



SUSTAINABILITY REPORT 2016





 **UNACEM**
BUILDING OPPORTUNITIES

SUSTAINABILITY REPORT 2016



TABLE OF CONTENTS

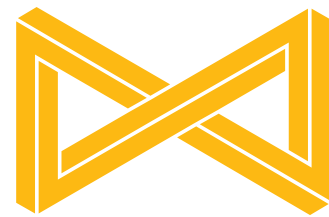
04 MESSAGE FROM THE GENERAL MANAGEMENT



01

OUR BUSINESS

08 ABOUT US
13 OUR ADDED VALUE
17 CORPORATE GOVERNANCE



02

SUSTAINABLE MANAGEMENT

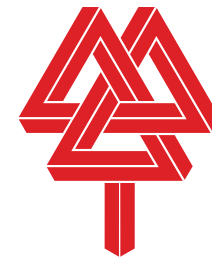
23 SUSTAINABILITY STRATEGY
24 STAKEHOLDER RELATIONS



03

COMMITMENTS TO OUR STAKEHOLDERS

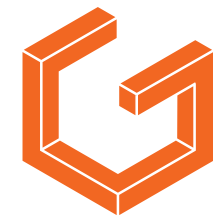
29 OUR EMPLOYEES
37 OUR SUPPLIERS AND CONTRACTORS
41 OUR COMMUNITIES
48 OUR CUSTOMERS



04

ENVIRONMENTAL MANAGEMENT

55 ENVIRONMENTAL IMPACT OF OUR OPERATIONS
65 RESOURCE CONSUMPTION AND MANAGEMENT



05

GRI INDEX

73 GLOBAL REPORTING INITIATIVE G4 STANDARD DISCLOSURES
82 ABOUT OUR SUSTAINABILITY REPORT

MESSAGE FROM THE GENERAL MANAGEMENT

We are pleased to present UNACEM's fourth sustainability report, prepared in accordance with the Global Reporting Initiative's (GRI) G4 Guidelines, which allows us to transparently share the results of our sustainability management with all of our stakeholders during 2016. Value creation and our commitment to Peru's development are the pillars that have enabled us to continue to grow sustainably, constantly bettering our management related to the impacts caused by our operations and maintaining our position of leadership in the sector.

Our sustainability management is based on our Integrated Management System (IMS), certified ISO 9001, ISO 14001, OHSAS 18001, BASC, and ISPS standards, which guarantees that our operations are carried out with the highest levels of quality, environmental performance, occupational health and safety, and the protection of our facilities. We also continue to work on incorporating the ISO 26000 voluntary corporate responsibility standard into our management system.

Through our sustainability policy, we contribute to the seventeen Sustainable Development Goals (SDG) and their objectives. For the first time ever, we are on the verge of reaching the Advanced Level of the United Nations Global Compact by communicating our progress with regard to its ten principles on labor, human rights, environmental, and anticorruption matters.

The construction sector's activity dropped by 3.1% in 2016, a lower contraction than that experienced in 2015, which totaled 5.8%. This was the result of lower public and private investment, which affected our cement dispatches.

We are especially proud to note that 2016 marked the one hundredth anniversary of our Cemento Sol brand in the Peruvian market, where it is widely recognized as the leading cement brand nationwide, according to the study conducted by Ipsos Perú. This event is a source of great pride for us, and motivates us to continue working to remain the most preferred brand among our consumers and customers.

Another major milestone during the report period was the execution of the comprehensive agreement with the peasant community of Huancoy, located inside the area of influence of our Condorcocha plant in Tarma. Following three years of participative dialogue with the Governing Council and its Agreement Review Commission, we successfully reached major agreements for the promotion of this community's sustainable development.

As a company, we are firmly committed to working to ensure that our operations are sustainable over time. It is with this purpose in mind that we continually incorporate processes that allow us to mitigate our impacts. In this regard, we develop products that generate a lower environmental impact, such as blended cements, and build a rapport with customers and consumers, primarily through our Progresol network.

We have an Occupational Health and Safety Management System certified under the OHSAS 18001 standard. This past year, we focused on implementing proactive safety indicators through our management system, in order to ensure our staff's compliance with safety standards. As a result of this hard work, our frequency rates dropped by 50.5%, severity by 98.9%, and accident rates by 99.6%, compared to 2015.

In terms of community relations, through the Asociación UNACEM we are committed to capacity building and social and infrastructure investment projects for the communities located near our Atocongo and Condorcocha plants, based on our five pillars of community action: social infrastructure, health, education, the environment, and community relations.

With regard to environmental matters, in keeping with our ISO 14001 certification, we comply with all sector legislation in force, as always, controlling our emissions and optimizing water and energy consumption, as well as reusing our waste.

We have also continued with the carbon and water footprint measurement processes, as well as the drafting of procedures for their inclusion in the company's Integrated Management System. In the case of the water footprint, UNACEM registered in the Peruvian National Water Authority's (ANA) Water Footprint Program to obtain its Blue Certificate.

Special note should be made of our commitment to spreading good practices among our suppliers and contractors throughout our value chain. For the second year in a row, we implemented the UNACEM Value Chain Transparency program, so that eight of our strategic partners completed their own sustainability reports. We also provided ongoing training to foremen, construction workers, and do-it-yourself homebuilders.

As a company, we continue to strengthen our value chain and we remain firm in our commitment to Perú's development, through our promotion of programs and projects that add value to our communities to make them sustainable.

During 2017, we will continue to work on strengthening our sustainability management, prioritizing dialogue with our stakeholders. (G4-1)



CARLOS UGÁS
General Managing Director
UNACEM S.A.A.



ARMANDO CASIS
General Manager
Asociación UNACEM

104,528.6

**TONS OF CO₂
EMISSIONS
REDUCED IN
2016.**

**THE ASOCIACIÓN UNACEM
PROMOTES CAPACITY
BUILDING AND SOCIAL
INVESTMENT PROJECTS
IN THE COMMUNITIES,
BASED ON FIVE PILLARS
OF COMMUNITY ACTION.**

**WE ARE TAKING PART IN THE NATIONAL
WATER AUTHORITY'S (ANA) WATER
FOOTPRINT PROGRAM, IN ORDER TO OBTAIN
OUR BLUE CERTIFICATE.**

100

**YEARS SINCE THE
FOUNDING OF
CEMENTO SOL,
RECOGNIZED AS
THE LEADING
BRAND IN THE
PERUVIAN
MARKET.**

73.0%

**OF TRAINING
PROVIDED TO
EMPLOYEES
ADDRESSED
OCCUPATIONAL
HEALTH
AND SAFETY
MATTERS.**



OUR BUSINESS

AMANDINO

AMANDINO
ULTRA



ABOUT US

Unión Andina de Cementos S.A.A. (UNACEM) is the leading Peruvian company in our sector. Our group broadened its horizons in 2011, with the entry into operation of the Drake Cement plant, located in Arizona, in the United States of America; and again in 2014, with the acquisition of the Ecuadorian company Lafarge Cementos S.A., now UNACEM Ecuador S.A., and the acquisition of a 51.0% share in PREANSA Chile; and in 2016, with completion of construction on the PREANSA Colombia industrial concrete structures plant. We are also present in the Peruvian electricity market, through our subsidiary CELEPSA.

Our ordinary shares are listed on the Lima Stock Exchange (BVL) and we are regulated by the Peruvian Securities and Exchange Commission (SMV). (G4-7)

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

In Perú, we have two production plants:

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

Atocongo plant

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



Condorcocha plant

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.

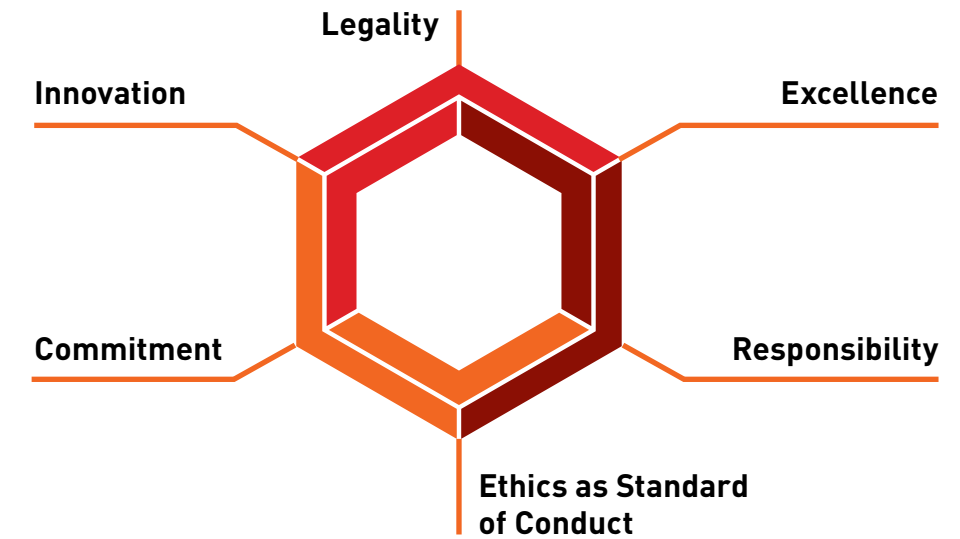


Our sustainable management is based on an Integrated Management System (IMS), certified under ISO 9001, ISO 14001, OHSAS 18001, BASC, and PBIP standards.



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 allow us to optimize our institutional performance through our quality, environmental, and occupational health and safety standards. Additionally, we adhere to and have received certification under the following initiatives and standards. (G4-56) (G4-15)

ISO 14001 Standard ¹	Atocongo plant, Condorcocha plant, and Conchán pier
ISO 9001 Standard ²	Atocongo plant, Condorcocha plant, and Conchán pier
OHSAS 18001 ³	Atocongo plant, Condorcocha plant, and Conchán pier
ISPS ⁴	Conchán pier
BASC Certification ⁵	Conchán pier
United Nations (UN) Global Compact	

¹ Certification in Environmental Management Systems.

² Certification in Quality Management Systems.

³ Certification in Occupational Health and Safety Management Systems.

⁴ International Ships and Port Security (ISPS) Code.

⁵ Certification in Management and Security Control Systems.

OUR PRODUCTION PROCESS (G4-12)

1. Extraction

The process begins with the exploitation and extraction of limestone, gypsum, and pozzolan.

2. Primary Crushing

The extracted material is crushed to approximately 18 cm.

3. Secondary Crushing

The size is reduced to less than 8 cm.

4. Pre-Homogenization

In a circular yard, we pre-homogenize the limestone, in order to obtain a uniform mix, with an adequate chemical composition.

5. Milling and Homogenization

The material is pressed and milled until obtaining the appropriate particle size and chemical balance ("raw material").

6. Clinker Production

The raw material is subjected to a temperature of 1,450 °C to obtain clinker, an intermediate input in the manufacture of cement.

7. Clinker Cooling

The clinker is abruptly cooled to achieve a better stability in its chemical composition.

8. Cement Milling

Cement is obtained by mixing and milling the clinker, gypsum, pozzolan, and other additives.

9. Packaging and Dispatch

The bagging machines fill the 42.5 kg bags and the bulk cement is discharged directly into the trucks in big bags.

