

A black and white photograph of children running in a schoolyard. A large red circular overlay is centered on the image, containing text and the UNACEM logo. The children are wearing school uniforms and are running happily. The background shows a schoolyard with a fence and hills in the distance.

# COMMITMENT TO DEVELOPMENT

SUSTAINABILITY REPORT 2015

 **UNACEM**  
BUILDING OPPORTUNITIES



# COMMITMENT TO DEVELOPMENT

SUSTAINABILITY REPORT 2015

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# MESSAGE FROM THE GENERAL MANAGEMENT

We are pleased to present UNACEM's third sustainability report, which informs our stakeholders on our sustainability performance. We are conscious of the impacts we cause while performing the activities inherent to our business. For this reason, we maintain a commitment to managing these impacts, in order to achieve sustainable development, thus ratifying our role as a major agent of change in Peruvian society.

We are convinced that we can continue to carry out our business while simultaneously helping to create value for our stakeholders, with a special emphasis on our shareholders, employees, customers, the environment, and the surrounding communities. With this purpose in mind, we have designed our sustainability strategy using the Integrated Management System (IMS), certified under ISO 9001, ISO 14001, OHSAS 18001, BASC, and ISPS standards. Our IMS guarantees an adequate management of quality, the environment, and occupational health and safety, as well as the protection of our facilities. As a short-term challenge, we are currently seeking to incorporate the ISO 26000 standard into our management system.

This year, our financial performance has involved many challenges, due to the country's economic slowdown and the decrease in the construction sector's growth by nearly 5.9%. The latter is explained by lower investment, both public and private, and by a more competitive market. These factors have led us to reinvent ourselves, by developing innovative products with a lower impact, such as blended cements, and the strengthening of closer relations with our customers and consumers.

In environmental issues, it is important to note the reduction of more than 190,000 tons of CO<sub>2</sub>, the use of 93.9% of electric energy from renewable sources, a decrease of over 19,000 cubic meters of water consumption per month, and the reuse of nearly 100.0% of our effluents.

On the other hand, we continue to foster capacity building and the performance of social and infrastructure investment projects for the communities surrounding our plants in Lima and Tarma, through the Asociación UNACEM. Our initiatives are based on our five pillars of community action: social infrastructure, health, education, the environment, and community relations.

We are also committed to developing the construction sector value chain, providing professional training for foremen, construction workers, and self builders. With regard to our distributors and contractors, we completed the "Promoting Transparency in the Supply Chain of Peruvian Companies" Project, an initiative that—supported by Peru 2021, the Global Reporting Initiative (GRI), and the State Secretariat for Economic Affairs of the Swiss Agency for Development and Cooperation (SECO) in Peru—allowed eight of our strategic partners complete their first sustainability report.

These results have been possible due to the commitment, effort, and motivation of our employees, whose hard work and dedication, day in and day out, enable us to achieve a performance that meets the highest of standards. Nevertheless, despite the exhaustive controls and risk management, we regret to report two fatal accidents that have saddened the whole UNACEM family. This drives us to further our commitment to strengthening preventive measures and build the capacities of our entire supply chain, so that such tragedies never happen again.


We are aware of the great challenges we face. The most important of these is undoubtedly the enhancement of our Integrated Management System, at both Atocongo plant and Condorcocha plant, since our employees' safety is our top priority. We remain committed to the compliance of the United Nations Global Compact principles. We will also continue to strengthen our supply chain and our commitment to the communities, through sustainable programs and projects that add value. This is the commitment of UNACEM and the Asociación UNACEM for the coming year. (G4-1)



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



**Armando Casis**  
General Manager  
Asociación UNACEM



BUILDER, URB. SAN  
GENARO, CHORRILLOS,  
LIMA, PERU.

# OUR BUSINESS

WE ARE ENGAGED IN THE  
**MANUFACTURE,  
COMMERCIA-  
LIZATION AND  
SALE**

OF CLINKER, CEMENTS,  
AND OTHER CONSTRUCTION  
MATERIALS.



OUR  
**EBITDA  
ROSE BY  
22.6%**

**IN 2015 AS A  
RESULT OF OUR  
OPERATING  
EFFICIENCY.**



WE WERE RECOGNIZED AS A  
**SOCIALLY  
RESPONSIBLE  
COMPANY**

BY PERU 2021 AND THE  
MEXICAN CENTER FOR  
PHILANTHROPY.



**WE RECEIVED THE  
NATIONAL  
ENVIRON-  
MENTAL  
AWARD,  
GIVEN BY THE  
MINISTRY OF THE  
ENVIRONMENT, FOR  
THE ENVIRONMENTAL  
FOOTPRINT  
MEASUREMENT  
PROJECT.**



# ABOUT US

Unión Andina de Cementos S.A.A. (UNACEM) is the leading Peruvian company in the cement sector. Our company expands operations abroad in 2011, with the acquisition of Drake Cement plant, in Arizona, United States of America; in 2014, with the purchase of Lafarge Cementos S.A., now UNACEM Ecuador, and PREANSA – Chile; and recently, with the construction of PREANSA – Colombia prefab plant. Our ordinary shares are listed on the Lima Stock Exchange (BVL) and are regulated by the Peruvian Securities and Exchange Commission (SMV). (G4-7)

We are engaged in the production, commercialization and sale of clinker, cements, and other construction materials, as well as the operation of the Conchan pier. We also participate in the Peruvian electricity market through our subsidiary CELEPSA, which operates El Platanal hydroelectric plant. As a result of Cementos Lima S.A.A. and Cemento Andino S.A. merger in 2012, we have two production plants:

- Atocongo plant, located in the district of Villa María del Triunfo, Lima province, Lima region.
- Condorcocha plant, located in the district of La Unión Leticia, Tarma province, Junín region.

Quarry area, Condorcocha plant,  
Tarma, Junín, Peru.



In 2015, our total  
sales reached

**S/ 1,949**  
billion.



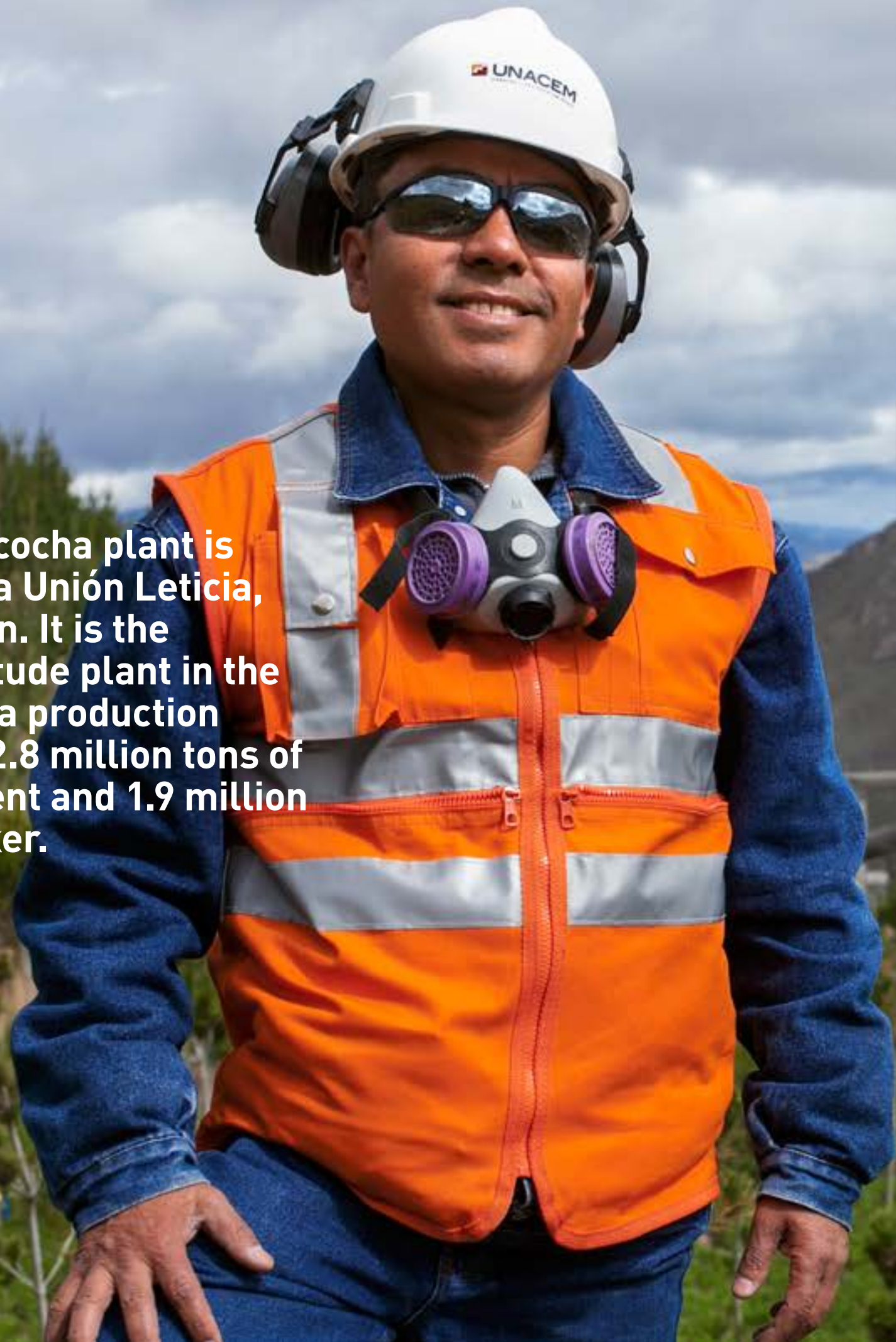
**The Atocongo plant is located in Villa María del Triunfo, Lima. It is the largest plant in Peru, with a production capacity of 5.5 million tons of milled cement and 4.8 million tons of clinker.**





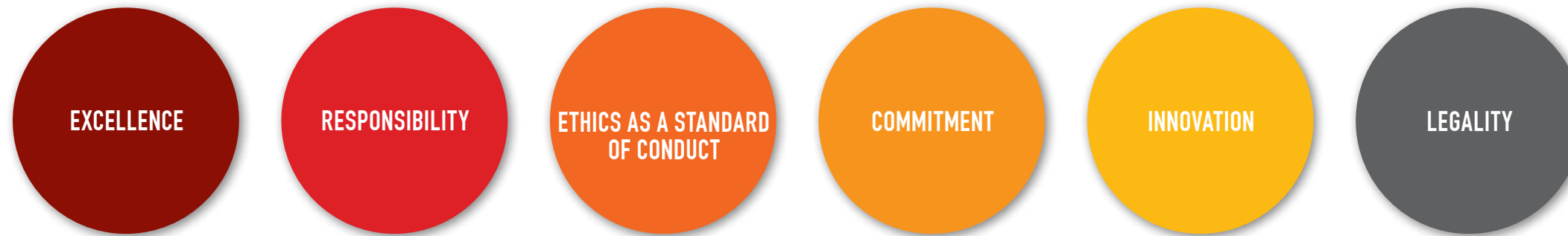


The Condorcocha plant is located in La Unión Leticia, Tarma, Junín. It is the highest-altitude plant in the world, with a production capacity of 2.8 million tons of milled cement and 1.9 million tons of clinker.



## Our Corporate Values

At UNACEM, we have defined the values that guide our management



We have internal standards of conduct and an Integrated Management System that comprises quality, environmental, and health and safety aspects at our plants, as well as the operations and infrastructure protection of the Conchan pier. Accordingly, we have adhered to and received certification under the following initiatives and standards. (G4-56) (G4-15)

ISO 14001 Standard<sup>1</sup> Atocongo plant, Condorcocha plant, and Conchan pier

ISO 9001 Standard<sup>2</sup> Atocongo plant, Condorcocha plant and Conchan pier

OHSAS 18001<sup>3</sup> Atocongo plant, Condorcocha plant and Conchan pier

ISPS<sup>4</sup> Conchan pier

BASC<sup>5</sup> Conchan pier and Atocongo plant

United Nations (UN) Global Compact

<sup>1</sup> Certification in Environmental Management Systems.

<sup>2</sup> Certification in Quality Management Systems.

<sup>3</sup> Certification in Occupational Health and Safety Management Systems.

<sup>4</sup> International Ships and Port Security (ISPS) Code.

<sup>5</sup> Certification in Management and Security Control Systems.



Conchan pier, Lurín, Lima, Peru.

# OUR ADDED VALUE

The construction sector experienced a difficult year in 2015, due to the contraction of demand and the delays in mining and public infrastructure projects. Despite these circumstances, our sales totaled S/ 1,949 billion, representing a 3.5% increase over 2014. These positive results were caused by the 6.7% increase in the local price of the ton of cement. (DMA Economic Performance)

In addition, our gross earnings rose by 2.0%, and our operating margin increased by 27.1%. We also exceeded our goal by increasing the EBITDA by 22.6%, as a result of the operating efficiency and synergies achieved with the merger.

## FINANCIAL INDICATORS

	2015 (in thousands of soles)	2014 (in thousands of soles)	CHANGE (in percentage)
Sales	1,949,355	1,882,982	3.5
Gross margin	847,466	830,509	2.0
Operating margin	751,521	591,389	27.1
EBITDA	950,277	774,946	22.6
Earnings before taxes	153,123	319,546	47.9
Net earnings	130,498	290,113	44.9

Due to this financial performance, we distributed economic value to our stakeholders as follows. (G4-EC1)

## CREATION OF ECONOMIC VALUE FOR OUR STAKEHOLDERS

	2015 (in thousands of soles)
<b>Direct economic value created</b>	<b>2,355,492</b>
a) Revenues from sales	1,949,355
b) Other revenues	406,137
<b>Economic value distributed</b>	<b>1,885,726</b>
c) Salaries and other social benefits for employees	172,216
d) Suppliers of goods and services	1,285,433
e) Financial expenses (interest)	225,180
f) Taxes and payments to governments	181,071
g) Investments in the community (development programs and donations)	21,826
<b>Economic value retained (calculated as direct economic value created less economic value distributed)</b>	<b>469,766</b>
Dividends to shareholders	85,506



Progresol Home Improvement Store, Consorcio Materiales Nasca S.A.C., Pachacámac, Lima, Peru.



**OUR EMPLOYEES' GROWTH IS OUR RESPONSIBILITY. FOR THIS REASON, WE PROMOTE THEIR PERSONAL AND PROFESSIONAL DEVELOPMENT.**



«UNACEM is part of my professional development. The company supports me to continue pursuing my industrial engineering studies at the UPC and motivating me to achieve my goals».

**MATEO VALENZUELA**  
WAREHOUSE ASSISTANT AT THE ATOCONGO PLANT



«In my personal life, UNACEM helped me to set up my home and educate my children. Thanks to this, they are all professionals. The company has instilled me with values like honesty».

**CIPRIANO ARELLANO**  
OPERATOR AT THE CONDORCOCHA PLANT



Atocongo Plant, Villa María del Triunfo, Lima, Peru.

## Memberships

We are member and participate in collaboration with the following organizations (G4-16)

- American Chamber of Commerce of Peru (AMCHAM)
- American Concrete Institute (ACI)
- Association of Municipalities of Southern Lima (AMASUR)
- Bishopric of Lurín
- Canadian Ministry of Foreign Affairs, Trade, and Development
- “Danker” Technical Education Center
- Elea Foundation
- Entrepreneurs for Education Association
- ESAN University
- “Escuela Declara” Association
- Environmental Network of the Ministry of Education
- Environmental Networks of Villa El Salvador (Red AVES)
- Inca Pachacutec Zonal Environmental Committee
- José Gálvez Zonal Environmental Committee
- “Lima Como Vamos” Citizen Observatory
- Metropolitan Municipality of Lima
- Ministry of Education – School District (UGEL) No. 1
- Ministry of Health – DISA South Lima
- Ministry of Women’s Affairs and Vulnerable Populations – Women’s Emergency Center (CEM)
- Municipality of La Unión Leticia
- Municipality of Lurín
- Municipality of Pachacámac
- Municipality of Palca
- Municipality of San Juan de Miraflores
- Municipality of Tarma
- Municipality of the Village of Condorcocha
- Municipality of Villa El Salvador
- Municipality of Villa María del Triunfo
- National Association of Industries (SNI)
- National Mining, Oil, and Energy Association (SNMPE)
- National Occupational Training Service (SENATI)
- Nueva Acropolis
- Nueva Esperanza Zonal Environmental Committee
- Nuevo Milenio Zonal Environmental Committee
- Peru 2021
- Peru-Brazil Binational Chamber of Commerce and Integration (CAPEBRAS)
- Peru Green Building Council
- Peruvian-British Chamber
- Peruvian Engineers’ Association (CIP)
- Peruvian Exporters’ Association (ADEX): Steering Committee and Chair of the Mines and Quarries Committee
- Peruvian Foreign Trade Association (COMEX)
- Peruvian Human Resources Association (APERHU)
- Peruvian Institute for Entrepreneurship in Action (IPAE)
- Peruvian Institute of Economics (IPE)
- Peruvian Institute of Mining Engineers (IIMP)
- Peruvian Port Operators’ Association (ASPPOR)
- Peruvian Roads Association (APC)
- “Raúl Porras Barrenechea” Technical Education Center
- RedEAmerica
- Regional Department of Education of Metropolitan Lima (DRELM)
- Roundtable for the Fight against Poverty – South Cone
- San José Diocesan Seminary – CPR Guayabo, Pachacámac
- South Lima Comprehensive Development Plan
- Swisscontact Peru
- Tablada de Lurín Zonal Environmental Committee
- Tarma Sport Association
- “Villa Jardín” Technical Education Center
- Villa María del Triunfo Public Safety Committee
- “Virgen del Rosario” Technical Education Center
- World University Service of Canada (WUSC)
- Yaqua Social Entrepreneurship
- Youth Alliances Network: Works

# AWARDS AND RECOGNITIONS

Condorcocha plant, Tarma, Junín, Peru.

During 2015, we received the following recognitions



## Peru 2021

Socially Responsible Corporation (SRC) Recognition.

## RedEAmerica

Finalists for the Second “Transformadores” Latin American Base Development Award.

## MEXICAN CENTER FOR PHILANTHROPY (CEMEFI)

Socially Responsible Corporation (SRC) Recognition.

## PERUVIAN MINISTRY OF HEALTH (MINSA)

“Recognition for its work on health issues” by the South Lima Department of Health (DISA II).

## PERUVIAN MINISTRY OF THE ENVIRONMENT (MINAM)

National Environmental Award for the Environmental Footprint Measurement.



# CORPORATE GOVERNANCE

As of 2015, UNACEM has a total of 2,398 shareholders. The 3 main shareholders hold more than 80.0% of the total stake. (G4-9)

## OUR MAIN SHAREHOLDERS

SHAREHOLDERS	PERCENTAGE
Sindicato de Inversiones y Administracion S.A.	43.4
Inversiones Andino S.A.	24.3
Private Pension Funds (Integra, Prima, Profuturo, and Habitat)	21.7



Main substation, Condorcocha plant, Tarma, Junín, Peru.



**We have committees that support an adequate management and company's decisions.**

We have three documents that promote good corporate governance practices: the Code of Best Practice for Corporate Governance, the Regulations of the Shareholders' Meeting, and the Regulations of the Board of Directors.

These documents are based on the Principles of Good Corporate Governance for Peruvian Corporations established by the Lima Stock Exchange, and emphasize transparency in all of our actions, to generate trust among all of our stakeholders and guarantee UNACEM's solid performance at all management levels. (G4-34)

We safeguard our shareholders rights and ensure decisions transparency. Moreover, the Shareholders' Meeting held on March 31, 2015 approved the Board of Directors' report, the financial report, and the new dividends policy, as well as delegated the appointment of external auditors to the Board of Directors. Additionally, through our Investments Management and Values Department, we provide permanent information to our shareholders and investors.

Our Board of Directors comprises 12 members, including 3 Independent Directors. The Board meets once a month and provides an unbiased judgment, protecting the interests of the company and its stakeholders.

We also have committees that enable our adequately management of the Company's decisions.

## Board of Directors' Committee

- **Audit Committee:** Assist the Board of Directors in supervising the Company's financial statements and verifying the qualifications, independence, and performance of the auditors. This Committee also supervises the policies, accounting processes, and internal control systems pertaining to the financial reports, as well as the Company's compliance with the applicable legal standards and regulations. It comprises 3 Directors, including 2 Independent Directors. The Internal Auditor reports directly to the Audit Committee.

## UNACEM Committees

- **Managerial Committee:** Responsible for implementing the institutional sustainability plans and promoting the development of projects.
- **Integrated Management System Committee:** Responsible for monitoring, evaluating, and following up on the actions and strategies established on quality, safety, and environmental issues.
- **Central Occupational Health and Safety Committee:** A joint body that consists on representatives of the Company and its workers. It promotes occupational health and safety, as well as advises and supervises related actions, in accordance with the national laws and the Company's internal standards.

**GOVERNANCE STRUCTURE**



Wastewater treatment plant, Atocongo plant, Villa María del Triunfo, Lima, Peru.

**Business Ethics, Compliance, and Transparency**

We oversee and manage our regulatory compliance and its impacts through tools and technical support. We use the George System, which controls our compliance with legal obligations and allows controlling legal and voluntary obligations deadlines, eliminating the risk of permits or licenses losses and avoiding sanctions. To verify an adequate compliance with our legal obligations, we perform biannual audits. (DMA Corporate Regulatory Compliance)


During 2015, we did not receive any significant fine or non-monetary sanction for failure to comply with laws or regulations related to fraud, on-the-job discrimination, or corruption. (G4-S08)



PROMOTION OF YOUTH  
EMPLOYABILITY,  
IN ALLIANCE WITH  
FONDOEMPLEO

WE PROMOTE FORMAL  
LABOR INSERTION  
OF YOUNG PEOPLE  
BETWEEN THE AGES  
OF 18 AND 35, BY  
VOCATIONAL SKILLS  
TRAINING REQUIRED  
FOR HIGH-DEMAND  
OCCUPATIONS AND JOB  
ADVISORY. AS OF THIS  
DATE, 22 YOUNG PEOPLE  
HAVE QUALITY JOBS.  
SINCE 2015, WE HAVE  
BEEN IMPLEMENTING  
THIS PROJECT IN  
ALLIANCE WITH  
FONDOEMPLEO AT THE  
CONDORCOCHA PLANT.





USEFUL VACATIONS, I.E.  
ANTENOR RIZO PATRÓN  
LEQUERICA SCHOOL, LA  
UNIÓN LETICIA, TARMA,  
JUNÍN, PERU.

# SUSTAINABLE MANAGEMENT

WE CARRY OUT OUR BUSINESS RESPONSIBLY,

## PROMOTING OUR STAKEHOLDERS'

DEVELOPMENT AND GROWTH.



THE ASOCIACIÓN UNACEM PROMOTES AND FACILITATES OUR CORPORATE SUSTAINABILITY STRATEGY IMPLEMENTATION AND FOSTERS OUR **SOCIAL INVESTMENT INITIATIVES.**



THE IMS ENABLES US TO

## IDENTIFY, MANAGE, AND CONTROL

CRITICAL ASPECTS OF THE COMPANY RELATED TO QUALITY, ENVIRONMENT, AND OCCUPATIONAL HEALTH AND SAFETY.



WE IMPLEMENT DIALOGUE MECHANISMS THAT ALLOW LEARNING ABOUT

## OUR STAKEHOLDERS'

EXPECTATIONS AND NEEDS, IN ORDER TO INCORPORATE THEM INTO OUR MANAGEMENT.





Packing and dispatch area, Atocongo plant, Villa María del Triunfo, Lima, Peru.



We promote safe practices in our operations among our employees.

At UNACEM, we manage our economic, social, and environmental risks through the Audit Committee, the Integrated Management System (IMS). We also adhere and comply with the UN Global Compact principles.

Through the IMS, we identify, manage, and control the Company's critical aspects with regard to quality and the environment, as well as occupational health and safety.

