment and innovation and learning.

## ANNUAL TRAINING PLAN (PACE)



More than 14 hours of training on subjects such as health and safety at work, technical aspects and soft skills, placing greater emphasis on biosafety protocols.



## COLLABORATORS

 **86**

 **713**

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**799**

## COMMUNITY



**MORE THAN 8,000 BAGS OF CEMENT DONATED** for community works and educational infrastructure, benefiting more than 18,000 people in the areas of influence of our plants.



**MORE THAN 1,400 ON-LINE PREVENTIVE CONSULTATIONS** on subjects such as preventing anemia, balanced diet, hygiene practices at community diners, healthy families and COVID-19 prevention.



**MORE THAN 110 ENTREPRENEURS TRAINED** in subjects that complement their entrepreneurship and more than 120 young people trained to improve their employability through the Your Future program.



**MORE THAN 1,200 CHILDREN IN THE AREAS OF INFLUENCE** of our plants attended educational, artistic and sporting workshops in the first quarter of the year.



**MORE THAN 30 MEMBERS OF RECYCLING ASSOCIATIONS** given virtual training in contributions to target 12.5 of SDG 12: responsible consumption and production.



**MORE THAN 70 SOCIAL ORGANISATIONS** strengthened using virtual tools and the new coexistence, benefiting 97 leaders.



# cap4.

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**SOCIAL  
DEVELOPMENT**



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## ASOCIACIÓN UNACEM IS RESPONSIBLE FOR PROMOTING AND FACILITATING OUR RELATIONSHIP WITH THE COMMUNITY, ALONG WITH DESIGNING AND IMPLEMENTING PRIVATE SOCIAL INVESTMENT PROJECTS.

Asociación UNACEM was created in 2003 as the group's social responsibility organization, which channels and amplifies our efforts to aid in community development and manage our corporate social responsibility toward all of UNACEM's stakeholders.

Asociación UNACEM is responsible for promoting and facilitating our relationship with the community, along with designing and implementing private social investment projects along five strategic lines of action: social infrastructure, health, education, environment, and community relations.

- **Community Infrastructure** [GRI 413-1]

We promote our communities' development by donating cement, paving stones, and concrete, as well as executing works with the community's participation.





- **HEALTH**

We promote better lifestyles, diet, and healthy surroundings in our neighboring communities by building the capacities of individuals, families, and community leaders to care for their own health.

- **EDUCATION**

We seek to develop and strengthen our neighbors' teaching, technical, and entrepreneurial skills in our areas of influence.

- **ENVIRONMENT**

Through our Community Environmental Program, we promote better environmental management in our surroundings, in partnership with neighboring communities, local leaders, and sectoral authorities.

- **COMMUNITY RELATIONS**

We work to implement processes that consolidate positive bonds between the Company and its neighboring communities based on respect, mutual trust, and collaboration.

We work as a team with government institutions, civil society, and international cooperation. Over the last seventeen years, we have forged over 100 partnerships. We are currently implementing projects aligned with the Sustainable Development Goals (SDGs) using social innovation and technology as tools for development.

In 2020, we used the SDG Compass methodology to demonstrate our contribution to the SDGs. As a result of this study, we have prioritized seven private social investment SDGs and their related outcomes, as follows:



**CONTRIBUTION TO SDGs BY LINE OF ACTION**

**LINE OF ACTION**

**SDG AND RELATED TARGETS**



**EDUCATION**

- **Target 4.3:** Access to affordable and quality technical education.
- **Target 4.4:** Substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment and entrepreneurship.
- **Target 4.7:** Ensure the knowledge and skills needed to promote sustainable development.
- **Target 8.5:** Achieve full and productive employment and decent work.



**HEALTH**

- **Target 3.2:** Contribute to the reduction of factors of neonatal mortality.
- **Target 3.8:** Access to quality health care services.
- **Target 11.1:** Ensure access for all to adequate, safe, and affordable housing and upgrade slums.



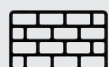
**ENVIRONMENT**

- **Target 11.6:** Reduce the adverse environmental impact of cities, paying special attention to air quality and municipal waste management.
- **Target 12.5:** Substantially reduce waste generation through prevention, reduction, recycling, and reuse.
- **Target 13.3:** Improve education and awareness-raising on climate change mitigation and its effects.
- **Target 15.1:** Ensure the conservation, restoration, and sustainable use of terrestrial ecosystems.
- **Target 17.17:** Encourage and promote effective public, public-private, and civil society partnerships.



**COMMUNITY RELATIONS**

- **Target 6.b:** Support and strengthen the participation of local communities in improving water management.
- **Target 11.6:** Reduce the adverse environmental impact of cities, paying special attention to air quality and municipal waste management.
- **Target 12.8:** Ensure that people everywhere have the relevant information and awareness for sustainable development.
- **Target 17.17:** Encourage and promote effective public, public-private, and civil society partnerships.



**SOCIAL INFRASTRUCTURE**

- **Target 6.2:** Achieve access to adequate and equitable sanitation and hygiene.
- **Target 9.1:** Develop quality, reliable, sustainable, and resilient infrastructure.
- **Target 11.7:** Provide universal access to safe, inclusive, and accessible, green and public spaces.





#### • AREA OF INFLUENCE

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

##### **Atocongo Plant – Lima**

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

##### **Condorcocha Plant – Tarma**

- La Unión Leticia: Populated Center of Condorcocha and peasant communities of Chancha and Huancoy Sacsamarca
- Palca
- Acobamba



### • COVID-19 RESPONSE STRATEGY

In response to COVID-19, our team redoubled its efforts to address the public health emergency in our areas of influence.

The phases of the work undertaken by Asociación UNACEM in the face of this scenario were as follows:

<b>1.</b>	<b>IMMEDIATE SUPPORT IN RESPONSE TO THE EMERGENCY</b>	Constant communication with community leaders. Donation of personal protective equipment for health care workers. Provision of drinking water to areas affected by the emergency.
<b>2.</b>	<b>DELIVERY OF GROCERIES TO NEARBY VULNERABLE FAMILIES</b>	Coordination with Caritas del Perú in Lurín and local parishes and social leaders in surrounding areas, we delivered groceries to vulnerable families in Atocongo and Condorcocha. All actions followed safety protocols.
<b>3.</b>	<b>PROVISION OF AID TO SOCIAL INSTITUTIONS</b>	We provided support to soup kitchens in Villa María del Triunfo, Villa el Salvador, Pachacamac, and Lurín so they could feed local residents. We continued to support health care posts.
<b>4.</b>	<b>SURVEY TO MAP THE USE OF REMOTE MEANS BY THE POPULATION</b>	To strengthen our work with the communities, we conducted a survey to learn about the most efficient means of remote communication. We sought to ensure continuity in our relations with local leaders through institutional strengthening courses. Partnerships: To carry out these actions, we worked together with a number of civil society institutions.
<b>5.</b>	<b>ADAPTATION AND CAPACITY BUILDING WORKSHOPS</b>	We held online workshops for the institutional strengthening of social organizations and the promotion of collective leadership, with lessons using technology with purpose.

Community cooking, Cruz de Motupe, Villa Maria del Triunfo, Lima.



# 4.1

## COMMUNITY INFRASTRUCTURE

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In 2020, in the face of the COVID-19 pandemic and remote work routines, our support for the development of neighboring communities became more critical than ever. We donated cement and other construction materials to help them improve their educational and community infrastructure (containment walls, cobbled stairways, construction and upgrading of classrooms, yards, athletic fields, parish churches, soup kitchens, etc.). These works were performed with the support and active participation of the community, thus creating value and generating trust in society.

Through these actions, we contributed to Target 9.1 of SDG 9 Industry, Innovation, and Infrastructure, developing reliable, sustainable, resilient, and high-quality infrastructure for the communities where we operate.

We also contributed to Target 11.7 of SDG Sustainable Cities and Communities, and Target 6.2 of SDG 6 Clean Water and Sanitation, helping communities to improve their educational and community infrastructure by guaranteeing the construction of safe and inclusive spaces and facilitating access to basic services. The main results we achieved included:

▼

**ATOCONGO PLANT**

- We donated 4,730 bags of cement for the construction of fourteen community works, to the benefit of 10,820 people.
- Two educational institutions aided with the donation of 175 bags of cement, to the benefit of 198 students.

**CONDORCOCHA PLANT**

- A total of 2,680 cement bags were donated for the construction of thirteen community works, benefiting 6,780 people.
- Four educational institutions received a donation of 500 bags of cement, benefiting 600 students.





### **SANITATION SYSTEM AT THE COMMUNITY OF CONDORCOCHA**

[GRI 203-1]. [SMV (7200) Description of Operations and Development]

This project consists of the installation of a water treatment system and a sewerage and wastewater treatment network for the residents of Condorcocha community, located next to our plant, thus benefiting a total of 1,200 inhabitants. The total investment required will be approximately S/ 5.5 million.

In 2020, we continued to support the Municipality of La Unión Leticia in preparing and adjusting the standard technical dossier for the project. After being reviewed by the technical team from the National Rural Sanitation Program (PNSR) at the Ministry of Housing, Construction, and Sanitation (MVCS), the dossier was finally approved and the project was listed as "Feasible" in the "Invierte.pe" system.

The project will now need to be prioritized under the "Works in Exchange for Taxes" Act, so that the corresponding agreement can be executed with the entity, before finally continuing with the development of the technical dossier and project construction, which is expected to begin in 2021.

Through these efforts, we are contributing to Target 11.1 of SDG 11 Sustainable Cities and Communities, by providing residents with access to adequate, safe, and affordable basic services, and Target 6.2 of SDG 6 Clean Water and Sanitation, by providing access to adequate and equitable sanitation services for all, giving special attention to the needs of women, girls, and vulnerable persons.

#### **Donation of Concrete to the Municipality of Villa María del Triunfo**

In 2020, approval was also given to the **donation of 11,598 m<sup>3</sup> of concrete** to the Municipality of Villa María del Triunfo for paving streets.



Sports pitch at Pachacamac.

# 4.2 HEALTH

In response to the public health emergency, we used digital and online tools to provide health guidance to 1,870 people on anemia prevention, a balanced diet, healthy practices in soup kitchens, healthy families, emotional support for elderly and disabled adults, and community health management. All of these topics featured an emphasis on COVID-19 prevention. These actions contribute to achieving Targets 3.2 and 3.8 of SDG 3 Health and Wellbeing, by preventing diseases among the population that may pose a risk to vulnerable groups such as babies and newborns.

Our efforts helped increase coverage and health care support in the communities surrounding our operations.

We also contributed to Target 11.1 of SDG 11 Sustainable Cities and Communities, by providing the most vulnerable residents with access to basic services such as health care. Below are the some of the most significant results achieved in our areas of influence:

### **"UNITED AGAINST ANEMIA" COMMUNICATION CAMPAIGN**

This campaign sought to promote consumption of iron-rich foods of animal origin to fight anemia in our neighboring communities through our social media accounts:

<https://www.facebook.com/watch/?v=375264973835874>

**ATOCONGO PLANT:**

- 1,215 preventive health care appointments via remote orientation on health-related topics such as anemia prevention, a balanced diet, healthy practices in soup kitchens, healthy families, and COVID-19 prevention. A total of 1,653 people benefited.
- We supported anemia prevention and recovery among children between 6 months and 5 years old through remote orientation, benefiting 350 children. We helped 97% of children improve their diets, incorporating iron-rich foods of animal origin to prevent or recover from anemia.

**CONDORCOCHA PLANT:**

- 246 preventive health care appointments via remote orientation on health-related topics such as anemia prevention, a balanced diet, healthy practices in soup kitchens, healthy families, and COVID-19 prevention. A total of 217 people benefited.
- We supported anemia prevention and recovery among children between 6 months and 5 years old through remote orientation, benefiting 58 children. We helped 74% of children improve their diets.

For more details on these actions, see p. 140.

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# 4.3

## EDUCATION

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During the pandemic, UNACEM continued to promote the development and strengthening of teaching and technical capacities in our areas of influence. Due to the public health emergency, all education training actions were performed online starting in March.

Thanks to these actions, we have contributed to SDG 4 Quality Education, specifically to Target 4.3 promoting equal access of all men and women to theoretical and practical knowledge and technical training that enable them to gain decent employment and entrepreneurship, guaranteeing the sustainable development of their communities; Target 4.4, increasing the number of youth and adults with the necessary skills—technical skills, in particular—to start their own businesses; and Target 4.7, helping students acquire theoretical and practical knowledge to promote sustainable development through education on healthy lifestyles, as well as art and culture.

We also contributed to Target 8.5 of SDG 8 Decent Work and Economic Growth, by providing technical entrepreneurship training to help people generate their own income and livelihood. The main actions implemented along these lines were as follows:





## ATOCONGO PLANT

- **ONLINE WORKSHOPS IN LIMA FOR ENTREPRENEURS:**

Workshops on a number of different topics to promote businesses during the public health emergency, in partnership with Universidad ESAN, Asociación Civil Sembrando Empresa and Universidad UTEC, and the Women's Emergency Center in Villa María del Triunfo, run by the Ministry of Women's Affairs and Vulnerable Populations, benefiting 116 entrepreneurs in Lima.

In 2020, **nine female entrepreneurs satisfactorily prepared and implemented their COVID Monitoring Plans** for the management of their businesses during economic reactivation.

- **ART, CULTURE, AND ATHLETICS PROGRAM:**

During the first quarter of the year, in-person art and athletics workshops were held, with the attendance 1,061 students. Due to the COVID-19 pandemic, this program's activities were suspended in order to protect the health of its beneficiaries.

- **"TU FUTURO" EMPLOYABILITY IMPROVEMENT PROGRAM FOR THE YOUTH OF SOUTH LIMA:**

In 2020, we signed a partnership agreement with Fundación Forge with the goal of increasing the employability of low-income youth between the ages of 17 and 24 living in South Lima. As part of this program, 128 young people from South Lima received training during 2020.

This 100% free online initiative allows participants to choose from among training programs in logistics and distribution, sales and customer service, and food services. Each program is five months long.





In addition to providing technical training, the program offers a personally transformative experience that helps participants learn about themselves on a deeper level and define the purpose of their life.

Training in soft skills is an essential part of the different curricula. The final part of the program consists of mentoring and training in participants' job search, which lasts for twelve months after they have received their technical training. The mentoring process is essential to help the The Forge Foundation maintain 80% of graduates employed and ensure that they demonstrate early signs of a leadership attitude.

The methodological approach included dynamic, real-time classes using platforms such as Google Classroom, Zoom, and use of the app throughout the entire training and labor market insertion process.

#### CONDORCOCHA PLANT

- **PRODUCTIVE SUMMER VACATION PROGRAM:**

We held workshops to improve scholastic performance, leadership abilities, and athletic skills that benefited 180 children and adolescents in Condorcocha. This program was held in-person during the first quarter of the year.



# 4.4

## COMMUNITY ENVIRONMENT

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During the public health emergency, the Community Environmental Program conducted online training for environmental organizations, recyclers' associations, and environmental promoters, with an emphasis on comprehensive solid waste management and COVID-19 prevention measures, as well as the management of green areas, joining efforts with the municipalities and environmental groups in the districts where the program was implemented.

This project contributes to compliance to SDG 11 Sustainable Cities and Communities, specifically Target 11.6, through its training on municipal waste management; SDG 17 Partnerships for the achievement of targets, especially Target 17.6, through the promotion of ecologically rational technologies and their transfer, disclosure and dissemination of environmentally friendly practices with programs such as EMPRO; Target 17.16, through the establishment of partnerships among multiple stakeholders, such as local governments and civil society organizations, to mobilize and exchange knowledge, expertise, technology, and financial resources to foster an efficient environmental management; and Target 17.17, since all of the initiatives are organized through effective partnerships in the public, public-private, and civil society spheres, with the goal of supporting the achievement of the SDGs in Peru.

The most notable actions carried out during 2020 include the following:







## ATOCONGO PLANT

### • ONLINE TRAINING FOR RECYCLERS' ASSOCIATIONS AND ENVIRONMENTAL PROMOTERS:

Thanks to our partnership with the Municipalities of Villa María del Triunfo, Lurín, and Pachacamac, we held online training sessions for thirty members of recyclers' associations and eighteen environmental promoters.

These activities contributed to Target 12.5 of SDG 12 Responsible Production and Consumption, since the strengthening of the recycling chain and its actors will help increase the volume of waste properly distributed and reused. This action also allowed us to contribute to Target 11.6 of SDG 11 Sustainable Cities and Communities, and Target 13.3 of SDG 13 Climate Action, given that providing education, training, and raising awareness of recycling enables us to reduce cities' negative environmental impact per capita.