10. Distribution

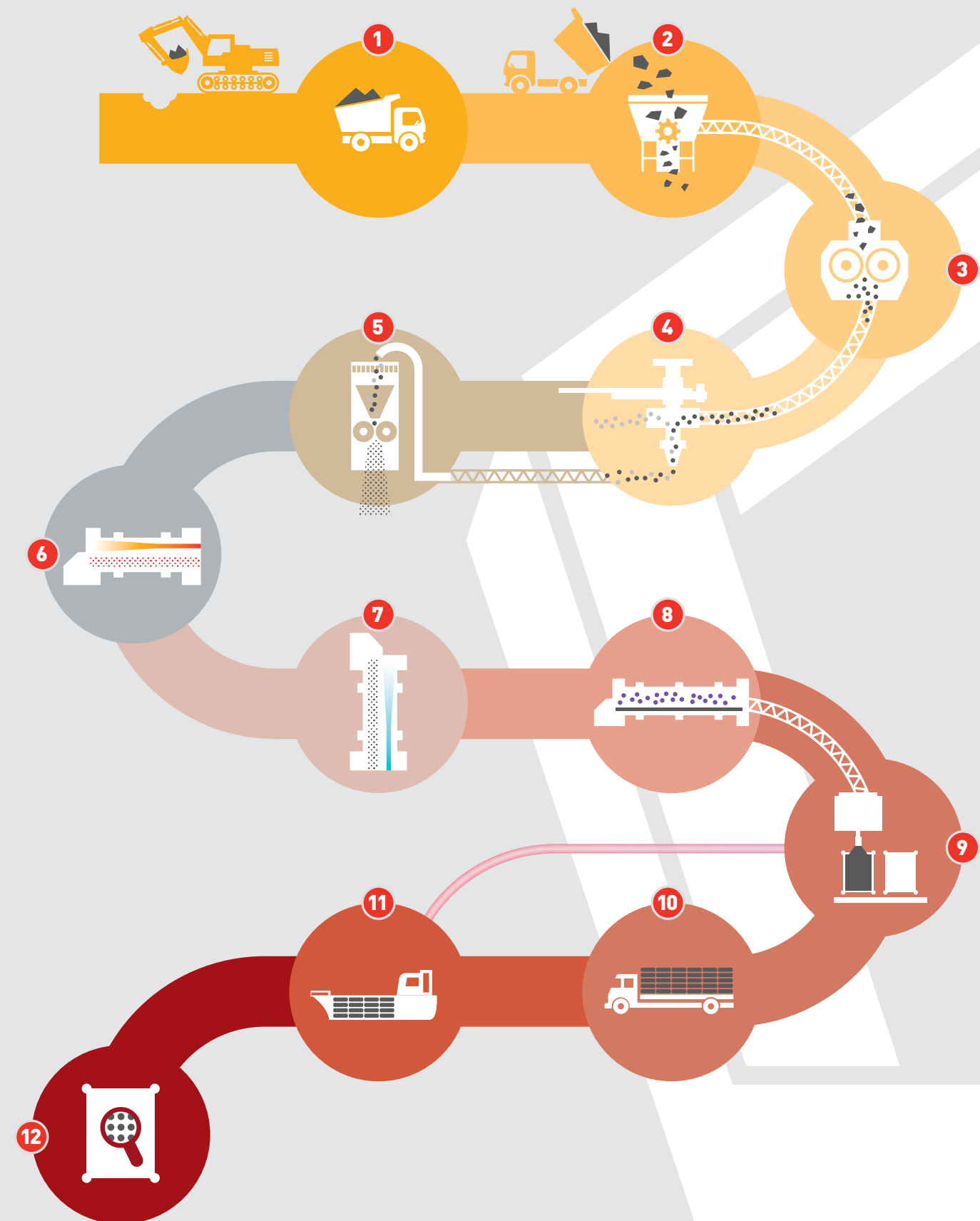
The cement is distributed and sold to over 400 Progresol home improvement stores, along with authorized distributors in the provinces.

11. Exportation

The cement is transported 8.2 km to the Conchán pier via a tubular conveyor belt.

12. Quality Control

Performed throughout the production process.



This year, the most significant change occurred at the Condorcocha plant, where our 12.8 MW Carpapata III hydroelectric plant entered into operation. (G4-13)

OUR ADDED VALUE

In 2016, our cement dispatches fell by 7.9% compared to 2015, due to the contraction of demand in the construction sector. Despite the circumstances, our net earnings rose by 139.1% over the previous year (from S/ 130.5 million in 2015 to S/ 312.2 million in 2016), representing 16.7% of net sales, as compared to 6.7% in 2015. This was basically the result of the revaluation of our currency by 1.6%. (DMA Economic Performance)

Figures, in Thousands of Soles	2014	2015	2016	Change
Sales	1,882,982	1,949,355	1,865,100	(4.3)
Gross Margin	830,509	839,581	781,765	(6.9)
Operating Margin	591,389	751,110	714,399	(4.9)
EBITDA	774,946	950,277	920,700	(3.1)
Earnings before Taxes	319,546	150,918	470,954	212.1
Net Earnings	290,113	130,586	312,228	139.1

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

DISTRIBUTION OF ECONOMIC VALUE AMONG OUR STAKEHOLDERS

Figures, in Thousands of Soles	2015	2016	Change
Direct economic value created	2,140,078	2,124,563	(9.8)
a) Revenues from sales	1,949,355	1,865,100	(4.3)
b) Other revenues	190,723	259,463	(26.5)
Economic value distributed	1,885,726	1,812,335	(3.9)
c) Salaries and other social benefits for employees	172,216	174,143	1.1
d) Suppliers of goods and services	1,285,433	1,222,806	(4.9)
e) Financial expenses (interest)	230,179	228,356	(0.8)
f) Taxes and payments to governments	181,071	169,344	(6.5)
g) Social responsibility and private social investment	21,826	17,686	(19.0)
Economic value retained	130,586	312,228	139.1
Dividends to shareholders	85,506	85,618	0.1



As part of our sustainability policy, we have established alliances with a range of Peruvian and international institutions, business associations, and our communities.

Associations of Which We Are a Member

We are a member of and take part in alliances with the following organizations. (G4-16)

- American Chamber of Commerce of Perú (AMCHAM)
- American Concrete Institute (ACI)
- Banking and Trade Club (CBC)
- BASC Perú Civic Non-Profit Association (BASC)
- Cement Producers' Association (ASOCEM)
- Exporters' Association (ADEX): Steering Committee and Chair of the Mines and Quarries Committee
- Global Standard One (GS1 – barcodes)
- Inter-American Cement Federation (FICEM)
- Lima Chamber of Commerce
- Lima Cómo Vamos Citizens' Observatory
- Mining Safety Institute (ISEM)
- National Advertisers' Association (ANDA)
- National Association of Industries (SNI)
- National Confederation of Private Business Institutions (CONFIEP)
- National Industrial Training Service (SENATI)
- National Mining, Oil, and Energy Association (SNMPE)
- National Training Service for the Construction Industry (SENCICO)
- Perú 2021
- Perú-Brazil Binational Chamber of Commerce and Integration (CAPEBRAS)
- Peruvian Business Administration Institute (IPAE)
- Peruvian Engineers' Association (CIP)
- Peruvian Foreign Trade Association (COMEX)
- Peruvian Human Resources Association (APERHU)
- Peruvian Institute of Economics (IPE)
- Peruvian Institute of Mining Engineers (IIMP)
- Peruvian Port Operators' Association (ASPPOR)
- Peruvian Roads Association (APC)
- RedEAmérica
- Yaqua Social Enterprise

Awards and Recognitions Received

Perú 2021

Recognition as a socially responsible corporation (SRC).

Mexican Center for Philanthropy (CEMEFI)

Recognition as a socially responsible corporation (SRC) in the Latin America region.

Effie Awards® PERÚ

2016 Grand Prize Effie and Golden Effie in the Other Products category, for Cemento Apu's "Los Apus" campaign.

Latin America Effie Awards

Grand Prize Effie for Latin America for Cemento Apu's "As Strong As You Are" campaign.
Golden Effie in the New Products and Service category.

"Tayta Wasi" Senior Citizens' Center

Recognition for our commitment to senior citizens.

National Water Authority (ANA)

Finalist in the Water Culture Awards.

"Nuevo Milenio" Fire Department B-155

Recognition for our commitment to firefighters.





CORPORATE GOVERNANCE

As of the close of 2016, UNACEM has a total of 2,462 shareholders, of which 6 hold a total stake of more than 80.0%. (G4-9)

OUR MAIN SHAREHOLDERS AND THEIR OWNERSHIP STAKES

Shareholders	Percentage
Sindicato de Inversiones y Administración S.A.	43.4
Inversiones Andino S.A.	24.3
Private Pension Fund Management Companies AFP (Integra, Prima, Profuturo, and Hábitat)	21.9

At UNACEM, we have three documents intended to promote good corporate governance practices: the Best Practice Code for Corporate Governance, the Shareholders' Meeting Regulations, and the Board of Directors' Regulations. These documents are based on the Principles of Good Corporate Governance for Peruvian Corporations established by the Lima Stock Exchange. They allow us to guarantee the Company's sound performance and avoid conflicts of interest, based on the ethical behavior of the members of the Board of Directors. This, in turn, fosters the trust of all of our stakeholders. (G4-34)

We also strive to safeguard the rights of our shareholders and the transparency of the decisions made in our organization. With this goal in mind, the Shareholders' Meeting held on March 29, 2016 was held to elect the Board of Directors for the 2016-2018 period; approve the Board of Directors' report, the financial information for the fiscal year, and the Sustainability Report; and to delegate the appointment of external auditors to the Board of Directors. Furthermore, through our Investments Management and Values Department, we provide our investors with continuous information on our periodic results and respond to any questions they may have.

The main channel for shareholders to forward their recommendations to the Board of Directors is through the Shareholders' Meeting. However, we also receive their questions and comments by other means, such as individual meetings, telephone calls, and in writing.

The members of our Board of Directors are elected in accordance with the Company's Bylaws.

Our Board of Directors

UNACEM's Board of Directors is made up of twelve members, all male, of whom three are independent. The Board meets once a month to review all relevant strategic matters, safeguarding the interests of the Company and all of its stakeholders.

The approval of the new Strategic Plan, policies, and objectives involving economic, environmental, and social impacts is the responsibility of UNACEM's Board of Directors and senior management.

The Board analyzes the Company's impacts, risks, and opportunities in its monthly meetings. Likewise, it approves the contents of the Annual Report and the Sustainability Report, reporting on the Company's performance during the fiscal year. Additionally, it vests the General Manager with the powers necessary to review or explain any matter it deems necessary, as well as the power to delegate these duties to the senior management, should he deem it advisable.

UNACEM's Board of Directors is currently analyzing the possibility of the short-term implementation of an annual performance evaluation. It is also reviewing the possibility of strengthening board members' knowledge of economic, social, and environmental matters tied to its business.

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

UNACEM has the following committees, which allow us to adequately manage the Company's decisions.

Board of Directors' Committee (G4-34)

- **Audit Committee:** Identifies the risks to which the Company is exposed and ensures that the controls established to mitigate them function correctly, in compliance with the laws and regulations in force.