This system is mainly managed by people, and thus depends on our organizational culture. We involve, train, and raise the awareness of our employees to act as active supporters of safe practices in our operations.

In compliance with the UN Global Compact principles, we adopt, support, and implement a set of fundamental values in the areas of human rights, labor laws, environment, and anticorruption, both inside our Company and throughout our supply chain. (G4-14)

.....

### MANAGEMENT SYSTEM

- Competency-based management model.
- Annual Training Plan (PACE): develops competencies and abilities as needed.
- Performance Evaluation System: evaluates the growth process.

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### ORGANIZATIONAL CULTURE

- Corporate values: excellence, responsibility, ethics as a standard of conduct, commitment, innovation, and legality.
  - Induction process on organizational culture.
- .....

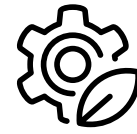
Our Internal Auditing area performs a risk assessment at the business level, in order to schedule internal audits. Based on these results, actions are proposed for improvements.

The management of sustainability and social issues is performed by Asociación UNACEM, which identifies the needs of communities in our areas of influence and implement social programs based on our action pillars, such as: social infrastructure, health, education, the environment, and community relations.

# MANAGEMENT WITH OUR STAKEHOLDERS

We engage in responsible business practices, promoting the development and growth of our stakeholders. We seek to maintain close relations, based on permanent and transparent dialogue, which allows building trust on the long-term. (G4-26)

To strengthen this approach, Asociación UNACEM promotes and facilitates our corporate sustainability strategy implementation, and fosters social investment initiatives aligned with our business objectives.



## MAIN CRITERIA FOR OUR STAKEHOLDERS SELECTION (G4-25)

**CONNECTION TO THE SUPPLY CHAIN**  
We include stakeholders related to our processes and activities development.

**PROXIMITY OF OPERATIONS**  
We prioritize areas of influence of our operations.

**RESPONSIBILITY**  
We include stakeholders that have or may have a commercial, legal, operating, or ethical responsibility.

## OUR MAIN STAKEHOLDERS (G4-24)



Collaborator of the Klimt Project, property of the company Graña y Montero, San Isidro, Lima, Peru.



To ensure sustainable relationships over time, we implement dialogue mechanisms that allow learning about our stakeholders' expectations, concerns, and needs, in order to prioritize and incorporate them into our management.

**CHANNELS AND COMMUNICATION FREQUENCY WITH STAKEHOLDERS (G4-26)**



**EMPLOYEES**

- Open door policy
- Regular meetings
- Website and intranet
- Social responsibility newsletter
- Email
- *El Concretito* newsletter
- Bulletin boards
- *En Concreto* internal magazine



**COMMUNITIES AND FUTURE GENERATIONS**

- Community relations
- Meetings and workshops
- Social and opinion diagnoses
- Production plant visits
- Facebook page and website of the Company and the Asociación UNACEM



**SUPPLIERS**

- Permanent direct rapport



**SHAREHOLDERS**

- Regular meetings
- Customer service office
- Corporate website and its shareholder section
- Quarterly newsletter



**CUSTOMERS**

- Website
- Meetings of the Progresol Network
- Satisfaction surveys



**GOVERNMENT**

- Sectorial associations
- Chambers of commerce participation

## JOB TRAINING

WE PROVIDE TRAINING TO ADULTS AND YOUNGSTERS FROM THE COMMUNITY (90.0% WOMEN) TO HELP IMPROVE THEIR VOCATIONAL SKILLS IN ORDER TO START THEIR OWN BUSINESSES. IN SOUTHERN LIMA, WE HAVE TRAINED 333 RESIDENTS IN SPECIALIZED AREAS, AND IN CONDORCOCHA, WE HAVE TRAINED 127 WOMEN FROM THE COMMUNITIES OF LA UNIÓN LETICIA, CONDORCOCHA AND TARMA. SINCE 2005, WE HAVE BEEN IMPLEMENTING THIS PROGRAM.





CIPRIANO ARELLANO,  
A COLLABORATOR  
FROM THE ELECTRICITY  
AND GENERATION  
MAINTENANCE  
DEPARTMENT AT THE  
CONDORCOCHA PLANT,  
TARMA, JUNÍN, PERU.

# COMMITMENT TO OUR STAKEHOLDERS



WE PROVIDED A TOTAL OF

**15,272  
HOURS OF  
TRAINING**

TO OUR EMPLOYEES  
FROM THE ATOCONGO  
AND CONDORCOCHA  
PLANTS.



**UNDER THE WORKS  
IN EXCHANGE FOR  
TAXES ACT, WE  
INVESTED**

**S/ 16.7  
MILLION**

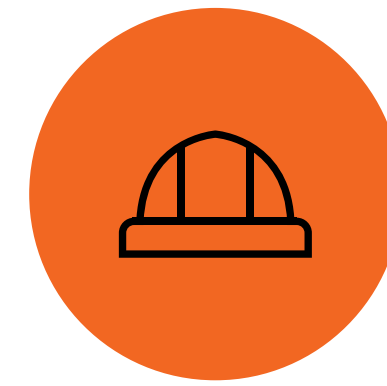
**IN THE  
IMPLEMENTATION OF  
SOCIAL PROJECTS  
AND PUBLIC  
INFRASTRUCTURE.**



WE INVESTED S/ 1.9 MILLION IN  
LOCAL INITIATIVES AND

**COMMUNITY  
RELATIONS**

STRENGTHENING, IN ORDER  
TO ESTABLISH RELATIONSHIPS  
BASED ON TRUST AND  
COOPERATION TOWARDS  
SUSTAINABLE DEVELOPMENT.



**DURING 2015, WE  
TRAINED**

**7,167 SELF-  
BUILDERS,**

**FOREMEN, AND  
CONSTRUCTION  
WORKERS THROUGH  
OUR PROFESSIONA-  
LIZATION PROGRAM  
IN LIMA AND  
THE CENTRAL  
HIGHLANDS.**



# OUR EMPLOYEES

We have a highly qualified and motivated team, which allows us to successfully tackle the industry's new challenges. Our training strategy provides our employees with the opportunity to develop both personally and professionally within the organization, and offers a safe and healthy workplace, in accordance with their needs. (DMA Employment)

Our open door policy between employees and the management is essential for good communication. We also hold regular meetings between managers and employees, and our Central Management meets regularly with our personnel throughout the year, to keep them apprised of the Company's situation. The General Management announces organizational changes through circulars addressed to all personnel. If necessary, this Central Management calls employees to informational meetings to provide them with supplementary information. (DMA Labor/Management Relations)

During 2015, UNACEM provided direct employment to 708 people. Of our total payroll, 40.0% is made up of laborers, who, together with the employees—professionals and technicians—ensure that our products meet quality standards and our customers' expectations.

Carpapata III hydroelectric plant project, Tarma, Junín, Peru.



During 2015, we  
employed

**708**  
people.

**TOTAL EMPLOYEES BY CONTRACT TYPE IN 2015 (G4-10)**

CONTRACT TYPE	ATOCONGO PLANT	CONDORCOCHA PLANT
Full Time	399	255
Part Time	0	0
Interns	51	3
<b>Total</b>	<b>450</b>	<b>258</b>

**TOTAL EMPLOYEES ON PAYROLL BY PROVENANCE IN 2015 (G4-10) (G4-9)**

PROVENANCE	ATOCONGO PLANT	CONDORCOCHA PLANT
Junín	1	200
Lima	398	36
Others	0	19
<b>Total</b>	<b>399</b>	<b>255</b>

**JOB AND GENDER CLASSIFICATION OF EMPLOYEES ON PAYROLL IN 2015 (G4-10)**

CLASSIFICATION	ATOCONGO PLANT		CONDORCOCHA PLANT		TOTAL
	Men	Women	Men	Women	
Administrative	146	45	53	2	<b>246</b>
Employees	82	21	36	2	<b>141</b>
Laborers	105	0	161	1	<b>267</b>
<b>Total</b>	<b>333</b>	<b>66</b>	<b>250</b>	<b>5</b>	<b>654</b>



Warehouse area, Condorcocha plant, Tarma, Junín, Peru.

**Hiring and Retention of Our Talent (DMA Employment)**

Our personnel selection process is regulated and audited as part of the IMS, in order to ensure that the personnel have the competencies required for each job position. We have a competency-based management model that includes the following processes: analysis of job positions, recruitment and selection, performance evaluation, and the development and training of our team. This model is continuously improved, as a result of the constant performance of internal and external audits, as required by our ISO 9001 certification.

Once an employee begins working with us, he must complete an induction process in order to familiarize with the mission, vision, and values of UNACEM; learn about his role and responsibilities in the organization; and receive training on occupational health and safety, caring for the environment, and our IMS.

Our job turnover level is very low, since personnel are highly unlikely to leave the Company once they start working with us. We also promote the personal and professional development and growth of our employees, so that they may be promoted and follow career paths. These are just some of the reasons for which our Company has few vacancies each year. When openings occur, we fill them via external recruitment, following a rigorous selection process. In 2015, all of our hires were satisfactory and none of the selected personnel left the Company. (G4-LA1)

**NEW EMPLOYEES BY GENDER AND REGION OF PROVENANCE DURING 2015**

ATOCONGO PLANT				CONDORCOCHA PLANT		TOTAL
JUNÍN		LIMA		JUNÍN		
Men	Women	Men	Women	Men	Women	
1	0	6	2	9	0	18

**TERMINATION OF EMPLOYEES BY GENDER AND REGION OF PROVENANCE DURING 2015**

ATOCONGO PLANT				CONDORCOCHA PLANT		TOTAL
LIMA		JUNÍN		LIMA		
Men	Women	Men	Women	Men	Women	
9	2	14	0	2	0	27



Office of the Raw Materials Department, Atocongo plant, Villa María del Triunfo, Lima, Peru.

**Employment Promotion Programs**

At the Atocongo plant, we implement the Undergraduate Internship Program, which attracted 28 students from different careers in 2015. At the same time, we initiated the twenty-third edition of our Graduate Internship Program, which welcomed 34 college graduates in the Company's different areas.

We also sponsored 17 youngsters, who participated in the Dual Learning Program, in which professional technicians perform internships and study during their major, thanks to our agreement with the SENATI. (G4-LA10)

As in years past, we carried out the Undergraduate Internship Program at the Condorcocha plant in January, February, and March. In 2015, a total of 12 young people from different majors participated, receiving guidance in learning and developing their abilities.

**Health and Safety Come First**

We have an Occupational Health and Safety Management System that enables us to identify the main hazards in each area, as well as assessing risks and ensuring a timely management for their prevention and reduction. This system is rooted in the development of a risk prevention culture, which promotes responsible behavior with regard to risks among our employees and contractors. (DMA Occupational Health and Safety)

During 2015, we focused primarily on the implementation of proactive measures for the protection of the health and safety of all our employees and the personnel who work at our facilities. During this period, we worked on the following areas:

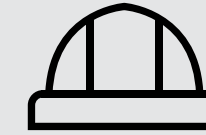
- General and specific training for all employees, depending on the level of on-the-job exposure. We provided 7,032 hours of training.

- Compliance with the training program for our emergency response brigades, and verification of the compliance with these programs by our contractors.
- Permanent motivation of personnel to comply with safety standards, led by the head offices of the operating areas through the performance of planned work observations (PWOs).
- Supervision and auditing of all of our contractors to ensure their compliance with the laws and internal standards on occupational health and safety. In addition, we performed occupational monitoring evaluations of physical, ergonomic, and psychosocial agents.

As a result of our environmental and risk impact (ERI) assessments, we identified the main occupational health and safety risks.



Atocongo plant, Villa María del Triunfo, Lima, Peru.



## MAIN OCCUPATIONAL HEALTH AND SAFETY RISKS

- Fuel gas
- Exposed moving parts
- Potential automatic startup of machinery
- Potential deficiency in the facility or equipment
- Potential accumulation of unstable material
- Working surfaces at height
- Noise (occupational)

### FREQUENCY, SEVERITY, AND ACCIDENT RATES IN UNACEM'S OPERATIONS (G4-LA6)

	2013	2014	2015
<b>ATOCONGO PLANT</b>			
Frequency rate	15.6	12.6	11.7
Severity rate	115.0	1,184.5 (*)	2,375.3 (*)
Accident rate	1.8	14.9	27.8
Number of fatal victims	0	1	2
<b>CONDORCOCHA PLANT</b>			
Frequency rate	10.5	7.5	10.2
Severity rate	203.3	59.2	6,731.7(*)
Accident rate	2.0	0.4	69.0
Number of fatal victims	0	0	4
<b>UNACEM CONSOLIDATED TOTAL</b>			
Frequency rate	14.0	10.3	11.1
Severity rate	141.0	685.8 (*)	4,187.0 (*)
Accident rate	2.0	7.1	46.5
Number of fatal victims	0	1	6

(\*) The severity and accident rates increased as a result of the fatal accidents registered.



## UNACEM CENTRAL OCCUPATIONAL HEALTH AND SAFETY COMMITTEE

- This committee forms part of the operations management at both plants. It consists jointly of 6 UNACEM representatives and 6 worker representatives, the latter of whom are chosen by employees in open elections called by the respective workers' union. The committee commenced its operations in August 2015. (G4-LA5)

During 2015, despite the controls and training performed, we were sorry to report two terrible accidents that saddened our entire Company.

In May, at the Condorcocha plant, the driver of the bus transporting our personnel lost control of his vehicle and drove off an embankment. This tragic accident resulted in the death of 4 of our employees.

In August of that same year, at the Atocongo plant, an accident inside the multi-compartment cement silo caused the death of 2 employees of our contractors.

In response to these irreparable losses, we decided to incorporate additional controls, stricter than those already in force. These controls include the following: the revision of our occupational health and safety procedures; the revision of the ERI (environmental and risk impact assessment); the training of personnel in compliance with safety standards; as well as the continuation and consolidation of the planned work observations (PWOs), in order to verify the compliance with safety standards by personnel, among other controls.

### We Respect Human Rights

Respect for human rights is a commitment assumed by UNACEM and reinforced with the Company's adhesion to the principles of the UN Global Compact and the Good Employers' Association (ABE), sponsored by the American Chamber of Commerce of Peru (AMCHAM).

We are firmly against discrimination, in any of its forms. As such, we respect all of our employees, promoting equal treatment at work and access to the same development opportunities. In 2015, no complaints or grievances were received regarding discrimination from our employees or stakeholders. (DMA Non-Discrimination) (G4-HR3)

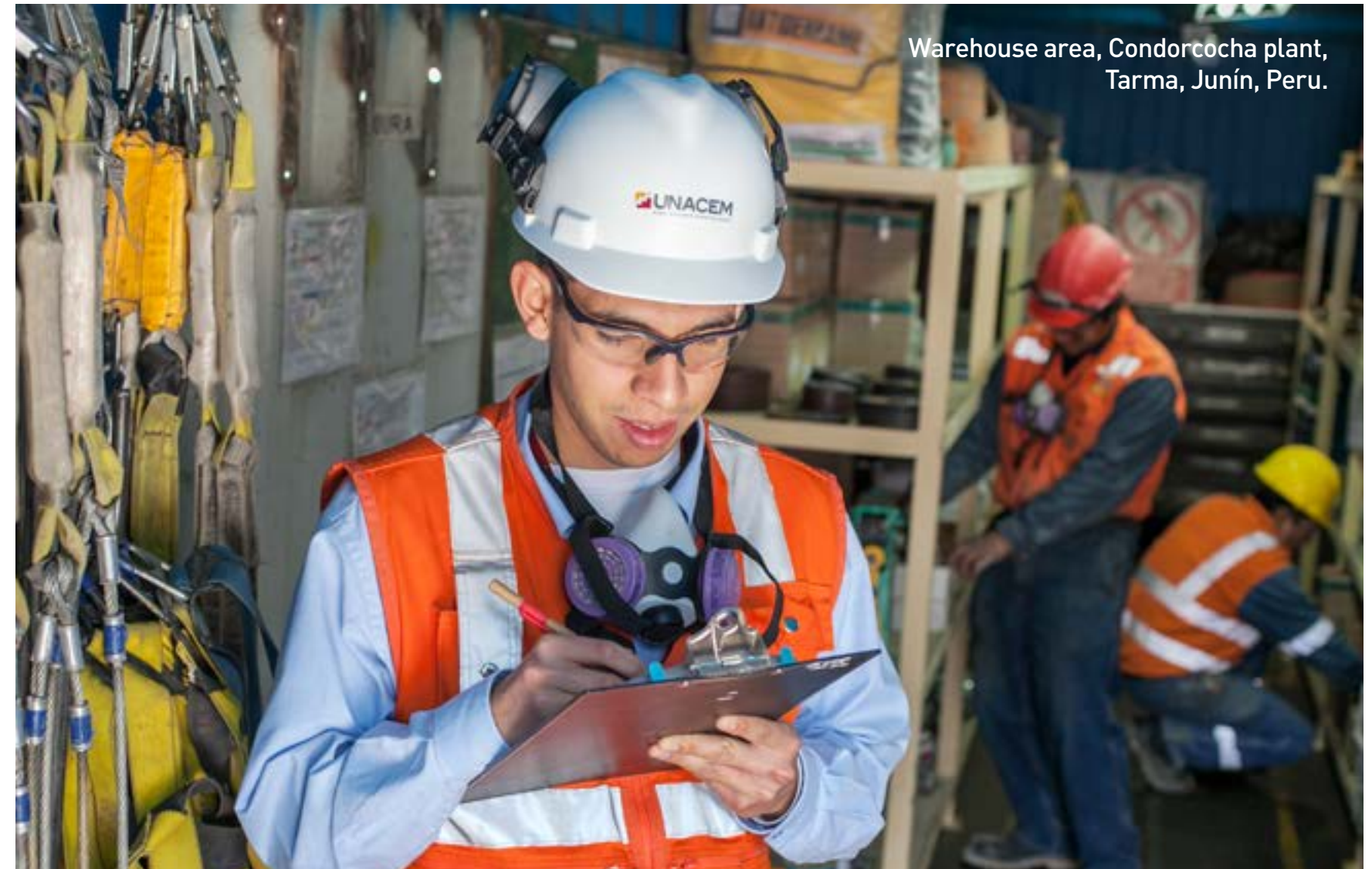
We act responsibly, in compliance with the laws in force and all international conventions on the matter. At UNACEM, we have not identified any risk situations of forced labor or child labor to the detriment of employees. Our efforts in this regard are supported by our Internal Labor Regulations (RIT), as well as the Internal Standards of Conduct for the performance of our corporate activities. (DMA Child Labor) (DMA Force Labor)

All work performed outside of work hours is coordinated and duly regulated and authorized by the direct supervisor. The absence of any complaints with the Ministry of Labor and Job Promotion and the Judicial Branch is proof that we do not engage in forced labor on any of our premises. (G4-HR6)

Our RIT states that all workers must meet the minimum legal age requirement, among others. It is our policy to verify the identity of all persons who work at our facilities, in order to confirm that they are not minors. (DMA Child Labor)

However, we do occasionally support young people under the age of 18 through the Labor Training Program (SENATI), in order to help them develop their professional skills, in accordance with the Youth Labor Training Act.

It should be noted that our Integrated Management System includes periodic audits—both internal and external—that guarantee our compliance with these universal principles. (G4-HR5)



Warehouse area, Condorcocha plant, Tarma, Junín, Peru.

Condorcocha plant, Tarma, Junín, Peru.



### Relations with Our Unions

We hold the firm conviction that respectful and free dialogue is the only tool that allows the Company and all of its employees to achieve harmonious, mutually beneficial solutions. Thanks to this belief, there were no work stoppages, strikes, or roadblocks in 2015—at either Atocongo or Condorcocha—by the workers, nor complaints by active employees with the Ministry of Labor and Job Promotion or the Judicial Branch. (MM4)

In addition to good relations practices with our employees, we maintain permanent dialogue with our unions, with whom we hold weekly meetings to address matters of labor and organizational interest. (DMA Labor/Management Relations)

The right to unionize is respected, and we extend the remunerations and other benefits established in the collective bargaining agreements to other, non-unionized employees. (DMA Freedom of Association and Collective Bargaining) (G4-HR4)

At UNACEM, we have two unions (G4-11)

- At the Atocongo plant, the Sindicato de Trabajadores de Unión Andina de Cementos S.A.A. – Canteras de Atocongo, of which 136 workers are members, representing 65.0% of all workers, between employees and laborers.
- At the Condorcocha plant, the Sindicato Unico de Trabajadores de Unión Andina de Cementos S.A.A., of which 143 laborers are members, representing 88.0% of all employees in this category. (G4-11)

### QUANTITY AND PERCENTAGE OF UNIONIZED EMPLOYEES BY GENDER AND PROFESSIONAL CATEGORY IN 2015

CLASSIFICATION	ATOCONGO PLANT									CONDORCOCHA PLANT								
	MEN			WOMEN			TOTAL			MEN			WOMEN			TOTAL		
	TOTAL	UNIONIZED	(%)	TOTAL	UNIONIZED	(%)	TOTAL	UNIONIZED	(%)	TOTAL	UNIONIZED	(%)	TOTAL	UNIONIZED	(%)	TOTAL	UNIONIZED	(%)
Administrative	146	0	0	45	0	0	191	0	0	53	0	0	2	0	0	55	0	0
Employees	82	34	41	21	3	14	103	37	36	36	0	0	2	0	0	38	0	0
Laborers	105	99	94	0	0	0	105	99	94	161	142	88	1	1	100	162	143	88
<b>Total</b>	<b>333</b>	<b>133</b>	<b>40</b>	<b>66</b>	<b>3</b>	<b>5</b>	<b>399</b>	<b>136</b>	<b>34</b>	<b>250</b>	<b>142</b>	<b>57</b>	<b>5</b>	<b>1</b>	<b>20</b>	<b>255</b>	<b>143</b>	<b>56</b>



## NEGOTIATION PROCESS AND EXECUTION OF COLLECTIVE BARGAINING AGREEMENTS

### ATOCONGO

- In June 2015, collective bargaining was begun with the local union, which resulted in the execution of a three (3) year collective bargaining agreement (from July 2015 to June 2018).

### CONDORCOCHA

- In June 2015, collective bargaining was begun with the Sindicato Unico de Trabajadores de Unión Andina de Cementos S.A.A.
- In November, we received the terms of claims.
- We remain completely willing to collectively negotiate, in order to finalize the collective bargaining agreement that will enter into force in 2016.



**BY JOINING EFFORTS, WE HELP OUR COMMUNITIES TO GROW. AT UNACEM, WE ARE COMMITTED TO THEIR DEVELOPMENT.**



«Thanks to UNACEM support, we have the retaining wall, where we will build the future amphitheater for our youngsters to keep them out of vulnerable situations».

**ABRAHAM GÓMEZ**

PRESIDENT OF THE DEFENSE AND DEVELOPMENT FRONT OF TABLADA DE LURÍN



«UNACEM contribute to improve our quality of life. Thanks to the company support, we have a community center, where several workshops and the Cuna Mas social program operate».

**SANDRA BUENO**

COORDINATOR OF AMPLIACION LAS LADERAS DE LOS EUCALIPTOS, HUMAN SETTLEMENT OF VIRGEN DE LOURDES



## Training and Development

As part of the training process, and based on the austerity plan in place for the period, we implemented our Annual Training Plan (PACE).

Classification of our training actions. (DMA Training and Education)

- Organizational training, related to strategic matters.
- Specific training, related to job positions.
- Training on abilities, addressing topics for the personal development and growth of each employee.

The training activities are led by internal instructors, as well as specialized institutions from Peru and abroad.

In 2015, we provided a total of 15,272 training hours to the employees from the Atocongo and Condorcocha plants, as well as the Conchan pier, for a total average of 23.35 man-hours. It is important to note that 70.0% of all training implemented during the year included occupational health and safety (OHS) topics. At the Atocongo plant, the personnel of the contractors (health and safety specialists<sup>6</sup>), as well as the employees of the Asociación UNACEM, were invited to participate.