### • LOMAS DEL PARAÍSO TOURISM PLAN:

We developed a study tour in which the Lomas de Paraíso Ecotourism Circuit Association (LdP) from Villa María del Triunfo visited the Lomas conservation areas communally managed by the Lomas de Lúcumo Ecotourism Circuit Association (ACELL) in Pachacamac, offering benefits to both associations. We also performed a diagnosis of tour guides for three local associations so they could obtain the certification of their work abilities.

The Lomas del Paraíso tourism plan contributes to Targets 12.b and 12.8 of SDG 12 Responsible Production and Consumption, as a tool that promotes sustainable tourism and creates local jobs by promoting the culture of Villa María del Triunfo and caring for the surrounding



ecosystems. The plan also fosters the exchange of experiences among tourism associations, thus promoting the exchange of knowledge and information on sustainable tourism and its application in harmony with nature.

#### CONDORCOCHA PLANT

- **EMPRO PROGRAM:**

This project promotes the strengthening of production and organizational skills for three groups of beneficiaries: farmers, guinea pig breeders, and sheep breeders, as part of the comprehensive management of the micro-basin and environmentally friendly practices. The actions carried out in 2020 benefited fifteen farmers in the area of influence of the Condorcocha plant.

Through the implementation of this project, we have contributed to Target 15.1 of SDG 15 Life on Land, by ensuring the conservation and remediation of the micro-basin and the sustainable use of its ecosystems. Thanks to the work done to strengthen the population's capacities in environmentally friendly practices, we contribute to Target 13.3 of SDG 13 Climate Action by improving education, raising awareness, and building the population's capacity to care for ecosystems and emphasizing their importance in mitigating climate change.

**DEMONSTRATION PLOTS AND TECHNICAL ASSISTANCE - EMPRO**

- **THREE DEMONSTRATION PLOTS, TWO WITH POTATO SEEDBEDS AND ONE FOR SPINACH FERTILIZATION, SET UP IN PANCOR AND CAHUMACHAY.**
- **TECHNICAL ASSISTANCE THROUGH VIDEO CALLS TO FARMERS, GUINEA PIG BREEDERS IN LUL, AND SHEEP BREEDERS IN CONDORCOCHA.**

# 4.5

## COMMUNITY RELATIONS

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The efforts undertaken as part of this strategic line achieved the following results:

### ATOCONGO PLANT

- In 2020, we continued to provide guidance for a number of initiatives focused on spaces for inter-district dialogue and coordination, thus benefiting 2,118 residents. We built the capacities of **74 social organizations, benefiting 97 leaders** with knowledge of how to use online tools and practice new community living arrangements.
- We helped formalize two recyclers' associations, benefiting 36 members.

### CONDORCOCHA PLANT

- We continued to uphold our end of the agreement with the peasant community of Huancayo:
  - Local labor (ten jobs with UNACEM's contractors for community members from Huancayo).
  - Study scholarships (18 beneficiaries).
  - Electricity supply (for the peasant community of Huancayo).
- We performed two participatory environmental monitoring actions and two monitoring actions without participants, due to the restrictions imposed in response to COVID-19. We held a workshop to present the 2019-2020 monitoring results, with the participation of eight social organizations.
- We strengthened the capacities of 40 leaders in the use of online tools and the practice of new community living arrangements.

# ENVIRONMENTAL MANAGEMENT

## WASTE RECYCLING AT BOTH PLANTS



OF NON-HAZARDOUS WASTE



OF ORGANIC WASTE



OF HAZARDOUS WASTE



**MODERNISATION OF KILN 2 HEAT EXCHANGER, INCLUDING SLEEVE FILTER** enabled us to optimize dust retention at 99,5% and reduce energy use in kiln 2 by up to 2%.



At Atocongo Plant we use natural gas for part of our cement production, thus achieving a **26% REDUCTION IN GG EMISSIONS** generated by burning fuel (130,000 tons not emitted compared with 2010).



**FIRST LEVEL RECOGNITION** for registering our carbon footprint with the Ministry of the Environment.



We hold a **BLUE CERTIFICATE** from the National Water Authority **FOR BOTH PLANTS.**



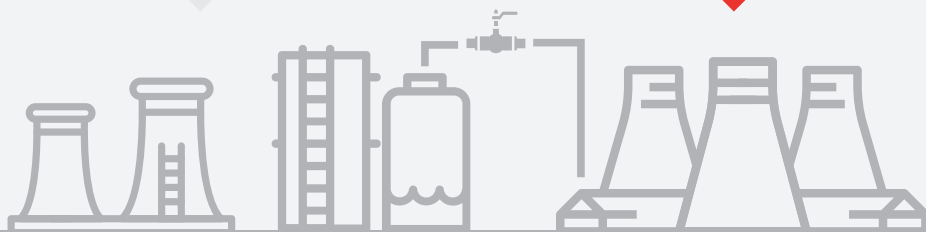
Research project into the restoration of a seasonal wetland ecosystem on 4.8 hectares of waste dump 500 (Cristina concession) on 4.8 **CREATING THE SNMPE'S FIRST SUSTAINABLE DEVELOPMENT IN 2020.**



We have raised more than

**50,000**

seedlings of species appropriate to seasonal wetlands in our plant nursery, established in 2020.



**95%**

**95.0%** of the electricity consumed in our installations comes from renewable sources.

**100%**  
WATER RE-USE

## WATER FOOTPRINT:

We re-use 100% of waste water to maintain parks and gardens and in our fire-fighting system. Reduction of 0.5 liters of water per ton of cement produced.



**14.5% REDUCTION** in the clinker-cement factor through the use of cementitious materials, preventing the emission of 469,000 t of GG (compared with 2010).

- The circular economy
- Climate change environment
- Biodiversity

# cap5.

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**ENVIRONMENTAL  
MANAGEMENT**

Our environmental management is aligned with our focus on sustainability, and is based on four environmental guidelines, with an emphasis on climate change and the circular economy as major challenges that are cross-cutting for all guidelines. Our environmental management guidelines are presented below:



With the goal of preventing and reducing our environmental impacts, we have an ISO 14001:2015 certified Integrated Management System, aimed at improving our management of environmental aspects by prioritizing the optimization of resource consumption, waste management, atmospheric emissions, biodiversity, water and effluents, and the reduction of environmental risks in the performance of industrial, mining, port, and energy generation activities.

#### **OPTIMIZATION AND EFFICIENCY**

In 2020, as part of the Ruray Program, a UNACEM project that seeks to promote efficient resource use, we succeeded in creating more efficient practices that also have positive environmental impacts on different processes, such as raw material extraction, clinker and cement manufacture, and the sale of our products. The most significant impact is on our operations, thanks to the reduction in greenhouse gas emissions.

We also optimized our use of resources by reducing water and energy consumption in clinker and cement manufacture, as well as port, mining, and energy activities.

[GRI 102-11]

# 5.1

## CLIMATE AND CIRCULAR ECONOMY STRATEGY

Climate change and the circular economy are two of the most significant challenges of our times. At the same time, they present a business opportunity for our operations and our value chain.

We are focused on the mitigation of greenhouse gases and the definition of actions to adapt to their impact. We also reuse our own waste and that of third parties, and prioritize renewable energy in electricity consumption, in an effort to contribute to the sustainability of both the company and our stakeholders.

Our climate and circular economy strategy is cross-cutting throughout our entire environmental management process. Its purpose is to prevent, control, reduce, and mitigate the potential impacts of our clinker and cement manufacturing activities and our mining, port, and energy generation operations.

This strategy is supported by a Measuring, Reporting, and Verification (MRV) program and environmental indicators that allow us to evaluate and verify compliance with the targets of our management system and our contribution to national environmental management, comparing our performance with international benchmarks.

UNACEM, as one of the member companies of the Association of Cement Producers (ASOCEM), continued in 2020 to implement the voluntary initiatives included in the Nationally Appropriate Mitigation Actions (NAMA) of the cement industry in Peru.







The objective of this initiative is to successfully reduce CO<sub>2</sub>e emissions generated by our sector, thus helping to reduce greenhouse gas emissions in Peru. The NAMA identified the following actions as climate change mitigation measures:

- The co-processing of alternative waste.
- Energy efficiency.
- Decrease of clinker content in cement.
- Establishment of the Measuring, Reporting, and Verification (MRV) system to reduce emissions based on international standards.

In 2020, we achieved the following results:

#### **STREAMLINING OF OUR PROCESSES:**

Thanks to the Ruray Program, we made our streamlined our processes in the production of different types of cements at the Atocongo plant. This streamlining helped reduce 7,800 tons of CO<sub>2</sub>e emissions in the production area between September and December 2020. The kilns and roller press at our Atocongo plant are the most efficient in Latin America.

#### **INCREASE IN THE CONSUMPTION OF CLEAN FUELS IN CLINKER MANUFACTURE:**

- We have reduced specific CO<sub>2</sub>e emissions from fuels by 20% compared to the base year of 2010. This means that we avoided emitting 130,000 tons of CO<sub>2</sub>e during 2020 thanks to the increase in clean fuel consumption.
- At the Atocongo plant, natural gas consumption went from 91.6% in 2019 to 95.2% in 2020.



**INCREASE IN BLENDED CEMENT SALES VOLUMES:** [No GRI Blended Cements]

We increased the sales volume of blended cements by 6% compared to 2019 (15% compared to 2016).

- At the close of 2020, these types of cements accounted for 35% of our sales volume. This increase in sales volume and production has reduced clinker consumption in cement preparation, thus avoiding emissions of nearly 500,000 tons of CO<sub>2</sub> in the last three years.

**• EMISSIONS**

It is critical to us that we monitor and undertake actions to reduce our emissions of particulate matter and greenhouse gases (GHGs) per ton of cement we produce, as well as our indirect GHG emissions.

**IN 2020, WE REDUCED SPECIFIC CO<sub>2eq</sub> EMISSIONS BY 14.5% USING 2010 AS A BASE YEAR, THUS AVOIDING NEARLY 460,000 TONS OF GREENHOUSE GAS EMISSIONS.**

(According to the Final Report of the Multisector Commission for Intended Nationally Determined Contributions (INDC), for Peru, emissions are considered starting in 2010 in a Business as Usual (BaU) scenario. This commitment aims to reduce GHG commissions in accordance with the United Nations Framework Convention on Climate Change).





Particular note should be made of reductions achieved due to production efficiency and lower levels of specific emissions in each environmental parameter in the manufacturing process for our products, such as the improved specific CO<sub>2eq</sub> emissions indicators per ton of cement, obtaining a weighted average of 620 kilograms of CO<sub>2eq</sub> per ton of cement produced.

Similarly, direct GHG emissions (scope 1) declined by 48%, while indirect GHG emissions (scope 2) dropped by 36% in 2020, compared to 2019. It should be noted, however, that the consumption of external electricity in Scope 2 comes entirely from renewable energy generation sources such as hydroelectric power plants.

#### **DEVELOPMENT OF CLIMATE MANAGEMENT GUIDELINES IN THE CEMENT SECTOR AND THROUGHOUT LATIN AMERICA.**

Toward the end of 2019, ASOCEM and the companies involved in advising the Inter-American Cement Federation (IACF) began the development of the **Cement Industry Roadmap 2030**, with the goal of reducing greenhouse gas emissions in the cement sector and helping the country fulfill its commitments assumed in the Nationally Determined Contributions (NDCs).

As of the close of 2020, the roadmap was 70% complete, and is expected to be finished in 2021. As the first of its kind in Peru, this roadmap will be an important milestone and serve as a model in tackling climate change.



The **Cement Industry Roadmap 2030** is a set of efficient and flexible tools that seek to guarantee the sector's contribution to CO<sub>2eq</sub> emissions mitigation and help meet regional needs to adapt to the effects of climate change, based on an analysis of present and future greenhouse gas (GHG) emissions scenarios in the lifecycle of cement in Latin America.

This is an initiative being undertaken by the cement industry around the world, including in Peru, with the support of the Inter-American Cement Federation (IACF).

For more information, visit:

[www.hojaderuta.ficem.org/](http://www.hojaderuta.ficem.org/)

- Another notable achievement in 2020 was our submission of the climate change survey to the Carbon Disclosure Project (CDP) for the management of risks and opportunities tied to climate change.

# 5.2 OPERATIONAL ECOEFFICIENCY

## • ENERGY MANAGEMENT

As part of our focus on environmental quality, we have an Energy Efficiency Management Program through which we promote the optimization of our energy consumption, cost reduction, and improvements in our environmental performance in the manufacture of clinker and cement, among other actions.

Among the nationally appropriate mitigation actions of the cement industry in Peru is the “Energy Efficiency” initiative, which has been implemented at our Atocongo and Condorcocha plant. Below are some of the most notable actions undertaken as part of our energy management:

- **Raising awareness of the efficient use of energy:** We encouraged team members to be mindful of the rational use of electricity in our camps and facilities through efficient energy consumption campaigns.
- **Gradual technological upgrades in old production lines** with new, more energy-efficient equipment.
- **Optimization of energy resource management** in our hydroelectric plants.
- **Optimization of coal use** with adequate blends as process inputs.





We also monitored heat and electricity consumption per ton of clinker and cement produced at our plants. This action is supplemented with the use of the Getting the Numbers Right (GNR) reporting standard, which provides the cement industry with a standardized methodology for the estimation of CO<sub>2</sub> emissions and energy consumption. The use of this standard boosts the quality of our impact monitoring, thus offering us reliable and accurate information when implementing emissions reduction initiatives, primarily for GHGs. We have reported information to the worldwide GNR platform since 2016.

#### • ENERGY CONSUMPTION

The following are our most notable results with regard to energy consumption in our operations.

Fuel consumption in our kilns was drastically reduced due to the prioritization of cost reduction actions—unconnected to the operational stoppages caused by the COVID-19 pandemic—in the production, procurements, and sales areas under the Ruray Program, which helped decrease specific energy consumption, fuel consumption, and others during 2020.

Of particular note were the following actions:

- Efficient use of limestone in clinker and cement manufacture.
- Use of more efficient milling equipment to make cement.
- Improved weight checks for bagged cement.
- Flexibility in the manufacturing of cement between plants.





## WE WERE ABLE TO MEET OUR GOAL OF USING CLEAN ENERGY IN OVER 90% OF OUR ELECTRICITY CONSUMPTION.

The foregoing helped improve indicators, with kiln performance surpassing that of recent years, thus leading to a reduction of specific CO<sub>2</sub>e emissions from fuels of 4.7% over 2019, and 20% over the baseline year of 2010, due to the increase in clean fuel consumption.

Taking all of the above into account, electricity consumption decreased and we were able to meet our goal of using clean energy in over 90% of our electricity consumption thanks to the Carpapata I, II, and III and the El Platanal hydroelectric plants, with which we have an energy supply contract.

### • WATER MANAGEMENT [GRI 303-1] [GRI 303-2]

At UNACEM, we know that water is an essential but scarce resource. We are thus committed to managing it an adequate manner, promoting responsible water management practices in our mining, port, and energy operations.

Our plants are located in two areas with their own particular circumstances. One of them is located in the district of Villa María del Triunfo in Lima, which has an arid climate; while the other





is located in the district of La Unión Leticia in Tarma, which has a temperate climate with dry winters.

Both of these areas have limited water resources, which requires us to make efficient use of the available water, taking care with its quality and reusing 100% of effluents in both industrial plants. Our water management aims to reduce water consumption at the source through the following actions:

- Studies and projects.
- Process optimization.
- Basin conservation.
- Capacity-building.

## OUR ACHIEVEMENT OF "CERTIFICADO AZUL" DISTINCTION AT THE ATOCONGO PLANT AND RENEWAL OF OUR CERTIFICATION AT THE CONDORCOCHA PLANT

In 2020, we continued to carry out the following activities for the reduction, reuse, and efficient utilization of water resources:

- Recirculation of all industrial water through the cooling system at both industrial plants.
- Operation of two wastewater treatment plants using lagooning, biotechnology, and







disinfection, reusing 100% of effluents in the watering of green areas and in our fire sprinkler system.

- Irrigation of over 50 ha of green areas with treated wastewater from the treatment plants.
- Sprinkler irrigation systems for upkeep of more than 30 ha of green areas.
- Efficient water control systems in office restrooms and locker rooms.
- Training for personnel on the efficient use of resources.
- Measurement and reduction of our water footprint and implementation of shared value projects with our communities, thanks to our achievement of "Certificado Azul" certification at the Atocongo plant and renewal of our certification at the Condorcocha plant.