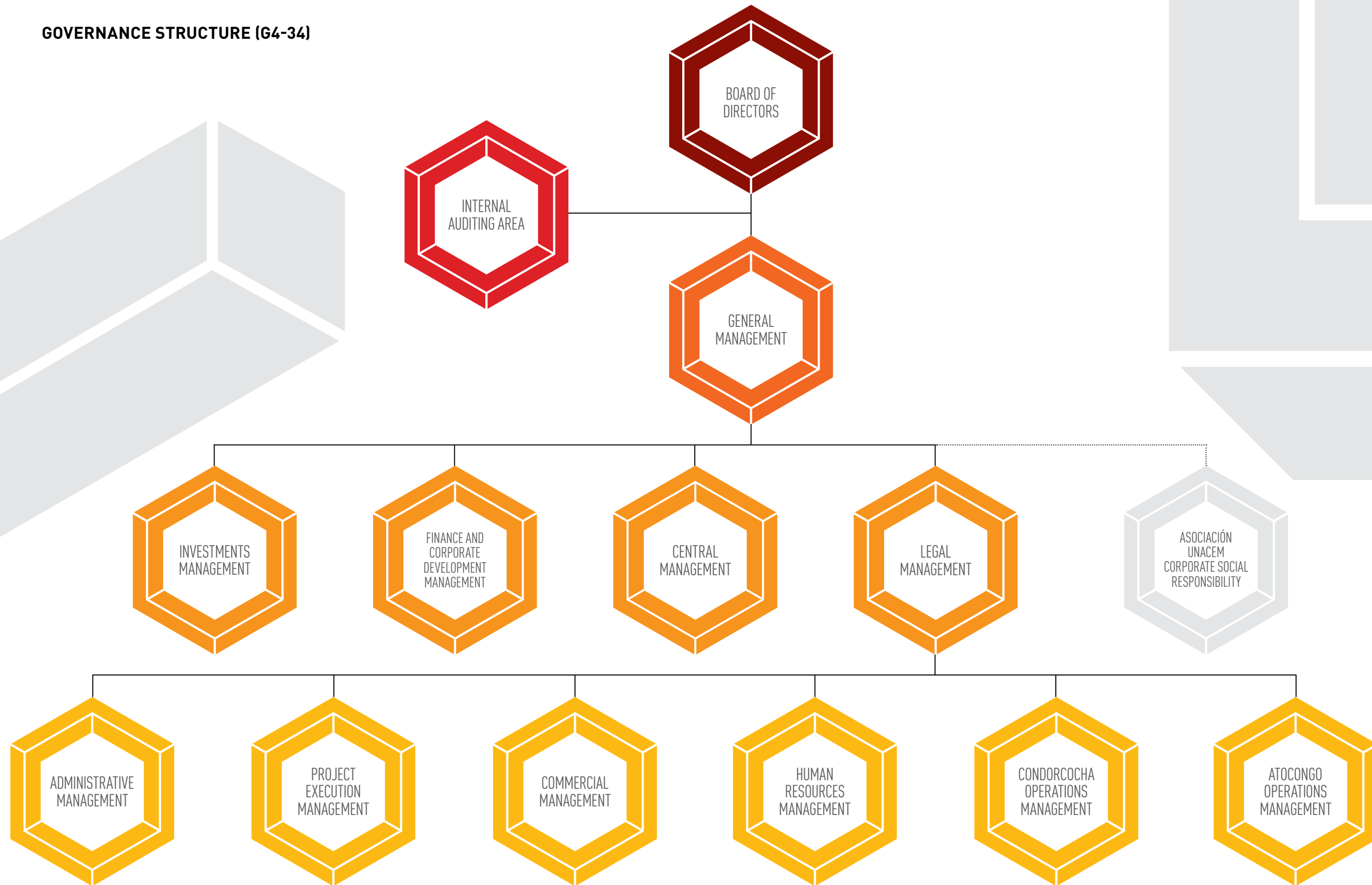
This committee is responsible for assisting the Board of Directors in supervising the Company's financial statements and verifying the qualifications, independence, and performance of the auditors. It also supervises the policies, accounting processes, and internal control systems pertaining to all financial reports, as well as the Company's compliance with the applicable legal standards and regulations. It consists of three directors, two of whom are independent. The Internal Auditor reports directly to the Audit Committee.

Management Committees (G4-34)

- **Managerial Committee:** Responsible for implementing the Company's operating and sustainability plans.
- **Integrated Management System Committee:** Responsible for monitoring, evaluating, and following up on the actions and objectives established with regard to quality, safety, and environmental matters.
- **Central Occupational Health and Safety Committee:** A joint body made up of representatives appointed by the Company and the workers, whose purpose is to promote occupational health and safety, as well as advising on and supervising actions designed to improve these aspects, in accordance with the laws in force and the Company's internal standards.



GOVERNANCE STRUCTURE (G4-34)

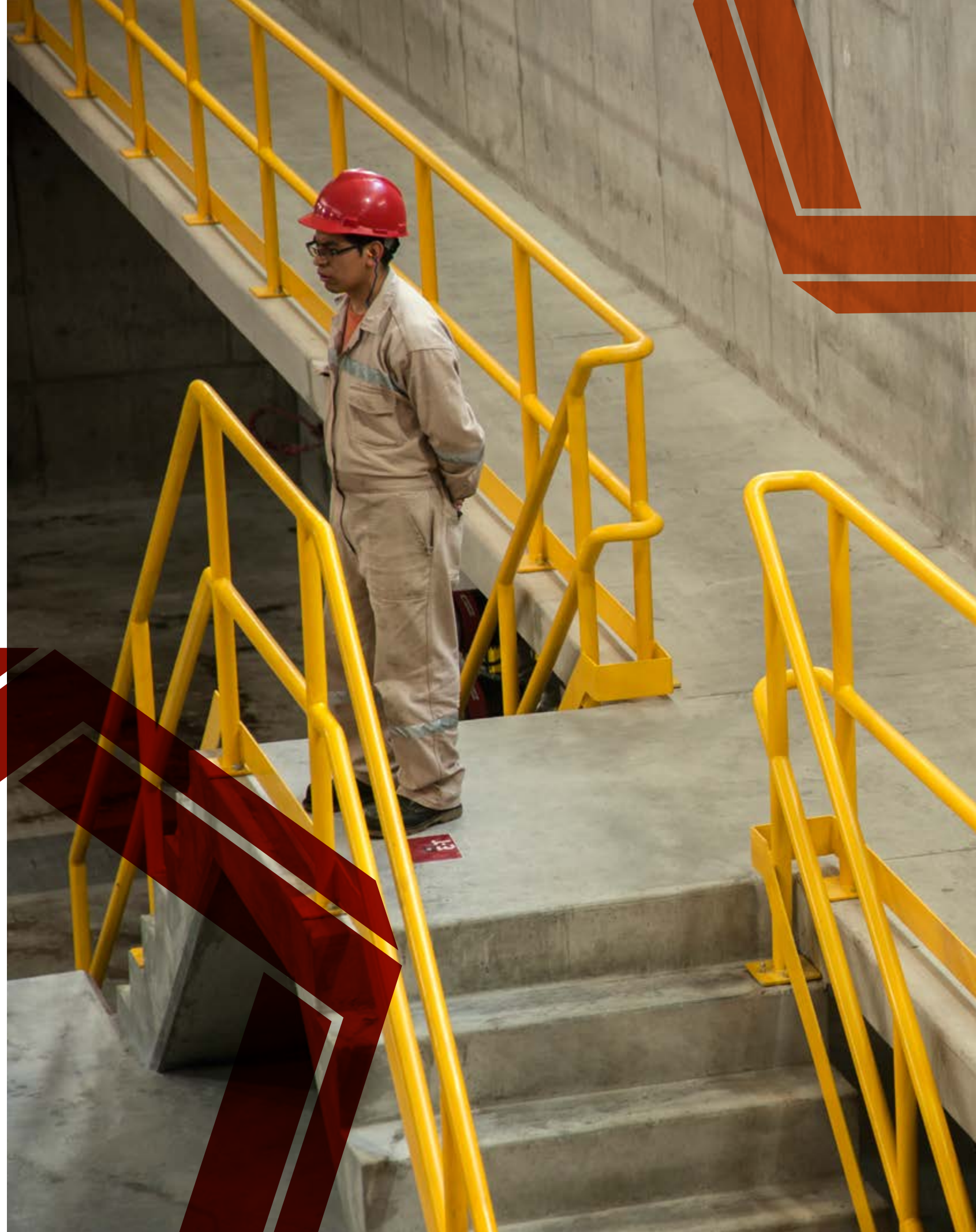


Business Ethics, Compliance, and Transparency

We manage our regulatory compliance and its impacts using tools and technical supports. We use the George System, which controls the compliance with legal obligations by all areas of our Company and allows us to maintain control over deadlines for legal and voluntary obligations, thus eliminating the risk of losing permits or licenses and avoiding sanctions. Additionally, we perform audits twice yearly. (DMA Corporate Regulatory Compliance)

We prevent all acts of corruption inside UNACEM by providing our employees with the Internal Code of Conduct (NIC), which is also available via intranet. This code details the objectives and compulsory guidelines to be followed in all of our corporate activities. (DMA Anti-Corruption)

During 2016, we received no significant fines or non-monetary sanctions due to a violation of laws or regulations pertaining to workplace fraud or discrimination. Likewise, there were no cases of corruption. Nevertheless, in order to prevent these risks, we are currently evaluating improvements to our policies on these matters, as well as the inclusion of training sessions on the fight against corruption. (G4-S04) (G4-S05) (G4-S08)





SUSTAINABLE MANAGEMENT



SUSTAINABILITY STRATEGY (G4-14)

We guarantee our sustainable management by identifying and managing economic, social, and environment impacts, through our Audit Committee and our Integrated Management System (IMS). We also comply with the principles of the UN Global Compact, and are aligned with the Sustainable Development Goals (SDG).

Through our IMS, we identify, manage, and control the Company's critical aspects in relation to quality and the environment, as well as occupational health and safety. Like all systems, the IMS is made up of people, and thus depends on our organizational culture.

In compliance with the principles of the UN Global Compact, we have adopted and implemented a set of values in the areas of human rights, labor laws, the environment, and anticorruption, both inside the Company and throughout our value chain.

Our Internal Auditing area, on the hand, performs the assessment of risks at the business level, based on which it programs internal audits and follows up on corrective actions.

Additionally, the Company's sustainability policy is promoted, facilitated, and implemented by the Asociación UNACEM. As part of the association's sustainable management of social aspects, it encourages friendly relations with the communities in our area of influence and fosters private social investment programs.

Management System

- Quality, environment, health and safety policy
- Competency-based management model
- Annual Training Plan
- Performance evaluation system
- Annual internal auditing program
- Documented standards

Organizational Culture

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



We promote value creation for our stakeholders.



STAKEHOLDER RELATIONS

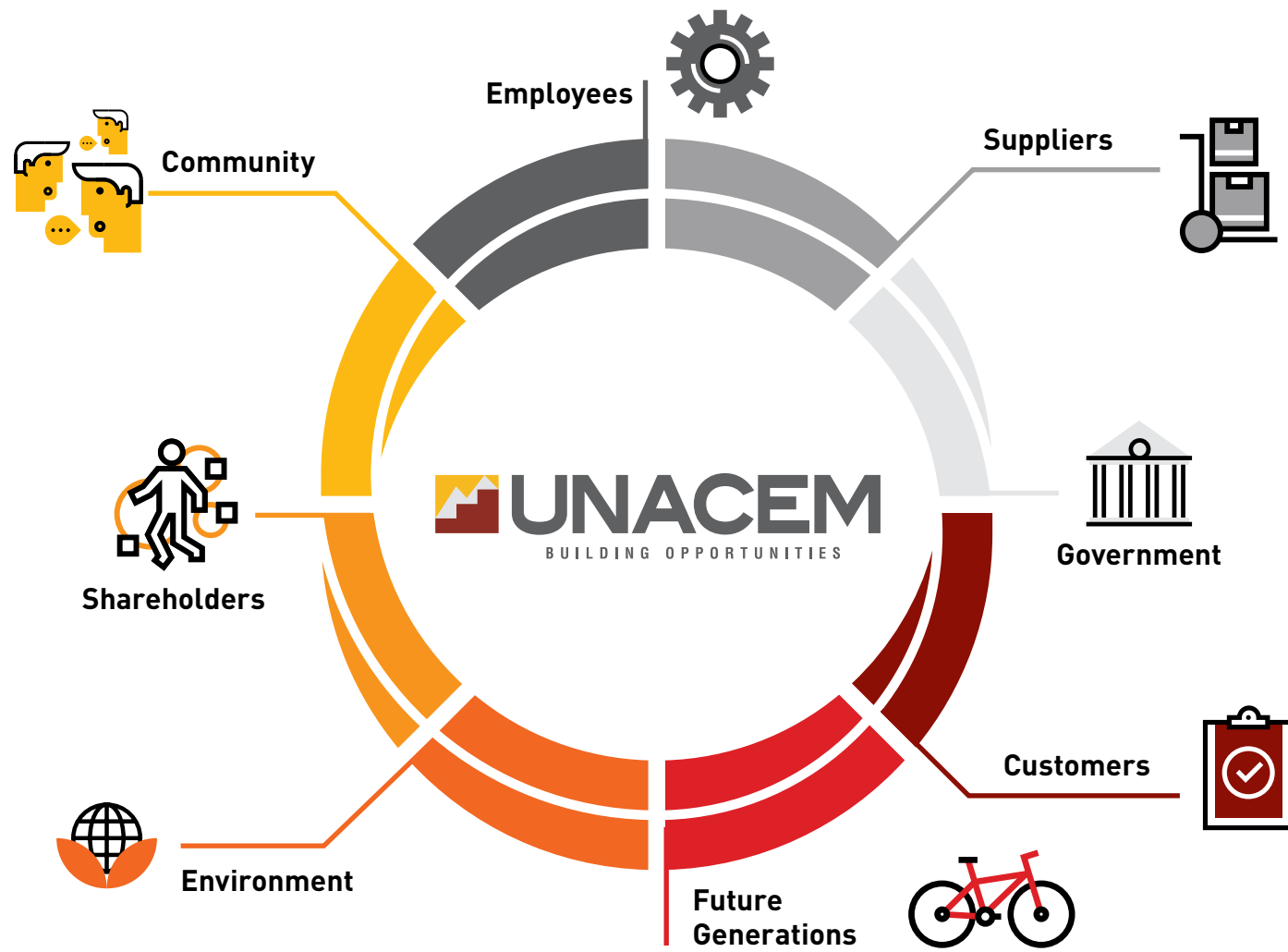
We promote value creation among our stakeholders. To achieve this goal, we maintain close relations, based on ongoing, clear, and transparent dialogue, which helps us build trust over the long term. (G4-26)

MAIN CRITERIA FOR STAKEHOLDER SELECTION (G4-25)

Connection to the value chain
We include those stakeholders tied to our processes and the development of our activities.
Area of influence
We prioritize the areas of influence of our operations, as determined based on our environmental instruments.
Responsibility
We include stakeholders to whom we do or may have a commercial, legal, operating, or ethical responsibility.