Additionally during this period, we successfully began offering online training sessions, enabling us to expand this benefit to a greater number of employees, and thus improving their competencies and reducing operating costs. (G4-LA9)

The courses taught included the following: Geology Software, Best Human Resources Practices, New Environmental Regulations, Concrete Technology, Marketing Conference, Penetrating Fluids (Levels I and II), and Global Energy Forum, among others.

## HOURS OF TRAINING BY EMPLOYEE CLASSIFICATION IN 2015

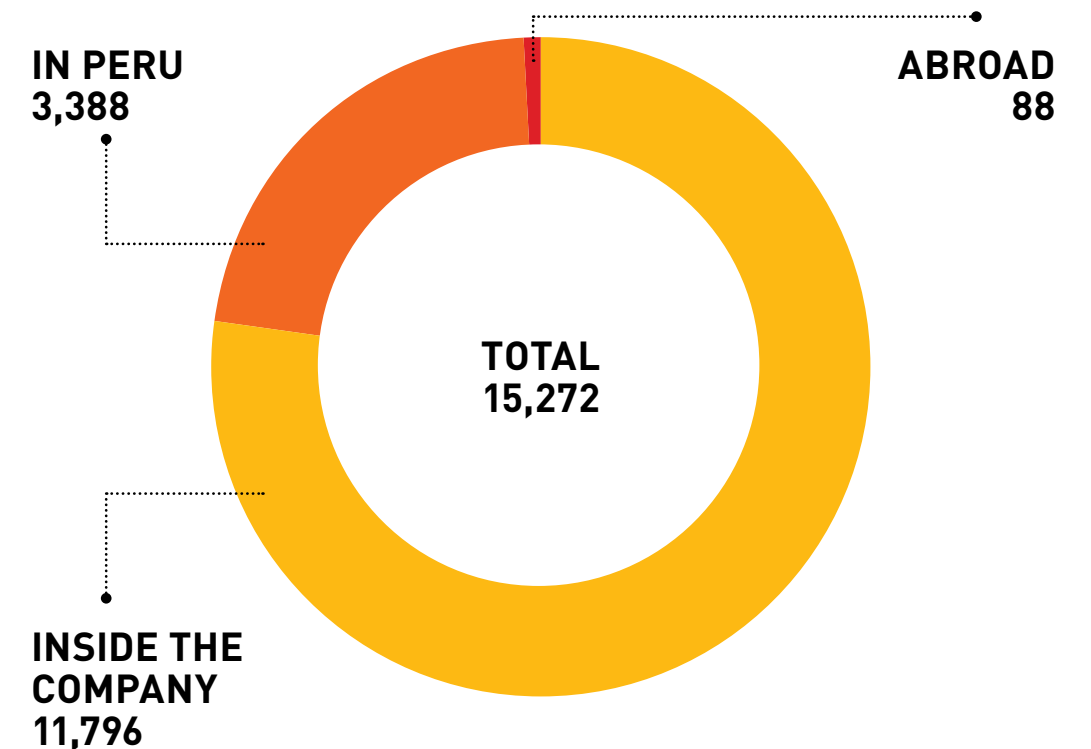
JOB CLASSIFICATION	LOCATION	NUMBER OF HOURS	PERSONNEL TRAINED	AVERAGE HOURS
Administrative	Atocongo	4,903	191	25.7
	Condorcocha	1,379	55	25.1
	<b>Total</b>	<b>6,282</b>	<b>246</b>	<b>25.5</b>
Employees	Atocongo	1,557	103	15.1
	Condorcocha	781	38	20.6
	<b>Total</b>	<b>2,338</b>	<b>141</b>	<b>16.6</b>
Laborers	Atocongo	3,672	105	35.0
	Condorcocha	2,980	162	18.4
	<b>Total</b>	<b>6,652</b>	<b>267</b>	<b>25.0</b>
<b>Total</b>	Atocongo	10,132	399	25.4
	Condorcocha	5,140	255	20.2
	<b>Total</b>	<b>15,272</b>	<b>654</b>	<b>23.4</b>



**Of all the 2015 training activities, 70.0% included occupational health and safety topics.**

<sup>6</sup> Specialists in the prevention of occupational risks.

## CLASSIFICATION OF TRAINING MAN HOURS IN 2015



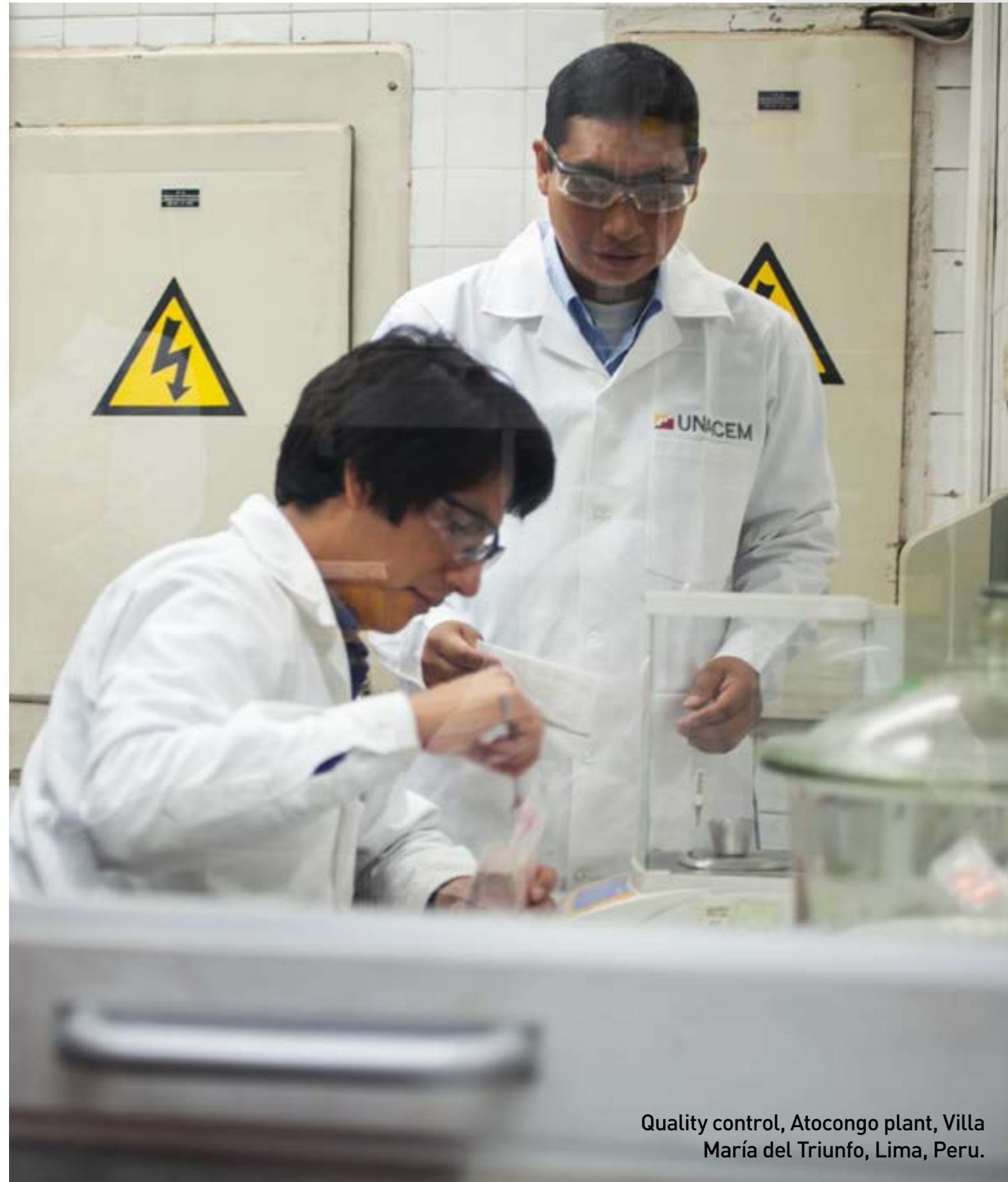


## We carried out the Performance Evaluation and Training Needs Identification processes.

Additionally, with the goal of improving our employees' competencies, each year we carry out the Performance Evaluation and Training Needs Identification Process. As a result, we design the Annual Training Plan (PACE), which includes competencies related to OHS and respect for the environment.

At the Atocongo plant, the training needs are identified based on the employee's performance evaluation, by comparing the results with the levels of mastery defined for each competency in the job profile. If any gaps exist, we prioritize those competencies to be addressed immediately through training. This process is regulated in our IMS.

At the Condorcocha plant, we are implementing a competency-based human resources management. In this regard, we have initiated the application of the performance evaluation for administrative personnel, which involves the standardization of this management at both plants.



Quality control, Atocongo plant, Villa María del Triunfo, Lima, Peru.



### ACHIEVEMENTS IN 2015

- One of our goals for 2015 was to increase the number of training hours on OHS matters. At the Atocongo plant, we succeeded in increasing the number of hours from 5,192 in 2014 to 7,370 in 2015, representing a gain of 42.1%. At the Condorcocha plant, for its part, we raised the number of hours from 2,903 to 3,056, for an increase of 5.3%.
- The validity of the training sessions implemented was evaluated by each area head of the personnel who attended, achieving an effectiveness of 99.0%.
- The results of the satisfaction surveys for each activity shows that, on average, 95.0% of attendees rated the training provided either good or excellent.



### CHALLENGES IN 2016

- Carry out the Performance Evaluation Process through the SAP (Systems, Applications, and Products in Data Processing), using the personnel development module.
- Continue improving our average for man hours of training on OHS matters.

Collaborator of the contractor Mantenimiento y Supervisión S.A. (M&S) during the annual refractory maintenance and repair of kiln 2 in the Atocongo plant, Villa María del Triunfo, Lima, Peru.

# OUR SUPPLIERS AND CONTRACTORS

At UNACEM, we promote improvements in the performance of our main suppliers and contractors—with regard to quality, occupational health and safety, and respect for the environment—by establishing requirements that foster higher standards. With this purpose in mind, we implement assessment processes for the suppliers who provide us with materials, as well as those who provide services related to the IMS. (G4-12)

We also have OHS subcommittees that meet on a monthly basis, under the responsibility of the Industrial Safety and Hygiene Department:

- Contractors' OHS Subcommittee.
- OHS Subcommittee of the UEA Atocongo (mining concession).
- OHS Subcommittee of the UEA Pucara (mining concession).
- OHS Subcommittee of the Lar Lima beneficiation concession.

Furthermore, with the goal of strengthening our contractors' supervision competencies, we provided them, along with other service providers, with a total of 9,622 hours of training.

## Supply Chain Management

In 2015, UNACEM hired 2,774 suppliers of materials and services, who accounted for procurements for over S/ 2.7654 billion. Starting in that year, we defined local suppliers as those whose tax domicile is registered within our area of influence in the districts adjacent to our plants. (G4-EC9)



We have

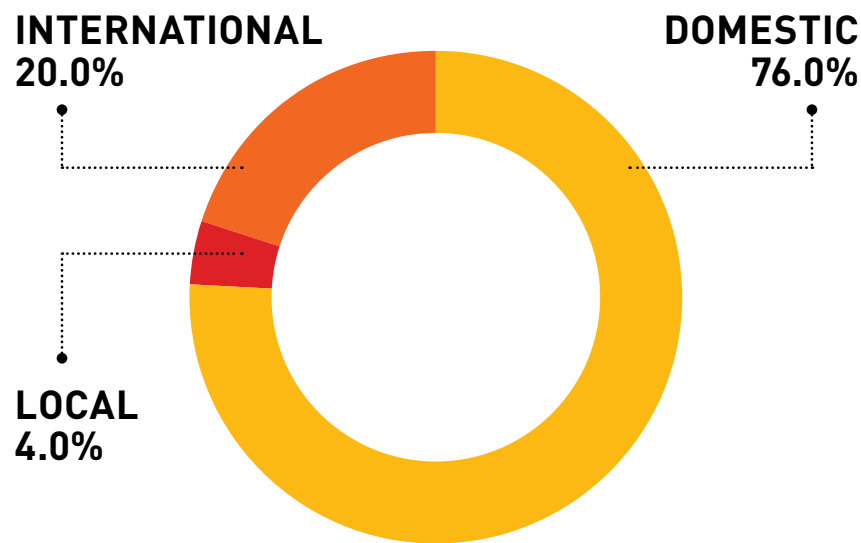
**2,774**

suppliers of  
products and  
services.

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

Purchases from local suppliers accounted for 4.0% of our total procurements.

**PERCENTAGE OF PROCUREMENTS FROM GOODS AND SERVICES SUPPLIERS IN 2015**



**Labor Management**

We verify and control our contractors' compliance with their obligations to the personnel who work at our facilities, within the framework of the labor laws in force and the Occupational Health and Safety Act. We also perform activities for the assessment, monitoring, and training of our contractors, requiring them to comply with our protocols: payroll payments, social benefits, supplementary insurance, occupational medical exams, and medical follow-up. (DMA Supplier Assessment for Labor Practices) (DMA Corporate Regulatory Compliance) (G4-LA14)

It should be noted that the monitoring of the labor practices of our goods suppliers and the impacts of these practices will be included in supplier assessments starting in 2016.



Collaborator of the contractor Mantenimiento y Supervisión S.A. (M&S) during the annual refractory maintenance and repair of kiln 2 in the Atocongo plant, Villa María del Triunfo, Lima, Peru.

On the other hand, through the Asociación UNACEM, we have reached various agreements with our contractors for the incorporation of local labor.

**Human Rights Management**

We respect the laws in force. In addition to applying these laws, we perform periodic audits on our contractors—as part of our IMS—that help us to manage and control our policies. Our strategic partners share our policy against child labor at our facilities, therefore, we have no suppliers in danger of facing this risk. (DMA Child Labor)

Additionally, in accordance with the Company policy, we verify the identity of all those persons who begin work at our facilities, requiring them to provide a valid

National Identity Document in order to prove that they are not minors. (G4-HR5)

We do not have suppliers or contractors who resort to forced labor practices, since they are aligned with our principles and values. As such, we have no complaints or grievances at any of our plants. (DMA Forced Labor) (G4-HR6)

With regard to union rights, we have not identified any suppliers or contractors as of this date who threaten the rights of their employees to freedom of association or collective bargaining. In the future, we will be including these aspects in the annual supplier assessment. (DMA Freedom of Association and Collective Bargaining) (G4-HR4)

## Health, Safety, and Care for the Environment

### Goods Suppliers

Our main suppliers hold environmental and quality certifications, and meet all the standards required in the certifications that we apply at UNACEM. In this regard, it is worth highlighting our standards for responsible forest management used by our paper bag suppliers. (DMA Supplier Environmental Assessment) (G4-EN32)

At the end of each year, we compile a list of our main suppliers by procurement amount. Additionally, we add those who, at the recommendation of other areas, should be assessed, including new suppliers.

We also remain alert to the negative impacts of our suppliers in these matters, in order to identify the causes, analyze the reasons that gave rise to them, and make the decisions necessary to avoid them (such as removing the supplier from the list of our approved suppliers).

In our Supplier Selection and Assessment procedure, we have established that those suppliers who possess valid ISO 9001, ISO 14001, or OHSAS 18001 certifications shall be automatically incorporated into our Registry of Selected Suppliers. In 2015, we registered 491 new suppliers.

### Contractors

Contractors are considered strategic collaborators in several of our processes, and thus are subject to assessment, monitoring, and training activities.

They are subject to the identification and assessment of risks (both environmental and those related to occupational health and safety), in accordance with the Environmental Impact and Risk Assessment and Control procedure.



A total of  
**45**  
audits were  
performed on our  
contractors.

Our IMS Department plans and schedules integrated internal audits of our contractors. In 2015, audits were performed on 26 contractors at the Atocongo plant and 19 contractors at the Condorcocha plant. (DMA Supplier Environmental Assessment) (G4-EN32)

We have identified five significant environmental aspects in our contractors: waste management, air emissions, effluent generation management, use of raw materials and natural resources, and noise emissions. For each one of these aspects, we have established an environmental program, with the goal of minimizing or mitigating the impacts generated by our activities.



Collaborators of the contractor San Martín Contratistas S.A. in the quarry area of the Atocongo plant, Villa María del Triunfo, Lima, Peru.



### ACHIEVEMENTS IN 2015

- We offered 9,622 hours of training to contractors and service providers.
- We defined local suppliers as those whose tax domicile is located in the districts adjacent to our plants.
- The domestic procurement of goods and services accounted for 76.0% of the total.
- We performed safety and environmental risk audits on 45 contractors.



### CHALLENGES IN 2016

- Continue managing more categories of materials, aimed at reaching agreements with not only domestic, but also international suppliers.
- Optimize purchase volumes and frequencies in order to minimize procurement costs.
- Seek new supply sources that enable us to be more competitive.
- Strengthen the primary aspects of the framework agreement entered into with contractors, to ensure that they fully adopt our standards.
- Continue ensuring that contractors comply with labor laws with regard to their personnel.

# PROMOTING UNACEM SUPPLY CHAIN TRANSPARENCY

## The Program

Since 2014, UNACEM has participated in the program **Promoting Supply Chain Transparency in Peruvian Companies**, promoted by Peru 2021, the Global Reporting Initiative, and the State Secretariat for Economic Affairs of the Swiss Agency for Cooperation and Development (SECO) in Peru. This project has allowed UNACEM, together with other companies and government agencies, such as Corporacion Lindley, Duke Energy, and PROMPERU, to encourage their supply chain partners to prepare sustainability reports.



## ACHIEVEMENTS 2015

- Eight of UNACEM's supply chain partners prepared their 2015 sustainability reports in accordance with the G4 Guidelines of the Global Reporting Initiative (GRI). Seven of the eight will continue in 2016.



## PARTICIPATING PARTNERS (2015)

- A. Berio y Cia. (distributor)
- Aliaga & Baluis (contractor)
- Atencio (distributor)
- Cemento y Acero – CEMENSA (distributor)
- DEMARSA (contractor)
- La Viga (distributor)
- MACISA (distributor)
- PREANSA (subsidiary)

## SUSTAINABILITY REPORT DRAFTING PROCESS



01

### INVITATION

UNACEM's supply chain partners were invited to report transparently their economic, environmental and social performance.



02

### GRI WORKSHOPS

Workshops in which the partners' teams participate to receive training on the aspects established by the GRI.



03

### PERSONALIZED ADVISORY

After the GRI workshops, advisory is provided to our partners for information gathering and inquiries resolution.



04

### FINAL REPORT

The partners submit the final versions of their sustainability reports, showing their results and impacts.

# OUR COMMUNITIES

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

## PILLARS OF ACTION

SOCIAL  
INFRASTRUCTURE

HEALTH

EDUCATION

ENVIRONMENT

COMMUNITY  
RELATIONS



In 2015, investment  
in community  
infrastructure totaled

**S/ 2.8**  
million.

Useful Vacations, course of mathematical reasoning, I.E. Antenor Rizo Patrón Lequerica School, La Unión Leticia, Tarma, Junín, Peru.

Our community relations pillar allows us to form strategic alliances with different local, national, and international stakeholders, giving us the opportunity to articulate collective initiatives to foster the development of our areas of influence. With this strategy, we have consolidated our position as a key actor for the economic, social, and environmental development of our surroundings. (DMA Indirect Economic Impacts) (DMA Local Communities) (G4-S01)

### Community Management

The objective of our community relations is to promote the development of capacities in the communities, as well as a proactive attitude toward their own development. Through the consolidation of the social capital and the strengthening of grassroots organizations for their intervention in participative processes, we facilitate the economic, social, and environmental development of our surroundings. (DMA Local Communities)


### Areas of Influence

Our direct area of influence includes 5 districts in Lima and 2 in Tarma, where we carry out our main social development actions. (G4-S01)

**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 the peasant communities of  
 Chancha and Huancayo)  
 Palca




Populated center of Condorcocha, La Unión Leticia, Tarma, Junín, Peru.

### Rapport Mechanisms

We have determined that the main environmental and social impacts are tied, above all, to the industrial processes for the manufacture of cement, which are controlled through our IMS.

Our policy of permanent dialogue with stakeholders provides us with early alerts to prevent, control, or mitigate the impacts. (G4-S02)

We foster dialogue mechanisms such as workshops, meetings, and other means of permanent exchange with

the leaders of the different grassroots organizations and peasant community leaders, as well as public hearings and direct meetings with the beneficiaries of our projects.

At our plants, we have implemented rapport initiatives that include the active engagement of the community. (G4-S01)

Furthermore, we seek to align our social responsibility management approach toward the Sustainable Development Objectives, the voluntary international ISO 26000 standard, and the indicators of the Global Reporting Initiative (GRI).



## RAPPORT AND COMMUNICATION MECHANISMS WITH OUR COMMUNITIES

### ATOCONGO PLANT

#### Formal grievance processes for local communities

We implemented 2 procedures that are part of the Integrated Management Systems of the Atocongo and Condorcocha plants, which establish 2 types of grievances and complaints: environmental and social.

#### Stakeholder engagement plans

We have complied with the commitments of the environmental impact assessment for the upgrade of the industrial plant.

### CONDORCOCHA PLANT

#### Operations committees for social impact management

Environmental Monitoring and Citizen Participation Committee of the Carpapata III hydroelectric plant project.

These mechanisms have allowed us to maintain good relations with the communities during 2015. As a result, our plants' operations were not interrupted by community representatives. (MM4)

During this period, as part of the updating process of the EIAs and their community relations plans for the concession of Las Dunas 3 – Second (in San Clemente, Pisco), we held a public hearing with the participation of 85 people from the areas of direct influence.

At the Condorcocha plant, we performed participative monitoring to assess the water and air quality, together with the local communities. We also held the first participative workshop on the EIA for the Expansion of Production Capacity, Technological and Environmental Improvements – UNACEM S.A.A. – Condorcocha plant, which included the participation of 180 people from the area of direct influence.



**Our policy of permanent dialogue with our stakeholders allows implementing early alerts to prevent, control or mitigate impacts.**

### TOTAL PARTICIPATIVE MONITORING ACTIVITIES PERFORMED AT THE CONDORCOCHA PLANT IN 2015

OBJECTIVE OF THE PARTICIPATIVE MONITORING	QUANTITY	PLACE
Assess air quality	2	Populated center of Condorcocha
Assess water quality	1	Populated center of Condorcocha
Assess air quality	1	Peasant community of Chancha
Assess air quality	1	Peasant community of Huancayo

Art, Culture, and Sports Project, robotics workshop, Asociación UNACEM Vocational Center, Villa María del Triunfo, Lima, Peru.





Project for the support of beneficiaries of the Techo Propio Program, Villa María del Triunfo, Lima, Peru.

## Priorities and Definitions for Projects and Investments

To determine the projects, programs, and initiatives that we implement with our communities at Atocongo, we evaluate their needs every four years through participative workshops. The organized community proposes improvements to infrastructure, as well as social programs for their surroundings. With the subsequent verification and substantiation by the Asociación UNACEM through field visits, we perform an in situ confirmation of the need and demand for the work. (DMA Local Communities)

In the case of Condorcocha, we held meetings with the District Municipality of La Unión Leticia, the populated center of Condorcocha, and the peasant communities, after which we were able to identify the population's needs. Along these lines, in 2015 we commenced our support to the municipality of La Unión Leticia for the participative drafting of the Concerted Local Development Plan, which will be a guiding tool for the district's development.

Our programs and projects in the communities promote the strengthening of the economic and social dynamics of the surroundings, helping to empower the communities and their grassroots organizations and improve their decision-making processes and community work, thus providing more development opportunities. (DMA Indirect Economic Impacts) (G4-EC7)

Through our pillars of community action, we have implemented programs, projects, and initiatives in UNACEM's neighboring communities, which have improved their quality of life, promoting the development of the community and future generations.