We also guarantee the quality of surface water, groundwater, and effluents in our different processes through constant monitoring, with the support of a consultant accredited by the Peruvian National Institute of Quality (INACAL, for its acronym in Spanish).

This year, we also continued with activities to reduce direct water consumption at our Atocongo and Condorcocha plants, as well as shared value activities with our communities.

- We treated and reused all wastewater, with zero discharge into any water bodies.
- We calculated the water footprint at the Cristina Concession, making us the first company in Peru to perform this measurement in the limestone extraction subsector.

In 2020, we also shared our experience in different forums organized by the Peruvian National Water Authority (ANA for its acronym in Spanish), where we presented the good practices we promote through our responsible water management.





• **WASTE MANAGEMENT** [GRI 306-1] [GRI 306-2]

At UNACEM, we seek to reduce, reuse, recycle, and recover the solid waste generated in our production process and support areas, thus enabling us to reduce and mitigate the potential impacts of waste management based on a circular economy approach.

As part of our work on environmental quality, we have a Comprehensive Waste Management Program for all of the Company's production units. Our Integrated Management System also includes procedures for the proper handling of solid waste, prioritizing the reuse of materials before deeming them waste, and finally disposing of only that waste which cannot be reused.

- We conduct campaigns to encourage our personnel to adequately separate and reduce waste at our facilities.
- We promote formal recycling through an agreement with a local recyclers' association. We train and support association members to help strengthen their role in the recycling chain.
- We also compost brush and weeds, sludge from the wastewater treatment plants, and organic waste from our dining areas. This compost is then used to fertilize our green areas as part of their upkeep.
- We use slag as an alternative raw material in preparing cements.

The Comprehensive Waste Management Plan for each production unit helps us to ensure a more organized and efficient management process. We ensure compliance with our obligations under our environmental management instruments, thus avoiding penalties and fines from government auditors.

As part of our Comprehensive Management System, we have established indicators that allow us to monitor our waste management performance in terms of the amount of waste recycled as a percentage of total waste generated.





We also reuse waste in our quarries, thus decreasing the barren-rock-to-limestone ratio, thanks to the use of high-quality limestone. We also import blast furnace slag (waste) to make cement, thus reducing greenhouse gas emissions, all in compliance with national and international laws to help contribute to climate management and the circular economy in the cement manufacturing process.

In 2020, we achieved the following milestones:

- In response to the public health emergency, we implemented a bio-contaminated waste management plan, with procedures and guidelines focused on protecting employees and ensuring the proper handling of such waste.
- We reused nearly 75% of non-hazardous waste generated at both locations and over 90% of organic waste generated in the plants, which was used to make compost that will later be utilized as fertilizer for green area upkeep.
- 32% of hazardous waste is reused at both locations.

Below are some of the figures of interest regarding our waste management efforts in 2020:




**TABLE 13: WASTE MANAGEMENT AND TREATMENT METHOD** [GRI 306-4]

WASTE	WASTE MANAGEMENT AND TREATMENT METHOD			
	2019		2020	
	Tons	%	Tons	%
<b>NON-HAZARDOUS WASTE</b>	<b>4,881</b>	<b>100</b>	<b>2,937</b>	<b>100</b>
Reuse	1,950	40	1,529	52
Recycling	1,797.0	37	501	17
Composting	415.0	9	161	5
<b>Total Recycled Non-Hazardous Waste</b>	<b>4,163.0</b>	<b>85</b>	<b>2,190</b>	<b>75</b>
Discharge	718.0	15	746.8	25
<b>HAZARDOUS WASTE</b>	<b>346</b>	<b>22</b>	<b>191.9</b>	<b>100</b>
Recycling	77	22	62.4	32
Stabilization	3	1	0	0
Encapsulation	1	0	0	0
<b>Discharge</b>	<b>265</b>	<b>77</b>	<b>129.6</b>	<b>68</b>





Atocongo Plant, Villa María del Triunfo, Lima.



Laguna de Patos, Condorcocha Plant, Unión Leticia, Junín.

## **FUTURE PLANS**

- Together with the Inter-American Cement Federation (IACF), we have confirmed the pilot study on “Co-processing of Urban Solid Waste and Unused Tires” in 2021 to estimate the potential of using such waste as alternative fuels, considering the amount of waste generated by the population near our two plants, given that the cement industry is a viable alternative for city waste management and the country as a whole.
- We will perform a product eco-labeling study at both industrial plants for the different cement presentations, whether bulk, big bag, or bagged.

### **• AIR QUALITY**

We strive to prevent, control, reduce, and mitigate our impact on the air quality in the areas where we operate, promoting innovation and efficiency in our operations.

The Environmental Quality facet of our work includes an Air Quality and Emissions Monitoring Program for all of UNACEM's production units.





We have prepared our environmental monitoring program as approved in our environmental management instruments in force for each one of our production units. The implementation of this program complies with all relevant national laws.

As part of our Integrated Management System, we have established environmental indicators that allow us to monitor our levels of gas emissions into the environment, as well as the air quality in the areas of direct influence of our production activities, thus guaranteeing our compliance with the obligations established in our environmental management instruments.

In 2020, we achieved the following milestones in our air quality management:

- Our kiln, cooling, and milling processes have modern particle capture systems, such as electrostatic precipitators and baghouses, with a dust capture efficiency of 99.9%.
- We improved the dust capture system in Kiln 2 at the Condorcocha plant.
- We began studies for the enclosure of the clinker yards at both plants. This will enable us to decrease diffuse emissions of particulate matter.

We also submitted our Plan for Adaptation to the New Maximum Permissible Limits (PALMP, for its acronym in Spanish) to the Ministry of Production for the atmospheric emissions at our industrial cement and/or lime manufacturing plants. The PALMP for the Condorcocha plant was approved in 2020.

Also in 2020, nitrogen oxide (NO<sub>x</sub>), sulfur dioxide (SO<sub>2</sub>), and mercury (Hg) emissions were monitored, thus complying with the DS-001-2020-MINAM standard. Tests are currently being performed on SO<sub>2</sub> emissions to determine the best technology to use to achieve the reductions necessary to meet the new permitted limits.

# 5.3

## BIODIVERSITY MANAGEMENT

[GRI 304-3]

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We sustainably manage natural resources by identifying and appropriately managing risks and significant impacts at the sites where we operate, thus helping to care for and conserve biodiversity while also ensuring the long-term future of species for both the Company and society as a whole.

We have conservation and remediation plans, as well as mine closure plans, for each one of the units. These plans establish actions in accordance with the ecosystem in which our operations are carried out.

The Atocongo plant and the Cristina mining concession are located in fragile hill ecosystems. For such reason, we have established conservation and remediation (recovery, revegetation) plans for native hill species in the approved environmental instruments for both operations.

As part of our mine closure actions, we have established measures to guarantee the physical and chemical stability of our exploitation pits and waste yards.

The Condorcocha plant facilities include a duck pond, located at a former limestone extraction site. This pond and the surrounding area are currently used as a habitat by migratory birds, and to





raise farm animals such as rabbits, ducks, and geese. The pond is also home to trout, which have adapted very well to the environment.

We have also gradually adopted actions running parallel to the generation of disturbed areas so that we can move forward with their natural recovery.

Our progress in upholding our commitments and carrying out actions for biodiversity management are presented twice a year to the competent authority. We also conduct biological monitoring of flora and fauna at all of our operating units during the wet and dry seasons. This enables us to learn about the changes that may be caused to the ecosystem neighboring our operations by using representative indicators such as plant cover and abundance.

In 2020, we achieved the following milestones with regard to biodiversity:

- At Condorcocha, we continued to manage the Barranco area, where there was once a landfill. We have cultivated fully adapted fodder crops such as alfalfa, which can be used as feed at our guinea pig farm.
- We received the Sustainable Development Award in the Environmental Management Category for the mining sector thanks to our project for the "Remediation of Hill Ecosystems for the Closure of Operations at the Cristina Quarry." This project was used as a model for other mining units with current and future operations in hill ecosystems.

This award was given in recognition of the fact that the project:

- Is the only hill remediation project in mining activities.
- Identified the most efficient methodology for the remediation of hill ecosystems through pilot tests to guarantee sustainability.







- Included the active participation of the community, especially women, thus generating key income for their families and helping them to develop their skill at this activity

**WE RECEIVED THE SUSTAINABLE DEVELOPMENT AWARD IN THE ENVIRONMENTAL MANAGEMENT CATEGORY FOR THE MINING SECTOR THANKS TO OUR PROJECT FOR THE REMEDIATION OF HILL ECOSYSTEMS FOR THE CLOSURE OF OPERATIONS AT THE CRISTINA QUARRY.**

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# 5.4 ENVIRONMENTAL COMPLIANCE

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In terms of environmental compliance, we focused on identifying, evaluating, monitoring, and complying with our environmental obligations and commitments under national law and those established in our environmental management instruments currently in force.

We have formal grievance and complaint mechanisms in place with the communities. Any grievances are received by the Community Relations area of Asociación UNACEM, which then takes coordinated action with the operating units involved in order to appropriately address these issues. The response processes are monitored through the Integrated Management System.

We also have a modern control and monitoring system in our GEORGE software, which is managed by the Legal Area. This software makes it possible to keep records of our compliance with environmental obligations in all of the Company's processes. The following are some of the instruments that help us monitor compliance with our environmental responsibilities:

- **Quality plan**, which includes the environmental monitoring program for emissions, air quality, water and effluents, and biological monitoring. At the Condorcocha plant, we have participatory environmental monitoring activities, in which we answer questions and comments on the water and air quality monitoring. These activities include the participation of local authorities and residents.





- **Compliance reports on the environmental commitments** assumed in the environmental management instruments in force, as well as other reports addressed to technical authorities with jurisdiction over significant environmental aspects (National Water Authority (ANA), National Forest and Wildlife Service (SERFOR), Environmental Assessment and Oversight Board (OEFA), Ministry of Energy and Mines (MEM), Ministry of Culture (MINCUL), among other institutions).
- **Internal and external audits**, according to the requirements established in our Integrated Management System.

In 2020, we achieved the following milestones in environmental compliance:

- **Proof of compliance with environmental and social commitments** thanks to an environmental inspection of the Condorcocha and Atocongo plants by the Environmental Assessment and Oversight Board (OEFA). Despite the pandemic, we complied with all of the commitments established in our environmental instruments.



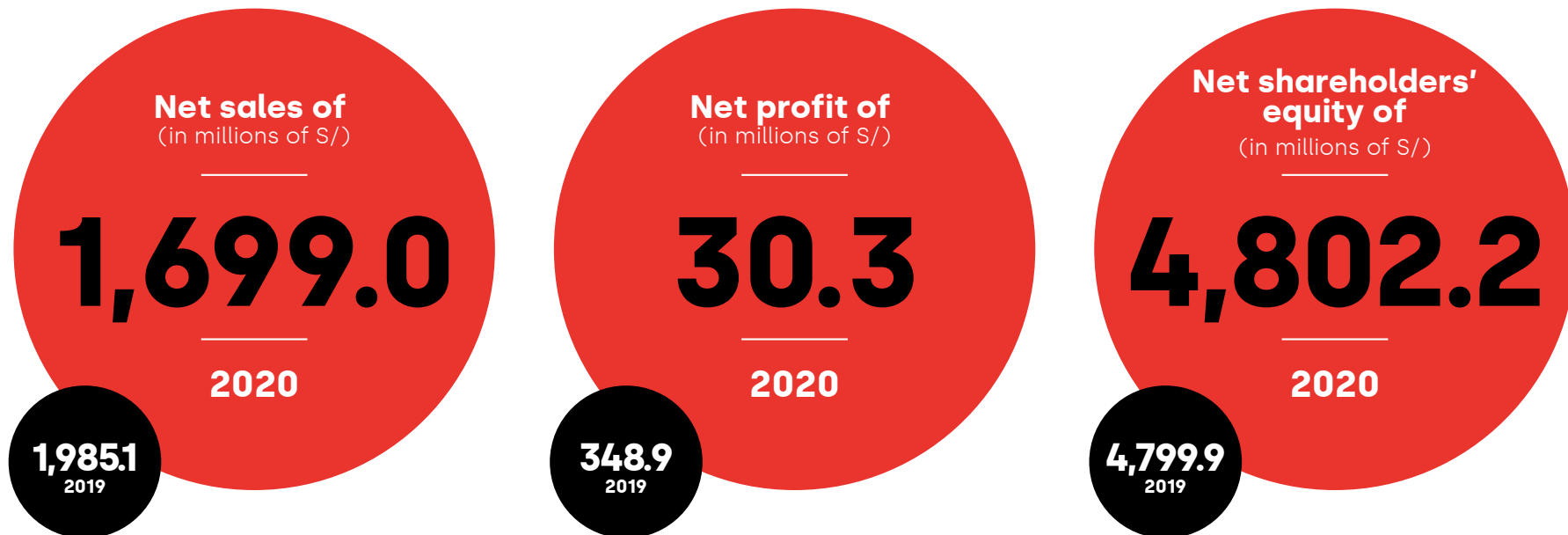
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## **ECONOMIC AND FINANCIAL RESULTS**

[Non-GRI Profitability]

The audited individual financial statements of UNACEM, as of December 31, 2020, show the following results:



Cement sales declined by 12.9% compared to 2019. The lower volume sold during the year was the result of the operational stoppage during the COVID-19 lockdown.

Export revenue totaled S/ 83.4 million, which was 5.7% lower than in 2019 due to lower export volumes. Other business units, such as concrete blocks, paving stones, and pavement reported revenue of S/ 39.0 million, 55.0% lower than the previous year.



Sales revenue was 14.4% lower, totaling S/ 1.699 billion, compared to S/ 1.9851 billion in 2019.

The cost of sales was 5.9% lower than in 2019, due mainly to the lower physical volume of cement sold, counteracted by higher fixed prices assumed during the total stoppage of operations.

As a result of the foregoing, gross profit dropped by 31.1% compared to 2019. The combined gross margin was 27.3% (during the same period last year, it was 33.9%).

The operating profit totaled S/ 261.0 million, less than the S/ 624.2 million obtained in 2019, due to the lower dividends reported by our subsidiaries, which totaled S/ 8.9 million in 2020, compared to S/ 159.2 million in 2019. Additionally, Other Expenses rose significantly over 2019, mainly due to the adjustment of assets tied to the Atocongo thermal power plant projects and the integrated plan for the Cristina mining concession, established at S/ 57.7 million.

The EBITDA margin was 29.8% in 2020 (43.5% in 2019). This includes dividends reported by subsidiaries. The EBITDA without including dividends from subsidiaries was S/ 497.6 million, lower than the EBITDA of S/ 703.6 million in 2019.

During 2020, there was a foreign exchange loss of S/ 49.7 million, compared to a profit of S/ 18.9 million in 2019. This entry is primarily tied to financial debt held in dollars.

The net profit for the year was S/ 30.3 million, 91.3% lower than the previous year due mainly to the stoppage of operations due to the impact of the pandemic, as well as the effects described hereinabove.

To guarantee the Company's continuity and sustainability, short-term financing was taken out with different local banks for a total amount of S/ 160 million and US\$ 80 million in April and May.





As a result, the total debt at the close of 2020 was S/ 3.1709 billion, of which 76.7% is in Peruvian soles and 23.3% in US dollars.

Notwithstanding the foregoing, our international risk rating remained stable during the international public health crisis, according to Standard & Poor's, with a BB rating, with the outlook changed to negative. We are expecting the recovery of demand, which has been stronger than expected, together with the measures taken to improve the Company's performance, will help us regain our leverage levels, and with them, our medium-term risk rating.

The separate financial statements for fiscal year 2020 were prepared in accordance with International Financial Reporting Standards (IFRS).

By delegation of the Shareholders' Meeting, the Board of Directors adopted the following resolutions over the course of fiscal year 2020, with their respective effects on the Company's net equity:

February 23: Payment of dividends to UNACEM S.A.A. shareholders of S/ 0.013 per share.

The fully subscribed and paid-in capital stock is S/ 1,818,127,611 (One Billion Eight Hundred Eighteen Thousand Million One Hundred Twenty-Seven Thousand Six Hundred Eleven Peruvian Soles), represented by 1,818,127,611 (One Billion Eight Hundred Eighteen Thousand Million One Hundred Twenty-Seven Thousand Six Hundred Eleven) common shares with a face value of S/ 1.00 each.