OUR MAIN STAKEHOLDERS (G4-24)



We implement dialogue mechanisms to help us learn about our stakeholders' interests, so that we are then able to analyze, prioritize, and incorporate them into our management.





COMMUNICATION CHANNELS WITH STAKEHOLDERS (G4-26)

Stakeholders	Communication Channels
<p>Employees</p>	<ul style="list-style-type: none"> • Open door policy • Periodic meetings • Internet and intranet • Social Responsibility newsletter • Email • <i>El Concretito</i> newsletter • Bulletin boards • Facebook page and website of UNACEM and the Asociación UNACEM • <i>En Concreto</i> internal magazine
<p>Communities and Future Generations</p>	<ul style="list-style-type: none"> • Community relations staff • Meetings and workshops • Participative meetings with Zonal Environmental Committees • Social and opinion diagnostics • Visits to the production plant • Facebook page and website of UNACEM and the Asociación UNACEM • Formal letters • Social Responsibility newsletter
<p>Suppliers</p>	<ul style="list-style-type: none"> • Permanent direct rapport
<p>Shareholders</p>	<ul style="list-style-type: none"> • One-on-one meetings • Shareholder services office • Corporate website and section for investors • Social Responsibility newsletter • Quarterly newsletter
<p>Customers</p>	<ul style="list-style-type: none"> • UNACEM Facebook page and website • Meetings of the Progresol Network • Customer satisfaction surveys
<p>Government</p>	<ul style="list-style-type: none"> • Sectorial associations (ASOCEM, SNI, SNMPE, ADEX, COMEX, CONFIEP) • Participation in chambers of commerce



COMMITMENTS TO OUR STAKEHOLDERS



OUR EMPLOYEES

Our employees are the driving force that allows us to maintain our leadership in the sector and tackle the industry's challenges. We have implemented a training strategy that provides our personnel with the chance to develop both personally and professionally within the organization, as well as offering them a safe and health workplace. (DMA Employment)

Our open door policy between employees and the management helps strengthen communication. We also hold periodic meetings between bosses and employees, and our management meets regularly with all personnel in order to keep them apprised of

the Company's situation. Significant changes are announced through circulars sent out to all personnel. If necessary, informational meetings are held for employees to provide further information. (DMA Labor/Management Relations)

During 2016, UNACEM provided direct employment to 761 people. At both plants, we promoted local hiring in our direct area of influence. At the Atocongo plant, we have 296 employees, and 234 at the Condorcocha plant, who jointly account for 70.0% of our payroll. (G4-10)

TOTAL EMPLOYEES BY CONTRACT TYPE (G4-10)

Contract Type	2016	
	Atocongo plant	Condorcocha plant
Full Time	456	305
Part Time	0	0
Interns	59	2
Total	515	307

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

Provenance	2016	
	Atocongo plant	Condorcocha plant
Junín	13	234
Lima	296	43
Otros	147	28
Total	456	305

JOB AND GENDER CLASSIFICATION OF PAYROLL EMPLOYEES (G4-10)

Classification	2016				Total
	Atocongo plant		Condorcocha plant		
	Men	Women	Men	Women	
Administrative	153	52	67	2	274
Employees	85	27	39	3	154
Workers	139	0	193	1	333
Total	377	79	299	6	761

TOTAL EMPLOYEES CLASSIFIED BY AGE AND GENDER (G4-10)

Age Groups	2016					
	Atocongo plant		Condorcocha plant		Total	
	Men	Women	Men	Women	Men	Women
<30	21	6	41	1	62	7
30 < 40	91	17	109	1	200	18
40 < 50	75	19	62	0	137	19
50 < 60	102	24	35	1	137	25
60 < 70	88	13	52	3	140	16
Total	377	79	299	6	676	85

Hiring and Retention of Our Talent (DMA Employment)

We evaluate the workplace climate by measuring our employees' job satisfaction. In 2014, we achieved an average satisfaction of 62.0%. At Atocongo, our results came to 64.0%, and 58.0% at Condorcocha. We have also been performing a managerial diagnostic to determine development plans and opportunities.

Our personnel selection process is regulated and audited, to ensure that the competencies required for each job position are met. For such purpose, we have a competency-based management model that is subject to continuous improvement.

After workers start their job at UNACEM, they must complete an induction process in order to ensure that they absorb our organizational culture and learn about their role and responsibilities. They also receive training on occupational health and safety matters, caring for the environment, and our IMS.

We foster personal and professional growth, to help our employees follow defined career paths and become eligible for promotions. As a result, job turnover is very low.

NEW EMPLOYEES BY GENDER AND REGION OF PROVENANCE IN 2016 (G4-LA1)

Atocongo plant				Condorcocha plant				Total
Lima		Other		Junín		Other		
Men	Women	Men	Women	Men	Women	Men	Women	
4	7	0	0	4	1	5	0	21

TERMINATION BY GENDER AND REGION OF PROVENANCE IN 2016 (G4-LA1)

Atocongo plant				Condorcocha plant				Total
Lima		Otros		Junín		Other		
Men	Women	Men	Women	Men	Women	Men	Women	
14	3	0	0	20	0	7	0	44

EMPLOYMENT PROMOTION PROGRAMS (G4-LA10)

Atocongo plant	Condorcocha plant
<ul style="list-style-type: none"> • Pre-Professional Internship Program: 29 students with different majors. 	<ul style="list-style-type: none"> • Pre-Professional Internship Program: 12 young people with different areas of study.
<ul style="list-style-type: none"> • Professional Internship Program: 36 graduates of different programs. 	
<ul style="list-style-type: none"> • Dual Learning Program: Through an agreement with SENATI, we sponsored the vocational studies of 30 young people (13 more than in 2015). 	



20,300 hours of training provided to employees (26.7 man-hours per employee, on average).

These programs are intended to help participants gain work experience at our company that will be useful to them in their professional futures. After they finish their internships, we organize an employability talk that will help them apply to a range of job positions.

Health and Safety Come First (DMA Occupational Health and Safety)

At UNACEM, 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 fosters a culture of risk prevention, thus encouraging responsible conduct on the part of our employees and contractors.

Our Occupational Health and Safety Plan includes a Safety Training Program, aimed at UNACEM's workers, which uses risk assessments to determine the training needs for each job position. Training is provided both online and in person. Using an interactive teaching method, we have met 112.8% of the goals scheduled based on our training matrix.

This year, we focused primarily on the implementation of proactive safety indicators, promoted via our management system, in order to verify our personnel's compliance with safety standards, among other controls.

The main proactive indicators were as follows:

- Planned work observations (PWO).
- Five-minute safety talks.
- Safety inspections by a senior management representative.
- Inspections by the Central Occupational Health and Safety Committee.

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

Atocongo plant	2015	2016
Frequency rate	11.7	6.6
Severity rate*	2,375.3	36.4
Accident rate*	27.8	0.2
Number of fatal victims	2	0
Condorcocha plant	2015	2016
Frequency rate	10.2	3.6
Severity rate*	6,731.7	60.3
Accident rate*	69.0	0.2
Number of fatal victims	4	0
Consolidated Total for UNACEM	2015	2016
Frequency rate	11.1	5.5
Severity rate*	4,187.0	44.7
Accident rate*	46.5	0.2
Number of fatal victims	6	0

(*) The high severity and accidents rates for 2015 are due to fatal accidents.

UNACEM Central Occupational Health and Safety Committee (G4-LA5)

Our Central Occupational Health and Safety Committee forms part of the operations management at both plants. It consists of six representatives appointed by UNACEM management and six representatives of the workers, the latter of whom are chosen by employees in open elections called by the workers' union. The current committee commenced its operations in August 2015, for a two-year period. This committee represents 100.0% of UNACEM's employees.

We Respect Human Rights

UNACEM's respect for human rights is a commitment set forth in our Internal Labor Regulations (RIT) and Internal Code of Conduct. This commitment is bolstered by the Company's adherence to the principles of the UN Global Compact and the Good Employers' Association (ABE), sponsored by the American Chamber of Commerce of Perú (AMCHAM).

We are firmly opposed to discrimination of any kind. We promote equal treatment in the workplace and guarantee the same opportunities for all of our employees. In 2016, no complaints or grievances were received regarding discrimination from our employees or stakeholders. (DMA Non-Discrimination) (G4-HR3)

It is also important to note that there are no risk situations of forced labor or child labor to the detriment of employees. (DMA Child Labor) (DMA Forced Labor) (G4-HR5) (G4-HR6)

All work performed outside of regular work hours is coordinated, duly authorized by the direct superior, and paid on time. (G4-HR6)

Our IMS includes periodic internal and external audits that guarantee compliance with these universal rights.

INDUCCIÓN ERA



We have improved our safety indicators by reducing frequency rates by 50.5%, severity by 98.9%, and accident rates by 99.6%, compared to 2015.

ACEM S.A.A.
UNITE CEMENTOS LIMA S.A.A.

Training and Development (DMA Training and Education)

As part of the training process, we implement an Annual Training Plan (PACE).

Classification of Training Types

- **Organizational training:** related to strategic topics.
- **Specific training:** related to job positions.
- **Skill-based training:** for personal development and growth.

In 2016, we provided a total of 20,300 hours of training to our employees, equivalent to an average total of 26.7 man-hours per employee.

It should be noted that 73.0% of all training implemented during the year involved occupational health and safety topics, given the central role of this subject for our operations. Thus, we not only complied with the corresponding legal standards, but we also see the results of this training reflected in our safety indicators at both plants, which reported zero accidents in several months out of the year.