### Social Infrastructure

#### Works in Exchange for Taxes

We continued to perform public infrastructure projects within the framework of the Works in Exchange for Taxes Act, thus benefiting the less privileged communities in our areas of influence. Through this mechanism, in 2015 we invested a total of S/ 16.7 million.

- We completed the construction of the new Tarma market, through the agreement executed with the provincial municipality. This supply center, which will help to partially solve problems tied to street commerce in the city, called for an investment of S/ 5.3 million and features 240 vendors' stalls.
- In December, we concluded the construction of 2.6 kilometers of concrete pavement on several roads in the district of Shanguachi, through the agreement executed with the Provincial Municipality of Oyon. These works required an investment of S/ 8 million, and significantly helped improve local environment and road infrastructure.
- In July, we approved the technical file for the implementation of a Citizen Security System in Villa María del Triunfo, through the installation of 38 security cameras at strategic points, which will be monitored from a central control room. As of December, we had completed 80.0% of the work, which will require a total investment of S/ 3.4 million.

### Community Infrastructure

We supported the community through cement donations and the direct performance of works, as well as promoting the viability of municipal public works by advising on the preparation of the technical files. During 2015, investment in this area totaled S/ 2.8 million.

- At the Atocongo plant: We supported 263 families from human settlements that are beneficiaries of the Techo Propio Program of the Ministry of Housing, Construction, and Sanitation. We also increased support to our area of direct influence with the donation of cement and concrete for community works, as well as the direct performance of community infrastructure works. Additionally, we prepared technical files to be submitted to the community, as a donation, for the implementation of public works.
- At the Condorcocha plant: We contributed to the communities' development through the donation of cement for different works. We also performed infrastructure works and increased our support with machinery for the cleaning of irrigation canals and the leveling of terrain.

## Health

In 2015, through the Healthy Communities Program, at both Atocongo and Condorcocha, we invested approximately S/ 948,157.

- At the Atocongo plant: We built capacities on a total of 579 health professionals, through 27 workshops. We also jointly implemented activities tied to family health and health promotion, with an emphasis on the Healthy Families and Communities strategy, in 23 allied health establishments. These activities benefited 11,665 people, through 19 health campaigns and 20 health fairs, 13 informational campaigns, 6 educational activities, and 11 anemia prevention and recovery interventions. At the same time, 6 health establishments and 6 communities implemented the Health Communities Program.
- At the Condorcocha plant: We trained 15 health professionals from La Unión Leticia in the Health Families and Communities methodology. On the other hand, 4 health establishments began the implementation of the Healthy Communities Program; 450 people received comprehensive healthcare and educational orientation on health lifestyles with our Family Health Campaign; and we held 2 "Healthy Neighborhoods" contents to promote healthy families and surroundings.

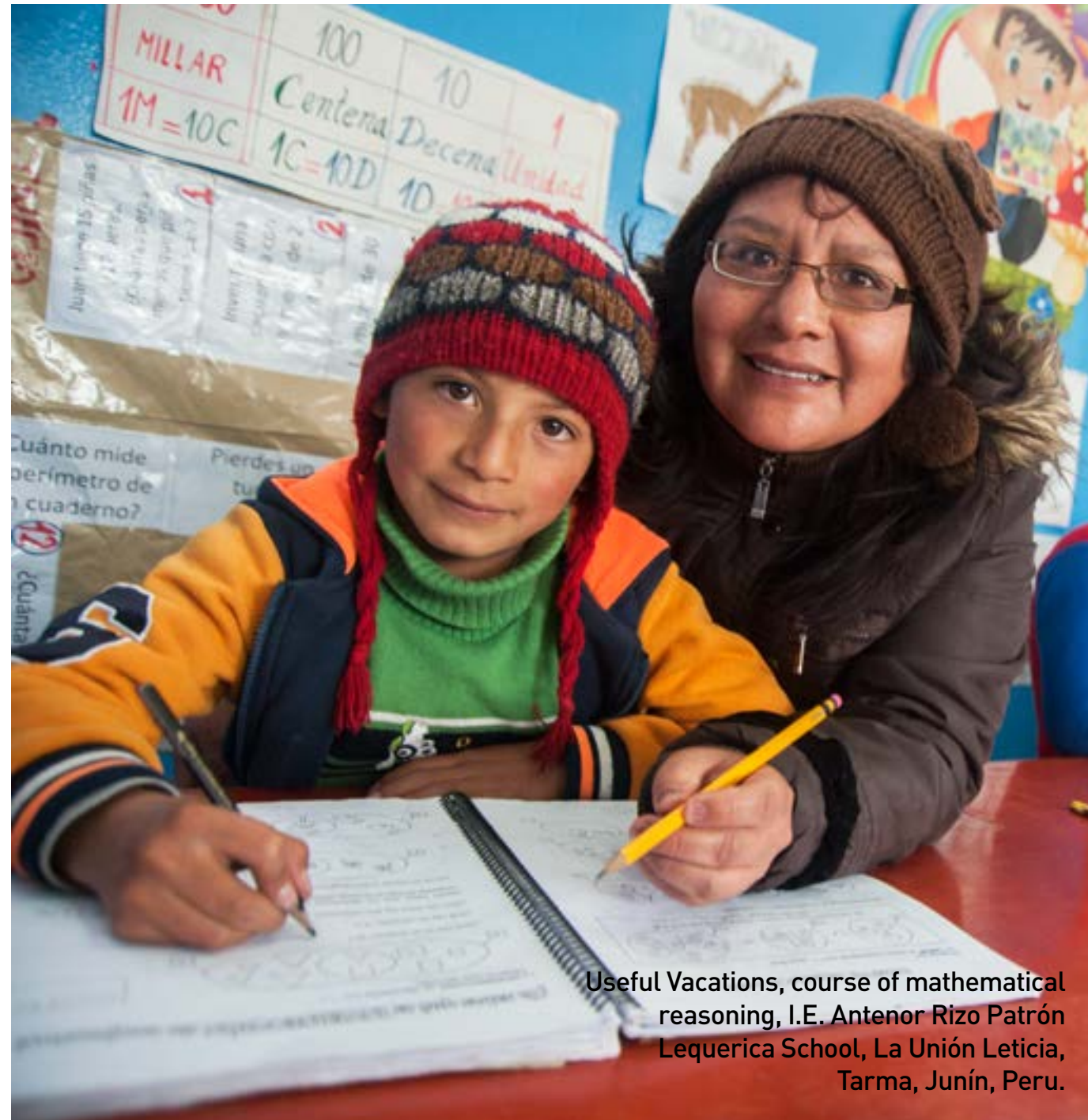
## Education

Through the implementation of projects, we promote the development and building of technical and entrepreneurial capacities among the populations in our areas of influence. We also foster the development of their personal and social abilities, as well as the productive use of free time. In 2015, our investment in this pillar of action totaled S/ 1,517,976. The main projects included:

- **Promotion of Youth Employment in alliance with FONDOEMPLEO:** This project was implemented at the Condorcocha plant, with the objective to promote insertion in the formal job market for young people between the ages of 18 and 35 via training in technical and productive skills in high-demand occupations. A total of 174 young people were trained at the SENATI La



## In 2015, we invested S/ 1.5 million in educational projects.



Useful Vacations, course of mathematical reasoning, I.E. Antenor Rizo Patrón Lequerica School, La Unión Leticia, Tarma, Junín, Peru.

Oroya, after which they were provided with employment advisory. As of December 2015, 22 graduates had obtained a job position tied to the training received.

- **Occupational Training:** This project, implemented at the Atocongo and Condorcocha plants, provides training to adults and young people from the community (90.0% of whom are women), in order to boost their technical and productive capacities so that they can start their own businesses. This benefit was provided to 333 young people and adults from southern Lima, in the specialties of buffet and dessert catering, aesthetics, handicrafts, screen-printing, and electronics. Furthermore, at the Condorcocha plant, 127 women from the communities of Condorcocha, La Unión Leticia, and Tarma bolstered their technical and productive skills in textiles and handicrafts.
- **Art, Culture, and Sports Workshops:** At the Atocongo plant, we organized 104 artistic and athletic workshops, benefiting 2,624 students. In 2016, we plan to strengthen these workshops with orientation activities aimed at the students' parents.
- **Useful Vacations:** At the Condorcocha plant, we organized 13 workshops, in which 151 children and adolescents strengthened their academic performance, as well as their crosscutting and athletic abilities. In 2016, we will expand the coverage of this activity to two zones from the district of La Unión Leticia.

## Environment

We helped improve the environmental management of the localities in our surroundings in a concerted manner, in alliance with the communities and local and sector authorities. In 2015, our investment in environmental matters totaled S/ 913,094. Some of the most notable programs and actions included the following:

- **Community Environmental Program:** This program's objective is to contribute to the strengthening of the Local Environmental Management System in the districts of southern Lima (Atocongo plant). For such purpose, we build the capacities of the Municipal Environmental Commissions (CAMs) and the Zonal Environmental Committees (CAZs). We also support the implementation of their community and local

environmental agendas, with an emphasis on the installation of green areas (planting of trees). In 2016, we expect three municipalities to achieve Sustainable Local Environmental Management (GALS) certification.

- **Environmental Education:** At our Atocongo plant, we trained 49 teachers from 8 educational institutions on the strengthening of their teaching abilities with regard to environmental matters.
- **Community Services in the Area of Influence of the Atocongo plant:** We performed the maintenance of 7.5 kilometers of green areas located in the median strips of Lima Avenue and María Reiche Avenue, in the districts of Villa María del Triunfo and Villa El Salvador, benefiting nearly 10,000 families. We also provided services for the collection and final disposal of 1,100 tons of waste.
- **Environmental Initiatives in Condorcocha:** We constructed a landfill ditch for the safe final disposal of non-recyclable solid waste at the Julio C. Tello educational institution in Cochabamba. Likewise, together with the Ecoclub environmental brigade from the Juan Gonzalez Cangahuala educational institution in La Unión Leticia, we organized the solid waste collection service and study tour at the composting plant of the firm ECOTEC.

### Community Relations

To ensure positive relations with our communities, we strengthen, manage, and monitor our ties with the populations, organizations, and institutions in the surroundings of our operations. Our primary objective is to establish bonds of trust and cooperation that contribute to sustainable development. In 2015, we invested S/ 1,960,717 through the two intervention lines described below:

### Community Service

We contributed to the implementation of local initiatives promoted by social organizations and institutions adjacent to our operations. We supported nearly 100 local projects, which created a total of 36,733 direct beneficiaries.

- **At the Atocongo plant:** We supported 23 local initiatives, with 6,242 direct beneficiaries. Some contributions

recipients include the Municipality of Villa María del Triunfo, the José Gálvez (PNP) Police Station, and Volunteer Fire Department No. 155 – Nuevo Milenio in Villa María del Triunfo.

- **At the Condorcocha plant:** We supported 77 local initiatives, which benefited 24 organizations with 30,491 direct beneficiaries. Some contributions recipients include educational institutions and cultural reappraisal, for traditional celebrations organization.

### Strengthening of Community Bonds

We build capacities and provide technical assistance to enable the communities and their organizations to improve their management. We also reinforce our positive interaction with our areas of influence.

- **At the Atocongo plant:** We held 42 working meetings with 12 grassroots organizations, which formalized their establishment and improved their management capacities. We trained 168 leaders, with an impact on 1,440 partners. On the other hand, we also reported on UNACEM's activities and fostered interaction through 40 informational meetings and talks, as well as 3 visits to our operating plant.
- **At the Condorcocha plant:** We reinforced our interaction with the community through informational activities on our management, as well as the opportunities we offer. In 2015, we held 35 meetings, as well as organized 2 participative monitoring sessions and 2 visits to our operating plant. (DMA Indirect Economic Impacts)



Community Environmental Program, meeting with zonal environmental committees and AVES Network, Asociación UNACEM Vocational Center, Villa María del Triunfo, Lima, Peru.



## MAIN ACHIEVEMENTS IN 2015

### COMMUNITY ACTION PILLAR

#### SOCIAL INFRASTRUCTURE

#### ATOCONGO PLANT

- We improved 263 family's living conditions, through the Techo Propio Program of the Ministry of Housing, Construction, and Sanitation.
- We continued with the implementation of the Citizen Security System in Villa María del Triunfo.

#### CONDORCOCHA PLANT

- We built the new Tarma market, which has 240 vendors' stands and will help reorganize commerce in the zone.
- We developed technical files for public investment projects for municipalities.

#### HEALTH

- We improved the health practices of 129 families, of which 24 were certified as healthy families.
- We detected 168 cases of anemia in expectant mothers and children, which are being controlled at the respective health establishments. 13.0% of those affected have recovered.

- We detected 23 cases of risk, through the Comprehensive Health Campaign, which are being treated at the La Unión Leticia Health Post, under the Comprehensive Health System.

#### EDUCATION

- We improved the technical capacities of 333 people, of whom 57 gained access to a job or started a business.

- We improved the technical capacities and employment opportunities of 174 young people, of whom 22 gained access to a job.
- We supported capacity building for 127 women from La Unión Leticia and Tarma, which will help them to generate their own income.

#### ENVIRONMENT

- We supported consolidate 4 organizations and contributed to environmental management in the communities.

- We improved the final disposal of non-recyclable solid waste in 2 educational institutions.

#### COMMUNITY RELATIONS

##### Community Service

- We supported 23 local initiatives with 6,242 direct beneficiaries.

##### Community Service

- We supported 77 local initiatives that benefited 24 organizations and 30,491 direct beneficiaries.

##### Strengthening of Community Bonds

- We held 42 working meetings with 12 grassroots organizations, which formalized their existence and strengthened their management capacities.
- We trained 168 leaders, achieving an impact on 1,440 partners, and organized 3 visits to our operating plant.

##### Strengthening of Community Bonds

- We held 35 meetings and organized 2 participative monitoring activities and 2 visits to our operating plant.

# PRIVATE SOCIAL INVESTMENT



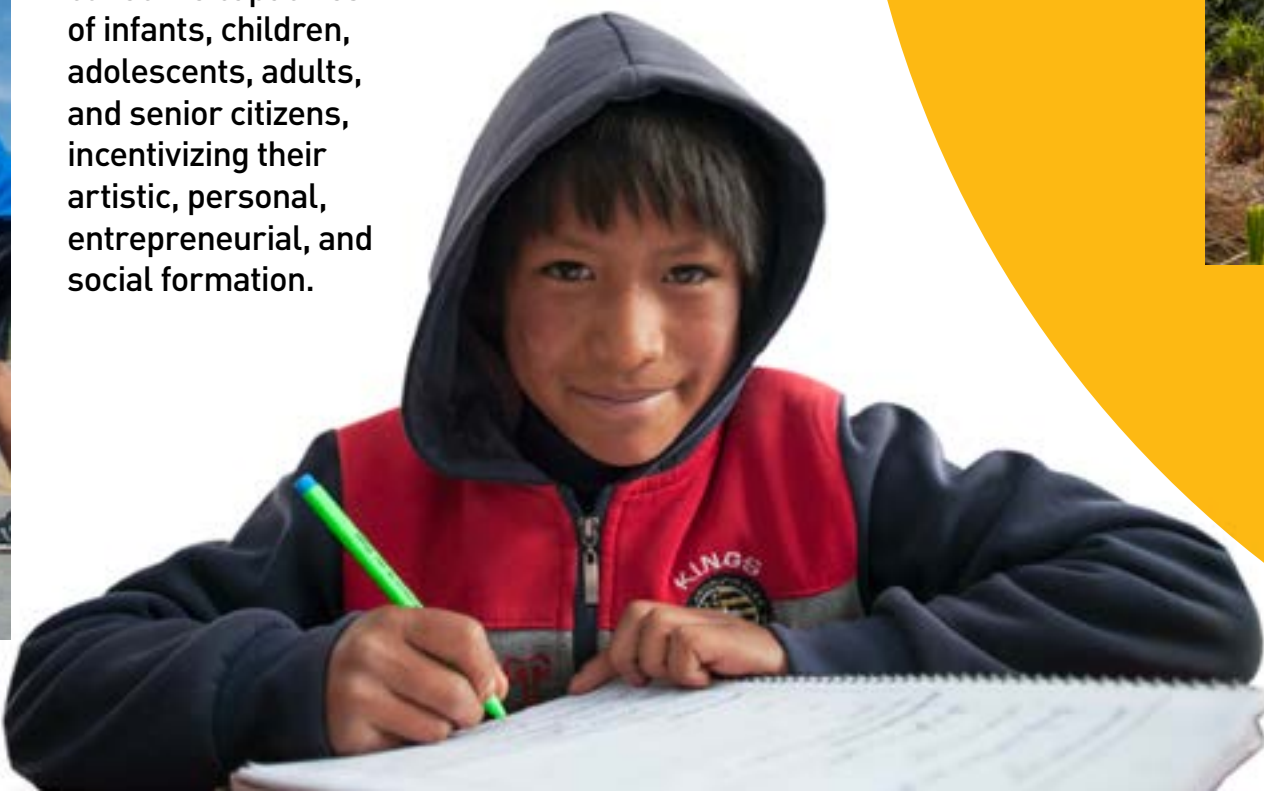
ENVIRONMENT

We seek to improve the communities' surroundings in a participative, sustainable manner.



## EDUCATION

We helped build the individual and collective capacities of infants, children, adolescents, adults, and senior citizens, incentivizing their artistic, personal, entrepreneurial, and social formation.



# HEALTH

We promote healthy lifestyles and habits among families, in alliance with organized civil society, community agents, and health establishments.



# INFRASTRUCTURE



We support the community with cement donations so that they can carry out community infrastructure works, working together with local authorities, leaders, and the general population.



# OUR CUSTOMERS

Distribuidora Suniroca E.I.R.L.,  
Tarma, Junín, Peru.

At UNACEM, we share knowledge and standards with our main customers in order to help them improve practices in their own surroundings.

### Our Products

The excellence that defines our production process allows us to offer our customers high-quality cement, with a strength that exceeds the requirements of the Peruvian Technical Standards (NTP) and U.S. standards (ASTM). (DMA Product and Service Labeling) (G4-4)

.....

### BAGGED CEMENT

We offer 7 types of high-quality cement, with packaging that guarantees its property conservation. Our portfolio's brands are:

- Andino
- Sol
- Apu

.....

### BULK CEMENT

We offer bulk cement, which is dispatched in big bags or on bulk transport vehicles directly to the customer.

.....

Our cement features a label on each bag, which contains information on the origin of the product: the silo it comes from, the machine that bagged it, and the packaging date and time. Each batch dispatched to the market is identified, making it easier to provide customer service in the event of complaints.



Of our total sales,

**53.0%**

come from independent  
home improvements  
stores.



We have a prevention policy, in accordance with which we perform the planned maintenance of our machinery, verifying that everything is in order at the moment the labeling is performed and confirming that all codes are correct.

Through internal and external management audits (ISO 9001), we verify the compliance with all requirements related to the product, in this case bagged cement, including packaging.

We also provide supplementary services to our customers, helping to strengthen our distribution value chain. Such is the case with the Progresol Home Improvement Store Network, with over 356 points of sale. This allows us to build the capacities of self builders and reach all of Peru with our products.

### Innovation and Development

Our innovation strategy is primarily focused on the needs of the final user. For such purpose, we conduct market studies to identify customers' reasons for purchasing cement and the attributes they value, in order to define our business opportunities.

After determining the users' needs, we assess the proposal based on five criteria that define whether the launch of a new product is viable:

- **Market:** whether it is necessary for the user.
- **Feasibility:** whether the manufacture of the product is viable.
- **Logistics:** whether we have the necessary raw materials.
- **Production:** whether we have the resources and capacities to manufacture the product.
- **Economic:** whether the price is affordable for the user.

Cemento Apu is one example of our innovation strategy. This product was launched in 2014, and it had already gained a 14.8% market share in the home improvement store channel across our entire scope of action by 2015. In 2015, we created an innovation committee to optimize the portfolio of the Andino cement brand.



Cemento Andino, Condorcocha plant, Tarma, Junín, Peru.

### Customer Types

We sell our products through two business units—bagged cement and bulk cement—which, in 2015, accounted for 72.9% and 27.1% of all dispatches, respectively.

Our main customers are home improvement stores, whose purchases account for 53.0% of our sales and provide our products to foremen, construction workers, and self builders. Given the characteristics of the construction sector, the latter segment represents one of our greatest risks: informality, which may affect responsible practices and the soundness of the constructions. (DMA Product and Service Labeling) (G4-8) (G4-9)

### MARKETS ATTENDED BY OUR PLANTS

#### ATOCONGO PLANT

Lima  
Ancash  
Ica  
Ayacucho  
Apurímac  
Loreto  
Tacna

#### CONDORCOCHA PLANT

Lima  
Junín  
Huancavelica  
Apurímac  
Pasco  
Huanuco  
San Martín  
Ucayali  
Loreto

## Training and Development

We focus on providing opportunities and tools to our consumers, so that they can professionalize their practices and become more competitive in the market.

Our Progresol Home Improvement Store Network includes more than 230 home improvement storeowners, who are our main sub-distributors. We provide them with support for an efficient management of their business through activities that create demand at their points of sale: establishment image, sale specials, and advertising materials.

On the other hand, we have the self builders, foremen, and construction workers, who benefit from the professionalization program in Lima and the central highlands. During 2015, we trained 7,167 people. (G4-4)

### PROFESSIONALIZATION PROGRAM FOR SELF BUILDERS

CEMENT TYPE	ATTENDANCE GOAL		ACTUAL ATTENDANCE		NUMBER OF TRAINING SESSIONS
	2015	2014	2015	2014	2015
Sol	1,970	4,338	1,951	3,705	24
Apu	2,050	-	2,307	-	23
Andino	2,653	1,080	2,909	1,869	22

The self builders segment is characterized by a lack of specialized training in construction techniques. These builders' knowledge is based on experience. As a result, many of the works they perform show construction problems, which cause excess costs and high safety risks.

We were able to detect this problem. Nine years ago now, we created a professional training program, which provides self builders with training on the most important aspects of construction in order to professionalize their practices.

With the collaboration of independent engineers, we developed the program curriculum, which includes 7 important topics with which a foreman must be familiar in order to improve his performance and profitability:

- Basics of foundations.
- Construction in confined spaces.
- Concrete and its applications in construction.
- Manufacture, curing, and mixing of concrete.
- Brick walls.
- Reinforced concrete structures (vertical and horizontal).
- Construction processes in housing.

### Satisfaction with Our Products

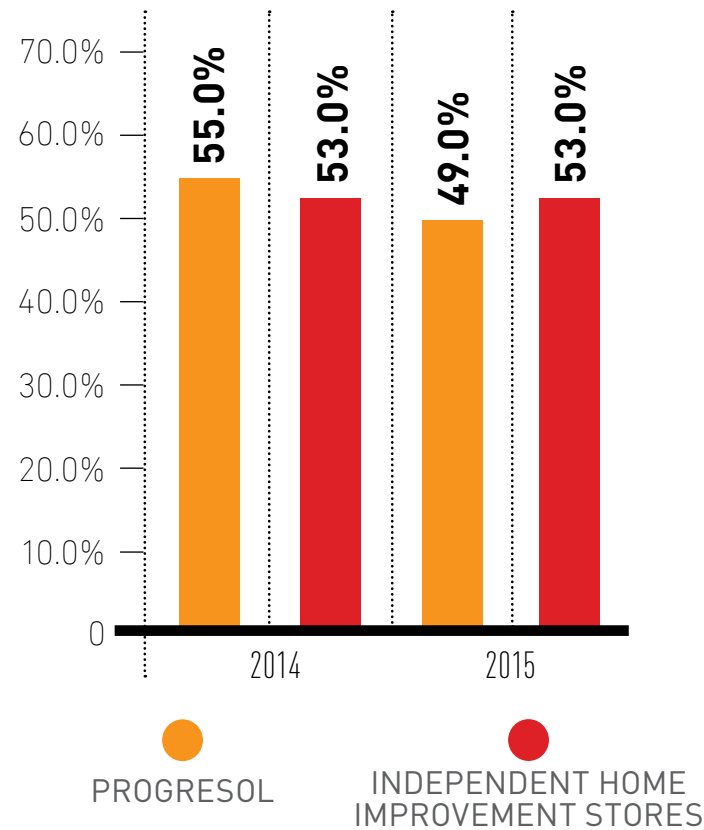
Each year, we measure the satisfaction of our domestic customers, customers involved in exportations, and port services customers, through surveys directed to those responsible for purchasing our products and the users of our services. Through these surveys, we not only receive information on satisfaction about our products, but also suggestions, acknowledgements, and a variety of information that we analyze and incorporate in order to improve the management of our processes. (DMA Product and Service Labeling)



Homebuilder, Urb. San Genaro, Chorrillos, Lima, Peru.