In light of the foregoing, and in accordance with the International Financial Reporting Standards (IFRS), the numbers in Peruvian soles as of December 31, 2020 and 2019, respectively, are as follows:





EQUITY ACCOUNT	AS OF DEC. 31, 2020	AS OF DEC. 31, 2019
Capital	1,818,127,611	1,818,127,611
Additional Capital	-38,019,081	-38,019,081
Legally Required Reserve	363,625,523	363,625,523
Unrealized Profit (Loss)	-33,328,329	-25,741,745
Cumulative Profit (Loss)	2,690,223,938	2,681,928,769
<b>Total Equity</b>	<b>4,800,629,662</b>	<b>4,799,921,077</b>

Currently, there are a number of tax, legal, and labor proceedings pending resolution in relation to the Company's operations. In the opinion of the Management and the Company's legal advisors, the final results of these proceedings will not involve any significant expenses, and the Company has set aside the provisions it considered necessary in regard to said proceedings as of December 31, 2020.

The external auditing duties during fiscal year 2020 were entrusted to Messrs. Paredes, Burga & Asociados (a member firm of Ernst & Young). The firm's opinion on the statement of financial position, profit and loss statement, consolidated profit and loss statement, statement of changes in equity, and separate cash flow statement, as of December 31, 2020, and the respective notes, which form part of this Integrated Report, have been issued without objections.



Atocongo Plant, Villa Maria del Triunfo, Lima.



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**ANNEXES**

# 7.1

## GENERAL INFORMATION ON THE BUSINESS

### 7.1.1. GENERAL INFORMATION

#### a) Denomination

Unión Andina de Cementos S.A.A. (hereinafter, "UNACEM"). [GRI 102-1]

#### b) Place of Business

The administrative offices of UNACEM are located at Avenida Atocongo 2440, Villa María del Triunfo, Province and Department of Lima – Phone: 217-0200 – Fax: 217-1496.

#### c) Incorporation and Registration

UNACEM was incorporated under the corporate name of Cementos Lima S.A. by virtue of the notarially recorded instrument dated December 28, 1967, in accordance with the laws in force at that time. In compliance with the First Temporary Provision of the Business Corporations Act, UNACEM adapted to the provisions of said law by virtue of the notarially recorded instrument dated November 17, 1999, which is kept in Electronic Filing Card 11021439 of the Registry of Companies (hereinafter, the "Public Records Filing Card").





The Shareholders' Meeting held on May 2, 2011, unanimously resolved to adapt the corporation to the structure of a publicly traded corporation under the name of Cementos Lima S.A.A., and to amend the corporate bylaws. These resolutions were made into a notarially recorded instrument dated May 2, 2011, before Julio Antonio del Pozo Valdéz, Esq., Notary Public in and for Lima, and registered on May 26, 2011, in Entry B00021 of the Public Records Filing Card.

The Shareholders' Meeting held on July 24, 2012, resolved to change the Company's name to "Unión Andina de Cementos Sociedad Anónima Abierta," with the option of also using the abbreviation "UNACEM S.A.A." This resolution was made into a notarially recorded instrument on July 25, 2012, before Julio Antonio del Pozo Valdéz, Esq., Notary Public in and for Lima, and registered on August 9, 2012, in Entry B00024 of the Public Records Filing Card. The aforementioned Shareholders' Meeting also approved (i) the merger by absorption between UNACEM, as the absorbing company, and Cemento Andino S.A., as the absorbed company; and, ii) as date of entry into force of the merger, October 1, 2012. These resolutions were made into a notarially recorded instrument on October 3, 2012, before Julio Antonio del Pozo Valdéz, Esq., Notary Public in and for Lima, and registered on November 7, 2012, in Entry B00025 of the Public Records Filing Card.

The Shareholders' Meeting held on December 28, 2018, approved the merger of the Company, set for entry into force on January 1, 2019, with UNACEM as the absorbing company, and, as absorbed companies, Sindicato de Inversiones y Administración S.A. (SIA), Inversiones Andino S.A. (IASA), and Inmobiliaria Pronto S.A. (PRONTO), the latter of which holds all of the shares in ARPL Tecnología Industrial. Additionally, by virtue of a notarially recorded instrument evidencing a merger, having expired the deadline for the exercise of the right of opposition by its creditors, the Company increased its subscribed and paid-in capital stock by S/171,624,203, from S/1,646,503,408 to S/1,818,127,611, issuing 171,624,203 new common shares with the same face value as those already existing (S/1.00 each), which were distributed among the shareholders of the three absorbed companies based on their exchange rates.





The Shareholders' Meeting dated May 28, 2019, approved the merger of UNACEM, as absorbing company, and Cementos Portland S.A.C. (CEMPOR), as absorbed company, with entry into force set for June 1, 2019. Both processes have now been formalized.

#### d) Economic Group and Its Constituent Companies

RUC (OR EQUIVALENT)	ISIC	CORPORATE NAME	CORPORATE PURPOSE
20544695861	7499	Inversiones JRPR S.A.	Investments (holding)
20101073263	7414	Nuevas Inversiones S.A.	Investments (holding)
20603267665	7499	Catli Investments S.A.C.	Investments (holding)
20100137390	2694	Unión Andina de Cementos S.A.A. (antes Cementos Lima S.A.A.)	Production and sale of cement
20137920469	6302	Depósito Aduanero Conchán S.A.	Management of customs warehouse and storage spaces
20175503227	1320	Minera Adelaida S.A.	Mineral extraction
20112799452	6110	Naviera Conchán S.A.	Shipping operations
20101813305	6023	Transportes Lurín S.A.	Investments(holding) and others
20157385292	4010	Generación Eléctrica de Atocongo S.A.	Thermoelectric power generation
20512481125	4010	Compañía Eléctrica El Platanal S.A. ("CELEPSA")	Generation and sale of electricity
20552320833	7499	Ambiental Andina S.A.	Services of meteorology, hydrology, and origination of hydroelectric projects in Peru



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RUC (OR EQUIVALENT)	ISIC	CORPORATE NAME	CORPORATE PURPOSE
20422764136	4010	Celepsa Renovables S.C.R.L.	Generation and sale of electricity
20305012417	7499	Inversiones en Concreto y Afines S.A.	Investments (holding)
20297543653	2695	Unión de Concreteras S.A. ("Unicon")	Preparation and sale of concretes and additives
20263674929	2695	Concremax S.A.	Preparation and sale of concretes and additives
Foreign	2695	UNICON S.A. ("Unicon Chile")	Preparation and sale of concretes and additives
Foreign	2695	Unión de Concreteras UNICON UCUE Cia. Ltda. ("Unicon Ecuador")	Preparation and sale of concretes and additives
20524273803	2695	Entrepisos Lima S.A.C.	Investments in construction and concrete prefab activities
20471505073	2429	BASF Construction Chemicals Perú S.A.	Preparation and sale of concretes and additives
Foreign	7414	Skanon Investments Inc.	Investments (holding)
Foreign	2694	Drake Cement, LLC	Production and sale of cement Terminal de Operaciones
Foreign	7414	Staten Island Holding	Port operations terminal (under study)
Foreign	7414	Staten Island Terminal	Port operations terminal (under study)
Foreign	2695	Sunshine Concrete & Materials, Inc.	Preparation and sale of concrete

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RUC (OR EQUIVALENT)	ISIC	CORPORATE NAME	CORPORATE PURPOSE
Foreign	7122	MRM Equipment Leasing LLC	Preparation and sale of concrete
Foreign	9111	MRM Holdings LLC	Preparation and sale of concrete
Foreign	7414	Staten Island Holdings LLC	Port operations terminal (under study)
Foreign	7010	Drake Aggregates LLC	Production and sale of aggregates
20518153278	2695	Prefabricados Andinos Perú S.A.C. ("PREANSA PERU")	Production and sale of prestressed and concrete structures
Foreign	2695	Prefabricados Andinos Colombia S.A.S.	Production and sale of prestressed and concrete structures
Foreign	2695	Prefabricados Andinos S.A. ("PREANSA CHILE")	Production and sale of prestressed and concrete structures
20563343193	7499	Inversiones Imbabura S.A.	Investments (holding)
Foreign	2694	Unacem Ecuador S.A.	Production and sale of cement
Foreign	1320	Canteras y Voladuras S.A. (Cantivol)	Mining activities
20100079331	7421	ARPL Tecnología Industrial S.A.	Industrial consulting
20101701507	7499	Inversiones Nacionales y Multinacionales Andino S.A.	Real estate investments
20100740614	7499	Vigilancia Andina S.A.	Security services





## 7.1.2 CAPITAL STOCK AND SHAREHOLDING STRUCTURE

### a) Capital Stock

As of December 31, 2020, the subscribed and paid-in capital stock is represented by 1,818,127,611 common shares with a face value of S/ 1, fully subscribed and paid-in.

As of December 31, 2020, the price of the Company's shares on the stock exchange was S/1.55.

### b) Classes of Created and Issued Shares

REFERENCE	COMMON SHARES
Created	X
Issued	X

### c) Number and Face Value of Shares Issued

REFERENCE	COMMON SHARES
Number as of Dec. 31, 2020	1,818,127,611
Face Value as of Dec. 31, 2020	S/1.00





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#### d) Shareholding Structure

Shareholders with more than 5% of the capital stock:

NAME	STAKE IN THE CAPITAL STOCK	NATIONALITY	ECONOMIC GROUP
Inversiones JRPR S.A.	25.25 %	Peruvian	JRPR
Nuevas Inversiones S.A.	25.12%	Peruvian	JRPR
AFP INTEGRAL – Fondo 2	23.57%	Peruvian	SURA

#### e) Shares with Voting Rights

STAKE	NO. OF SHAREHOLDERS	PERCENTAGE OF TOTAL SHAREHOLDING STRUCTURE
Less than 1%	3,099	24.70
From 1% to 4.99%	9	18.23
From 5% to 9.99%	1	6.70
10% or more	2	50.37
<b>Total</b>	<b>3,111</b>	<b>100.00</b>





## f) Stake by Shareholder Type

STAKE BY TYPE OF SHAREHOLDER OR REPRESENTATIVE VALUE OF THE SHARE COMPRISING THE S&P PERÚ SELECT INDEX (AS OF THE CLOSE OF FISCAL YEAR 2020)	NO. OF HOLDERS	STAKE % <sup>2</sup>
1. Board members or senior management of the company, including relatives <sup>3</sup> .	106	33.66%
2. Company employees not included in number 1.	36	0.06%
3. Individuals not included in numbers 1 and 2.	2,820	11.58%
4. Pension funds managed by Pension Fund Management Companies under the supervision of the Peruvian Superintendency of Banking, Insurance, and Private Pension Fund Management Companies (SBS).	12	23.57%
5. Pension fund managed by the National Pension Normalization Office (ONP).		0.00%
6. Peruvian government entities, with the exception of that indicated in number 5.	1	0.09%
7. Banks, financial institutions, municipal savings and loan entities, small and microenterprise development institutions, agricultural savings and loan entities, and savings and loan cooperatives under the supervision of the Peruvian Superintendency of Banking, Insurance, and Private Pension Fund Management Companies (SBS).	1	0.00%
8. Insurance companies under the supervision of the Peruvian Superintendency of Banking, Insurance, and Private Pension Fund Management Companies (SBS).	5	0.51%
9. Brokerage agents under the supervision of the Peruvian Securities and Exchange Commission (SMV).	1	0.00%

<sup>2</sup> Two decimal places.

<sup>3</sup> Term "Relatives" as per the regulations on indirect ownership, relationship, and economic groups.





STAKE BY TYPE OF SHAREHOLDER OR REPRESENTATIVE VALUE OF THE SHARE COMPRISING THE S&P PERÚ SELECT INDEX (AS OF THE CLOSE OF FISCAL YEAR 2020)	NO. OF HOLDERS	STAKE % <sup>2</sup>
10. Investment funds, mutual funds, and trust funds under the Stock Exchange Act and the Investment Funds Act and bank trust funds under the General Financial System Act.	16	0.57%
11. Standalone trust funds and foreign bank trust funds, where it is possible to identify them.	33	2.52%
12. Foreign depositors listed as shareholders as part of ADR or ADS programs.		0.00%
13. Foreign depositors and custodians listed as shareholders not included in number 12.	9	0.25%
14. Foreign custodians listed as shareholders.	6	0.07%
15. Entities not included in the preceding numbers <sup>4</sup> .	65	27.12%
16. Shares belonging to the S&P/BVL Perú Select Index or representative value of these shares, in the company's portfolio.		0.00%
<b>Total</b>	<b>3,111</b>	<b>100.00%</b>

<sup>4</sup> Term "Entities" as per the regulations on indirect ownership, relationship, and economic groups.





### g) Stake by Shareholder Residence

STAKE BY SHAREHOLDERS OR REPRESENTATIVE VALUE OF THE SHARE COMPRISING THE S&P/BVL PERÚ SELECT INDEX, BY RESIDENCE (AS OF THE CLOSE OF FISCAL YEAR 2020)	NO. OF HOLDERS	STAKE % <sup>5</sup>
Domiciled	2,978	95.11%
Non-domiciled	133	4.89%
<b>Total</b>	<b>3,111</b>	<b>100.00%</b>

<sup>5</sup> Dos decimales.

## 7.1.3. DESCRIPTION OF OPERATIONS AND PERFORMANCE

### a) Corporate Purpose

The Company's purpose is to manufacture clinker, cement, and other construction materials, in Peru and abroad, including the distribution and sale thereof, as well as to operate the Conchán pier and its related facilities.

The Company may engage in all operations, acts, or contracts, and carry out the mining, industrial, commercial, and port activities necessary or advisable for the production and sale of clinker, cement, and other construction materials.

The Company may likewise invest in other companies engaged in similar activities and/or activities that aid in, develop, or complement the achievement of its goals, in Peru or abroad. The corporate purpose includes investment in other companies engaged in activities in the electricity sector.





Following the merger of UNACEM and Cemento Andino, the company now has two plants located in the departments of Lima and Junín.

The Atocongo plant, located in the district of Villa María del Triunfo, department of Lima, has a production capacity of approximately 4.8 million tons of clinker and 5.5 million tons of cement per year.

The Condorcocha plant, located in Tarma, department of Junín, has a production capacity of approximately 1.9 million tons of clinker and 2.8 million tons of cement per year.

#### **ISIC 2694**

#### **b) Existence: Perpetual**

#### **c) Evolution of Operations**

On July 6, 1916, the first cement company in Peru was established: Compañía Peruana de Cemento Portland S.A., the forerunner of the Issuer. Its first production plant, known as "Maravillas," was built near the Presbítero Maestro Cemetery in Lima in 1924.

In 1956, the highest cement plant in the world was built: Cemento Andino S.A., located in Tarma, at 4,000 meters above sea level, next to the Carpapata Hydroelectric Power Plant. Two years later, in 1958, the Condorcocha plant began operations with Kiln I.

Starting in 1963, Kiln II began operating at the Condorcocha plant, as the first kiln with a dry-zone heat transfer process in the Americas.  
Kiln III started operations in 1969.





On December 28, 1967, the Peruvian company Cementos Portland S.A. began a new stage in its life as Cementos Lima S.A. New kilns, mills, and other cutting-edge equipment was acquired.

In 1974, the military government then in power expropriated all shares in Cementos Lima S.A. and Cemento Andino S.A. Six years later, 51% of the shares in both companies were returned, along with control over them. At that time, both companies were in suboptimal conditions.

In 1987, the remodeling and expansion of Kiln III began at the Condorcocha plant. It was the first kiln in Peru with dual heat transfer devices and a precalciner, developed by ARPL Tecnología Industrial.

In 1989, the Conchán pier started operations near kilometer marker 24.5 of the Panamericana Sur highway in Lurín, for the purpose of exporting goods to international markets such as the United States, Chile, Panama, and others. That same year, Tarma experienced a significant level of terrorist acts, with Cemento Andino S.A. being the most severely affected company in the area.

In mid-1996, Unión de Concreteras S.A. was created, known by the business name of UNICON, thanks to the merger of two leading blended concrete manufacturers: COPRESA (founded in 1956) and HORMEC (founded in 1976), with the backing of two other major cement companies in Peru (Cementos Lima S.A. and Cemento Andino S.A.).

In 1996, the second stage of the Atocongo plant's expansion began in Lima. This process was completed in 1999, and helped triple clinker and cement production. A year later, ARPL Tecnología Industrial headed the repair, overhaul, and expansion of Kiln II at the Condorcocha plant.

The project for the construction of the 8.2-km-long underground belt conveyor began in 2002, following the approval of the necessary environmental improvement study, enabling the transport of bulk inputs and cement from the Atocongo plant in Villa María del Triunfo to the Conchán pier





in Lurín. This project included the construction of new paved roads, sidewalks, bus stops, and green areas, thus revitalizing the neighboring areas.