We worked on a special training program for our different head offices, known as "Yo Líder", intended to disseminate a culture of safety at the plants, as well as online courses, which were quite popular and well-attended among our employees. This year, we all continued to provide Emergency Brigade training at the Atocongo plant and commenced the training of the Emergency Brigade at the Condorcocha plant. These brigades are made up of employees, who are trained on health and safety matters in order to provide immediate assistance in case of emergency. (G4-LA9)

TRAINING HOURS BY JOB CLASSIFICATION (G4-LA9)

Job Classification	Plant	2015			2016		
		No. of Hours	Personnel Trained	Average Hours	No. of Hours	Personnel Trained	Average Hours
Administrative	Atocongo	4,903	191	25.7	6,764	205	33.0
	Condorcocha	1,379	55	25.1	3,524	69	51.1
	Total	6,282	246	25.5	10,288	274	37.6
Employees	Atocongo	1,557	103	15.1	2,488	112	22.2
	Condorcocha	781	38	20.6	1,488	42	35.4
	Total	2,338	141	16.6	3,976	154	25.8
Operators	Atocongo	3,672	105	35.0	3,454	139	24.9
	Condorcocha	2,980	162	18.4	2,583	194	13.3
	Total	6,652	267	24.9	6,037	333	18.1
Total	Atocongo	10,132	399	25.4	12,706	456	27.9
	Condorcocha	5,140	255	20.2	7,594	305	24.9
	Total	15,272	654	23.4	20,300	761	26.7

CLASSIFICATION OF TRAINING MAN-HOURS (G4-LA9)

Inside the Company	2015			2016				
	Outside the Company		Total	Inside the Company		Outside the Company		Total
	In Perú	Abroad		In-Person	Online	In Perú	Abroad	
11,796	3,388	88	15,272	11,809	6,052	2,144	295	20,300

We also continued with the performance evaluation process and the identification of training needs, which resulted in the design of the Annual Training Plan for 2017.

At the Atocongo plant, the training needs are identified based on each employee's performance evaluation. If any gaps exist, we prioritize those competencies to be addressed through training.

At the Condorcocha plant, on the other hand, we are implementing a competency-based human resources management approach. For such purpose, we have begun applying performance evaluations for administrative personnel, which involves the standardization of these management practices at both plants.

Relations with Our Unions (DMA Labor/Management Relations) (DMA Freedom of Association and Collective Bargaining) (MM4) (G4-HR4)

We engage in an ongoing, respectful, transparent, and free dialogue with our unions, with whom we hold weekly meetings in order to address labor and organizational matters. There were no strikes called by workers in 2016.

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 163 workers (employees and laborers) are members, representing 36.0% of all employees.
- At the Condorcocha plant, the Sindicato Único de Trabajadores de Unión Andina de Cementos S.A.A., of which 143 laborers are members, representing 47.0% of all employees.

COLLECTIVE BARGAINING AGREEMENTS

Atocongo plant	Condorcocha plant
<ul style="list-style-type: none"> • In July 2015, the collective bargaining agreement entered into force. Expires in June 2018. 	<ul style="list-style-type: none"> • In May 2016, a collective bargaining agreement was signed for a three-year term, valid until December 2018.



QUANTITY AND PERCENTAGE OF UNIONIZED EMPLOYEES BY GENDER AND JOB CATEGORY IN 2016 (G4-11)

Category	Atocongo plant								
	Men			Women			Total		
	Total	Unionized	%	Total	Unionized	%	Total	Unionized	%
Administrative	155	0	0	5	0	0	206	0	0
Employees	85	35	41.0	27	4	15.0	112	39	35.0
Workers	139	124	89.0	0	0	0	139	124	89.0
Total	379	159	42.0	78	4	5.0	457	163	36.0

Category	Condorcocha plant								
	Men			Women			Total		
	Total	Unionized	%	Total	Unionized	%	Total	Unionized	%
Administrative	66	0	0	2	0	0	68	0	0
Employees	39	0	0	3	0	0	42	0	0
Workers	193	142	74.0	1	1	100.0	194	143	74.0
Total	298	142	48.0	6	1	17.0	304	143	47.0

RESULTS AND CHALLENGES
Results 2016

- We increased the number of training hours by 33.0% compared to 2015.
- We improved our accident rate indicators by 99.6%.
- We consolidated our online training, which accounted for 30.0% of all training sessions. In-house training accounted for 88.0% of the total, aimed primarily at our operators.
- We commenced the Succession Plan program, which is monitored by the Human Resources Management, to anticipate the succession of our employees.

Challenges for 2017

- Continue with the Succession Plan, developing our future leaders' management skills.
- Achieve 100.0% legal compliance with training on occupational health and safety matters.
- Establish the Occupational Health and Safety competency as the first and most important one at UNACEM.
- Incorporate management indicators company-wide.



OUR SUPPLIERS AND CONTRACTORS

In 2016, we improved the selection and evaluation procedure for goods and services providers, asking suppliers to submit an affidavit on their compliance with labor laws, respect for human rights, and occupational health and safety management, as well as appropriate environmental management. The evaluation will continue through June 2017. (G4-12)

We also included obligation clauses in our agreements, which establish punishments or score reductions in the periodic evaluations. These measures ensure a greater commitment on the part of our contractors and suppliers.



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 Pucará (mining concession).

In order to boost our contractors' supervision competencies, we provided a total of 6,488 hours of training at Atocongo and Pucará, and a total of 19,803 hours at the mining operations of the Condorcocha plant, including inductions, training sessions, and five-minute safety talks.

Value Chain Management

At UNACEM, we hired 2,209 goods and services providers, accounting for procurements of over S/ 1,309 million. We define local suppliers as those whose tax domicile is registered in the districts neighboring our plants:

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

Purchases from local suppliers during the year accounted for 19.0% of our total procurements.

Labor Management (DMA Supplier Assessment for Labor Practices) (G4-LA14)

We apply measures intended to prevent any potential problems that may arise with regard to labor matters. For such purpose, we verify, control, and perform unannounced visits to our contractors and the companies that perform activities at our facilities. We thus guarantee their compliance with their legal obligations under the labor laws currently in force.

We require all of our contractors to comply with our protocols, which are monitored on a monthly basis. We verify the payment of payroll salaries, social benefits, supplementary insurance, occupational medical exams, and medical checkups, among other obligations.

We encourage our suppliers to implement good labor practices with their employees, in line with Good Employer certification. In 2016, we monitored the labor practices of our goods suppliers and their impacts.

To prevent potential labor risks, we evaluated and inspected those companies against whom complaints were filed and which have a significant number of personnel at our facilities.

Through the Asociación UNACEM, we also coordinated with our contractors for the hiring of local labor.

Human Rights Management (DMA Child Labor) (DMA Forced Labor) (G4-HR5) (G4-HR6)

At UNACEM, we respect the laws in force on human rights. In addition to applying these laws, we perform periodic audits and visits to our contractors, as part of our IMS, which help us to manage and control our policies. These audits verify our contractors' respect for human rights, ensuring that they do not engage in practices of forced labor, child labor, discrimination, or violations of their employees' freedom of collective bargaining.

Additionally, in accordance with company policy, we verify the identity of all persons who begin work at our facilities, requiring them to provide a valid National Identity Document (DNI) in order to prove that they are not minors.

As a result of these procedures, we continue to have zero complaints or grievances in relation to human rights violations on the part of our contractors and suppliers.

Health, Safety, and Care for the Environment (DMA Supplier Environmental Assessment) (G4-EN32)

Goods Suppliers

All of our suppliers meet the standards demanded by our Company. Most of them also have environmental and quality certifications, aligned with those required by UNACEM.

As part of our supplier selection and evaluation procedure, we have established that those suppliers who have valid ISO 9001, ISO 14001, or OHSAS 18001 certification shall be automatically included in our Selected Supplier Registry.

The selection of suppliers pending evaluation is performed based on the procurement amount and suggestions made by other areas. It is important for UNACEM to identify in advance any negative impacts that may be caused by our suppliers, so that we can determine the causes and make the right decisions to avoid or mitigate them. In 2016, we registered 244 new suppliers.

Contractors

Contractors are considered strategic collaborators in several of our processes, for which reason they are subject to ongoing assessment and monitoring activities. They participate in the identification and assessment of risks (environmental and occupational health and safety), in accordance with the environmental impact and risk assessment and control procedure.

As part of our IMS activities, we plan and program different types of audits, including an assessment of contractor performance. These audits include compliance with environmental and occupational health and safety standards, as well as deadlines, technical specifications, personnel competency requirements, supply quality, and supervision.



The assessment of contractors' environmental performance seeks to verify that the companies have different management mechanisms: environmental policies, plans, and programs; compliance with legal requirements; identification of aspects and evaluation of impacts, etc.

In order to mitigate health and safety risks, contractors are required to perform risk and impact assessments in their daily activities, supplemented by the application of a job safety analysis (JSA).

We also have a Planned Work Observations program, through which we establish a series of improvements to contractors' occupational health and safety management.

At the Atocongo plant, internal users evaluated 39 of the 46 contractors, equivalent to 85.0% of the total. We also performed occupational health, safety, and environmental audits on 11 contractors.

At the Condorcocha plant, the 17 contractors were evaluated by internal users. They were also audited under the Occupational Health, Safety, and Environmental Management for Contractors procedure.

It should be noted that internal users take into account the results of the most recent audits performed and the contractor selection evaluations when determining the feasibility of new contracts. At the Condorcocha plant, we have also developed a penalty scale for environmental and occupational health and safety violations.

Promoting Transparency in the Value Chain

In 2016, we continued to implement the UNACEM Value Chain Transparency program, aimed at encouraging our partners to draft and publish their own sustainability reports, in accordance with the GRI G4 guidelines.

Project Results

- Eight partners from UNACEM's value chain prepared sustainability reports for 2015, under the GRI G4 guidelines.
- Seven partners took part in the previous experience, while ARPL Tecnología Industrial was new this year.

Partners

- A. Berio y Cía. (distributor)
- Aliaga & Baluis (contractor)
- Cemento y Acero – CEMENSA (distributor)
- DEMARSA (contractor)
- La Viga (distributor)
- MACISA (distributor)
- PREANSA (subsidiary)
- ARPL Tecnología Industrial (related company)

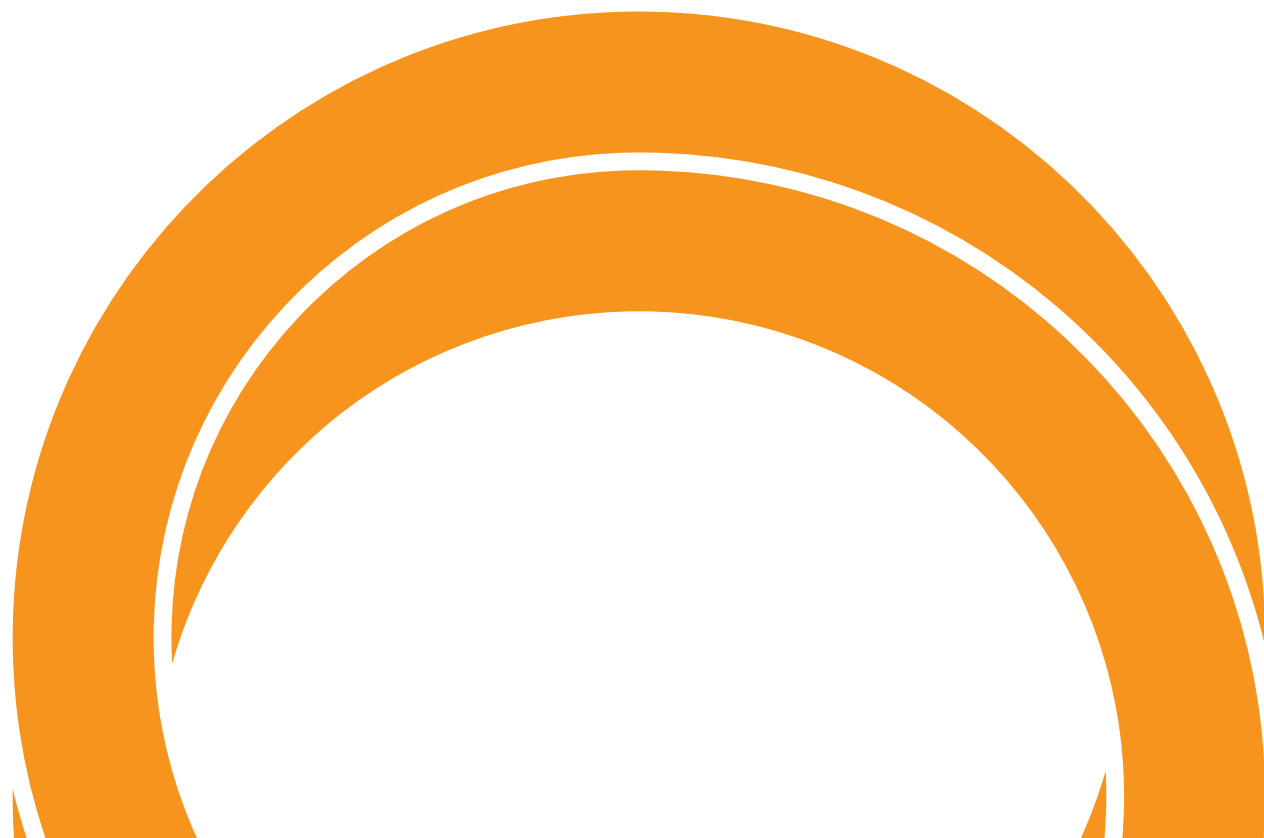
RESULTS AND CHALLENGES

Results 2016

- We performed audits on the safety and environmental risk management of 32 contractors.
- A total of 57 contractors were evaluated by internal user areas.
- We worked with small business contractors to achieve their alignment with the Company's policies in labor and occupational health matters.
- Procurements from local suppliers accounted for 19.0% of total procurements.