**Domestic Customers**

**SATISFACTION RATE OF THE PROGRESOL NETWORK AND INDEPENDENT HOME IMPROVEMENT STORES**



**Our Progresol Home Improvement Store Network comprises over 230 home improvement store owners nationwide.**

**RAPPORT WITH OUR DOMESTIC CUSTOMERS**

**PROGRESOL NETWORK**

- The Progresol customer is looking for greater support and advice from the distributor and the UNACEM supervisor for the development of his business.
- 64.0% of the Progresol customer satisfaction rate is related to the processes of billing, credits, collections, and orders delivery, the improvement of which depends on UNACEM's distributors.
- In 2015, we completed the expansion of the milling capacity at the Condorcocha plant, for which purpose we boosted our sales force by hiring a supervisor who helped strengthen our management in the central highlands.

We are constantly seeking opportunities for improvement in order to increase the level of our customers' satisfaction.

**Exporters and Port Services Customers**

Satisfaction is measured on a 10-point scale.

**SATISFACTION RATE OF EXPORTERS AND PORT SERVICES CUSTOMERS**

CLIENTS SURVEYED	NUMBER OF CUSTOMERS SURVEYED		SATISFACTION SCORE	
	2015	2014	2015	2014
Customers involved in exportation	3	2	8	9
Port services customers	5	4	9	9

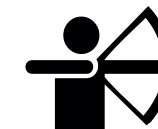
**INDEPENDENT STORES**

- In this market segment, the product conditions that have the greatest influence on sales are price, exact weight, and expiration date.
- The delivery of orders and billing depend on the management of the distributors and the Progresol Network.



**ACHIEVEMENTS IN 2015**

- We developed and complied with the annual plan for Progresol customers, which included activations and a customer loyalty plan.
- We completed the changes to the image of the Progresol Network, which included painting the facades of 356 points of sale.
- We created the team and commenced the Progresol 2.0 Project, through which we defined the pillars for the network's growth over the next 5 years.
- We surpassed the consumer training goal, with a total of 7,167 attendees. We have thus managed to train 84,191 people since the program began.



**CHALLENGES IN 2016**

- Exceed the attendance of our consumer training program by 10.0%.
- Improve satisfaction in our Progresol Home Improvement Store Network.



COMMUNITY  
INFRASTRUCTURE

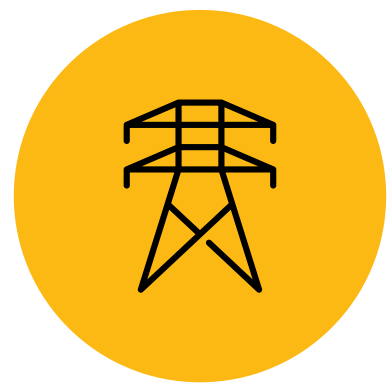
WE SUPPORT LOCAL COMMUNITIES THROUGH CEMENT DONATIONS, DIRECT IMPLEMENTATION OF WORKS, AND PROMOTING MUNICIPAL PUBLIC WORKS BY PREPARING TECHNICAL FILES VIABILITY. SINCE 2003, WE HAVE BEEN IMPLEMENTING PROJECTS AT ATOCONGO; AND SINCE 2013 AT CONDORCOCHA.

JUAN JOSÉ PALACIOS,  
A COLLABORATOR  
OF THE COMMUNITY  
ENVIRONMENTAL PROJECT,  
HUMAN SETTLEMENT OF LAS  
PRADERAS, JOSÉ GÁLVEZ,  
VILLA MARÍA DEL TRIUNFO,  
LIMA, PERU.

# ENVIRONMENTAL MANAGEMENT

# WE MINIMIZED DUST AND GHG EMISSIONS,

AS WELL AS ENERGY AND WATER CONSUMPTION.



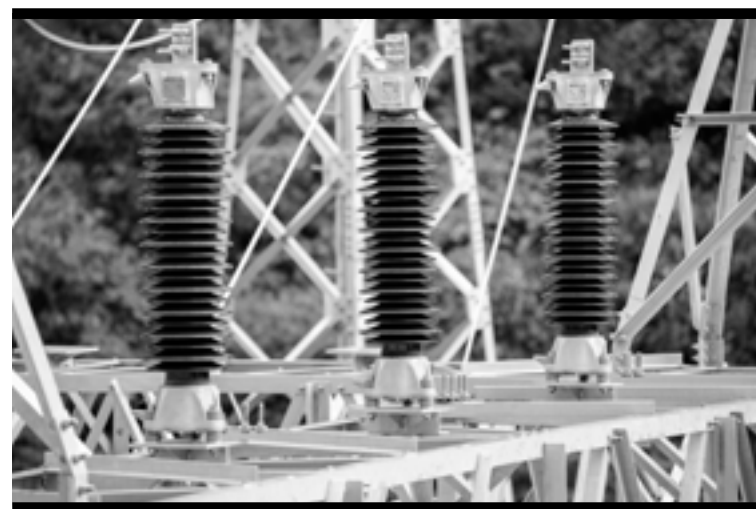
OF THE TOTAL  
**ELECTRICITY**  
CONSUMED

AT BOTH  
PLANTS, 93.93%  
COMES FROM  
RENEWABLE  
SOURCES.



WE PROVIDED THE COMMUNITY OF LA UNIÓN LETICIA WITH

**2,079,000**  
kWh OF  
ELECTRICITY,  
FREE OF  
CHARGE.



WE MONITOR  
**WATER AND**  
EFFLUENTS  
QUALITY

VIA A CERTIFIED  
CONSULTANT, WHO  
DETERMINES THE  
QUALITY OF THE  
WATER USED AT  
BOTH PLANTS AND  
IN OUR CAMPS.



# ENVIRONMENTAL IMPACT OF OUR OPERATIONS

We have an Environmental Management System oriented toward effectiveness and the reduction of environmental impacts related to all of our operating areas. As such, we are concerned with minimizing dust and greenhouse gas emissions, as well as reducing energy and water consumption, among others. The achievements attained are due to the strengthening of human and institutional capacities, and to our IMS, which establish the foundations for the development programs that we implement. (DMA Environmental Regulatory Compliance)

## DESCRIPTION OF THE ENVIRONMENTAL COMPONENTS AFFECTED BY OUR OPERATIONS

ENVIRONMENTAL COMPONENT AFFECTED	ENVIRONMENTAL IMPACT	ACTIVITIES THAT CAUSE IMPACTS
Water	Changes in the physical or chemical quality of the water in nearby bodies of surface water.	Rainwater runoff from the coal yard.
Flora	Effects on the quantity and diversity of flora species.	Clearing of land to prepare construction areas.
Fauna	Effects on the habitat of existing fauna species.	Clearing of land to prepare construction areas.
Noise	Increase in noise levels above normal values.	Temporary or permanent generation of bothersome noises due to the operation of vehicles, equipment, and machinery, as well as the pozzolan crusher.
Air	Air pollution due to generation of particulate matter.	Handling, transport, and storage of coal and pozzolan.
Soil	Changes in soil quality.	Accidental spills of hydrocarbons and contaminant materials.
Landscape	Changes in topography and the form of the terrain.	Cut and fill activities during the construction stage.

Wastewater treatment plant, Atocongo plant, Villa María del Triunfo, Lima, Peru.



In 2015, we reduced CO<sub>2</sub> emissions by approximately

**116,000**  
tons.

# OUR ENVIRONMENTAL MANAGEMENT IS BASED ON FOUR PILLARS OR LINES OF ACTION

## 01

### ENVIRONMENTAL QUALITY

- Manages the environmental impacts we create in our surroundings.
- Assesses emissions and climate change, as well as the efficient use of energy and water, release of solid waste and energy into the environment (noise).

## 02

### NATURAL AND CULTURAL RESOURCES

- Manages biodiversity and archaeological remains.
- Optimizes the use of raw materials and the maintenance of natural resources, in order to guarantee their sustainable use.

## 03

### CAPACITY BUILDING

- Develops environmental knowledge and awareness among employees to ensure a responsible management.
- Transmits information related to the preservation of and care for the environment, environmental pollution, hazardous and non-hazardous waste management, and the use of and care for the water.

## 04

### ENVIRONMENTAL CERTIFICATIONS

- Verifies compliance with the obligations implied in the environmental certifications, in relation to modifications, expansions, or any improvement to our activities, in accordance with environmental law.



We also have formal environmental complaint and grievance mechanisms. (DMA Environmental Complaint Mechanisms) (G4-EN34)

#### ENVIRONMENTAL COMPLAINT AND GRIEVANCE MECHANISMS

- At our plants, we have a procedure in which any complaint or grievance is registered with the Asociación UNACEM (Community Relations area), which manages the attendance process, in coordination with the different areas of the plant. A response is provided within a term of 30 days, in the form of verbal or written communication.
- We audit the complaint and grievance procedures, proposing improvements based on the results.
- We constantly hold talks on the IMS procedures for our direct employees, contractors, and suppliers.

#### COMPLAINTS AND GRIEVANCES

##### ATOCONGO PLANT

- 4 environmental complaints and grievances were registered, filed by community members.

##### CONDORCOCHA PLANT

- 7 complaints and grievances were registered: 4 environmental and 3 social, filed by community members.

On the other hand, we also have Environmental Departments at our plants, which are responsible for enforcing the environmental commitments established in the EIAs, in our industrial, port, mining, and energy activities. These departments also provide technical and environmental advisory to those responsible for the performance of projects.

One of the mechanisms that allows for the assurance of our compliance with the obligations identified is the George System, which sends prompt alerts to those responsible for each process. We also perform an internal assessment, via legal compliance audits, and an external audit, through a certification firm that conducts an annual audit of the entire ISO 14001 management system.



## CONTROL MECHANISMS FOR OUR LEGAL OBLIGATIONS

### CONTROL MECHANISMS

### DESCRIPTION

#### Environmental Monitoring

To ensure compliance with the law and the environmental commitments assumed in our environmental management instruments, we perform the following monitoring activities:

- In the industry sector.
- In the mining subsector.
- In the electricity subsector.
- Water quality of the domestic wastewater treatment plant.
- Drinking water quality.

#### Participative Monitoring

Performed jointly with the authorities and residents of the neighboring communities. Inquiries are answered and comments are received with regard to the water and air monitoring activities.

#### Supervision of the Environmental Assessment and Auditing Agency (OEFA)

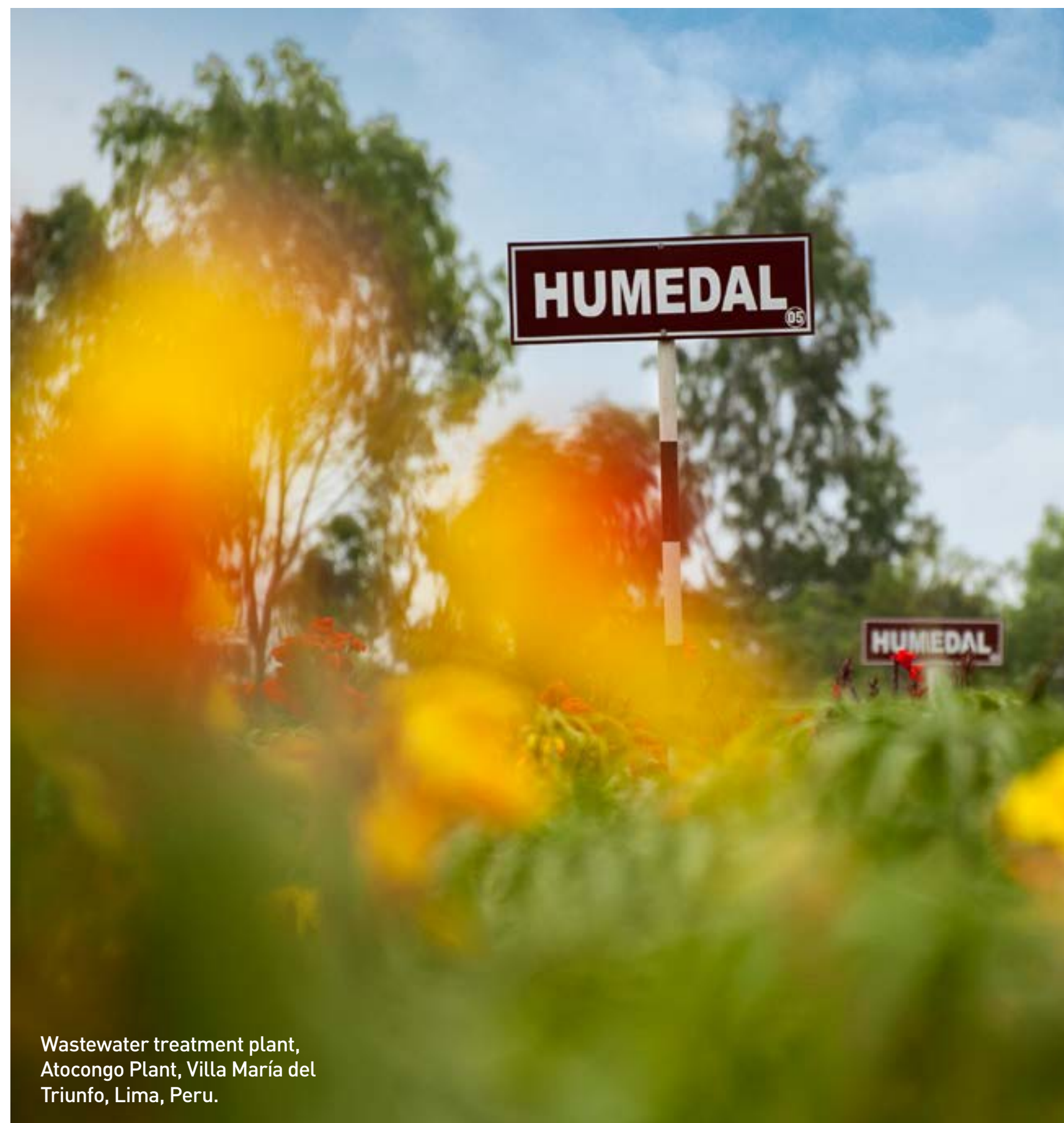
Performed through unannounced visits, in order to guarantee compliance with the commitments assumed in our environmental management instruments.

#### Use and Monitoring Reports to Institutions Tied to Water Management

We report to local water authorities in Tarma, providing information related to the quantity of water used. We also report to the National Water Authority (ANA) on the water quality monitoring of the domestic wastewater treatment plant.

#### Internal and external audits as per the requirements of the ISO 14001 Standard

The IMS performs annual audits: 2 internal and 1 external.



Wastewater treatment plant, Atocongo Plant, Villa María del Triunfo, Lima, Peru.

# THE CARBON FOOTPRINT

IT IS AN INDICATOR THAT MEASURES THE QUANTITY OF GREENHOUSE GASES (GHGS), IN UNITS OF CO<sub>2</sub>, GENERATED IN THE PRODUCTION CHAIN, FROM THE RAW MATERIALS SOURCING TO WASTE TREATMENT, INCLUDING MANUFACTURE AND TRANSPORTATION.

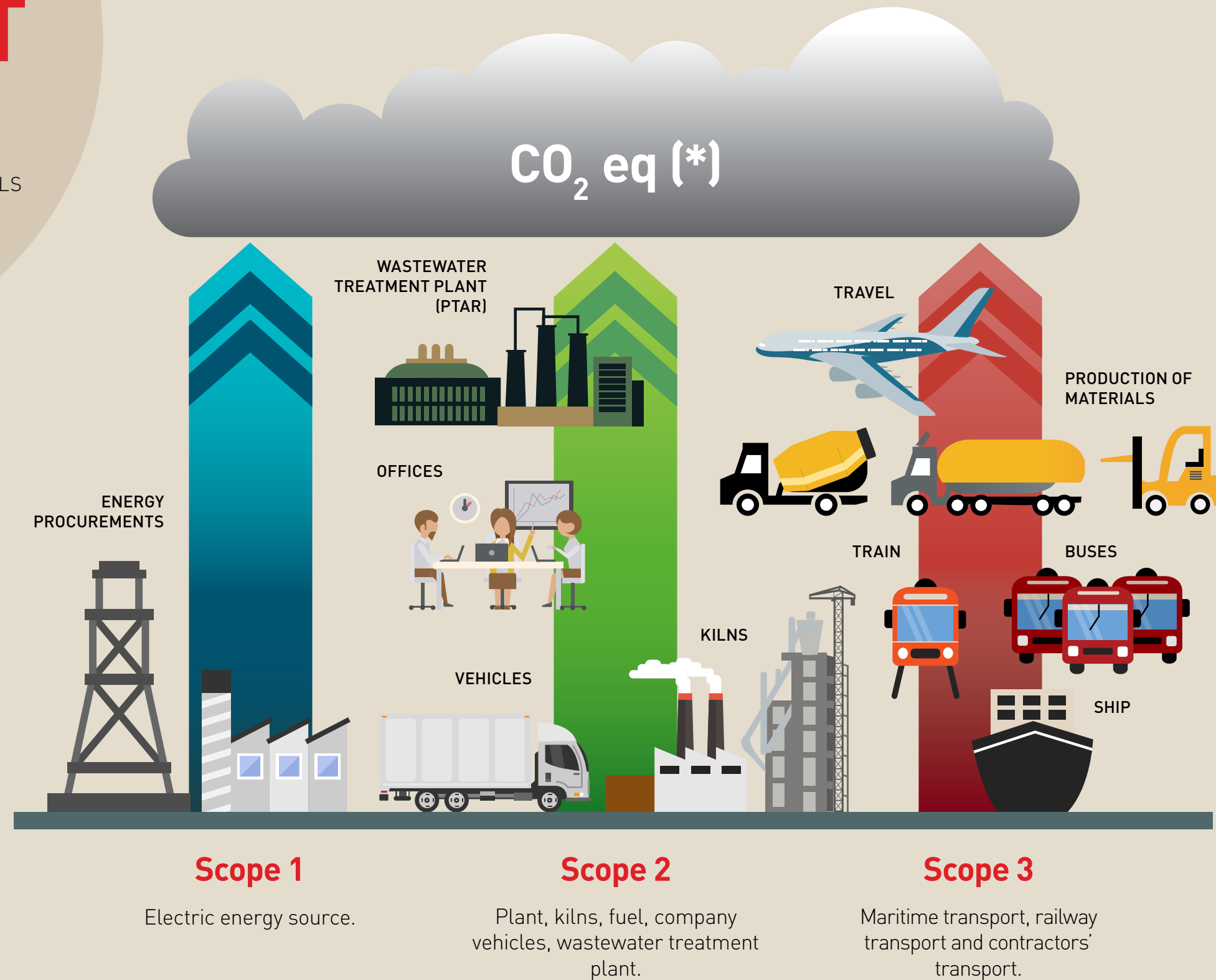
## USE AND BENEFITS



- DEFINE EFFECTIVE POLICIES AND OBJECTIVES TO REDUCE THE ENERGY AND RAW MATERIALS CONSUMPTION, AS WELL AS COST SAVING INITIATIVES.
- REDUCE OUR GHG EMISSIONS.
- DEMONSTRATE OUR COMMITMENTS TO CORPORATE AND ENVIRONMENTAL RESPONSIBILITY.
- MEET THE REQUIREMENTS OF ENVIRONMENTALLY CONSCIOUS CUSTOMERS.
- INCORPORATE THE GHG EMISSIONS IMPACT AS A CRITERION IN SELECTION PROCESS FOR SUPPLIERS, MATERIALS AND PRODUCT DESIGN, ETC.
- PERFORM ANALYSIS, CONTINUOUS IMPROVEMENT, AND MEASUREMENT OF THE RESULTS OF OUR REDUCTION COMMITMENTS.

## SCOPES

ONLY SCOPE 1 AND SCOPE 2 ARE MANDATORY, IN ACCORDANCE WITH ISO 14064 STANDARDS.



\* CO<sub>2</sub> eq = CO<sub>2</sub> + CH<sub>4</sub> + N<sub>2</sub>O

## MEASUREMENT PROCESS



**Step 1: Data Gathering**  
After selecting the parties responsible for each plant, we gather data using templates for carbon footprint measurement.



**Step 2: Data Compilation**  
After receiving the necessary data, we begin the calculation process, using the methodology established by ISO 14064 standards for carbon footprints.



**Step 3: Closure Workshops**  
After obtaining the final data, we hold a workshop to report the measurement results to our personnel.



**Step 4: Audit**  
Later, we will undertake a carbon footprint auditing process in accordance with ISO 14064 standards.

To date, our environmental management has meant that no economic sanctions have been applied due to environmental violations.

On behalf of the Central Government, the OEFA has performed more than 30 supervisory reviews of our activities, registering some findings with regard to solid waste management and particulate matter emissions. We have submitted the corresponding defense arguments and appeals. In addition, we received a non-pecuniary sanction for our operations at the Conchan pier, and the following arbitration processes are currently pending (G4-EN29)

- 1 at Atocongo (plant and quarries)
- 1 at the Atocongo thermal power plant
- 1 at Condorcocha (plant)

### Greenhouse Gas Emissions

The cement industry requires intensive energy use. For this reason, UNACEM works to reduce the concentration levels of greenhouse gas (GHG) and particular matter emissions per ton of cement produced. (DMA Emissions)

Our strategy is carried out on two fronts: the use of clean energy and the production of blended cements that reduce greenhouse gas emissions. In 2015, we reduced our CO<sub>2</sub> emissions by approximately 116,000 tons. (G4-EN19) (G4-13)

This is due primarily to the following actions (G4-EN19)

- Generation of clean energy through the hydroelectric power plants, at both plants.
- At the Atocongo plant, the use of clean fuels, such as the partial substitution of coal with natural gas in the kilns for clinkerization process, which has made it possible to reduce CO<sub>2</sub> equivalent emissions by 100,000 tons annually.
- Increase in the production of blended cements, at both plants, reducing CO<sub>2</sub> emissions by 22.0%.
- At the Condorcocha plant, the commencement of operations, in October of 2015, of Cement Mill 8, generating a blended cement production of 13,245 tons and reducing CO<sub>2</sub> emissions by 2,581.56 tons.

Through a joint project, the Ministry of Industry and Fisheries, the Ministry of the Environment, and the Association of Cement Producers (ASOCEM) are working

to draft a document that includes nationally appropriate mitigation actions (NAMA) on climate change. As part of the NAMA strategy, the Peruvian cement sector is currently in the process of acquiring the calculation methodology of the Inter-American Cement Federation (FICEM), entitled *Getting the Numbers Right LATAM*, which is used by more than 68.0% of all cement plants in Latin America.

We have established in our IMS the specific objectives aimed at reducing GHGs. We are also in the process of measuring our carbon footprint, which will be audited by an independent certification firm. This will help us to fine-tune our GHG reduction plans and compare our figures to those of other companies in the cement sector, both domestically and internationally. (G4-EN15)

One of the current objectives of the Ministry of the Environment is to establish the maximum permissible limits (MPLs) for the gas and particulate matter emissions of the cement and lime industry. This bill is currently being debated in the cement sector. As a market leader, we are already evaluating and analyzing the economic and engineering implications of the implementation thereof.