In 2003, the Asociación UNACEM (previously known as Asociación Atocongo) was created as the Issuer's corporate social responsibility organization, with the goal of bringing the Company closer to the community and working together for the sustainable development of the latter. At the same time, the Condorcocha plant implemented programs to foster community development in Tarma.

In 2005, construction began on the railway branch that will unite the highlands and the coast. This will connect the Condorcocha plant to the port of Callao and the cities of Huancayo and Cerro de Pasco.

In 2007, the use of natural gas began at the Atocongo plant in Lima, thus reducing gas emissions by over 25% in the production process. That same year, as a result of the Issuer's partnership with the PRAINSA group of Spain, PREANSA PERU was incorporated. This company is engaged in the construction and assembly of industrialized concrete structures.

In 2010, the El Platanal hydroelectric plant (located in the Cañete River basin in Yauyos) was inaugurated, with the Issuer's backing and its support as a shareholder (through its predecessors, Cementos Lima and Cemento Andino). The El Platanal hydroelectric plant generated an average of 1.1 million megawatt-hours per year of clean power, equivalent to the electricity consumption of 200,000 Peruvian households.

In 2011, the Drake Cement cement plant was inaugurated in Yavapai County in the state of Arizona, USA, with a production capacity of approximately 600,000 tons of clinker and 624,000 tons of cement per year.





In July of that same year, UNICON acquired 100% of the shares of Firth Industries Perú S.A. (now known as Concremax S.A.), one of the main providers of concrete and aggregate solutions in the housing, mining, and infrastructure sectors nationwide.

In 2012, construction began on the Carpapata III hydroelectric power plant project, with a capacity of 12.8 MW, increasing total capacity to 24 MW with the Carpapata I and Carpapata II hydroelectric power plants. In June 2012, the expansion of the Cordorcocha plant's capacity was completed with the incorporation of line IV, increasing said plant's clinker production capacity from 1.2 million tons to 1.9 million tons per year, and the cement milling capacity to 2.1 million tons per year.

Starting on October 1, 2012, UNACEM (previously known as Cementos Lima) merged with Cemento Andino S.A., with the latter being the absorbed company. This merger created significant synergies and operational improvements. The merger also made it possible to better supply the market, offering a wider range of cements and other products at competitive prices, as well as the optimization of leverage to undertake future investment projects.

In 2013, the upgrade and capacity expansion project was completed in Kiln 1 of the Atocongo plant, thus increasing the clinker production capacity at said plant to 4.8 million tons per year and the cement milling capacity to 5.5 million tons per year.

After completing the expansion projects at both plants, UNACEM now has an installed capacity of 6.7 million tons of clinker and 7.6 million tons of cement, with a wide portfolio of products to offer the market.

In October 2014, the Company performed an international bond issue for a total of US\$ 625 million,







with a nominal interest rate of 5.875 percent and a maturity date of October 2021. Thanks to this operation, in November and December 2014, through its subsidiary Inversiones Imbabura S.A., it acquired 98.89 percent of all shares of Lafarge Cementos S.A. (now known as UNACEM Ecuador) for a total of US\$ 518.9 million. The acquisition of UNACEM Ecuador marked an important milestone in the Company's growth strategy and an important step for value creation.

UNACEM Ecuador S.A. has a plant located in Otavalo, in the province of Imbabura, with a production capacity of 1 million tons of clinker and 1.5 million tons of cement, an integrated operation with limestone reserves for over 60 years, and a broad distribution network that enables it to efficiently serve the Ecuadorian market.

In 2016, two major projects were finished at the Condorcocha plant: the Carpapata III hydroelectric plant project, and the new mill and bagging line, expanding UNACEM's installed capacity to 8.3 million tons of cement per year, and the consolidated installed production capacity of UNACEM and its subsidiaries to approximately 10.4 million tons of cement per year.

In mid-2017, the Hidro Marañón hydroelectric plant began operations. This plant is an indirect subsidiary of the Company, and has a generation capacity of 18.4 MW.

During 2017, as part of UNACEM's initiative to strengthen its values and organizational culture, the Board of Directors approved the Code of Ethics and Conduct. It also began implementing an integrated anti-bribery system based on ISO 37001 standards, achieving certification in June 2019.

In September 2018, the Company's Board of Directors approved financing for up to US\$ 490 million to be used to refinance existing liabilities and other corporate uses. In keeping with this initiative, in October, UNACEM performed a partial redemption of international bonds for a total of US\$ 400 million. UNACEM also acquired Cementos Portland S.A. (CEMPOR), taking advantage of





its proximity to the Atocongo plant in an effort to increase competitiveness and sustainability and ensure environmental improvements, as well as generating synergies, streamlining expenses, and lengthening the useful life of the quarries.

The Shareholders' Meeting held on December 28, 2018, approved the Company's merger, as absorbing company, with Sindicato de Inversiones y Administración S.A. (SIA), Inversiones Andino S.A. (IASA), and Inmobiliaria Pronto S.A. (PRONTO), as absorbed companies. The merger between UNACEM, SIA, IASA, and PRONTO, which entered into force on January 1, 2019, was completed without any of the shareholders using their right of withdrawal or opposition from any creditor. This marked a milestone in UNACEM's history, demonstrating the commitment of all the shareholders, both majority and minority, in seeking to create value for the Company and benefit all of its stakeholders.

Additionally, the Shareholders' Meeting held on May 28, 2019, approved UNACEM's merger, as absorbing company, with Cementos Portland S.A.C. (CEMPOR), as absorbed company. The merger entered into force on June 1, 2019.

During the first quarter of 2019, the implementation of the anti-bribery system was completed. This system was later certified under ISO 37001 standards by the agency Perú Certification, which is accredited by the ANSI National Accreditation Board (ANAB). The certificate was issued in June for all locations, Atocongo, Condorcocha, Conchán, and Villarán, representing one of the Company's most important milestones in 2019 and reaffirming its objective of strengthening its values and organizational culture, and showing zero tolerance for all forms of corruption.

In August 2019, the Company's Board of Directors approved financing for up to US\$ 230 million to refinance existing liabilities. In October, UNACEM redeemed the total outstanding balance of international bonds for US\$ 225 million.



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The COVID-19 virus, first identified in late 2019 in the city of Wuhan, China, increasingly began to affect the health and lives of people around the world starting in early 2020. The pandemic brought economic and commercial activities to halt in many countries, including Peru, and affected the Company's commercial operations. The stoppage of the Company's economic activities from March 16 to May 19, 2020, led to the impairment of financial results in the second quarter of 2020. In response, the Board of Directors adopted a series of extraordinary preventive measures, which were applied throughout all of 2020 to ensure liquidity and working capital. This allowed the Company to meet its obligations to its employees, suppliers, and customers throughout its value chain.

In September 2020, the Board of Directors made moves to strengthen the Company's corporate governance management by approving the creation of two new board committees: i) the Strategy and Sustainability Committee; and ii) the Appointments and Salaries Committee.

In December 2020, UNACEM entered into an agreement with the Spanish companies Cementos La Unión S.A. and Áridos Jativa Sociedad Limitada, and the Chilean company Inversiones Mel 20 Limitada, for the acquisition of 100% of all shares of Cementos La Unión S.A. (CLU CHILE) and 100% of all ownership interests in Inversiones Mel 20 Limitada (MEL20), subject to certain conditions being met, including approval of the acquisition by the National Economic Prosecutor's Office of Chile (FNE). Once those conditions are met, UNACEM will be the owner—through the aforementioned Chilean companies—of a plant located at the port of San Antonio, with a cement milling and dispatch community of 300,000 MT/year and a ready-mix concrete unit with plants and concrete trucks with a capacity of 336,000 m<sup>3</sup>/year of ready-mix concrete, which are already fully operational.

Additionally, in December 2020, the Board of Directors approved bank financing of up to S/ 1.184,780,000.00 (One Billion One Hundred Eighty-Four Million Seven Hundred Eighty Thousand

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Peruvian Soles) to reprofile existing liabilities for a longer term, with lower financial costs, which was completed in January 2021.

#### d) The Company's Main Assets

The main property, plant, and equipment existing as of December 31, 2020, are as follows:

##### ATOCONGO PLANT

PROCESS	MAIN MACHINERY	MARK
1. Primary Crushing	Crusher	ESCH - WERKE
2. Secondary Crushing	Crushers	Hischman y Pennsylvania
3. Raw Milling	Roller Presses	Krupp Polysius (4)
4. Clinkerization	Kiln 1 and Kiln 2	Krupp Polysius y F.L. SMITH
5. Cement Milling	Roller Press	Krupp Polysius (7)
6. Dispatch	Packers	Haver & Boecker (7)

##### CONDORCOCHA PLANT

PROCESS	MAIN MACHINERY	MAKE
1. Primary Crushing	Crusher	SVEDALA
2. Secondary Crushing	Crushers	MIAG, THYSEEN KRUPP
3. Raw Milling	Ball Mills and Roller Presses	MIAG, KRUPP,POLYSIUS
4. Clinkerization	Kiln 1, 2, 3, 4	MIAG, KHD (2), PFENGFEI
5. Cement Milling	Ball Mills and Roller Presses	MIAG(3),KRUPP (2),MERCY, POLYSIUS, F.L. SMITH
6. Dispatch	Packers	F.L. Smidth y Haver&Boecker (3)

There are no liens on any of the Company's assets



### **e) Internal Audits**

We perform internal audits at all of our locations, which allow us to continually monitor our system and compliance therewith. These processes are also aimed at achieving targets and complying with our integrated management policy through a series of mechanisms that form part of the IMS, such as indicator-based monitoring and measurement; internal management audits; legal compliance management; customer satisfaction measurement; contractor evaluation; environmental impact and risk assessment; the management of protection, operational, and strategic risks; action on all nonconformities detected; and review of the IMS by the Board of Directors.

At Condorcocha, we perform integrated internal audits and audits of our contractors to verify compliance in environmental, occupational health and safety, and legal management. In 2019, we implemented a system of penalties for failure to comply with environmental, labor, and occupational health and safety requirements, in order to ensure that our contractors use the same standards as we do.

### **f) Quality Targets**

Quality targets are focused on the most relevant matters pertaining to external and internal customers, product quality, and process performance. We have established targets for customer satisfaction, market share, presence of products at points of sale, fulfillment times, ship loading and unloading speeds, product quality and its variability, quality control performance, maintenance performance, and logistics performance, among others.





## **g) Judicial, Administrative, or Arbitration Proceedings**

### **Tax Situation -**

- (a) To determine income tax, transfer prices in transactions with related companies and companies located in tax havens must be backed by documentation and information on the valuation methods used and the criteria taken into account for the determination thereof.

Based on an analysis of the Company's operations, the Management and its legal advisors do not believe that the application of these standards will result in any significant contingencies for the Company as of December 31, 2020.

- (b) The tax authority has the power to review, and, if applicable, correct the income tax calculated by the Company for the four years prior to the submission of its tax returns. The income tax returns for fiscal years 2011 through 2013, 2016 through 2019, and the return to be submitted for 2020, as well as monthly sales tax declarations for the periods between December 2015 and December 2020 are eligible for audit by the tax authority.
- (c) Due to the possible ways in which the tax authority may interpret the laws in force, it is not possible at this time to determine whether or not any inspections that may be performed will result in liabilities for the Company. Thus, any potential higher taxes or charges that may be imposed as a result of tax inspections would be applied to the results of the fiscal year in which they are determined. In the opinion of the Company's Management and its legal advisors, any additional tax payments for said periods will not have a significant effect on the individual financial statements as of December 31, 2020.





### Contingencies-

In the normal course of its operations, the Company has received a number of complaints with regard to tax, legal (labor and administrative), and regulatory matters, which are reported and disclosed in accordance with IFRS.

(a) Tax proceedings:

As a result of audits performed in previous years, the Company was served with notice by the National Superintendency of Tax Administration (SUNAT) of a number of resolutions regarding alleged failure to pay income tax. In some cases, the Company has filed complaints with higher bodies, arguing that said resolutions are not in compliance with the law; while in others, it proceeded to pay the amounts charged under protest. As of December 31, 2020, the Company has outstanding balances receivable in relation to certain tax proceedings, due to the fact that, in the opinion of the Company's Management and its legal advisors, there are reasonable arguments for obtaining results favorable to the Company's interest.

Below is a brief description of the Company's main tax proceedings:

Income tax for fiscal years 2000 and 2001 -

On May 22, 2018, the Standing Constitutional and Social Law division of the Peruvian Supreme Court issued its decision on Appeal for Review by the Supreme Court (Cassation) No. 12464-2017, dismissing the appeal for cassation filed by the Company. In June 2018, the Company filed a complaint for protection of constitutional rights (amparo), seeking the annulment of said proceeding. On August 13, 2019, the Eleventh Constitutional Court with





Jurisdiction over Tax and Customs Matters issued Court Order 5, dismissing the amparo complaint as groundless. On September 2, 2019, the Company filed an appeal against Court Order 5.

As of this date, the remedy of appeal filed by the Company is awaiting judgment.

Income tax for fiscal years 2004 and 2005 -

On November 5, 2018, the Company was served with Intendent's Resolution 0150150001764, issued in accordance with Tax Court Resolution 05598-1-2018, recalculating the debt for fiscal years 2004 and 2005. On November 21, 2018, the Company filed an appeal against the intendent's resolution, arguing that the recalculation performed was not in accordance with law. On November 30, 2018, the Company filed a complaint against the aforementioned tax court resolution with regard to certain tax-related objections. On July 24, 2019, Court Order 11 was issued, dismissing as groundless the complaint filed by the Company against the tax court resolution.

On August 16, 2019, the tax administration issued Enforcement Resolution 011-006-0058752, ordering the forced collection of tax debt under the Tax Calculation and Fine Resolutions for the periods between January and December 2004 and 2005, as well as the Tax Calculation Resolution for fiscal year 2004, for a total amount of S/ 8,143,000.

On November 29, 2019, Court Order 17 was issued, upholding Court Order 11, which had dismissed the complaint as groundless. On December 17, 2019, the Company filed an appeal for cassation against Court Order 17. To date, the Supreme Court's decision on the appeal for cassation is still pending.







#### Fine for Income Tax for Fiscal Year 2013 -

On March 2, 2018, the Company was served with notice of Resolution 1300-3-2019, by virtue of which the Tax Court ruled to uphold Intendent's Resolution 0150140013936, which is related to Fine Resolution 011-002-00218000 issued by the tax administration in 2017. The Company paid the aforementioned fine for the amount of S/ 7,129,000. On May 22, 2019, the Company filed a contentious administrative complaint against the Tax Court resolution. To date, the lower court's judgment has yet to be issued.

#### Fine for Interest on Advance Payments for Fiscal Year 2014 -

On August 14, 2020, the Company was served with notice of Resolution 03961-3-2020, by virtue of which the Tax Court ruled to uphold Intendent's Resolution 0150140015319, which is related to Fine Resolutions 012-002-0033181 and 012-02-0033192 issued by the tax administration in 2019. The Company paid the abovementioned fine for an amount of S/ 8,231,003. In October, the Company filed a contentious administrative complaint against the Tax Court's resolution. To date, the lower court's judgment has yet to be issued.

#### Contribution to the mining, metallurgy, and steel workers' retirement fund for 2103 -

On July 17, 2020, the Company was served with notice of Resolution 03250-1-2020, by virtue of which the Tax Court ruled to uphold Intendent's Resolution 0150140015241, which is related to Tax Calculation Resolution 012-003-0106710 issued by the tax administration in 2019. The Company paid the aforementioned tax calculation for the amount of S/ 2,750,000. In October 2020, the Company filed a contentious administrative complaint against the Tax Court's resolution. To date, the lower court's judgment has yet to be issued..