Challenges for 2017

- Strengthen the main aspects of the framework agreement entered into with contractors, in order to ensure that they are 100.0% aligned with our standards.
- Continue ensuring that contractors comply with national legislation, with an emphasis on labor, occupational health and safety, and environmental matters.
- Consolidate surprise inspections in our plants for companies performing works at our facilities.
- Perform visits to our contractors' main offices, in order to corroborate compliance with their policies and procedures.
- Look for new supply sources that allow us to be more competitive.

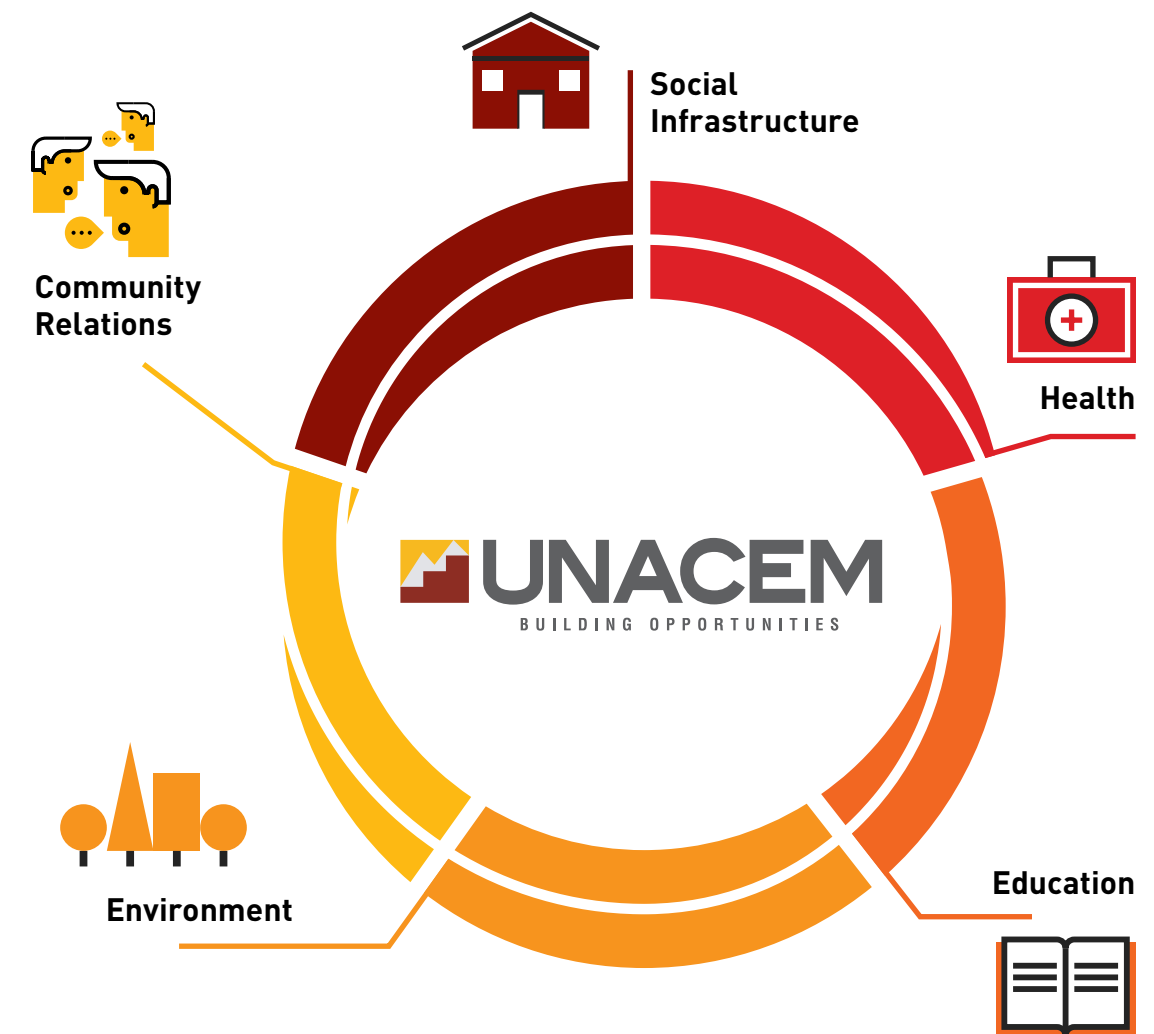




OUR COMMUNITIES

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

UNACEM COMMUNITY ACTION PILLARS



We help improve the quality of life of the communities in our areas of influence by creating development opportunities, in alliance with different local, national, and international actors. (DMA Indirect Economic Impacts) (DMA Local Communities) (G4-S01)

The Asociación UNACEM promotes capacity building in the communities and a proactive attitude toward their own development, as well as the consolidation of social capital and the strengthening of social organizations, all with the purpose of taking part in participative processes with other public and private actors. (DMA Local Communities)

Areas of Influence (G4-S01)

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

INTERVENTION AREAS

Atocongo plant - Lima	Condorcocha plant - Lima
<ul style="list-style-type: none"> • Villa María del Triunfo • Pachacámac • Villa El Salvador • San Juan de Miraflores • Lurín 	<ul style="list-style-type: none"> • La Unión Leticia: populated center of Condorcocha and peasant communities of Chancha and Huancayo • Palca • Acobamba

Rapport Mechanisms (G4-S02)

We foster a range of dialogue spaces, such as workshops, meetings, plant visits, social climate monitoring, participative environmental monitoring activities, as well as constant engagement with the leaders of the different social organizations, peasant communities, populated centers, and institutions. (G4-S01)

Each plant has a stakeholder communication procedure set forth as part of its IMS, which establishes the treatment of complaints and grievances.

Our policy of ongoing dialogue with our stakeholders enables us to issue early alerts aimed at preventing, controlling, and mitigating the impacts of our operations. In 2016, no incidents occurred in the operation of our plants involving neighboring communities. (MM4)

PRIVATE SOCIAL INVESTMENT



Education

OCCUPATIONAL TRAINING PROJECT
Condorcocha plant
Since 2014
 We build women's technical capacities to help them generate economic income.



Environment

COMMUNITY ENVIRONMENTAL PROJECT
Atocongo plant
Since 2009
 We foster better environmental management in order to improve communities' surroundings on a participative, sustainable basis.

PRIVATE SOCIAL INVESTMENT



Education

ENTREPRENEURIAL VOCATIONAL TRAINING PROJECT

Atocongo plant
Since 2005

We improve technical and production, as well as business management skills so participants can start their own businesses.



Infrastructure

RETAINING WALLS IN AT-RISK COMMUNITIES

Atocongo plant
Since 2003

We support communities with cement donations so they can build infrastructure works such as retaining walls, sidewalks, and stairs.

Main Projects and Initiatives with Our Communities (G4-EC7)

The selection of the projects, programs, and initiatives in our communities is performed based on the action pillars, which include the socio-environmental commitments established in our environmental instruments. Community organizations also propose improvements to infrastructure and social programs.

Through Asociación UNACEM, we maintain constant contact with the community and local authorities, monitoring and receiving suggestions and proposals for improvements to our production process and our work with the community. (DMA Local Communities)

We also organize volunteer activities, which attracted the participation of 312 volunteers in 2016, including employees of UNACEM and Asociación UNACEM and their family members, contractors' employees, project beneficiaries, and community leaders. (DMA Indirect Economic Impacts)

Social Infrastructure (G4-EC7)

We foster the development of our communities by donating cement, cobblestones, and concrete, as well as performing works with the active participation of local residents. During the year, we performed 28 pre-investment studies for profiles and technical files (22 at the Atocongo plant and 6 at the Condorcocha plant), which were donated to authorities and community leaders in order to process the implementation thereof with different public and private entities.

- **At the Atocongo plant:**
 - We supported the performance of community infrastructure works: retaining walls, sidewalks, improvements to classrooms in educational institutions, parks and athletic fields in community spaces in our areas of influence.
 - We supported beneficiary families of the "Techo Propio" program of the Ministry of Housing, Construction, and Sanitation in high-risk areas, for the construction of retaining walls and the plastering of their residential modules.
 - Through the Works in Exchange for Taxes program, we completed the implementation of the project for the "Expansion of the Public Safety System with Technological Solutions including Video Surveillance and the Public Safety Hotline," with the Municipality of Villa María del Triunfo.

– In alliance with SENCICO, we held seven courses on Occupational Health and Safety in the Civil Construction Industry, benefiting 210 participants, including employees of our contractors, members of the civil construction unions from southern Lima, and the community in general.

- **At the Condorcocha plant:**

- We supported the construction of different community works, such as athletic fields, classroom modules, parks and perimeter fences, as well as the repair of rainwater canals and ditches and the improvement of irrigation reservoirs and canals with the donation of cement.
- We provided machinery to clean the irrigation canals, maintain gravel roads, and level terrains.

Health (G4-EC7)

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

- **At the Atocongo plant:**

- We improved first care performance indicators in three health establishments, with an emphasis on health promotion and family health.
- We organized 21 mass activities in 13 health establishments, benefiting 9,591 people.

– Five communities implemented joint health actions, successfully training a First Aid Brigade to attend to emergencies.

- **At the Condorcocha plant:**

- We organized four mass health activities in the populated center of Condorcocha and La Unión Leticia, benefiting 1,881 people.
- The two winning communities of the “Healthy Neighborhoods” contest implemented supplementary community initiatives.

Education (G4-EC7)

We promote the development and strengthening of educational, technical, and entrepreneurial skills in our areas of influence. We also foster the development of personal and social skills, as well as the productive use of free time. The main projects and programs include the following:

- **At the Atocongo plant:**

- A total of 312 young people and adults from southern Lima improved their technical skills in specialized areas such as buffet service and patisserie, beauty and cosmetics, handicrafts, screen printing, and electronics, through the Entrepreneurial Vocational Training project. In addition, 48 entrepreneurs drafted business plans, of whom 23 will receive expert advice in 2017.

PRIVATE SOCIAL INVESTMENT



Infrastructure

CONSTRUCTION OF PERIMETER WALL FOR CEMETERY Condorcocha plant Since 2013

We contribute to communities' development through public infrastructure works.



Education

ART, CULTURE, AND SPORT PROJECT – MUSIC WORKSHOP Atocongo plant Since 2008

We promote the development of artistic and sport skills, as well as the productive use of free time.

PRIVATE SOCIAL INVESTMENT



Infrastructure

REPAIR OF IRRIGATION CANALS

Condorcocha plant
Since 2013

We contribute to communities' development through public infrastructure works.



Education

DIGITAL INCLUSION PROJECT

Condorcocha plant
Since 2016

We strengthen teachers' capacities and abilities so that they can use ICT to improve classroom teaching.

— A total of 2,033 local residents, including infants, children, adolescents, young adults, adults, and senior citizens, took part in art, culture, and sports workshops, developing skills and improving the productive use of their free time.