### We guarantee our compliance with national law

#### Emissions monitoring established by UNACEM

Monitoring activities will be performed twice yearly on our 12 emissions sources, distributed among 4 kiln lines and 2 coal mills, in accordance with the criteria established in the Atmospheric Emissions Monitoring Protocol (Ministerial Resolution 026-2000-ITINCI/DM). In 2015, 100.0% of the results obtained fell below the MPLs.

#### Emissions monitoring performed by the OEFA

As part of its supervisory duties, the OEFA performs monitoring on our chimneys.



Carpapata III hydroelectric plant, Tarma, Junín, Peru.



**BY UNDERSTANDING OUR  
COMMUNITY NEEDS, WE  
ARE ABLE TO GET INVOLVED  
AS ACTORS IN OUR  
DEVELOPMENT.**



«We have achieved significant changes in our community thanks to our work with the Asociación UNACEM. The construction of sidewalks has improved our residents' lives greatly».

**GREGORIO VENTOSILLA**

GENERAL COORDINATOR OF THE 10 SUR COMMITTEE, HUMAN SETTLEMENT OF VIRGEN DE LOURDES



«The environmental work we do with the support and training of the Asociación UNACEM has raised our community's self-esteem. The surrounding is different. The streets are nice and clean, free of trash».

**CRISTINA CASTAÑEDA**

PRESIDENT OF THE ZONAL ENVIRONMENTAL COMMITTEE (CAZ) OF JOSÉ GÁLVEZ



**Our strategy includes two approaches: the use of clean energy and the production of blended cements that reduce GHG emissions.**

	PARAMETER	MAXIMUM PERMISSIBLE LIMIT (IN MILLIGRAMS PER CUBIC METER)
<b>Particulate Matter</b>	Currently	250
	New	100

For further reference, we use Decree 638: Air Quality and Control Standards of the Mexican Environmental Protection Standards—Manufacture of Hydraulic Cement, Section: Maximum Permissible Levels for Emission into the Atmosphere.

**GAS AND PARTICULATE MATTER EMISSIONS GENERATED (G4-EN18) (G4-EN21)**

	2014		2015	
	ATOCONGO PLANT	CONDORCOCHA PLANT	ATOCONGO PLANT	CONDORCOCHA PLANT
<b>Carbon Dioxide (CO<sub>2</sub>)</b>	0.74 t of CO <sub>2</sub> per ton of clinker 0.68 t of CO <sub>2</sub> per ton of cement	0.856 t of CO <sub>2</sub> per ton of clinker 0.718 t of CO <sub>2</sub> per ton of cement	0.746 t of CO <sub>2</sub> per ton of clinker 0.681 t of CO <sub>2</sub> per ton of cement	0.795 t of CO <sub>2</sub> per ton of clinker 0.712 t of CO <sub>2</sub> per ton of cement
<b>Nitrogen Oxide (NO<sub>x</sub>)</b>	603.64 mg/Nm <sup>3</sup> in Kiln Line 1 751.87 mg/Nm <sup>3</sup> in Kiln Line 2	580.58 mg/Nm <sup>3</sup> in Kiln Line 1 484.91 mg/Nm <sup>3</sup> in Kiln Line 2 499.76 mg/Nm <sup>3</sup> in Kiln Line 3 152.20 mg/Nm <sup>3</sup> in Kiln Line 4	745.20 mg/Nm <sup>3</sup> in Kiln Line 1 759.50 mg/Nm <sup>3</sup> in Kiln Line 2	660.73 mg/Nm <sup>3</sup> in Kiln Line 1 489.67 mg/Nm <sup>3</sup> in Kiln Line 2 528.37 mg/Nm <sup>3</sup> in Kiln Line 3 244.68 mg/Nm <sup>3</sup> in Kiln Line 4
<b>Sulfur Oxide (SO<sub>x</sub>)</b>	1,158.61 mg/Nm <sup>3</sup> in Kiln Line 1 1,578.39 mg/Nm <sup>3</sup> in Kiln Line 2	<3.40 mg/Nm <sup>3</sup> in Kiln Line 1 <3.40 mg/Nm <sup>3</sup> in Kiln Line 2 <3.40 mg/Nm <sup>3</sup> in Kiln Line 3 <3.40 mg/Nm <sup>3</sup> in Kiln Line 4	1,499.40 mg/Nm <sup>3</sup> in Kiln Line 1 1,316.70 mg/Nm <sup>3</sup> in Kiln Line 2	<3.40 mg/Nm <sup>3</sup> in Kiln Line 1 <3.40 mg/Nm <sup>3</sup> in Kiln Line 2 <3.40 mg/Nm <sup>3</sup> in Kiln Line 3 <3.40 mg/Nm <sup>3</sup> in Kiln Line 4
<b>Particulate Matter</b>	17.63 mg/m <sup>3</sup> in Kiln Line 1 28.13 mg/m <sup>3</sup> in Kiln Line 2	2.00 mg/m <sup>3</sup> in Kiln Line 1 115.73 mg/m <sup>3</sup> in Kiln Line 2 20.80 mg/m <sup>3</sup> in Kiln Line 3 5.98 mg/m <sup>3</sup> in Kiln Line 4	13.80 mg/m <sup>3</sup> in Kiln Line 1 28.90 mg/m <sup>3</sup> in Kiln Line 2	2.23 mg/m <sup>3</sup> in Kiln Line 1 71.74 mg/m <sup>3</sup> in Kiln Line 2 21.10 mg/m <sup>3</sup> in Kiln Line 3 3.42 mg/m <sup>3</sup> in Kiln Line 4

## Biodiversity

We have an approved environmental impact assessment, which provides the baseline, specifying the biodiversity in our area of influence. The biodiversity objective states that, as a company, we must establish the measures for the prevention, mitigation, and control of adverse impacts on physical, biological, and social media. (DMA Biodiversity)

### Main Impacts on Biodiversity

In general, our impacts are small on flora and very insignificant on fauna, due to the fact that we are located in a widely developed industrial area, with a low presence of vegetation and wildlife, which does not constitute a critical habitat for the reproduction or survival of species. (G4-EN12)

### Protected and Restored Habitats

There are no protected habitats in the surroundings of the Condorcocha plant. However, there are 3 restored areas, with a forestation progress of 80.0%. (G4-EN13)

**Duck pond:** Located inside our facilities. In the past, limestone was extracted from this site. The pond is used as a habitat by migratory birds, ducks, and geese. The pond is inhabited by trout, which have adapted very well to this environment. We commenced the restoration 11 years ago (2004).

**Zone of Pacchon:** In this area, previously used for a dump, we have planted tall-trunk species (such as eucalyptus and *queñuales*), as well as cultivating shrub species (such as clover and alfalfa), which are used as a feed source for our guinea pig farm. We commenced restoration 16 years ago (1999).

**Ravine:** In this zone, which was also used as a dump, we currently grow shrub species (such as alfalfa) that have completely adapted to the habitat, and are used as a feed source for our guinea pig farm. As in the previous case, we commenced restoration 16 years ago (1999).



Duck pond, Condorcocha plant.  
Tarma, Junín, Peru.

These areas are under our supervision, with the support of a local firm that helps us to maintain them. In the abovementioned zones, during 2015, we only carried out actions for their conservation.

### Transport

Our transport management is not centralized in one specific area. Our Company's Goods and Services Procurement Department manages the following types of transport. (DMA Transport) (G4-EN30)

### Transport for Procurement of Materials

The transport is subcontracted with the companies that supply us with the materials, given that the procurement is made under "delivery at plant" conditions. The subcontracted vehicles and their drivers enter our facilities in compliance with the requirements established in the Occupational Health, Safety, and Environment Sheet, guaranteeing adequate safety measures, the training of personnel, as well as the markings and adequate condition of the vehicle, in order to minimize possible environmental impacts. These vehicles are also required to comply with the security requirements and the standards established by the Personnel area for the access and control of the drivers.

**Transport Between Operating Centers (Between Concessions, Conchan pier, and the Atocongo and Condorcocha plants)**

This transport is contracted directly, according to the rates and requirements established by our Logistics area. Depending on the needs of each production plant, the transport quantities and frequencies are determined. As in the case of the transport for the procurement of materials, the vehicles and their operators comply with the requirements of the Occupational Health, Safety, and Environment Sheet, as well as those established by the Personnel area and those for access to the loading and unloading area of the mining zone.

The drivers and vehicles that enter our facilities are assessed using control inspections performed by the Safety and Environment Department. Additionally, our Internal Auditing Department reviews the processes to determine whether they meet the requirements established for the industrial and mining zone.

The weight controls for each truck are performed using the scales overseen by the Operations Management. Furthermore, the duties for the control and inspection of documents (waybills, invoices, weigh tickets, etc.) are shared by the Warehouse and Goods and Services Procurement Departments.

- **At the Atocongo plant:** The dispatch controls are verified by the Safety and Environment Department, using its respective procedures.
- **At the Condorcocha plant:** The dispatch controls are performed in coordination with the Deputy Management of Sales, and the verification is performed by the Dispatch Office.

Since the management is corporate, the transport processes are the same for both production plants (Atocongo and Condorcocha).

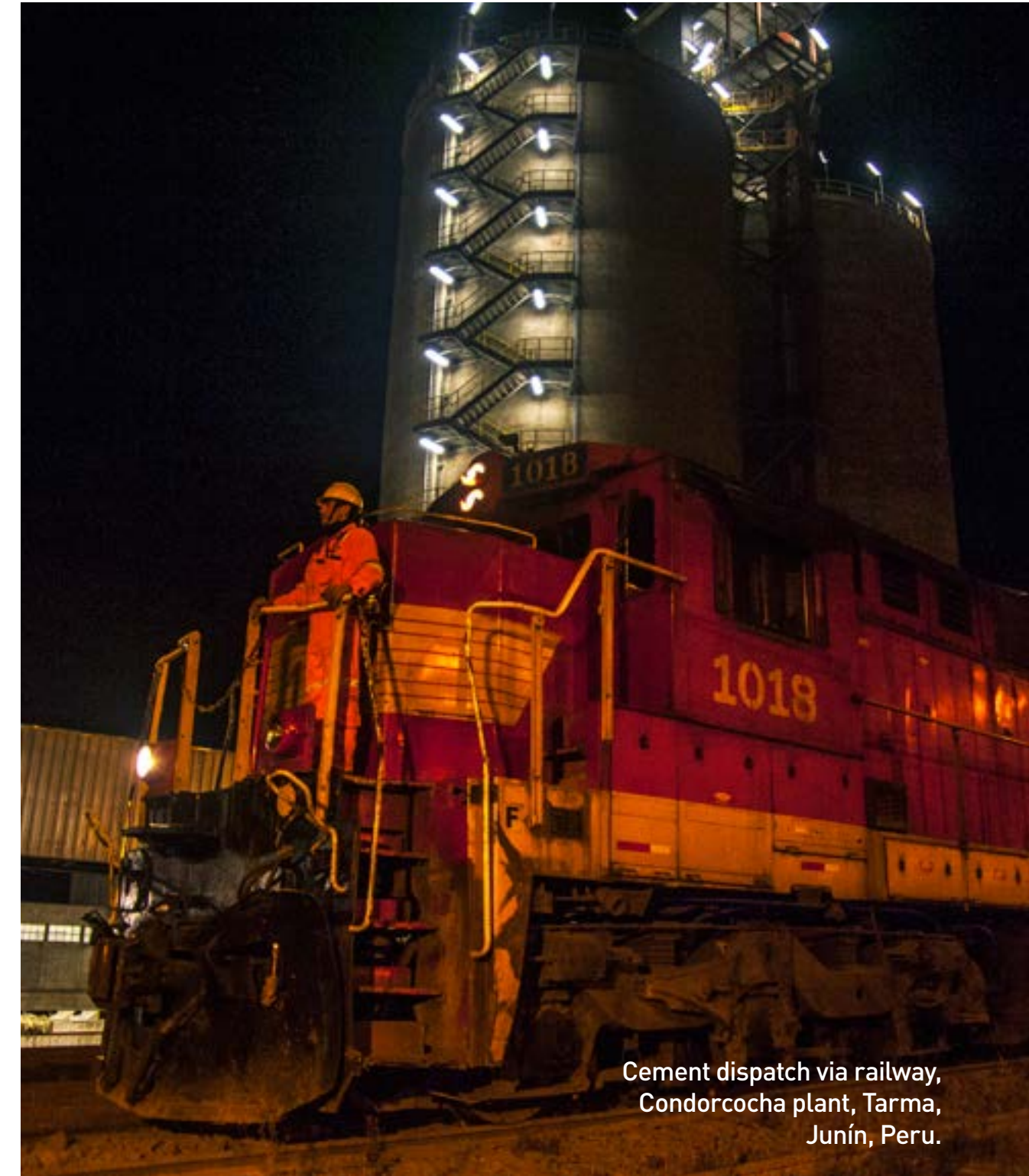
**SIGNIFICANT ENVIRONMENTAL IMPACTS OF TRANSPORT**

IMPACT	DESCRIPTION
<b>Energy Consumption</b>	The vehicles use diesel fuel. The environmental impact is the result of the consumption of a non-renewable resource.
<b>Emissions</b>	The burning of fossil fuels generates contaminating gases (CO <sub>2</sub> , CO, water vapor, and sulfurized compounds) that alter the air quality.
<b>Effluents</b>	During the cleaning and washing of the vehicles, wastewater is generated.
<b>Waste</b>	If the waste is not adequately disposed of, it might contaminate the soil or the water sources. Muds are generated, which are disposed of via solid waste services provider in the dumps.
<b>Noise</b>	Acoustic contamination generated by the transit of the vehicles, which disturbs the fauna and the residents of the area of influence.
<b>Spills</b>	There were no spills in 2015.

We have performed the following activities to mitigate environmental impacts. (G4-EN30)

- We reduced the quantity of materials to be transported by road, with the improvement of our production processes.
- We established the use of a more modern automotive fleet in order to reduce fuel consumption and the emission of CO<sub>2</sub>.
- At the Conchan pier, we use a tubular conveyor belt to move bulk products from the pier to the Atocongo plant and vice versa, thus successfully reducing the impacts of road-based transport. We have received 307,226 tons of clinker (from Atocongo to the pier), and sent 138,210 tons of coal and 214,024 tons of gypsum (from the pier to Atocongo).

- We reduced the coal cargo of each truck that we send to Condorcocha to avoid spills along the way, and improved the distribution thereof in the hoppers. In 2015, we sent 91,596.7 tons of coal from the pier to Condorcocha.



Cement dispatch via railway, Condorcocha plant, Tarma, Junín, Peru.

# RESOURCE CONSUMPTION AND MANAGEMENT

## Energy Consumption

Our integrated management policy (quality, health, safety, and the environment) commits us to satisfying the requirements and expectations of our stakeholders based on the efficient management of resources and processes, preventing environmental pollution and mitigation the environmental impacts caused by our activities. (DMA Energy)

As a company, we recognize that our processes require large quantities of thermal and electric energy for the manufacture of our products, all of which is included within a framework of objectives for the continuous improvement of our IMS—which includes the ISO 14001 environmental management standard—. As such, we possess modern and efficient technologies, which are the result of upgrading processes and the implementation of new production lines.

We monitor the thermal energy and electricity consumptions per ton of clinker and cement produced by our plants. We also incorporate the use of clean energies, which come from the Carpapata I, II, and III hydroelectric plants, the latter of which is still in the implementation stage. Additionally, we are the majority partner in the El Platanal hydroelectric plant, from which we obtain electric energy for our plants.

On the other hand, as part of our plan to reduce our energy consumption, we have been developing new blended cements. We currently offer four different types of cement in the market, thus allowing us to reduce the clinker/cement factor in its production.



The Carpapata III hydroelectric plant, currently under construction, will have a capacity of

**12.8 MW**

Carpapata III hydroelectric plant, Tarma, Junín, Peru.



Our organization is periodically audited by SGS del Peru, and supervised by government agencies such as Osinergmin, Peruvian Committee for Economic Operation of the National Interconnected System (COES), the Ministry of Energy and Mines, and the OEFA.

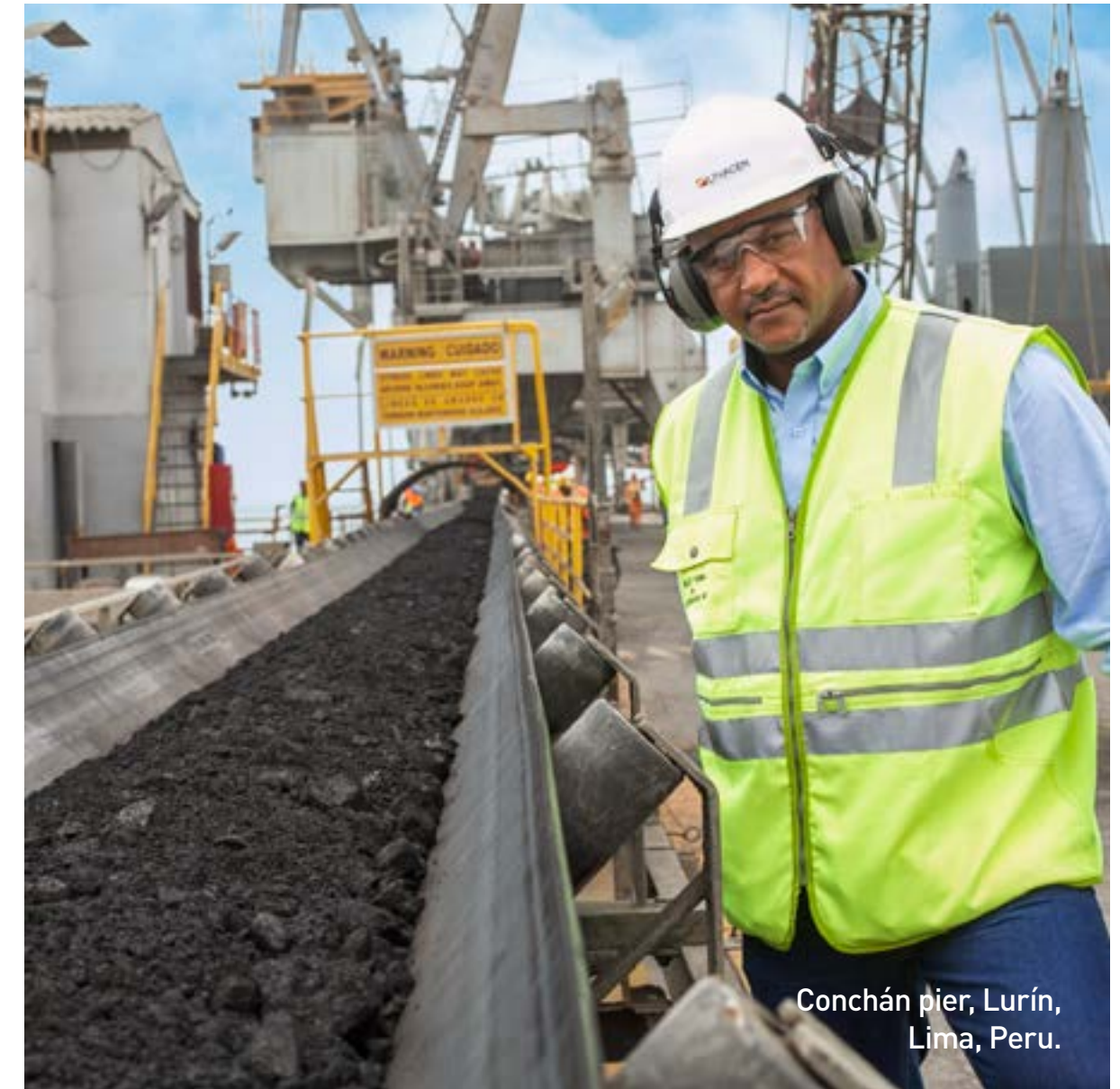
- **Fuel Consumption:** We use a mix of fuels for the production of clinker, consisting of coal (domestic and imported) and natural gas. The latter fuel allows us to reduce the level of greenhouse gas emissions, since it is cleaner than coal. The high temperatures (1,450° C) necessary to process clinker in our kilns consumed the following quantity of fuels during 2015. (G4-EN3)

We do not use renewable energies for the thermal consumption of the kilns. However, we have conducted a pre-feasibility study for the co-processing of urban solid waste.

- **Electric Energy Consumption:** The majority of the energy for the Atocongo plant comes from the El Platanal hydroelectric plant (property of our subsidiary CELEPSA), and the remaining from the Atocongo thermal plant, which supplies energy during peak hours or when failures occur in the National Grid System. In 2015, the Atocongo plant consumed an average of 97.91 kWh per ton of cement produced. This value falls within the goal proposed in the Integrated Management System, which was 98 kWh per ton of cement produced.

The Condorcocha plant receives energy from three operative hydroelectric plants: El Platanal, Carpapata I, and Carpapata II. We are currently in the process of constructing the Carpapata III plant, which is scheduled to enter into operation during the second half of 2016. The Condorcocha plant average consumption during 2015 was 160 kWh per ton of cement dispatched.

We also delivered 2,079,000 kWh (7,484 GJ) of electric energy, free of charge, to the community of La Unión Leticia, in accordance with an agreement. (G4-EN3)



Conchán pier, Lurín, Lima, Peru.

## FUEL CONSUMPTION IN KILNS

FUEL TYPE	ATOCONGO PLANT		CONDORCOCHA PLANT	
	2014	2015	2014	2015
Coal (in metric tons)	215,667	123,792	240,224	222,854
Oil (in metric tons)	1,406	1,567	4,565	2,925
Natural Gas (in cubic meters)	216,639,854	163,169,803	0	0
Diesel (in gallons)	10,403	0	0	24,713

## ELECTRIC ENERGY CONSUMPTION

ELECTRIC ENERGY CONSUMPTION	ATOCONGO PLANT		CONDORCOCHA PLANT	
	2014	2015	2014	2015
El Platanal (in GJ)	1,317,932	1,248,421	709,640	677,372
Atocongo thermal power plant (in GJ)	131,819	147,249	-	-
Carpapata I and II hydroelectric plants (in GJ)	-	-	344,947	351,179
<b>Total (in GJ)</b>	<b>1,449,751</b>	<b>1,395,670</b>	<b>1,054,587</b>	<b>1,028,551</b>

## ENERGY GENERATION

TYPE AND SOURCE OF ENERGY GENERATION IN 2015	GJ	PERCENTAGE
Renewable Energy – Hydraulic	2,276,972	93.93
Non-Renewable Energy – Thermal	147,249	6.07
<b>Total</b>	<b>2,424,221</b>	<b>100.00</b>

Of the total electric energy consumed at both plants, 93.93% comes from renewable sources.