## h) Administrative

### LIST OF DIRECTORS

NAME	TITLET	DATES IN POSITION
Ricardo Rizo Patrón de la Piedra	President	December 2012
Alfredo Gastañeta Alayza	Vice-President	December 2012
Marcelo Rizo Patrón de la Piedra	Director	July 1994
Jaime Sotomayor Bernós	Director	July 1994
Carlos Ugás Delgado	Director	July 1996
Diego de la Piedra Minetti	Director	March 2011
Jorge Ramirez del Villar López de Romaña	Independent Director	March 2018
José Antonio Payet Puccio	Independent Director	March 2018
Martín Ramos Rizo Patrón	Director	March 2018
Hernán Torres Marchal	Director	From December 2012 to July 2020
Oswaldo Avilez D'Acunha	Director	From December 2012 to July 2020
Roberto Abusada Salah	Independent Director	From March 2014 to July 2020
Roque Benavides Ganoza	Independent Director	From April 2010 to July 2020
Maria Elena Rizo Patrón de la Piedra	Director	July 2020
Elmer Rafael Cuba Bustinza	Independent Director	July 2020




**LIST OF MANAGERIAL STAFF**

<b>NAME</b>	<b>TITLE</b>	<b>DATES IN POSITION</b>
Pedro Lerner Rizo Patrón	Corporate General Manager	Since July 2020 Previously general manager of CELEPSA
Carlos Ugás Delgado	General Manager	From August 1996 to June 2020
Álvaro Morales Puppo	Corporate Vice President of Finance	Since February 2021 Previously Manager of Finance and Corporate Development from 2012 to January 2021 and Financial Manager starting in 1992
Marlene Negreiros Bardales	Corporate Vice President of Talent and Culture	Since February 2021
Eduardo Sánchez Verdejo	Corporate Vice President of Industry	Since February 2021 Previously Plant Manager at UNACEM ECUADOR S.A. starting in January 2010
José Luis Perry Gaviño	Legal Manager	Since December 2019
Víctor Cisneros Mori	Central Manager	Since October 2012
Francisco Barúa Costa	Investment Manager	Since April 2014
Kurt Uzátegui Dellepiane	Commercial Manager	Since September 2012
Jeffery Lewis Arriarán	Project Execution Manager	Since May 2009
Juan Asmat Siquero	Atocongo Operations Manager	Since December 2011
Pablo Castro Horna	Human Resources Manager	Since October 2012
Héctor Leyva Cruz	Condorcocha Operations Manager	Since July 2018
Armando Casis	General Manager of Asociación UNACEM	Since 2012

# 7.2 FINANCIAL STATEMENTS

The separate financial statements as of December 31, 2020 and 2019, attached hereto, were audited by Messrs. Paredes, Burga y Asociados S.C.R.L., a member firm of EY, who issued their opinion without provisos.

## **Changes in the persons responsible for the preparation and review of the financial information:**

- No changes have been made in the head accounting staff in recent years.
- Up until December 31, 2018, the Company's general management was conducted by Sindicato de Inversiones y Administración S.A. Starting on January 1, 2019, Carlos Ugás Delgado was appointed General Manager.
- On January 31, 2020, the Board of Directors of UNACEM, with the prior agreement of the Audit and Risk Committee, unanimously approved the appointment of Pedro Lerner Rizo Patrón as the Company's new General Manager. Mr. Lerner assumed this position starting on July 1, 2020.

## **Table of Contents**

- Separate Statement of Financial Position
- Separate Profit and Loss Statement
- Separate Comprehensive Profit and Loss Statement
- Separate Statement of Changes in Equity
- Separate Cash Flow Statement
- Notes to the Separate Financial Statements

## 7.3

## SECTION IV

Information on the Stock Market Registered in the Public Stock Exchange Registry

The following is a summary of the stock market information that we are attaching hereto as an annex, in accordance with the Regulations on the Preparation and Submission of Annual Reports and Quarterly Reports, approved by virtue of CONASEV Resolution 211-98-EF/94.11.

## UNIÓN ANDINA DE CEMENTOS S.A.A. - UNACEM S.A.A.

ISIN CODE	MNEMONIC	YEAR - MONTH	2020 PRICES				AVERAGE PRICE S/
			OPENING S/	CLOSING S/	HIGH S/	LOW S/	
PEP239001006	UNACEMC1	2020-01	2.00	1.90	2.02	1.88	1.95
PEP239001006	UNACEMC1	2020-02	2.00	1.97	2.00	1.88	1.94
PEP239001006	UNACEMC1	2020-03	1.96	1.35	1.97	1.31	1.65
PEP239001006	UNACEMC1	2020-04	1.35	1.15	1.40	1.13	1.24
PEP239001006	UNACEMC1	2020-05	1.15	1.40	1.40	1.15	1.30
PEP239001006	UNACEMC1	2020-06	1.40	1.60	1.70	1.38	1.53
PEP239001006	UNACEMC1	2020-07	1.60	1.55	1.64	1.46	1.51
PEP239001006	UNACEMC1	2020-08	1.55	1.45	1.55	1.41	1.47
PEP239001006	UNACEMC1	2020-09	1.46	1.43	1.50	1.40	1.42
PEP239001006	UNACEMC1	2020-10	1.45	1.30	1.45	1.30	1.36
PEP239001006	UNACEMC1	2020-11	1.30	1.48	1.52	1.29	1.41
PEP239001006	UNACEMC1	2020-12	1.48	1.55	1.57	1.47	1.52





### Corporate Bonds

As of December 31, 2020, UNACEM has other securities registered in the Public Stock Exchange Registry kept by the Peruvian Securities and Exchange Commission (SMV). These securities are bonds corresponding to the "Second Debt Instrument Issue Program," as detailed below:

CORPORATE BONDS	MATURITY	GUARANTEE	AS OF DECEMBER 31, 2020 S/(000)	AS OF DECEMBER 31, 2019 S/(000)
Second Issue of the Second Program	March 2023	No guarantees	60,000	120,000
			<b>60,000</b>	<b>120,000</b>

The stock market information regarding said program is as follows:

#### UNIÓN ANDINA DE CEMENTOS S.A.A. - UNACEM S.A.A.

ISIN CODE	MNEMONIC	YEAR - MONTH	2020 PRICES				AVERAGE PRICE %
			OPENING %	CLOSING %	HIGH %	LOW %	
PEP23900M103	UNACEMC1	2020-09	108.1881	108.1881	108.1881	108.1881	108.1881

### Payment Schedule

The following tables summarize the Company's financial liability maturity profile, based on the undiscounted payments established in the respective agreements:





AS OF DECEMBER 31, 2020				
	FROM 3 TO 12 MOS. S/(000)	FROM 1 TO 3 YRS. S/(000)	FROM 4 TO 8 YRS. S/(000)	TOTAL S/(000)
Trade and misc.				255,076
accounts payable	255,076			
<b>Other financial liabilities:</b>				
Capital amortization	793,526	1,886,985	490,431	3,170,942
Interest payment flow	140,178	228,382	18,455	387,015
<b>Total liabilities</b>	<b>1,188,780</b>	<b>2,115,367</b>	<b>508,886</b>	<b>3,813,033</b>
AS OF DECEMBER 31, 2019				
	FROM 3 TO 12 MOS. S/(000)	FROM 1 TO 3 YRS. S/(000)	FROM 4 TO 8 YRS. S/(000)	TOTAL S/(000)
Trade and misc.				255,076
accounts payable	300,579			
<b>Other financial liabilities:</b>				
Capital amortization	383,762	1,654,284	1,029,519	3,067,565
Interest payment flow	154,751	323,023	60,713	538,487
<b>Total liabilities</b>	<b>839,092</b>	<b>1,977,307</b>	<b>1,090,232</b>	<b>3,906,631</b>



**Fair Value**

For other financial liabilities, fair values have been determined by comparing market interest rates at the time of their initial recognition with the current market rates for similar financial instruments. Below is a comparison of the book values and the fair values of these financial instruments:

	2020		2019	
	BOOK VALUE S/(000)	FAIR VALUE S/(000)	BOOK VALUE S/(000)	FAIR VALUE S/(000)
Bank promissory notes	367,440	362,295	116,095	113,087
Other financial liabilities (*)	2,803,502	2,644,876	2,893,375	2,598,202

(\*) As of December 31, 2020 and 2019, the balance does not include bank overdrafts.



# 7.4

## ASG METRICS

Environmental, Social, and Economic

### ENVIRONMENTAL METRICS

Due to the stoppage of activities as a result of the state of emergency declared in response to the COVID-19 pandemic, our emissions fell by 47.85% compared to 2019.

**TABLE 14: DIRECT EMISSIONS (SCOPE 1) OF GREENHOUSE GASES** [GRI 305-1]

GREENHOUSE GAS EMISSIONS (tCO <sub>2</sub> ) SCOPE 1	
2019	2020
CO <sub>2</sub> Emissions	CO <sub>2</sub> Emissions
<b>4,329,828.00</b>	<b>2,257,767.00</b>

**TABLE 15: INDIRECT GREENHOUSE GAS EMISSIONS (SCOPE 2)** [GRI 305-2]

INDIRECT GHG EMISSIONS DUE TO POWER GENERATION (CO <sub>2</sub> ) SCOPE 2	
2019	2020
CO <sub>2</sub> Emissions	CO <sub>2</sub> Emissions
<b>72,772.00</b>	<b>46,634.00</b>

**TABLE 16: FUEL CONSUMPTION IN KILNS, IN GIGAJOULES** [GRI 302-1]

FUEL CONSUMPTION IN KILNS								
	2019				2020			
	Coal (tons)	Residual Oil (tons)	Natural Gas (m <sup>3</sup> )	Diesel (gal)	Coal (tons)	Residual Oil (tons)	Natural Gas (m <sup>3</sup> )	Diesel (gal)
UNACEM	280,532.00	4,201.00	297,826,142.00	28,191.00	135,625.68	2,292.00	172,691,887.00	14,555.20
GJ Conv. Factor	23.25	41.48	0.04	0.14	23.16	41.76	0.04	0.14
UNACEM, GJ	6,523,403.88	174,276.38	10,847,498.20	4,053.98	3,140,762.28	95,713.78	6,289,827.08	2,037.19
Percentage	37.17%	0.99%	61.81%	0.02%	32.96%	1.00%	66.01%	0.02%
	<b>Target: Clean Fuel Consumption (NG)</b>			<b>&gt; 60%</b>	<b>Target: Clean Fuel Consumption (NG)</b>			<b>&gt; 60%</b>

**TABLE 17: ELECTRICITY CONSUMPTION, IN GIGAJOULES** [GRI 302-1]

ELECTRICITY CONSUMPTION (Gigajoules)						
	2019			2020		
	Atocongo Thermal Plant	El PlatanaI	Carpapata I, II, and III Hydroelectric Plants	Atocongo Thermal Plant	El PlatanaI	Carpapata I, II, and III Hydroelectric Plants
UNACEM	148,088.00	1,883,053.00	627,599.00	104,525.57	1,054,527.59	425,967.16
REPRESENTS	5.57%	70.83%	23.61%	6.59%	66.53%	26.87%
RENEWABLE ENERGY		94.43%			93.41%	
NON-RENEWABLE ENERGY		5.57%			6.59%	
	<b>Target: &gt; 90% renewable energy in electricity consumption</b>			<b>Target: &gt; 90% renewable energy in electricity consumption</b>		


**TABLE 18: GHG GASES PER TON OF CEMENT AND CLINKER PRODUCED** [GRI 305-4]

GHG EMISSIONS PER TON OF CEMENT AND CLINKER PRODUCED		
UNACEM		
	2019	2020
GHG (kgCO <sub>2</sub> /t cement)	675.00	620.00
Clinker/Cement Ratio	0.865	0.857
Specific Calorie Consumption* (kcal/kg Clinker)	771.32	779.73
Cement Production (tons)	5,338,845	4,472,605
Clinker Production (tons)	5,338,845	3,017,405

**TABLE 19: WATER CONSUMPTION AND MANAGEMENT** [GRI 303-3]

WATER CONSUMPTION (m <sup>3</sup> )		
	2019	2020
Total consumption of water from underground sources/spring and ravine sources	640,269	559,384
Total water consumption for domestic use	344,838	295,569
Total water consumption for industrial and mining use	295,431	263,816
Volume of water reused	213,296	177,051
Percentage of water reused	33%	32%
TARGET Reused Water	28%	30%

**TABLE 20: OTHER SIGNIFICANT EMISSIONS** [GRI 305-7]

2019				2020			
NOx	SOx	MERCURY	PM	NOx	SOx	MERCURY	PM
6,029	8,876	1.4	1,337	2,698	5,525	0.74	386

PM: Material Particulado

Below are the details on the materials used in the production process of our cements, including the weight or volume of each one:

**TABLE 21: RESOURCE CONSUMPTION AND MANAGEMENT** [GRI 301-1]

MATERIALS	MATERIALS USED, BY WEIGHT OR VOLUME			
	2019		2020	
	Quantity	Unit	Quantity	Unit
Grinding Additive	1,713,436	kg	1,589,912	kg
Clay	95,795	ton	62,102	ton
Limestone	8,853,511	ton	4,762,285	ton
Imported Coal	98,172	ton	45,073	ton
Domestic Coal	186,440	ton	77,897	ton
Coal Ash	5,369	ton	4,338	ton
Carbon Dioxide	4	ton	60	ton
Slag	71,652	ton	57,557	ton
Gas	314,998,407	m <sup>3</sup>	172,691,886	m <sup>3</sup>
Iron Oxide	198,312	ton	90,650	ton
Diesel Fuel B5 S-50	17,888	gal	11,037	gal



MATERIALS USED, BY WEIGHT OR VOLUME				
MATERIALS	2019		2020	
	Quantity	Unit	Quantity	Unit
Industrial Oil No. 6	4,271	ton	2,292	ton
Pozzolan	120,312	ton	98,627	ton
Silica	92,288	ton	32,957	ton
Gypsum	244,734	ton	195,675	ton
Hydrated Lime			50	ton
Bags (42.5 kg of cement)	89,487,776	bol	81,175,698	bol
Big bags (1.5 t)	76,339	bol	62,070	bol
Total Cement Dispatched	5,316,427	ton	4,461,843	ton

## SOCIAL METRICS

**TABLE 22: TEAM MEMBERS AND STAFF OF GOVERNING BODIES BY JOB CATEGORY, SEX, AND AGE**  
[GRI 405-1]

CATEGORY	CLASSIFICATION BY AGE RANGE AND SEX						TOTAL MEN	TOTAL WOMEN	TOTAL
	MEN			WOMEN					
	<30	30-50	>50	<30	30-50	>50			
Managers		5	5				10	0	10
Assistant Managers		5	8			2	13	2	15
Supervisors		28	31		10	3	59	13	72
Total	0	38	44	0	10	5	82	15	97



TABLE 23: NUMBER AND PERCENTAGE OF UNIONIZED TEAM MEMBERS BY SEX AND JOB CATEGORY

ATOCONGO PLANT									
CATEGORY	MEN			WOMEN			TOTAL		
	Total	Unionized	% Unionized	Total	Unionized	% Unionized	Total	Unionized	% Unionized
Administrative	82	0	0%	3	0	0%	85	0	0%
Employees	44	0	0%	2	0	0%	46	0	0%
Laborers	185	155	84%	0	0	0%	185	155	84%
Total	311	155	50%	5	0	0%	316	155	49%

TABLE 24: NUMBER AND PERCENTAGE OF UNIONIZED TEAM MEMBERS BY SEX AND JOB CATEGORY

CONDORCOCHA PLANT									
CATEGORY	MEN			WOMEN			TOTAL		
	Total	Unionized	% Unionized	Total	Unionized	% Unionized	Total	Unionized	% Unionized
Administrative	174	0	0%	58	0	0%	232	0	0%
Employees	83	32	39%	23	6	26%	106	38	36%
Laborers	145	128	88%	0	0	0%	145	128	88%
Total	402	160	40%	81	6	7%	483	166	34%

## SOCIAL INVESTMENT METRICS

### • HEALTH - ASOCIACIÓN UNACEM

**TABLE 25: HEALTH ACTIONS UNDERTAKEN IN THE AREA OF INFLUENCE OF THE ATOCONGO AND CONDORCOCHA PLANTS** [GRI 413-1]

TYPE OF ACTION UNDERTAKEN	PLANT	NO. OF APPOINTMENTS	NO. OF BENEFICIARIES
Preventive health appointments via tele-health advice service	Atocongo	1,215	
	Condorcocha	246	
Tele-health advice for vulnerable groups	Atocongo		1,653
	Condorcocha		217
Intervention for prevention and recovery from anemia in children between the ages of 6 months and 5 years old	Atocongo		350
	Condorcocha		58
Implementation of 9 services with educational materials for demo sessions on healthy diet and growth and development	Atocongo		7 health care establishments in the area of influence <sup>6</sup>
Tai chi workshop for seniors	Condorcocha		40

<sup>6</sup> Virgen de Lourdes Health Post, José Gálvez Mother & Child Health Center, Nueva Esperanza Health Center, Tablada de Lurín Mother & Child Health Center, César López Silva Mother & Child Health Center, Picapiedra Health Post, Pachacámac Mother & Child Health Center.