• At the Condorcocha plant:

— Through the Youth Employability Promotion project (in alliance with FONDOEMPLEO), 174 young people received training at SENATI in La Oroya, after which they received job advice, helping 60 graduates to successfully find a job position.

— A total of 101 women from the communities of La Unión Leticia and Tarma strengthened their vocational and productive skills in weaving and handicrafts; and 57 improved their knowledge of marketing, costs, and forming associations, through the Labor Training project.

— As part of the Productive Vacation program, 244 children and adolescents strengthened their school performance and developed crosscutting and sport skills.

— A total of 28 teachers from nine educational institutions in the district of La Unión Leticia strengthened their educational capacities for teaching reading comprehension and writing, to the benefit of 278 children in primary school, through the "Reading for Growth" program (in alliance with Entrepreneurs for Education and the Cayetano Heredia University).

— A total of 20 teachers from four educational institutions strengthened their capacities and abilities in the use of information technologies to improve their classroom teaching methods, benefiting 242 students (in alliance with Entrepreneurs for Education and the Cayetano Heredia University).

Environment (G4-EC7)

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

• At the Atocongo plant:

— We continued strengthening and providing expert technical advice to the Zonal Environmental Committees (CAZ) and the Municipal Environmental Commissions (CAM) to improve their management.

— We walked three municipalities from southern Lima through the process for achieving the Sustainable Local Environmental Management (GALS) recognition given out by the MINAM.

— This year, we planted trees on 7,658.5 m² of green areas in the districts of Villa María del Triunfo, Villa El Salvador, and Pachacámac.

— In alliance with the Local School District (UGEL) 01, we achieved the certification of 43 teachers from 20 educational institutions, strengthening their teaching abilities with regard to environmental topics.

— We provided maintenance for 7.5 km of green areas located in the median strips of Lima and María Reiche Avenues, in the Villa María del Triunfo and Villa El Salvador districts.

- **At the Condorcocha plant:**

— We provided guidance on the implementation of environmental instruments to strengthen local environmental management for solid waste, in the La Unión Leticia district.

— Together with the Tarma Local School District (UGEL), we established the guidelines for implementing environmental education instruments and projects in seven educational institutions, successfully certifying 14 teachers and directors.

— We provided weekly solid waste second collection services in the populated center of Condorcocha, to the benefit of approximately 800 people.

Community Relations (G4-EC7)

Our primary objective is to strengthen the bonds of trust and cooperation with the communities, organizations, and institutions located in the vicinity of our operations. Some of the most important activities carried out with this goal in mind include:

- **At the Atocongo plant:**

— We supported the community in 16 local initiatives, with 5,600 direct beneficiaries.

— We raised the awareness of 295 families so that they could help take care of the archaeological zone and its surroundings.

— A total of 13 social organizations were formally created and strengthened their management capacities.

— We reported on UNACEM's activities in 27 talks and 7 plant visits, with the participation of 174 local residents.

- **At the Condorcocha plant:**

— We supported the community in 42 local initiatives, with 11,944 direct beneficiaries. Notable contributions were made to educational institutions and initiatives placing a renewed value on local culture, through support in the organization of traditional celebrations.

— We organized 45 meetings and 4 visits to our operating plant, with the participation of 75 local residents.

— We carried out two participative environmental monitoring programs in the populated center of Condorcocha (air and water quality evaluation) and La Unión Leticia (air quality evaluation). We also held a workshop on the interpretation of the results from the participative monitoring activities performed in 2015.

PRIVATE SOCIAL INVESTMENT



Education

ART, CULTURE, AND SPORT PROJECT – EXPLORING MY CREATIVITY WORKSHOP

Atocongo plant
Since 2008

We promote the development of artistic and sport skills, as well as the productive use of free time.



Health

HEALTHY COMMUNITIES PROGRAM

Atocongo plant
Since 2010

We promote better lifestyles and a healthy environment in our communities, building families' capacities to take care of their own health.

— We promoted the improvement of social skills in 233 students and 130 parents, through 13 workshops and 5 technical assistance activities. We also provided technical assistance and workshops to social organizations, such as the Sanitation Service Management boards (JASS) and Users' Commissions, with the participation of 43 local leaders.

Additionally, after nearly three years of dialogue, we signed the integral agreement between the peasant community of Huancayo, UNACEM, and the Asociación UNACEM.

RESULTS AND CHALLENGES (DMA INDIRECT ECONOMIC IMPACTS)

Results 2016	Challenges for 2017
<ul style="list-style-type: none"> • A total of 28 pre-investment studies performed and delivered. With our support for community works, we were able to build 1,064 m of retaining walls, 5,117 m² of sidewalks, and 760 m of stairs, among other works. 	<ul style="list-style-type: none"> • Improve the efficiency, results, sustainability, and impact of our social investment projects. • Continue focusing our intervention on the communities in our areas of direct influence. • Promote performance of the commitments contained in the agreement with the peasant community of Huancayo, as well as our commitments under the approved environmental instruments. • Strengthen relationships and trust between nearby communities and the Company, increasing dialogue, coordination meetings, plant visits, and other activities.
<ul style="list-style-type: none"> • In Atocongo, we detected 254 cases of anemia; and in Condorcocha, 14 cases of risk of anemia and diabetes (referred to health posts). 	
<ul style="list-style-type: none"> • Three municipalities in southern Lima obtained recognition of their Sustainable Local Environmental Management (GALS) by the MINAM. 	
<ul style="list-style-type: none"> • A total of 7,658.5 m² of green areas with trees planted. 	
<ul style="list-style-type: none"> • Over 2,900 beneficiaries of educational projects improved their skills and capacities. 	
<ul style="list-style-type: none"> • We supported 58 local initiatives, with over 17,000 direct beneficiaries. 	



OUR CUSTOMERS

At UNACEM, we share knowledge and standards with our customers in order to help them improve practices in their own surroundings and maintain our position as market leaders.

Our Products (G4-4)

The excellence that defines our production process allows us to offer our customers high-quality cement, with a strength that exceeds the requirements established in the Peruvian Technical Standards (NTP) and U.S. standards (ASTM).

OUR PRODUCTS

Product Type	Description
Bagged Cement	<p>We offer 7 types of high-quality cement, with packaging that guarantees the conservation of their properties.</p> <ul style="list-style-type: none">• Cemento Andino I• Cemento Andino Ultra HS• Cemento Andino IP• Cemento Andino IPM• Cemento Andino V• Cemento Sol• Cemento Apu
Bulk Cement	<p>We offer bulk cement, which is dispatched in big bags or on vehicles directly to the customer.</p>



We launched the new Cemento Andino Ultra HS, to meet the needs of a more demanding market.

Through internal and external audits under our IMS, we verify compliance with all product-related requirements.

We also provide supplementary services to our customers, helping to strengthen our distribution chain. Such is the case with the Progresol Home Improvement Store Network, with over 400 points of sale. This allows us to build the capacities of home improvement business owners and distribute our products throughout our entire area of influence.

Our bagged cements feature a label containing their respective brands, the referential technical standards, and general instructions on their use and conservation. Each bag of cement is labeled with a code containing information on its provenance: the silo it comes from, the machine in which it was bagged, and the bagging date and time. This way, each lot dispatched to the market is identified, making it easier to ensure traceability if required. (DMA Product and Service Labeling)

Innovation and Development

Our innovation strategy is primarily focused on the needs of the final user. For such purpose, we conduct market studies, through which we 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 the 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 raw materials necessary.
- **Production:** whether we have the resources and capacities to manufacture the product.
- **Economic:** whether the price is affordable for the user.

During the final quarter of the year, we launched our new Cemento Andino Ultra HS, in response to a market need: more demanding consumers, who require a special product that protects against saltpeter, humidity, and alkali-reactive aggregates. This new cement seeks to position itself as the best in the market, with ultra-premium qualities. For this launch, the Innovation Committee was created, consisting of the Operations and Commercial managements. (G4-13)

Customer Types (G4-8) (G4-9)

Our main customers are home improvement stores, whose purchases account for 56.5% of our sales and provide our products to foremen, construction workers, and do-it-yourself homebuilders.

We sell our products through two business units—bagged cement and bulk cement—which, in 2016, accounted for 77.0% and 23.0% of all dispatches, respectively.

MARKETS SERVED BY OUR PLANTS

Atocongo plant

- Lima
- Áncash
- Ica
- Ayacucho
- Apurímac
- Loreto

Condorcocha plant

- Lima
- Junín
- Ayacucho
- Huancavelica
- Apurímac
- Pasco
- Huánuco
- San Martín
- Ucayali
- Loreto

Training and Development (G4-8)

Our Progresol Home Improvement Store Network is made up of home improvement store owners nationwide, who are our main sub-distributors. We promote their development through guidelines for the efficient management of their business and the performance of activities that generate demand at their points of sale: the image of the establishment, sale specials, and advertising materials.

Ten years ago now, UNACEM realized that the do-it-yourself builder segment lacked specialized training on construction techniques, since their knowledge was based only on experience. In response, we created the Professionalization Program, which provides do-it-yourself builders with training on the most important aspects of construction. With the help of outside engineers, we developed the program's contents, which included the most important topics necessary to improve this segment's performance and profitability.

In 2016, we trained 10,637 do-it-yourself homebuilders, foremen, and construction workers in Lima and the sierra central highlands.

Cement Brand	Attendance Goal		Actual Attendance		N° of Training Sessions	
	2015	2016	2015	2016	2015	2016
Cemento Sol	1,970	3,500	1,951	3,941	24	40
Cemento Apu	2,050	4,000	2,307	4,070	23	41
Cemento Andino	2,653	2,500	2,909	2,626	22	23



Communication with Our Customers (DMA Marketing Communications)

Our advertising seeks to inform and reinforce positioning, but above all, to ensure that UNACEM's brands are those preferred by foremen and do-it-yourself homebuilders, so that they recommend them after having a positive experience.

With this goal in mind, we carry out comprehensive communication campaigns for each one of our brands, which include television, radio, newspaper ads, and non-traditional activities. All of these channels allow us to remain close to the points of sale and the target audience, in order to reinforce the brands' bond with their users and translate this into sales when consumers decide which cement brand to use in their works.

In all of our campaigns, we take care to disseminate positive messages, not to promote stereotypes, and to comply with the law. For such purpose, our advertising incorporates the following processes:

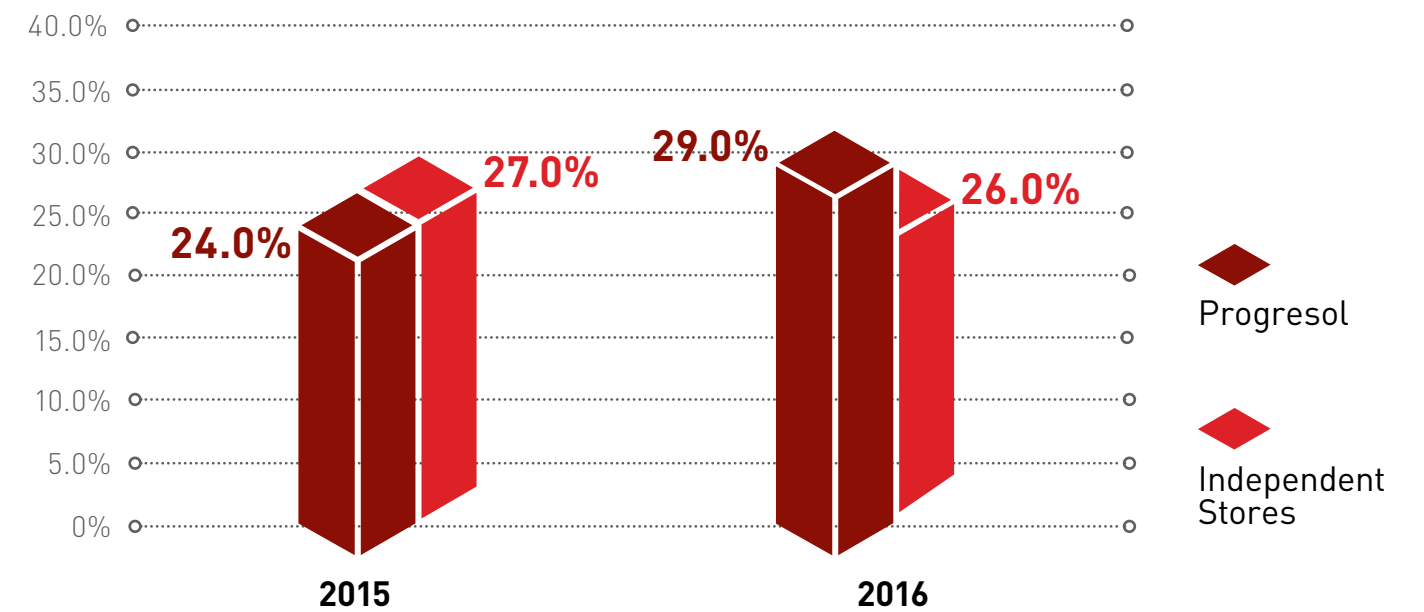
- A market study conducted by investigative firms.
- Once the strategy has been defined, the agency with which we are working proposes the creative pathway to be followed, which is assessed in an advertising study with the target audience, to validate the understanding of the message, as well as decreasing the risk of generating stereotypes.
- With the feedback from the study, we design the campaign, which is reviewed by the Commercial Management, the Legal Management, the Central Management, and the General Management prior to its launch. This way, we make sure not to promote stereotypes, instead spreading positive messages and complying with the law.