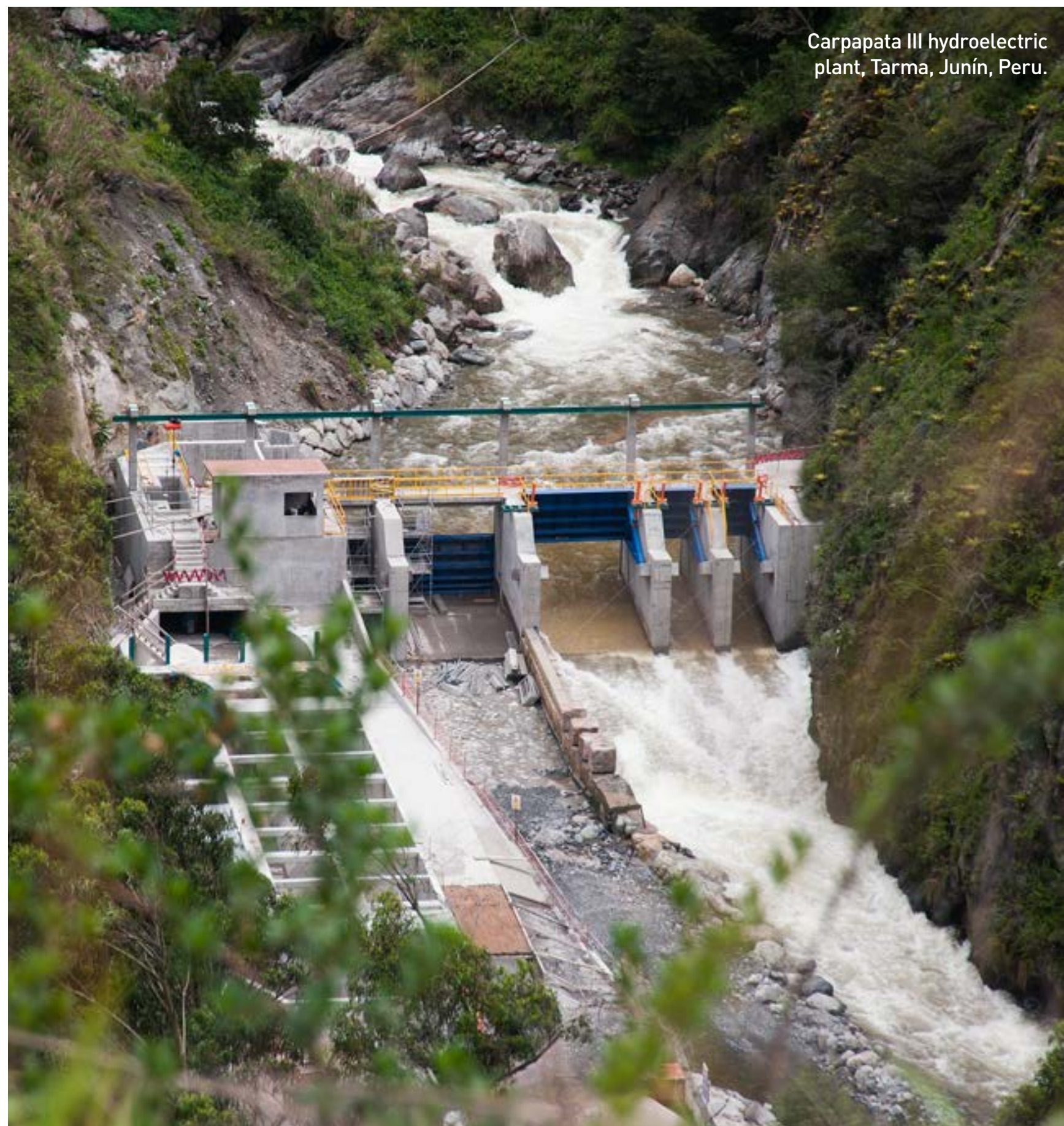
## REDUCTION OF ENERGY REQUIREMENTS (G4-EN7) (G4-13)

### ATOCONGO PLANT

- The upgrading of Kiln 1 (performed in July 2013) and Kiln 2 (implemented in 1998) allows obtaining average thermal energy consumptions of 748 kcal per ton of clinker, and thus meeting the IMS objective of not exceeding 755 kcal. The electric energy consumption totaled 97.91 kWh per ton of cement. These indicators are highly efficient, compared to those of the Latin America region, which are situated above 800 kcal per ton of clinker and 100 kWh per ton of cement.

### CONDORCOCHA PLANT

- The consumption of electric energy from our own generation plants at the Carpapata I and II hydroelectric plants accounted for 34.0%, compared to the purchase of energy from our subsidiary CELEPSA, which accounted for 66.0% of the total.



Carpapata III hydroelectric plant, Tarma, Junín, Peru.

## Water Consumption

Cement production is an activity that requires relatively little water, given that it is a dry process. However, we have a Responsible Water Management Program, due to the fact that our industrial, mining, port, and energy facilities are located in an area with an arid climate, such as the districts of Villa María del Triunfo in Lima and La Unión Leticia in Tarma. (DMA Water)

We are conscious that water is a scarce resource and a sensitive matter around the world. For that reason, we developed an efficient water management strategy. In 2015, we completed the water footprint study, obtaining 2.1 liters of water per kilogram of cement produced at the Atocongo plant and 3.2 liters of water per kilogram of cement produced at the Condorcocha plant.

Our water management is focused on the following activities:

- Recirculation of industrial water.
- Technological irrigation systems for the maintenance of green areas.
- Efficient water control systems in the sanitary services of our offices and locker rooms.
- Wastewater treatment plants (PTARs).
- Training of personnel on the efficient use of resources.
- Measurement of our water footprint.

Additionally, we monitor the quality of water and its effluents through a certified consultant, who determines the quality of the water used at the plants and in the camps.

## Effluent and Wastewater Management

- At the Atocongo plant, we continued to water the green areas using treated wastewater from the PTAR, thus reducing consumption of this resource by more than 11,000 cubic meters per month. This activity is also carried out at the Condorcocha plant, where we have reduced the consumption of water from springs and creeks by more than 8,430 cubic meters monthly.

## WATER CONSUMPTION AND MANAGEMENT AT OUR PLANTS (G4-EN8) (G4-EN10)

	ATOCONGO PLANT (IN m <sup>3</sup> )		CONDORCOCHA PLANT (IN m <sup>3</sup> )	
	2014	2015	2014	2015
<b>Total Water Consumption</b>	<b>565,568.5</b>	<b>512,901.8</b>	<b>166,602.3</b>	<b>163,731.7</b>
Total groundwater consumption	565,568.5	512,901.8	-	-
Total consumption of water from springs and creeks	-	-	166,602.3	163,731.7
<b>WATER CONSUMPTION DISTRIBUTION</b>				
Total water consumption for domestic use (*)	432,653.0	316,030.0	119,929.9	126,462.6
Total water consumption for industrial and mining use	122,915.5	196,871.8	42,231.0	32,280.0
Firefighting system	-	-	4,441.4	4,989.1
<b>Volume of Water Reused</b>	<b>119,755.1</b>	<b>101,905.0</b>	<b>107,936.9</b>	<b>101,170.1</b>
<b>Percentage of Water Reused</b>	<b>22.0</b>	<b>20.0</b>	<b>65.0</b>	<b>62.0</b>

\* Including water consumption for irrigation of green areas.

- At both plants, it is prohibited to discharge effluents into waterbodies. Our objective is to optimize effluent management through our PTARs, where nearly 100.0% of the waste effluents are reused for the watering of green areas and for the firefighting system.
- We continue to water unpaved and dirt roads located at the industrial plant and in the quarries of Atocongo using treated wastewater. (DMA Effluents and Waste) (G4-EN10) (G4-EN22)

## Waste Management

The management of solid waste is included in our environmental quality guidelines, where we promote the reduction, reuse, and recycling of solid waste. Through the campaign "Your Role Doesn't End Here... Recycle", we promote the segregation and reduction of waste at our facilities, delivering the waste to the recyclers' associations in our community. Likewise, all of our non-salable waste is delivered to companies authorized by the Ministry of Health. (DMA Effluents and Waste)

Our solid waste management approach is based on our Solid Waste Management Procedure, and involves the following steps:

- **Temporary storage of waste (collection points):** through the implementation of waste stations that comprise of recycling bins.
- **Collection of solid waste:** performed by the personnel of an authorized solid waste service provider (EPS-RS).
- **Transport of solid waste:** with the support of an EPS-RS authorized to transport waste.
- **Transport of hazardous solid waste:** performed by an EPS-RS, which transports this waste to the Central Waste Storage Area for its treatment or final disposal in an authorized security landfill.
- **Separation of waste:** where we segregate reusable waste (to sell it) from that which is not reusable (for its final disposal).
- **Central Waste Storage Area:** where we temporarily store waste coming from the Company's different sources, for its subsequent reuse, treatment, or final disposal.



**The water footprint of the Atocongo plant is 2.1 l/kg of cement, and the Condorcocha plant is 3.2 l/kg of cement.**

# THE WATER FOOTPRINT

IT IS AN INDICATOR THAT ASSESSES THE VOLUME OF FRESHWATER USED TO PRODUCE PRODUCTS OR SERVICES, INCLUDING WATER CONSUMPTION AND ITS QUALITY.

## BY MEASURING OUR FOOTPRINT, WE ARE ABLE TO:



DEFINE BETTER OBJECTIVES AND MORE EFFECTIVE POLICIES FOR WATER CONSUMPTION REDUCTION, AS WELL AS MORE ACCURATELY COST-SAVING INITIATIVES.



INCORPORATE THE IMPACT OF WATER CONSUMPTION ON THE SELECTION PROCESSES FOR SUPPLIERS, MATERIALS, AND PRODUCT DESIGN.

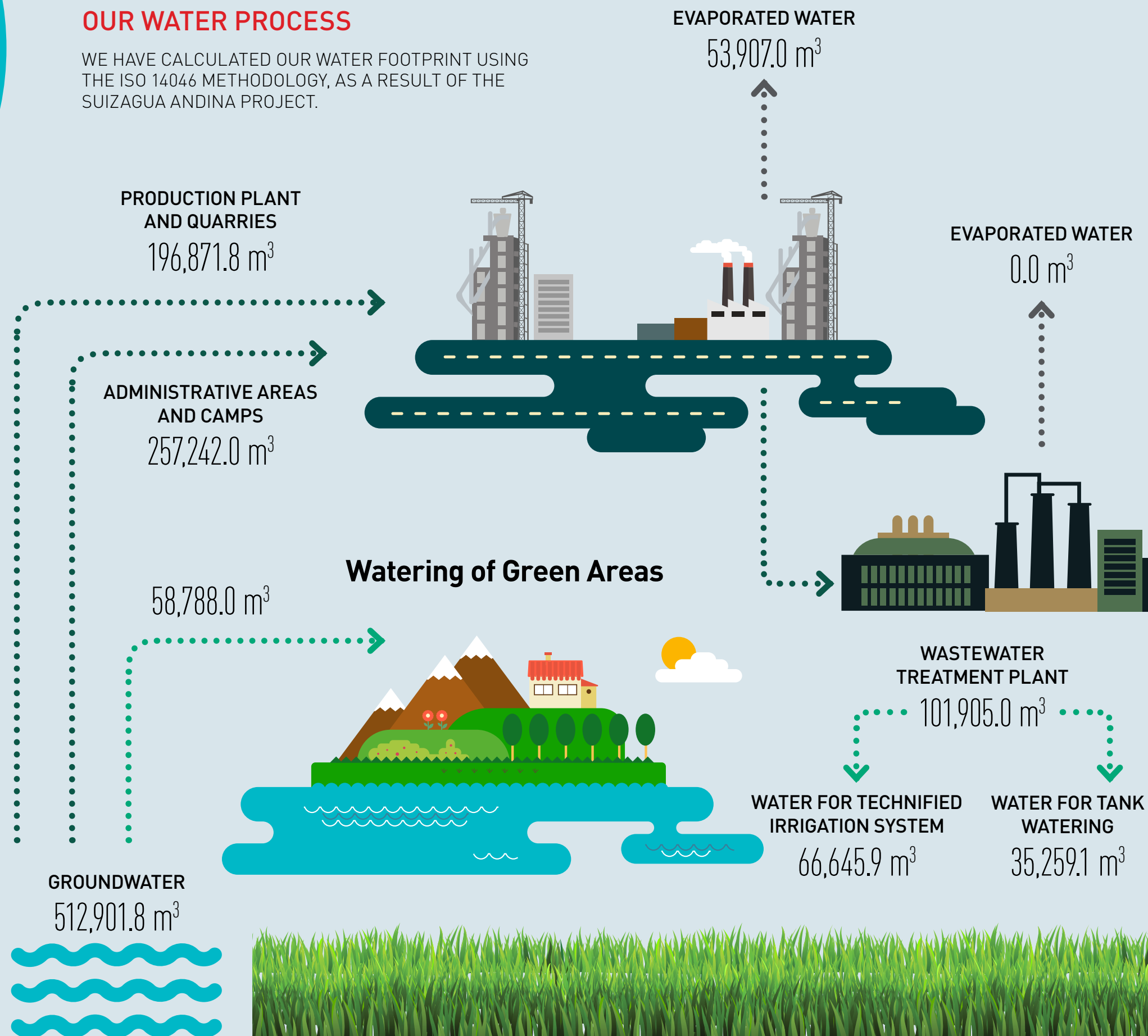
## MEASUREMENT PROJECT AWARD WINNER IN 2015

WE RECEIVED THE ANTONIO BRACK EGG NATIONAL ENVIRONMENTAL AWARD IN 2015 FOR OUR CARBON AND WATER FOOTPRINT MEASUREMENT PROJECT.



## OUR WATER PROCESS

WE HAVE CALCULATED OUR WATER FOOTPRINT USING THE ISO 14046 METHODOLOGY, AS A RESULT OF THE SUIZAGUA ANDINA PROJECT.



## LITERS OF WATER TO PRODUCE



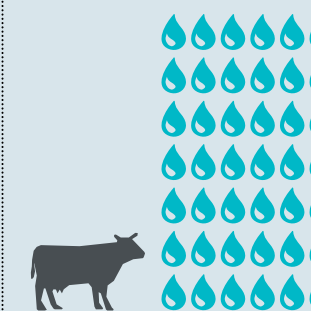
**2.1**  
liters of water  
1 kg of UNACEM cement



**287**  
liters of water  
1 kg of potatoe



**822**  
liters of water  
1 kg of apples



**15,415**  
liters of water  
1 kg of beef

<http://www.suizagua.org/#/huella-hidrica>

We have evaluated the possibility of co-processing our waste as an alternative fuel in our kilns, for which purpose we have conducted a pre-feasibility study, given that the cement industry is a viable waste management alternative for cities. (G4-EN23)

## SOLID WASTE MANAGEMENT BY PLANT IN 2015

### ATOCONGO PLANT

- Recyclable waste is collected by the Las Palmeras Recyclers' Association, which recycled 421 tons.
- We have recovered an average of 220 tons per month of materials used in the clinker production process. We have also arranged for the recovery of other materials generated during the cement production process.
- Pruning waste is used for composting (18 tons).
- Waste that cannot be reused or recycled is disposed of in sanitary landfill.
- We promote the reduction, reuse, and recycling of solid waste through training sessions, as well as a contest for art made using recycled materials.

### CONDORCOCHA PLANT

- The solid waste trader company is responsible for recyclable waste.
- We reuse the glass crushed at the plant, and recover materials such as clinker, contaminated soil, and construction waste for their subsequent inclusion in production.
- Organic waste is used for composting.
- The final disposal of non-hazardous and non-recoverable solid waste is performed in our landfill, which is authorized by the Ministry of Health.



Composting plant, Condorcocha plant, Tarma, Junín, Peru.

ENVIRONMENTAL  
COMMUNITY PROGRAM

WE STRENGTHEN THE LOCAL ENVIRONMENTAL MANAGEMENT SYSTEM IN DISTRICTS OF SOUTHERN LIMA. WE BOLSTER THE MUNICIPAL ENVIRONMENTAL COMMISSIONS (CAMs) AND THE ZONAL ENVIRONMENTAL COMMITTEES (CAZs), SUPPORTING THE IMPLEMENTATION OF THEIR COMMUNITY AND LOCAL ENVIRONMENTAL AGENDAS, EMPHASIZING GREEN AREAS DEVELOPMENT. SINCE 2009, WE HAVE BEEN DEVELOPING THIS PROGRAM.





SOCIAL INFRASTRUCTURE PROGRAM, CONDORCOCHA PONTOONS, LA UNIÓN LETICIA, TARMA, JUNÍN, PERU.

# GRI INDEX

General Standard Disclosures	Page	Omissions	UN Global Compact	General Standard Disclosures	Page	Omissions	UN Global Compact	
<b>Strategy and Analysis</b>				<b>Organizational Profile</b>				
G4-1	General Manager's statement on the relevance of sustainability to the company and its strategy.	Page 4	N/A	G4-10	Breakdown of total number of employees by employment type, contract, region, and gender.	Page 27	N/A	Principle 6
<b>Organizational Profile</b>				G4-11	Percentage of total employees covered by collective bargaining agreements.	Page 31	N/A	Principle 3
G4-3	Company name.	Pages 84, 89	N/A	G4-12	Description of the company's supply chain.	Page 35	N/A	
G4-4	Primary products and/or services.	Pages 46, 48	N/A	G4-13	Significant changes during the period covered by the Sustainability Report.	Pages 59, 66	N/A	
G4-5	Location of headquarters.	Page 89	N/A	G4-14	Description of how the precautionary approach or principle is addressed by the company.	Page 20	N/A	
G4-6	Countries where the company operates.	Page 84	N/A	G4-15	Externally developed social, environmental, and economic principles or programs, or other initiatives to which the company subscribes or which it endorses.	Page 10	N/A	
G4-7	Nature of ownership and legal form.	Page 7	N/A	G4-16	Memberships of associations and/or national or international advocacy/lobbying organizations.	Page 13	N/A	
G4-8	Markets served.	Page 47	N/A					
G4-9	Scale of the company.	Pages 15, 27, 47	N/A					



# GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Page	Omissions	UN Global Compact
<b>Material Aspects and Boundaries</b>			
G4-17	Boundaries of the Sustainability Report.	Page 84	N/A
G4-18	Process for defining the content of the Sustainability Report.	Pages 84, 85	N/A
G4-19	Material aspects identified.	Pages 86, 87	N/A
G4-20	Boundaries of the material aspects identified within the company.	Pages 86, 87	N/A
G4-21	Boundaries of the material aspects identified outside the company.	Pages 86, 87	N/A
G4-22	Explanation of the effect of any restatements of information provided in previous sustainability reports.	Page 84	N/A
G4-23	Significant changes in the scope and aspect boundaries from previous reports.	Page 84	N/A

General Standard Disclosures	Page	Omissions	UN Global Compact
<b>Stakeholder Engagement</b>			
G4-24	List of stakeholder groups engaged by the company.	Page 21	N/A
G4-25	Basis for identification and selection of stakeholders.	Page 21	N/A
G4-26	Approaches adopted for stakeholder engagement.	Pages 21, 22	N/A
G4-27	Key topics and concerns that have been raised through stakeholder engagement, by stakeholder.	Pages 86, 87	N/A
<b>Report Profile</b>			
G4-28	Reporting period of the Sustainability Report.	Page 84	N/A
G4-29	Date of most recent Sustainability Report.	Page 84	N/A
G4-30	Reporting cycle.	Page 84	N/A

# GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Page	Omissions	UN Global Compact
<b>Report Profile</b>			
G4-31	Contact point.	Page 89	N/A
G4-32	Content index for the location of standard disclosures in the Sustainability Report.	Pages 72, 81	N/A
G4-33	Policies and current practice on external insurance of the Sustainability Report.	This Report will not be audited [G4-33]	N/A
<b>Governance</b>			
G4-34	Company's governance structure.	Pages 15, 16	N/A
<b>Ethics and Integrity</b>			
G4-56	Company's values, principles, standards, and norms of behavior.	Page 10	N/A

# SPECIFIC STANDARD DISCLOSURES

Specific Standard Disclosures	Page	Omissions	UN Global Compact
<b>ECONOMIC ASPECTS</b>			
<b>Economic Performance</b>			
	Disclosure Management Approach. (DMA Economic Performance)	Page 11	
G4-EC1	Direct economic value generated and distributed.	Page 11	
<b>Indirect Economic Impacts</b>			
	Disclosure Management Approach. (DMA Indirect Economic Impacts)	Pages 40, 42, 44	
G4-EC7	Development and impact of infrastructure investments and types of services supported primarily for public benefit through commercial, in-kind, or pro bono engagements.	Page 42	
<b>Procurement Practices</b>			
	Disclosure Management Approach. (DMA Procurement Practices)	Page 35	
G4-EC9	Proportion of spending on local suppliers at significant locations of operation.	Page 35	

# SPECIFIC STANDARD DISCLOSURES

	Specific Standard Disclosures	Page	Omissions	UN Global Compact
<b>ENVIRONMENTAL ASPECTS</b>				
<b>Energy</b>				
	Disclosure Management Approach. (DMA Energy)	Page 64		Principles 7, 8 y 9
G4-EN3	Energy consumption within the company.	Page 65		Principles 7, 8 y 9
G4-EN7	Reductions in energy requirements of products and services.	Page 66		Principles 7, 8 y 9
<b>Water</b>				
	Disclosure Management Approach. (DMA Water)	Page 67		Principles 7, 8 y 9
G4-EN8	Total water withdrawal by source.	Page 67		Principles 7, 8 y 9
G4-EN10	Percentage and total volume of water recycled and reused.	Page 67		Principles 7, 8 y 9

	Specific Standard Disclosures	Page	Omissions	UN Global Compact
<b>Biodiversity</b>				
	Disclosure Management Approach. (DMA Biodiversity)	Page 62		Principles 7, 8 y 9
G4-EN12	Description of significant impacts of the company's activities, products, and services on biodiversity in protected areas and non-protected areas.	Page 62		Principles 7, 8 y 9
G4-EN13	Habitats protected or restored.	Page 62		Principles 7, 8 y 9
<b>Emissions</b>				
	Disclosure Management Approach. (DMA Emissions)	Page 59		Principles 7, 8 y 9
G4-EN15	Total emissions, direct greenhouse gas. (GHG) (Scope 1)	Page 59		Principles 7, 8 y 9
G4-EN18	Greenhouse gas (GHG) emissions intensity.	Page 61		Principles 7, 8 y 9
G4-EN19	Reduction of greenhouse gas (GHG) emissions.	Page 59		Principles 7, 8 y 9

# SPECIFIC STANDARD DISCLOSURES

Specific Standard Disclosures	Page	Omissions	UN Global Compact
<b>ENVIRONMENTAL ASPECTS</b>			
<b>Emissions</b>			
G4-EN20	Emissions of ozone-depleting substances. (ODS)	We do not emit substances that deplete the ozone layer (G4-EN20)	Principles 7, 8 y 9
G4-EN21	NOx, SOx, and other significant air emissions.		Page 61 Principles 7, 8 y 9
<b>Effluents and Waste</b>			
	Disclosure Management Approach. (DMA Effluents and Waste)		Page 67 Principles 7, 8 y 9
G4-EN22	Total water discharge by quality and destination.		Page 67 Principles 7, 8 y 9
G4-EN23	Total weight of waste by type and disposal method.		Page 69 Principles 7, 8 y 9

Specific Standard Disclosures	Page	Omissions	UN Global Compact
<b>Regulatory Compliance</b>			
	Disclosure Management Approach. (DMA Regulatory Compliance)		Page 55 Principles 7, 8 y 9
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.		Page 59 Principles 7, 8 y 9
<b>Transport</b>			
	Disclosure Management Approach. (DMA Transport)		Page 62 Principles 7, 8 y 9
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the company's operations, and transporting members of the workforce.		Pages 62, 63 Principles 7, 8 y 9

# SPECIFIC STANDARD DISCLOSURES

Specific Standard Disclosures	Page	Omissions	UN Global Compact
<b>ENVIRONMENTAL ASPECTS</b>			
<b>Supplier Environmental Assessment</b>			
	Disclosure Management Approach. (DMA Supplier Environmental Assessment)	Page 37	Principles 7, 8 y 9
G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	Page 37	Principles 7, 8 y 9
<b>Environmental Grievance Mechanisms</b>			
	Disclosure Management Approach. (DMA Environmental Grievance Mechanisms)	Page 56	Principles 7, 8 y 9
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.	Page 56	Principles 7, 8 y 9

Specific Standard Disclosures	Page	Omissions	UN Global Compact
<b>SOCIAL ASPECTS: LABOR PRACTICES</b>			
<b>Employment</b>			
	Disclosure Management Approach. (DMA Employment)	Pages 26, 27	Principles 6
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region.	Page 27	Principles 6
<b>Labor/Management Relations</b>			
	Disclosure Management Approach. (DMA Labor/Management Relations)	Pages 26, 31	Principles 3 y 6
MM4	Number of strikes and employer lockouts exceeding one week.	Pages 31, 41	