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• ENVIRONMENT - ASOCIACIÓN UNACEM

**TABLE 26: ENVIRONMENTAL ACTIONS IN THE AREA OF INFLUENCE OF THE ATOCONGO AND CONDORCOCHA PLANTS**

TYPE OF ACTION UNDERTAKEN	PLANT	NO. OF BENEFICIARIES	PARTNER INSTITUTIONS
<b>Waste management and organic gardens:</b> <ul style="list-style-type: none"> <li>• Five videos to raise awareness</li> <li>• Waste valorization tutorials</li> <li>• Three training workshops</li> </ul>	Atocongo	25 representatives from local environmental committees / REDAVES	Green area management: CAZ TdL
<b>Green area management:</b> <ul style="list-style-type: none"> <li>• Donation of 100 bags of guano or public parks</li> <li>• Donation of 10,170.00 m2 of St. Augustine grass</li> </ul>	Atocongo	600 families benefited	Municipality of Pachacámac
Comprehensive Solid Waste Management Workshops	Atocongo	18 environmental promotion agents	Municipality of Lurín
Donation of PPE to recyclers' associations in Villa María del Triunfo	Atocongo	30 recyclers	Municipality of Villa María del Triunfo
Intervention and contributions in compliance with updating of 2021 Solid Waste Plan	Atocongo	Municipality of Villa María del Triunfo	
<b>Plan de Lomas / Tourism</b> Participation and contributions as partner of Lomas de Villa María to develop the Regional Conservation Area Master Plan	Atocongo	2 associations in Lomas 1 tourism association	
<b>Local environmental management</b> Training in environmental topics and planting of capulin cherry trees ( <i>Prunus capuli</i> )	Condorcocha	15 community members from Huancoy	
Periodic collection of solid waste in the Populated Center of Condorcocha	Condorcocha	230 families	





### • COMMUNITY RELATIONS - ASOCIACIÓN UNACEM

**TABLE 27: TRAINING WORKSHOPS FOR SOCIAL ORGANIZATIONS AND LOCAL LEADERS** [GRI 413-1]

DISTRITOS	ORGANIZACIONES SOCIALES	PARTICIPANTES
Villa María del Triunfo	35	50
Villa El Salvador	16	24
Pachacamac	13	13
Lurín	9	9
Santo Domingo de los Olleros	1	1
<b>Total</b>	<b>74</b>	<b>97</b>

### • OCCUPATIONAL HEALTH AND SAFETY

**TABLE 28: PARTICIPANTS IN THE "INTERACTIVE CLASSROOM FOR OCCUPATIONAL HEALTH AND SAFETY TRAINING" PROJECT IN 2020** [GRI 416-1]

COURSES	NO. OF PARTICIPANTS
General Occupational Health and Safety Induction	453
Lock-Out, Tag-Out, Try-Out (LOTOTO) Training	293
General Induction for Transporters	252
General Occupational Health and Safety Induction for Mining	139
Induction to Work During Kiln Stoppage	67
<b>Total</b>	<b>1,204</b>



**TABLE 29: MATERIAL TOPICS 2020** [GRI 102-47]

NO.	MATERIAL TOPIC	BOUNDARY	RELATED CAPITAL	DESCRIPTION
1	Corporate Ethics	Internal	Human	<p>We have a Code of Ethics and Conduct (CODEC), which is a guide to help us apply and uphold our values, carry out our activities, and interact in a responsible manner with our stakeholders.</p> <p style="text-align: right;"><small>For more on our ethics management, see p. 71.</small></p>
2	Safe and Healthy Work Environment	Internal	Human	<p>The health and safety of our team members is our priority. We have an Occupational Health and Safety Management System that forms part of our Integrated Management System. We constantly seek to engage in the best practices to eliminate or minimize risks in the activities we perform.</p> <p style="text-align: right;"><small>For more on our occupational health and safety management, see p. 78.</small></p>
3	Energy and Emissions	Internal	Natural	<p>We recognize that our processes require energy to manufacture our products. That is why we use modern, efficient technology. We are also focused on reducing our emissions of particulate matter and greenhouse gases (GHG) for each ton of cement we produce, as well as our indirect GHG emissions.</p> <p style="text-align: right;"><small>For more on our energy and emissions management, see p. 99.</small></p>
4	Communities and Social Investment	External	Social-Relational	<p>Through Asociación UNACEM, we promote private social investment initiatives that create opportunities in the communities in our areas of influence in social infrastructure, health, education, the environment, and community relations.</p> <p style="text-align: right;"><small>For more on our community and social investment management, see p. 87.</small></p>
5	Product Quality	Internal	Intellectual-Manufactured	<p>The cement we offer our clients is high-quality, with strengths that exceed the standards established in the Peruvian Technical Standards (NTP) and ASTM standards.</p> <p style="text-align: right;"><small>For more on our quality management, see pp. 13 and 44.</small></p>

NO.	MATERIAL TOPIC	BOUNDARY	RELATED CAPITAL	DESCRIPTION
6	Compliance	Internal	Human	<p>We ensure compliance with our legal obligations using the GEORGE software program, which allows us to supervise, identify, and verify our legal obligations (safety, environment, mining, and electricity).</p> <p style="text-align: right;"><small>For more on our compliance management, see p. 72.</small></p>
7	Human Rights	Internal External	Human	<p>We adhere to the principles of the United Nations Global Compact, by which we commit to eradicating all types of discrimination, forced labor, or child labor, and we guarantee respect for freedom of association and the right to collective bargaining.</p> <p style="text-align: right;"><small>For more on our human rights management, see p. 84.</small></p>
8	Employment, Talent Management, and Diversity	Internal	Human	<p>We work hard to offer our team members formal, dignified employment and a positive, healthy, and safe work environment. We strive to promote their development through a training strategy focused on personal aspects as well as technical and professional needs. We promote diversity in our selection processes, avoiding any biases based on gender or disability.</p> <p style="text-align: right;"><small>For more on our talent management, see p. 73.</small></p>
9	Economic Performance		Financial	<p>Our economic and financial management aims to provide the economic resources necessary to perform our activities on a timely basis, and to guarantee our contribution throughout the entire value chain. We thus seek to act efficiently and uphold all the commitments acquired with each one of our stakeholders.</p> <p style="text-align: right;"><small>For more information on our economic performance, see pp. 10 and 113.</small></p>
10	Operational Eco-efficiency	Internal	Natural	<p>The main objectives of our Environmental Management System are to prevent and reduce environmental impacts, and to optimize our resource consumption.</p> <p style="text-align: right;"><small>For more information on our operational eco-efficiency, see p. 102.</small></p>



NO.	MATERIAL TOPIC	BOUNDARY	RELATED CAPITAL	DESCRIPTION
11	Supply Chain Management	Internal	Manufactured	<p>We have a selection and evaluation procedure for goods and services suppliers (contractors), which includes signing an affidavit of compliance with labor law, respect for human rights, and occupational health, safety, and environmental.</p> <p>For more on our supply chain management, see p. 49.</p>
12	Biodiversity	Internal	Natural	<p>Twice a year, as part of our activities, we perform the monitoring of flora and fauna in the areas surrounding our mining operations.</p> <p>For more on our biodiversity management, see p. 110.</p>
13	Sustainable Construction	Internal	Intellectual	<p>We strive to continue strengthening the sustainable construction system in our country, based on a set of criteria for the development of sustainable projects (lower water and energy consumption, which will lead to a reduction in carbon emissions). The goal is to reduce negative impacts on the environment and increase positive impacts for the people who live in these buildings. Accordingly, this system encompasses criteria ranging from the selection of construction materials and processes to the urban environment and its development. This system is supported by the MVCS and the MINAM (DS 015-2015), and includes the commitments assumed by Peru during the COP20 conference in Lima.</p>
		External	Natural	

**TABLE 30: CHANNELS OF COMMUNICATION WITH OUR STAKEHOLDERS** [GRI 102-43]

STAKEHOLDER	RESPONSIBLE AREA	ENGAGEMENT MECHANISMS	FREQUENCY	TOPICS OF INTEREST
Team Members	Human Resources Management	Performance management	Annually	Occupational health and safety
		Face-to-face communication mechanisms		Ethics and compliance
		Intranet and virtual means		Talent management
		Internal means	Ongoing	Efficiency and productivity
		Social media		



STAKEHOLDER	RESPONSIBLE AREA	ENGAGEMENT MECHANISMS	FREQUENCY	TOPICS OF INTEREST
Society	Environment	Environment Division Website and social media Technical reports Face-to-face and online workshops, meetings, and communication spaces	Ongoing	Environmental management Environmental impacts of operations on nearby communities and ecosystems
	Community	Asociación UNACEM Community relations plan Complaints and grievances procedure (IMS) Workshops, meetings, and communication spaces through community relations specialists using online tools starting in March Social media, website, email In-person services at offices (until March 2020)	Ongoing	Community relations Human rights Climate change Environmental management
	Government and Civil Society	Asociación UNACEM Sustainability report Website and social media Participation in online inter-institutional forums, workshops, and meetings	Ongoing	Efficiency and productivity Ethics and compliance Community relations Environmental management Project financing
	Future Generations	Asociación UNACEM Community relations plan Face-to-face workshops, meetings, and communication spaces (until March) through community relations specialists Social media, website, and email In-person services in offices (until March 2020)	Ongoing	Efficiency and productivity Ethics and compliance Community relations Environmental management
Customers	Commercial Management	Advice and accompaniment Customer service Customer service hotline	1	Ethics and compliance Efficiency and productivity Product use



STAKEHOLDER	RESPONSIBLE AREA	ENGAGEMENT MECHANISMS	FREQUENCY	TOPICS OF INTEREST
Shareholders	Values Department	In-person meetings Shareholders' Meeting Consolidated report Website Direct communications	Ongoing Quarterly Annually	Efficiency and productivity Ethics and compliance Economic results
Suppliers	Assistant Logistics Management	Personalized attention Vendor evaluation (OHSE audit) Consolidated report	Ongoing Annually	Efficiency and productivity Occupational health and safety Ethics and compliance

**TABLE 31: ASSOCIATIONS OF WHICH WE ARE A MEMBER** [GRI 102-13]

» Alianza para Obras por Impuestos (ALOXI)	» Instituto de Ingenieros de Minas del Perú (IIMP)
» Asociación Civil SINACOO-PNP Amigos de la Policía Nacional del Perú (SINACOO-PNP)	» Instituto de Seguridad Minera (ISEM)
» Asociación Civil BASC Perú (BASC Perú)	» Instituto Peruano de Acción Empresarial (IPAE)
» Asociación Club de la Banca y Comercio (CBC) – Asociado	» Instituto Peruano de Economía (IPE)
» Asociación de Exportadores (ADEX)	» Observatorio Ciudadano Lima Cómo Vamos Perú 2021
» Asociación de Productores de Cemento (ASOCEM)	» RedEAmérica
» Asociación Nacional de Anunciantes (ANDA)	» Servicio Nacional de Adiestramiento en Trabajo Industrial (SENATI)
» Asociación Peruana de Operadores Portuarios (ASPPOR)	» Servicio Nacional de Capacitación para la Industria de la Construcción (SENCICO)
» Encuentros Iberoamericanos de la Sociedad Civil (EISC)	» Sociedad de Comercio Exterior del Perú (COMEXPERÚ)
» Federación Interamericana del Cemento (FICEM) – a través de ASOCEM	» Sociedad Nacional de Industrias (SNI) – Clase AAA
» Global Cement and Concrete Association (GCCA)	» Sociedad Nacional de Minería Petróleo y Energía (SNMPE)
» Global System, Global Standard y Global Solution-1 (GS1)	

# 7.5

## GRI INDEX

[GRI 102-55]



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

This report has been prepared according with the Essential option of the GRI Standards.  
[GRI 102-54]

### GRI 101: FOUNDATIONS 2016

(The GRI 101 standard has no content)

### GRI 102: GENERAL DISCLOSURES 2016

GENERAL CONTENTS 2016	PAGE / DIRECT ANSWERS	OMISSIONS / OBSERVATIONS	SDGs	Global Compact Advanced Cop
<b>COMPANY PROFILE</b>				
102-1: Name of the organization	227	-	-	-
102-2: Activities, brands, products, and services	32	-	SDG N.º 9, 11	-
102-3: Location of headquarters	[SMV 7100: General information] Av. Atocongo 2440, Villa María del Triunfo, Lima, Perú	-	-	-



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GENERAL CONTENTS 2016	PAGE / DIRECT ANSWERS	OMISSIONS / OBSERVATIONS	SDGs	Global Compact Advanced Cop
<b>COMPANY PROFILE</b>				
102-4: Location of operations	43 y 44	-	-	-
102-5: Ownership and legal form	<a href="http://www.UNACEM.com.pe/?page_id=65">http://www.UNACEM.com.pe/?page_id=65</a>	-	-	-
102-6: Markets served	38	-	-	-
102-7: Scale of the organization	12, 20, 32, 43, 44 y 46	-	-	-
102-8: Information on employees and other workers	151, 152 y 153	-	SDG N.º 8	Principle 6
102-9: Supply chain	31 y 98	-	-	-
102-10: Significant changes to the organization and its supply chain	There were no changes in capital stock during the reporting period	-	-	-
102-11: Precautionary Principle or approach	199	-	-	-
102-12: External initiatives	20	-	-	-
102-13: Membership of associations	20 y 270	-	-	-
<b>STRATEGY</b>				
102-14: Statement from senior decision-makers	2	-	-	-
<b>ETHICS AND INTEGRITY</b>				
102-16: Values, principles, standards, and norms of behavior	83	-	-	-

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GENERAL CONTENTS 2016	PAGE / DIRECT ANSWERS	OMISSIONS / OBSERVATIONS	SDGs	Global Compact Advanced Cop
<b>GOVERNANCE</b>				
102-18: Governance structure	118	-	SDG N.º 16	Principle 10
102-35: Remuneration policy	The Board of Directors compensation policy is established in line with the company Bylaws and is equivalent to 1% of earnings before taxes. The Chairman receives double compensation	-	-	-
<b>STAKEHOLDER ENGAGEMENT</b>				
102-40: List of stakeholders	38 y 73	-	-	-
102-41: Collective bargaining agreements	173 y 174	-	SDG N.º 8	Principle 3
102-42: Identifying and selecting stakeholders	73 y 80	-	-	-
102-43: Approach to stakeholder engagement	268	-	-	-
102-44: Key topics and concerns raised	80	-	-	-
<b>ELABORATION OF SUSTAINABILITY REPORT</b>				
102-45: Entities included in the consolidated financial statement	20	-	-	-
102-46: Defining report content and topic boundaries	78	-	-	-
102-47: List of material topics	80 y 266	-	-	-

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GENERAL CONTENTS 2016	PAGE / DIRECT ANSWERS	OMISSIONS / OBSERVATIONS	SDGs	Global Compact Advanced Cop
102-48: Restatements of information	No information has been restated.	-	-	-
102-49: Changes in reporting	Materiality assessment for 2020 updated	-	-	-
ELABORATION OF SUSTAINABILITY REPORT				
102-50: Changes in reporting	2020	-	-	-
102-51: Date of most recent report	2019	-	-	-
102-52: Reporting cycle	Annual	-	-	-
102-53: Contact point for questions regarding the report	293	-	-	-
102-54: Claims of reporting in accordance to the GRI Standards	271	-	-	-
102-55: GRI content index	271	-	-	-
102-56: External assurance	This report does not undergo external auditing.	-	-	-

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GRI 103: MANAGEMENT APPROACH 2016	PAGE / DIRECT ANSWERS	OMISSIONS / OBSERVATIONS	SDGs	Global Compact Advanced Cop
<b>GRI 200: ECONOMIC DISCLOSURE</b>				
<b>GRI 201: ECONOMIC PERFORMANCE 2016</b>				
GRI 103-1. Explanation of the material topic and its boundary 2016	81	-	-	-
GRI 103-2. The management approach and its components. 2016	23 y 27	-	-	-
GRI 103-3. Evaluation of the management approach. 2016	23 y 27	-	-	-
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
GRI 201-1. Direct economic value generated and distributed	23 y 27	-	SDG N.º 2, 5, 7, 8, 9	-
<b>GRI 203: INDIRECT ECONOMIC IMPACTS 2016</b>				
GRI 103-1. Explanation of the material topic and its boundary	81	-	SDG N.º 2, 5, 7, 9, 11	-
GRI 103-2. The management approach and its components	185	-	SDG N.º 2, 5, 7, 9, 11	-
GRI 103-3. The management approach assessment	185	-	SDG N.º 2, 5, 7, 9, 11	-
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
GRI 203-1. Infrastructure investments and services supported	185	-	SDG N.º 2, 5, 7, 9, 11	-

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GRI 103: MANAGEMENT APPROACH 2016	PAGE / DIRECT ANSWERS	OMISSIONS / OBSERVATIONS	SDGs	Global Compact Advanced Cop
<b>GRI 204: PROCUREMENT PRACTICES 2016</b>				
GRI 103-1. Explanation of the material topic and its boundary.	81	-	-	-
GRI 103-2. The management approach and its components.	101	-	-	-
GRI 103-3. Evaluation of the management approach.	101	-	-	-
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
GRI 204-1. Proportion of spending on local suppliers	101	-	SDG N.º 12	-
<b>GRI 205: ANTICORRUPTION 2016</b>				
GRI 103-1. Explanation of the material topic and its boundary	81	-	-	-
GRI 103-2. The management approach and its components	145	-	-	-
GRI 103-3. Evaluation of the management approach	145	-	-	-
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
GRI 205-2. Communication and training about anti-corruption policies and procedures	146	-	SDG N.º 16	-

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GRI 103: MANAGEMENT APPROACH 2016	PAGE / DIRECT ANSWERS	OMISSIONS / OBSERVATIONS	SDGs	Global Compact Advanced Cop
<b>GRI 206: ANTI-COMPETITIVE BEHAVIOR</b>				
GRI 103-1. Explanation of the material topic and its boundary	94. We are a leading company in the market. Currently, we don't have any policy related to anti-competitive behavior.	-	-	-
GRI 103-2. The management approach and its components	We don't have any policy related to anti-competitive behavior.	-	-	-
GRI 103-3. Evaluation of the management approach	We don't have any policy related to anti-competitive behavior.	-	-	-
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
GRI 206-1. Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No legal action has been taken	-	-	-
<b>GRI 300: ENVIRONMENT</b>				

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GRI 103: MANAGEMENT APPROACH 2016	PAGE / DIRECT ANSWERS	OMISSIONS / OBSERVATIONS	SDGs	Global Compact Advanced Cop
<b>GRI 301: MATERIALS 2016</b>				
GRI 103-1. Explanation of the material topic and its boundary	80	-	-	-
GRI 103-2. The management approach and its components	260	-	-	-
GRI 103-3. Evaluation of the management approach	260	-	-	-
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
GRI 301-1. Materials used by weight or volume	260		SDG N.º 9, 12, 13	Principle 7, 8 y 9
<b>GRI 302: ENERGY 2016</b>				
GRI 103-1. Explanation of the material topic and its boundary	80	-	-	-
GRI 103-2. The management approach and its components	258	-	-	-
GRI 103-3. Evaluation of the management approach	258	-	-	-
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
GRI 302-1. Energy consumption within the organization	258		SDG N.º 9, 12, 13	Principle 7, 8 y 9



GRI 103: MANAGEMENT APPROACH 2016	PAGE / DIRECT ANSWERS	OMISSIONS / OBSERVATIONS	SDGs	Global Compact Advanced Cop
<b>GRI 303: WATER AND EFFLUENTS 2018</b>				
GRI 103-1. Explanation of the material topic and its boundary	80	-	-	-
GRI 103-2. The management approach and its components	207	-	-	-
GRI 103-3. Evaluation of the management approach	207	-	-	-
<b>TOPIC-SPECIFIC DISCLOSURES AND MANAGEMENT APPROACH</b>				
GRI 303-1. Interaction with water as a shared resource	207 y 259	-	-	-
GRI 303-2. Management of impacts related to water discharges	207	-	-	-
GRI 303-3. Total water withdrawal by source	259	-	SDG N.º 6, 13	Principle 7, 8 y 9
<b>GRI 304: BIODIVERSITY 2016</b>				
GRI 103-1. Explanation of the material topic and its boundary	80	-	-	-
GRI 103-2. The management approach and its components	215	-	-	-
GRI 103-3. Evaluation of the management approach	215	-	-	-
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
GRI 304-3. Habitats protected or restored	215	-	SDG N.º 6, 14, 15	Principle 7, 8 y 9



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GRI 103: MANAGEMENT APPROACH 2016	PAGE / DIRECT ANSWERS	OMISSIONS / OBSERVATIONS	SDGs	Global Compact Advanced Cop
<b>GRI 305: EMISSIONS 2016</b>				
GRI 103-1. Explanation of the material topic and its boundary	80	-	-	-
GRI 103-2. The management approach and its components	257	-	-	-
GRI 103-3. Evaluation of the management approach	257	-	-	-
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
GRI 305-1. Direct GHG emissions (Scope 1)	257	-	SDG N.º 3, 12, 13, 14, 15	Principle 7, 8 y 9
<b>GRI 306: WASTE 2020</b>				
GRI 103-1. Explanation of the material topic and its boundary	80	-	-	-
GRI 103-2. The management approach and its components	210	-	-	-
GRI 103-3. Evaluation of the management approach	210	-	-	-
<b>TOPIC-SPECIFIC DISCLOSURES AND MANAGEMENT APPROACH</b>				
GRI 306-1. Generation of waste and significant impacts related to waste	210	-	-	-
GRI 306-2. Management of significant impacts related to waste	210	-	-	-
GRI 306-4. Waste not intended for disposal	212	-	SDG N.º 3, 6, 12	Principle 7, 8 y 9

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GRI 103: MANAGEMENT APPROACH 2016	PAGE / DIRECT ANSWERS	OMISSIONS / OBSERVATIONS	SDGs	Global Compact Advanced Cop
<b>GRI 307: ENVIRONMENTAL COMPLIANCE 2016</b>				
GRI 103-1. Explanation of the material topic and its boundary	81	-	-	-
GRI 103-2. The management approach and its components	147	-	-	-
GRI 103-3. Evaluation of the management approach	147	-	-	-
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
GRI 307-1. Non-compliance with environmental laws and regulations	147	-	SDG N.º 16	Principle 7, 8 y 9
<b>GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016</b>				
GRI 103-1. Explanation of the material topic and its boundary	81	-	-	-
GRI 103-2. The management approach and its components	101	-	-	-
GRI 103-3. Evaluation of the management approach	101	-	-	-
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
GRI 308-1. New suppliers that were screened using environmental criteria	101	-	SDG N.º 8, 12	Principle 7, 8 y 9

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GRI 103: MANAGEMENT APPROACH 2016	PAGE / DIRECT ANSWERS	OMISSIONS / OBSERVATIONS	SDGs	Global Compact Advanced Cop
<b>GRI 400: SOCIAL</b>				
<b>GRI 401: EMPLOYMENT 2016</b>				
GRI 103-1. Explanation of the material topic and its boundary	82	-	-	-
GRI 103-2. The management approach and its components	151	-	-	-
GRI 103-3. Evaluation of the management approach	151	-	-	-
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
GRI 401-1. New employee hiring and employee turnover	151, 152, 153 y 155	-	SDG N.º 5, 8	Principle 6
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018</b>				
GRI 103-1. Explanation of the material topic and its boundary	82	-	-	-
GRI 103-2. The management approach and its components	160	-	-	-
GRI 103-3. Evaluation of the management approach	160	-	-	-

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GRI 103: MANAGEMENT APPROACH 2016	PAGE / DIRECT ANSWERS	OMISSIONS / OBSERVATIONS	SDGs	Global Compact Advanced Cop
<b>TOPIC-SPECIFIC DISCLOSURES AND MANAGEMENT APPROACH</b>				
GRI 403-1. Occupational health and safety management system	161	-	-	-
GRI 403-2. Hazard identification, risk assessment and incident investigation	161	-	-	-
GRI 403-3. Occupational health services	168	-	-	-
GRI 403-4. Worker participation, consultation and communication on health and safety at work	160 y 168	-	SDG N.º 3, 8	Principle 6
GRI 403-5. Training of workers on health and safety at work	166	-	-	-
GRI 403-6. Promotion of workers' health	168	-	-	-
GRI 403-7. Prevention and mitigation of impacts on the health and safety of workers directly linked to business relationships	169	-	-	-
GRI 403-9. Work accident injuries	164 y 165	-	SDG N.º 3, 8	Principle 6

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GRI 103: MANAGEMENT APPROACH 2016	PAGE / DIRECT ANSWERS	OMISSIONS / OBSERVATIONS	SDGs	Global Compact Advanced Cop
<b>GRI 404: TRAINING AND EDUCATION 2016</b>				
GRI 103-1. Explanation of the material topic and its boundary	82	-	-	-
GRI 103-2. The management approach and its components	156	-	-	-
GRI 103-3. Evaluation of the management approach	156	-	-	-
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
GRI 404-1. Average hours of training per year per employee	156	-	SDG N.º 4, 5, 8	
<b>GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES 2016</b>				
GRI 103-1. Explanation of the material topic and its boundary	82	-	-	-
GRI 103-2. The management approach and its components	151	-	-	-
GRI 103-3. Evaluation of the management approach	151	-	-	-
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
GRI 405-1. Diversity in governing bodies and employees	261	-	-	Principle 6

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<b>GRI 103: MANAGEMENT APPROACH 2016</b>	<b>PAGE / DIRECT ANSWERS</b>	<b>OMISSIONS / OBSERVATIONS</b>	<b>SDGs</b>	<b>Global Compact Advanced Cop</b>
<b>GRI 406: NON-DISCRIMINATION 2016</b>				
GRI 103-1. Explanation of the material topic and its boundary	82	-	-	-
GRI 103-2. The management approach and its components	171	-	-	-
GRI 103-3. Evaluation of the management approach	171	-	-	-
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
GRI 406-1. Incidents of discrimination and corrective actions taken	No incident of discrimination was registered in the company during 2020	-	SDG N.º 5, 8, 16	Principle 1, 2, 6
<b>GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016</b>				
GRI 103-1. Explanation of the material topic and its boundary	82	-	-	-
GRI 103-2. The management approach and its components	173	-	-	-
GRI 103-3. Evaluation of the management approach	173	-	-	-
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
GRI 407-1. Operations and suppliers in which the right to freedom of association and collective bargaining may be at	173 y 174	-	SDG N.º 8	Principle 1, 2, 3



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GRI 103: MANAGEMENT APPROACH 2016	PAGE / DIRECT ANSWERS	OMISSIONS / OBSERVATIONS	SDGs	Global Compact Advanced Cop
<b>GRI 408: CHILD LABOR 2016</b>				
GRI 103-1. Explanation of the material topic and its boundary	82	-	-	-
GRI 103-2. The management approach and its components	171	-	-	-
GRI 103-3. Evaluation of the management approach	171	-	-	-
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
GRI 408-1. Operations and suppliers at significant risk for incidents of child labor	171	-	SDG N.º 8	Principle 1, 2, 5
<b>GRI 409: FORCED OR COMPULSORY LABOR 2016</b>				
GRI 103-1. Explanation of the material topic and its boundary	82	-	-	-
GRI 103-2. The management approach and its components	171	-	-	-
GRI 103-3. Evaluation of the management approach	171	-	-	-
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
GRI 409-1. Operations and suppliers at significant risk for incidents of forced or compulsory labor	171	-	SDG N.º 8	Principle 1, 2, 4

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GRI 103: MANAGEMENT APPROACH 2016	PAGE / DIRECT ANSWERS	OMISSIONS / OBSERVATIONS	SDGs	Global Compact Advanced Cop
<b>GRI 410: SECURITY PRACTICES 2016</b>				
GRI 103-1. Explanation of the material topic and its boundary	82	-	-	-
GRI 103-2. The management approach and its components	172	-	-	-
GRI 103-3. Evaluation of the management approach	172	-	-	-
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
GRI 410-1. Security personnel trained in human rights policies or procedures	172	-	SDG N.º 16	Principle 1, 2
<b>GRI 413: LOCAL COMMUNITIES 2016</b>				
GRI 103-1. Explanation of the material topic and its boundary	82	-	-	-
GRI 103-2. The management approach and its components	177	-	-	-
GRI 103-3. Evaluation of the management approach	177	-	-	-
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
GRI 413-1. Operations with local community engagement, impact assessments, and development programs	177, 263 y 265	-	-	Principle 1

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GRI 103: MANAGEMENT APPROACH 2016	PAGE / DIRECT ANSWERS	OMISSIONS / OBSERVATIONS	SDGs	Global Compact Advanced Cop
<b>GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016</b>				
GRI 103-1. Explanation of the material topic and its boundary	81	-	-	-
GRI 103-2. The management approach and its components	102	-	-	-
GRI 103-3. Evaluation of the management approach	102	-	-	-
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
GRI 414-1. New suppliers that were screened using social criteria	New suppliers that were screened using social criteria	-	SDG N.º 16	Principle 6
<b>GRI 416: CUSTOMER HEALTH AND SAFETY 2016</b>				
GRI 103-1. Explanation of the material topic and its boundary	81	-	-	-
GRI 103-2. The management approach and its components	160	-	-	-
GRI 103-3. Evaluation of the management approach	160	-	-	-
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
GRI 416-1. Assessment of health and safety impacts of product and service categories	160, 265 y 288	-	SDG N.º 8	-

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GRI 103: MANAGEMENT APPROACH 2016	PAGE / DIRECT ANSWERS	OMISSIONS / OBSERVATIONS	SDGs	Global Compact Advanced Cop
<b>GRI 417: MARKETING AND LABELING 2016</b>				
GRI 103-1. Explanation of the material topic and its boundary	81	-	-	-
GRI 103-2. The management approach and its components	108	-	-	-
GRI 103-3. Evaluation of the management approach	108	-	-	-
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
GRI 417-1. Requirements for information and labeling of products and services	108	-	SDG N.º 12	-
<b>GRI 419: SOCIOECONOMIC COMPLIANCE 2016</b>				
GRI 103-1. Explanation of the material topic and its boundary	81	-	-	-
GRI 103-2. The management approach and its components	47	-	-	-
GRI 103-3. Evaluation of the management approach	47	-	-	-
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
GRI 419-1. Non-compliance with laws and regulations in the social and economic areas	During 2020, we were not subject to any significant fines nor pecuniary sanctions	-	SDG N.º 16	-

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GRI 103: MANAGEMENT APPROACH 2016	PAGE / DIRECT ANSWERS	OMISSIONS / OBSERVATIONS	SDGs	Global Compact Advanced Cop
<b>NON-GRI MARKET SHARE</b>				
GRI 103-1. Explanation of the material topic and its boundary	81	-	-	-
GRI 103-2. The management approach and its components	34	-	-	-
GRI 103-3. Evaluation of the management approach	34	-	-	-
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
Non-GRI Market share	34	-	-	-
<b>NON-GRI PROFITABILITY</b>				
GRI 103-1. Explanation of the material topic and its boundary	81	-	-	-
GRI 103-2. The management approach and its components	220	-	-	-
GRI 103-3. Evaluation of the management approach	220	-	-	-
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
Non-GRI Profitability	220	-	-	-

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GRI 103: MANAGEMENT APPROACH 2016	PAGE / DIRECT ANSWERS	OMISSIONS / OBSERVATIONS	SDGs	Global Compact Advanced Cop
<b>NON-GRI ISO CERTIFICATION 37001</b>				
GRI 103-1. Explanation of the material topic and its boundary	81	-	-	-
GRI 103-2. The management approach and its components	146	-	-	-
GRI 103-3. Evaluation of the management approach	146	-	-	-
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
Non-GRI ISO certification 37001	146	-	-	-
<b>NON-GRI BLENDED CEMENTS</b>				
GRI 103-1. Explanation of the material topic and its boundary	80	-	-	-
GRI 103-2. The management approach and its components	202	-	-	-
GRI 103-3. Evaluation of the management approach	202	-	-	-
Non-GRI Blended cements	202	-	-	-

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GRI 103: MANAGEMENT APPROACH 2016	PAGE / DIRECT ANSWERS	OMISSIONS / OBSERVATIONS	SDGs	Global Compact Advanced Cop
<b>NON-GRI EVENTS THAT AFFECTED CEMENT DEMAND</b>				
GRI 103-1. Explanation of the material topic and its boundary	81	-	-	-
GRI 103-2. The management approach and its components	38	-	-	-
GRI 103-3. Evaluation of the management approach	38	-	-	-
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
Non-GRI Events that affected cement demand	38	-	-	-
<b>(GRI 102-55)</b>				

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**2020 INTEGRATED REPORT**

Unión Andina de Cementos S.A.A.  
Av. Atocongo 2440, Lima 35, Perú.

All communications regarding this 2020 Integrated Report should be addressed to the Corporate Image and Communication Area:

**[contacto@unacem.com.pe](mailto:contacto@unacem.com.pe)**

**[comunicaciones@asociacionunacem.org](mailto:comunicaciones@asociacionunacem.org)**

GRI 102-53

Photography:

Yayo López

Aldo Arozena

Marco Carrión

Cecilia Durand

Marcela Delgado

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