# SPECIFIC STANDARD DISCLOSURES

Specific Standard Disclosures	Page	Omissions	UN Global Compact
<b>SOCIAL ASPECTS: LABOR PRACTICES</b>			
<b>Occupational Health and Safety</b>			
	Disclosure Management Approach. (DMA Occupational Health and Safety)	Page 28	Principle 6
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Page 30	Principle 6
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	Page 29	Principle 6
<b>Training and Education</b>			
	Disclosure Management Approach. (DMA Training and Education)	Page 33	Principle 6
G4-LA9	Average hours of training per year per employee by gender, and by employee category.	Page 33	Principle 6

Specific Standard Disclosures	Page	Omissions	UN Global Compact
<b>Training and Education</b>			
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing their career endings.	Page 28	Principle 6
<b>Supplier Assessment for Labor Practices</b>			
	Disclosure Management Approach. (DMA Supplier Assessment for Labor Practices)	Page 36	Principle 6
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria.	Page 36	Principle 6

# SPECIFIC STANDARD DISCLOSURES

Specific Standard Disclosures	Page	Omissions	UN Global Compact	Specific Standard Disclosures	Page	Omissions	UN Global Compact
<b>SOCIAL ASPECTS: HUMAN RIGHTS</b>							
<b>Non-Discrimination</b>				<b>Child Labor</b>			
	Disclosure Management Approach. (DMA Non-Discrimination)	Page 30	Principles 1, 2 y 6		Disclosure Management Approach. (DMA Child Labor)	Pages 30, 36	Principles 1, 2 y 5
G4-HR3	Total number of incidents of discrimination and corrective actions taken.	Page 30	Principles 1, 2 y 6	G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	Pages 30, 36	Principles 1, 2 y 5
<b>Freedom of Association and Collective Bargaining</b>				<b>Forced Labor</b>			
	Disclosure Management Approach. (DMA Freedom of Association and Collective Bargaining)	Pages 31, 36	Principles 1, 2 y 3		Disclosure Management Approach. (DMA Forced Labor)	Pages 30, 36	Principles 1, 2 y 4
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.	Pages 31, 36	Principles 1, 2 y 3	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced labor, and measures to contribute to the elimination of all forms of forced labor.	Pages 30, 36	Principles 1, 2 y 4

# SPECIFIC STANDARD DISCLOSURES

Specific Standard Disclosures	Page	Omissions	UN Global Compact
<b>SOCIAL ASPECTS: HUMAN RIGHTS</b>			
<b>Security Practices</b>			
	Disclosure Management Approach. (DMA Security Practices)	We have no specific training on human rights for our security personnel.	Principles 1 y 2
G4-HR7	Percentage of security personnel trained in the company's human rights policies or procedures that are relevant to operations.		Principles 1 y 2
<b>SOCIAL ASPECTS: SOCIETY</b>			
<b>Local Communities</b>			
	Disclosure Management Approach. (DMA Local Communities)		Principle 1
G4-S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs.		Principle 1
G4-S02	Operations with significant actual and potential negative impacts on local communities.		Principles 1 y 2

Specific Standard Disclosures	Page	Omissions	UN Global Compact
<b>SOCIAL ASPECTS: SOCIETY</b>			
<b>Regulatory Compliance</b>			
	Disclosure Management Approach. (DMA Regulatory Compliance)		Pages 16, 36
G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.		Page 16
<b>Closure Planning</b>			
	Disclosure Management Approach. (DMA Closure Planning)		Page 83
MM10	Number and percentage of operations with mine closure plans.		Page 83





# SPECIFIC STANDARD DISCLOSURES

	Specific Standard Disclosures	Page	Omissions	UN Global Compact
<b>SOCIAL ASPECTS: PRODUCT RESPONSIBILITY</b>				
<b>Product and Service Labeling</b>				
	Disclosure Management Approach. (DMA Product and Service Labeling)	Pages 46, 48		
G4-PR5	Results of surveys measuring customer satisfaction.	Pages 48, 49		
<b>Customer Privacy</b>				
	Disclosure Management Approach. (DMA Customer Privacy)	Page 83		
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Page 83		

ART, CULTURE AND  
SPORTS WORKSHOPS

.....  
WE PROMOTE THE  
DEVELOPMENT OF  
ARTISTIC AND ATHLETIC  
ABILITIES AND THE  
PRODUCTIVE USE OF  
FREE TIME AMONG  
INFANTS, CHILDREN,  
ADOLESCENTS, ADULTS,  
AND SENIOR CITIZENS  
IN OUR AREAS OF  
INFLUENCE. SINCE  
2008 WE HAVE BEEN  
IMPLEMENTING THIS  
PROGRAM.



# ANNEXES

## Additional Information

### Closure Plan

We have prepared two mine closure plans, in compliance with the laws in force (DMA Closure Planning) (MM10)

- Mine closure plan for the Andino A Administrative Economic Unit, comprising the Cerro Palo, Caripa IV, and Venturosa quarries.
- Mine closure plan for the Andino B Administrative Economic Unit, comprising the Ascension quarry.

We issue a biannual report to the Ministry of Energy of Mines on the progress of each mine closure plan, which includes an assessment of the compliance with the commitments assumed. As of 2015, we have complied 100.0% with these commitments.

The expenses and guarantees are updated every five years, in accordance with Section 20 of the Regulations on Mine Closure, approved by Supreme Executive Order 033-2005-EM.

### Information Transparency

We do not have a procedure or policy for the management of our customers' data. However, in order to respect the privacy of their information, we take into account certain actions related to our customers and consumers, as detailed in the following table. (DMA Customer Privacy)

## CUSTOMER AND CONSUMER PRIVACY PROTECTION MANAGEMENT

### CUSTOMERS

Those with whom we have a direct or indirect commercial relationship.

#### Progresol Distributors

- These customers receive economic benefits from UNACEM, for which reason the data managed is of a commercial nature.
- We are developing the customer profile based on additional data, as well as the submission of a letter signed by the customer.

#### Assessment of Respect for Privacy

- The data to be evaluated include dispatch and sale volumes, as well as compliance with the provisions established in the commercial contracts or agreements entered into with UNACEM, therefore their private information is not at risk.

### CONSUMERS

Those with whom we have contact through promotional or communication activities.

#### Construction Professionals

- The information of these customers is collected in the training activities we perform on behalf of our brands. When collecting this information, the customer is asked to sign a document authorizing the use thereof.

#### DIY Homebuilders

- We collect their information in our promotional activities, with permission to use it for this purpose only.
- Since 2015, we have incinerated the envelopes and other elements containing this data, in the presence of a notary public.

#### Assessment of Respect for Privacy

- Assessment is currently oriented toward the performance of the activity and the number of attendees, not toward collecting data on the participants.

Our Commercial Management, located at the Atocongo plant, has never received a complaint for the violation of privacy or the loss of data of any of our customers. We have not detected any leaks, theft, or losses whatsoever of our customers' personal information. (G4-PR8)

## ABOUT OUR SUSTAINABILITY REPORT

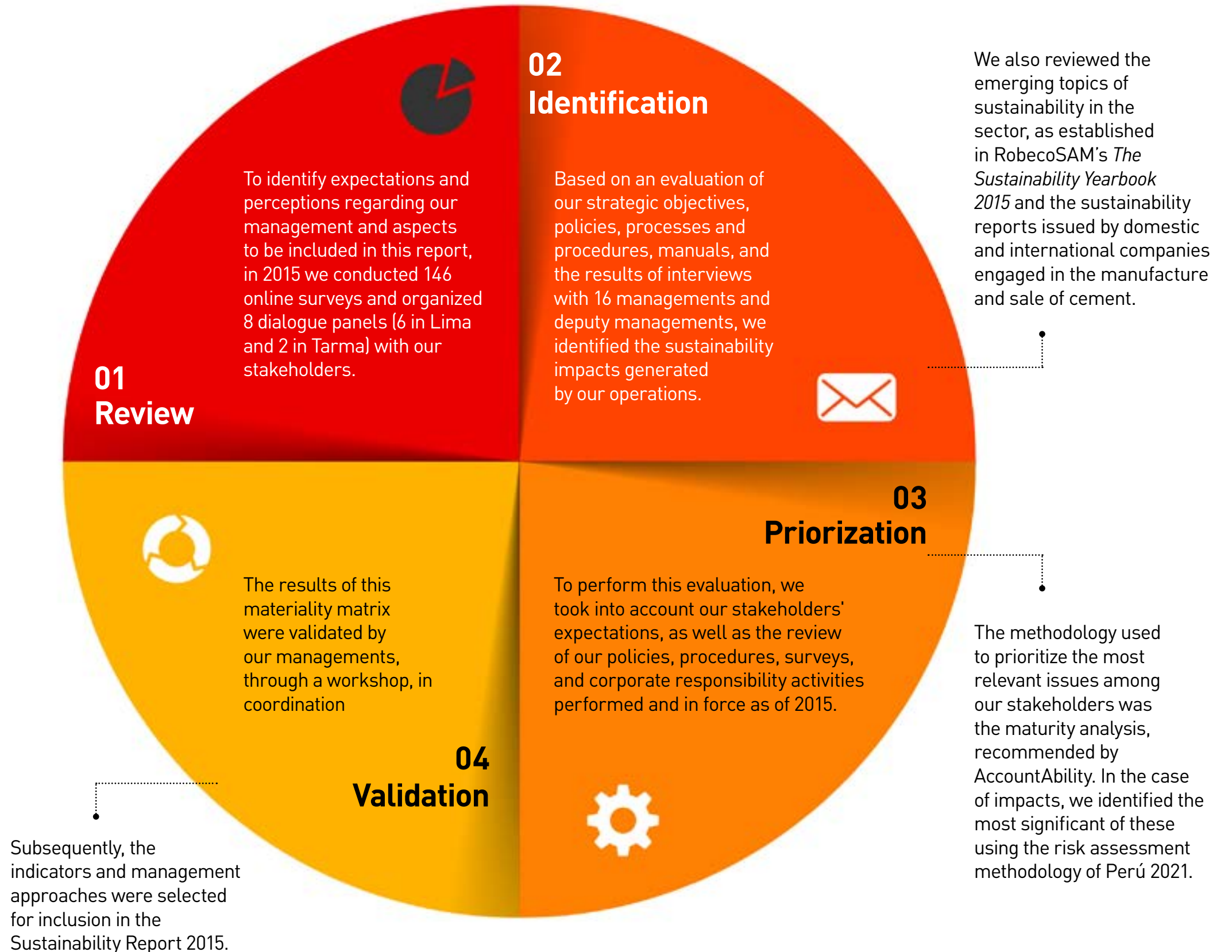
This Sustainability Report provides information on the economic, social, and environmental performance of UNACEM in Peru. It covers the period between January 1 and December 31, 2015, and has been prepared "in accordance" with the Global Reporting Initiative (GRI) G4 Guidelines, under the "Core" option, using the GRI Sector Supplement for Mining & Metals.

To gather information on the GRI indicators, we have reviewed internal and public documents. We have likewise used data collection sheets, which were prepared in accordance with the guidelines established in the GRI technical protocols. We also organized workshops to raise awareness and provide support to those responsible for filling out the information. [G4-3] [G4-6] [G4-17] [G4-22] [G4-23] [G4-28] [G4-29] [G4-30]

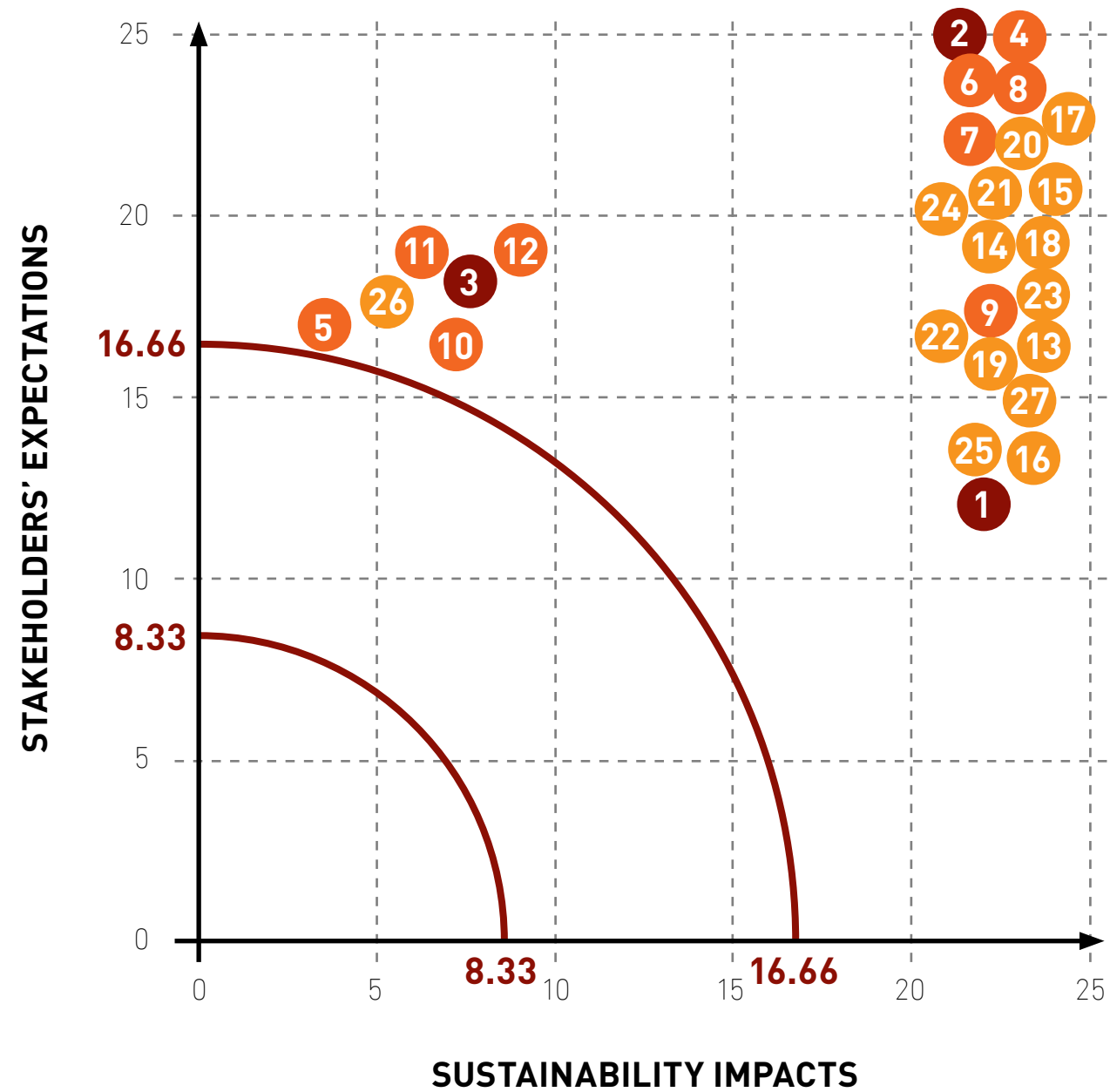
### MATERIALITY

To select the most relevant aspects to be included in this report, in order to reflect the most important matters to the Company's stakeholders and identify the most significant sustainability aspects, we performed a four-stage process. [G4-18]

## MATERIALITY PROCESS

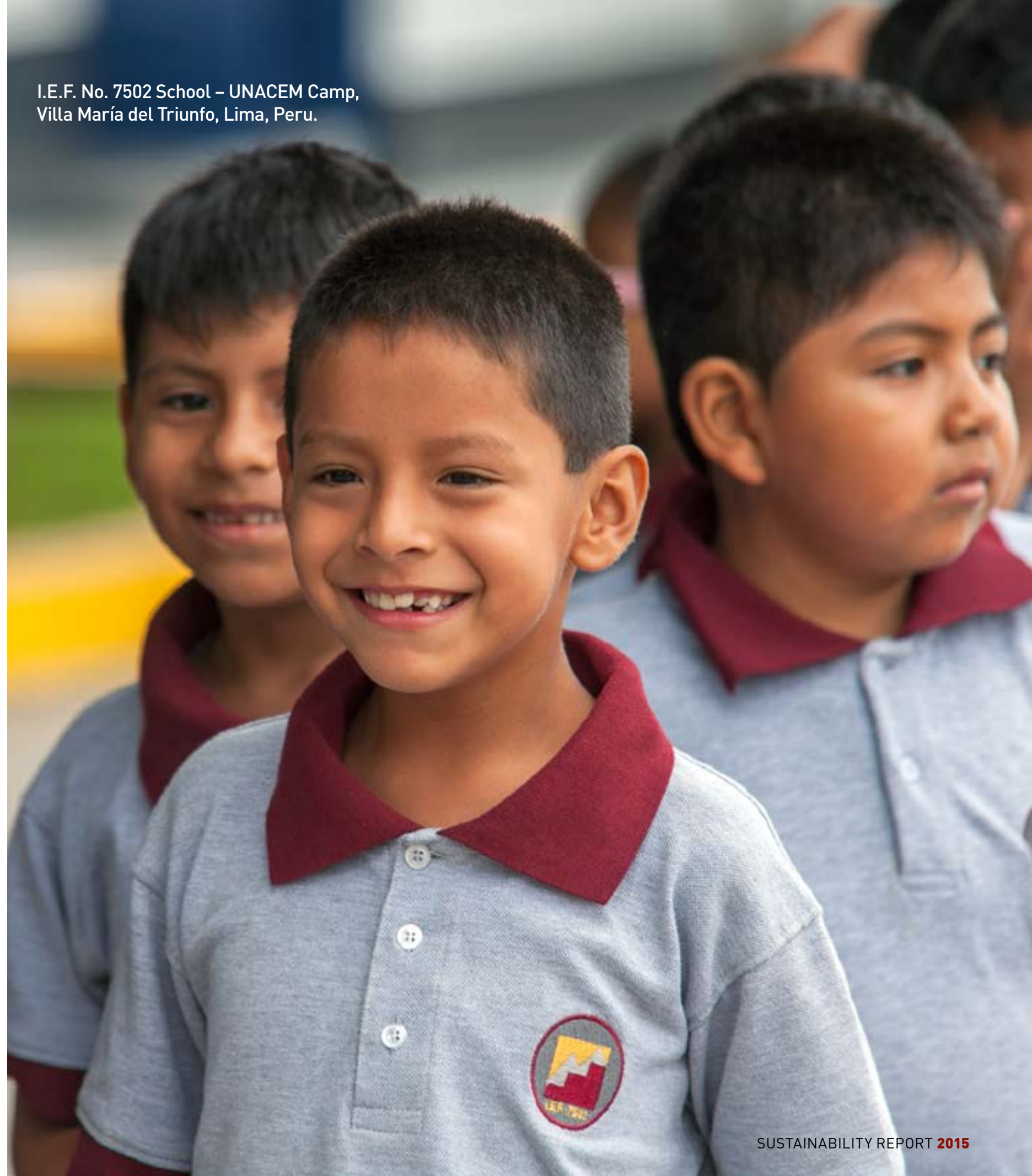


As a result of this process, we identified the material aspects to be included in this report. Its coverage<sup>7</sup> level and the related stakeholders and business units are detailed in the following graph and table. (G4-18)



<sup>7</sup> Coverage: description of where the impacts of each aspect occur.

I.E.F. No. 7502 School – UNACEM Camp, Villa María del Triunfo, Lima, Peru.



**SUBSTANTIAL ASPECTS INCLUDED IN THE REPORT (G4-19)**

	<b>GRI Material Aspect</b>	<b>GRI Category</b>	<b>Coverage (G4-20) (G4-21)</b>	<b>Related Stakeholders (G4-27)</b>
1	<b>Indirect Economic Impacts</b>	Economy	External Coverage	Community
2	<b>Economic Performance</b>	Economy	Internal Coverage	Shareholders
3	<b>Procurement Practices</b>	Economy	External Coverage	Suppliers
4	<b>Water</b>	Environment	External Coverage	Community and Environment
5	<b>Biodiversity</b>	Environment	External Coverage	Community and Environment
6	<b>Regulatory Compliance</b>	Environment	External Coverage	Community and Environment
7	<b>Effluents and Waste</b>	Environment	External Coverage	Community and Environment
8	<b>Emissions</b>	Environment	External Coverage	Community and Environment
9	<b>Energy</b>	Environment	External Coverage	Customers, Community and Environment
10	<b>Supplier Environmental Assessment</b>	Environment	External Coverage	Suppliers
11	<b>Environmental Grievance Mechanisms</b>	Environment	External Coverage	Community and Environment
12	<b>Transport</b>	Environment	External Coverage	Customers, Community and Environment
13	<b>Training and Education</b>	Social: Labor Practices and Decent Work	Internal Coverage	Employees
14	<b>Employment</b>	Social: Labor Practices and Decent Work	Internal and External Coverage	Employees and Community

***SUBSTANTIAL ASPECTS INCLUDED IN THE REPORT (G4-19)***

	<b>GRI Material Aspect</b>	<b>GRI Category</b>	<b>Coverage (G4-20) (G4-21)</b>	<b>Related Stakeholders (G4-27)</b>
15	<b>Supplier Assessment for Labor Practices</b>	Social: Labor Practices and Decent Work	External Coverage	Suppliers
16	<b>Labor/Management Relations</b>	Social: Labor Practices and Decent Work	Internal Coverage	Employees
17	<b>Occupational Health and Safety</b>	Social: Labor Practices and Decent Work	Internal and External Coverage	Employees and Suppliers
18	<b>Local Communities</b>	Social: Society	External Coverage	Community and Future Generations
19	<b>Regulatory Compliance</b>	Social: Society	Internal and External Coverage	Collaborators, Customers, Suppliers, Government, and Community
20	<b>Closure Plans</b>	Social: Society	External Coverage	Community and Environment
21	<b>Freedom of Association and Collective Bargaining</b>	Social: Human Rights	Internal and External Coverage	Employees and Suppliers
22	<b>Security Practices</b>	Social: Human Rights	Internal and External Coverage	Employees, Suppliers, Community and Environment
23	<b>Non-Discrimination</b>	Social: Human Rights	Internal and External Coverage	Employees, Suppliers and Community
24	<b>Forced Labor</b>	Social: Human Rights	Internal and External Coverage	Employees and Suppliers
25	<b>Child Labor</b>	Social: Human Rights	Internal and External Coverage	Employees and Suppliers
26	<b>Product and Service Labeling</b>	Social: Product Responsibility	External Coverage	Customers
27	<b>Customer Privacy</b>	Social: Product Responsibility	External Coverage	Customers



HEALTH COMMUNITIES PROGRAM

WE PROMOTE BETTER LIFESTYLES AND HEALTHY ENVIRONMENTS IN NEIGHBORING COMMUNITIES, BUILDING THE CAPACITIES OF LOCAL RESIDENTS, FAMILIES, DIRECTORS, AND LEADERS SO THAT THEY CAN TAKE CARE OF THEMSELVES ADEQUATELY. OUR WORK IS ALIGNED WITH THE POLICIES AND PROGRAMS OF THE NATIONAL HEALTH SECTOR. WE HAVE BEEN IMPLEMENTING THIS PROJECT SINCE 2010 IN SOUTHERN LIMA AND SINCE 2014 IN LA UNIÓN LETICIA.



Sustainability Report 2015

**Unión Andina de Cementos S.A.A.**

Avenida Atocongo 2440. Lima 35, Perú. (G4-5)

**Asociación UNACEM**

Avenida Atocongo 3020. Lima 35, Perú.

e-mail: [comunicaciones@asociacionunacem.org](mailto:comunicaciones@asociacionunacem.org) (G4-31)

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Av. Casimiro Ulloa N.º 125, dpto. 401. Lima 18, Perú.

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Editors in Chief · Marcela Delgado and Cecilia Durand

Text Editor · Marjorie Effio

Proofreader · Jorge Cornejo

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Graphic Design and Layout · Maye León

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Photography and Photography Editing · Marcela Delgado and Cecilia Durand

Photography Touchups · Julio Basilio

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