It is important to note that as of this date, we have not received any warnings or sanctions for violations linked to our communications and advertising in the media. (G4-PR7)

Satisfaction with Our Products (DMA Product and Service Labeling) (G4-PR5)

Each year, we measure the satisfaction of our customers through surveys aimed at the persons responsible for purchasing our products or the users of our services. This information not only tells us about the satisfaction with our products, but also provides us with suggestions, compliments, and information, which we analyze and incorporate in an effort to improve our processes.

SATISFACTION RATE OF THE PROGRESOL NETWORK AND INDEPENDENT HOME IMPROVEMENT STORES (G4-PR5)



RELATIONS WITH OUR CUSTOMERS

Progresol Network	Independent Stores
<ul style="list-style-type: none"> • The Progresol customer looks for greater support and advice from the distributor and the UNACEM supervisor for the development of his business. The performance of the distributor's salesperson has the most impact on his satisfaction. • The 42.0% satisfaction rate is tied to the billing, credit, collection, and order delivery processes. The improvement of these processes depends on UNACEM's distributors. 	<ul style="list-style-type: none"> • The main point of interest is the satisfaction rate with our cement: 39.0%. Special note should be given to the variety of products, temperature, exact weight, and quality. • Other factors of note include the performance of the salespeople, order delivery, and credits and collections.

Transparency of Information

At UNACEM, we implement actions aimed at respecting the privacy of our customers and consumers.

CUSTOMER AND CONSUMER PRIVACY PROTECTION MANAGEMENT

With customers: we have a direct or indirect business relationship.	
Distributors and Progresol <ul style="list-style-type: none"> • These customers receive economic benefits from UNACEM. The information provided is business-related. • We are developing a customer profile with more information and greater detail, which includes a letter signed by the customer. 	Evaluation of Respect for Privacy <ul style="list-style-type: none"> • The information to be evaluated includes dispatch and sales volumes, as well as compliance with commercial agreements. Private information is not placed at risk.
With consumers: we have contact with consumers through promotional or communications activities.	
Construction Professionals Do-It-Yourself Homebuilders <ul style="list-style-type: none"> • Information is collected at the training activities we hold on behalf of our brands. The customer signs a document authorizing the use thereof. • We collect their information through our promotional activities. 	Evaluation of Respect for Privacy <ul style="list-style-type: none"> • The information to be evaluated is related to the activity organized and the number of attendees. Private information is not placed at risk. • We incinerate all elements bearing this information in the presence of a notary public.

Our Commercial Management has never received a complaint for a violation of privacy or leaking of any of our customers' information. Likewise, we have detected no leaks, thefts, or losses of our customers' personal information.

RESULTS AND CHALLENGES

Results 2016 <ul style="list-style-type: none"> • We complied with the annual plan for Progresol customers, which allowed us to maintain our market share. • Cemento Apu's "Los Apus" campaign won the Effie LATAM Grand Prize for the best marketing campaign in Latin America. We also received the Golden Effie in the New Products and Services category. Previously, we received the Effie Grand Prize 2016 for Perú, as well as the Golden Effie in the Other Products category. • The number of training sessions for consumers was over 48.0% higher than in 2015, for a program total of 94,828 trainees. 	Challenges for 2017 <ul style="list-style-type: none"> • Exceed the attendance of our consumer training programs by 10.0%. • Improve satisfaction among Progresol customers.
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------



ENVIRONMENTAL MANAGEMENT



An aerial photograph of a dam and water treatment facility. The dam is a concrete structure with several spillways, situated in a valley. To the left of the dam is a large rectangular water treatment tank with yellow railings. The surrounding area is lush with green vegetation, and a river flows through the valley. The sky is clear and blue.

ENVIRONMENTAL IMPACT OF OUR OPERATIONS

We have an Environmental Management System oriented toward efficiency and the reduction of environmental impacts related to all of our operations. As such, we are concerned with minimizing dust and greenhouse gas emissions, as well as reducing energy and water consumption, among other aspects that allow us to improve our environmental management in the manufacture of clinker and cement. The achievements attained are due to the building of human and institutional capacities, and the development programs that we implement with a focus on sustainable development. (DMA Environmental Regulatory Compliance)

DESCRIPTION OF THE ENVIRONMENTAL COMPONENTS AFFECTED BY OUR OPERATIONS

Environmental Component	Environmental Impacts	Activities or Operations
Water	<ul style="list-style-type: none"> • Changes in the physical or chemical quality of the water in nearby bodies of water. • Lowering of the water table. • Water retention, modification of the water table. 	<ul style="list-style-type: none"> • Carbon storage and generation of rainwater runoff. • Loading and unloading of ships at the Conchán pier. • Groundwater extraction. • Operation of the Carpapata I, II, and III hydroelectric plants.
Flora	<ul style="list-style-type: none"> • Effects on the quantity and diversity of flora species. 	<ul style="list-style-type: none"> • Extraction of raw materials, access routes in quarries, blasting, clearing of land to prepare construction areas in new projects, operation of the hydroelectric plant.
Fauna	<ul style="list-style-type: none"> • Effects on the quantity and diversity of fauna species. 	
Archaeology	<ul style="list-style-type: none"> • Effects on archaeological sites. 	<ul style="list-style-type: none"> • Extraction of raw materials, access routes in quarries, blasting, clearing of land to prepare construction areas in new projects.
Noise	<ul style="list-style-type: none"> • Increase in noise levels above normal values. 	<ul style="list-style-type: none"> • Temporary or permanent generation of bothersome noises due to the operation of vehicles, equipment, and machinery, blasting in quarries, external transport of raw materials.
Air	<ul style="list-style-type: none"> • Air pollution due to generation of particulate matter and gases. 	<ul style="list-style-type: none"> • Limestone size reduction processes, handling, transport, storage of raw materials and clinker, clinker manufacture and cement preparation. Loading and unloading of import and export materials via the Conchán pier. Operation of the Atocongo Thermal Power Plant.
Soil	<ul style="list-style-type: none"> • Changes in soil quality. 	<ul style="list-style-type: none"> • Accidental spills of hydrocarbons and contaminant materials, implementation of new projects.
Topographical relief and landscape	<ul style="list-style-type: none"> • Changes in topography and the form of the terrain. 	<ul style="list-style-type: none"> • Extraction of raw materials in quarries, cut and fill activities during the construction stage for new projects.



Our environmental management is based on four pillars or action guidelines.

Environmental Quality

- Manages environmental aspects (water, air, soil, waste, and energy) to reduce the impacts we cause to our surroundings.
- Assesses and manages emissions and climate change, the environmental quality of the air (including noise) in the populations, the efficient use of energy, the responsible management of water, and the comprehensive management of solid waste.

Natural and Cultural Resources

- Manages biodiversity and archaeological remains.
- Optimizes the use of raw materials and conducts environmental studies, in order to guarantee their sustainable use. Performs archaeological studies in current activities and new projects.

Capacity Building

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

Environmental Certifications

- Prepares and approves environmental management instruments such as environmental impact assessments (EIA), environmental impact declarations (DIA), and supporting technical reports (ITS) on our activities. Additionally, verifies compliance with the obligations involved in environmental certifications with regard to modifications, expansions, or improvements 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

Atocongo plant	Condorcocha plant
<ul style="list-style-type: none"> At our plants, we have a procedure through which any complaint or grievance is registered with the Asociación UNACEM (Community Relations area). The procedure begins with the corresponding registration and coordination with the different areas. The process states that we must provide a response as soon as possible, via 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	Condorcocha plant
<ul style="list-style-type: none"> 3 complaints and grievances were registered: 2 of an environmental nature and 1 of a social nature, filed by community members. 	<ul style="list-style-type: none"> 4 compliances and grievances were registered, all of an environmental nature, filed by community members.

All of the complaints and grievances filed by the community were responded and resolved. Those related to environmental matters involved dust. The social complaint was made by a resident who lives near the pavement on Lima Avenue that UNACEM implemented as part of its socio-environmental commitments tied to the construction of the conveyor belt. The citizen asked UNACEM to assume part of the costs for his residential water and sewerage connections.

On the other hand, we also have Environmental Departments at our plants, which are responsible for enforcing the environmental commitments established in the environmental impact assessments, in our industrial, port, mining, and energy activities. These departments also provide technical and environmental advice to the persons responsible for the projects performance. (DMA Environmental Compliance)



One of the mechanisms that makes it possible to verify our compliance with environmental obligations is the George System, which sends prompt alerts to the persons responsible for each process. We also perform an internal

assessment, in the form of legal compliance audits, and an external audit by a certification firm that conducts an annual audit of the entire ISO 14001 management system.

**CONTROL MECHANISMS FOR OUR LEGAL OBLIGATIONS
(DMA ENVIRONMENTAL COMPLIANCE)**

Control Mechanisms	Description
Environmental Monitoring	<p>To ensure compliance with environmental law and the environmental commitments assumed in our environmental management instruments, we perform the following monitoring activities:</p> <ul style="list-style-type: none"> • For the industry sector. • For the mining subsector. • For the electricity subsector. • For the hydrocarbons subsector.
Participative Environmental Monitoring	<p>Performed jointly with the authorities and residents of the neighboring communities. Questions are answered and comments are received, mainly with regard to the water and air monitoring activities.</p>
Supervision by the Environmental Assessment and Auditing Agency (OEFA)	<p>The OEFA performs unannounced visits to our activities, in order to guarantee compliance with the commitments assumed in our environmental management instruments.</p>
Use and Monitoring Reports to Institutions Tied to Water Management	<p>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 at the wastewater treatment plant.</p>
Internal and External Audits as per ISO 14001 Requirements	<p>The IMS includes annual audits: 2 internal and 1 external.</p>



To date, our environmental management has meant that no economic sanctions have been applied due to environmental violations. (G4-EN29)

On behalf of the federal government, the OEFA performed 2 supervisory visits to the Condorcocha plant and 5 supervisory visits to the Atocongo premises. It also audited the industrial plant and quarry at Atocongo, the Atocongo Thermal Power Plant, the Conchán pier, the Atocongo-Conchán conveyor belt, and the Cajamarquilla concrete units plant, reporting objections only in the last of these audits. (G4-EN29)

Greenhouse Gas Emissions

At UNACEM, we work hard to reduce the concentration levels of greenhouse gas (GHG) and particulate matter emissions per ton of cement produced. (DMA Emissions)

Our strategy is implemented on two fronts: the use of clean energy and the manufacture of blended cements that reduce greenhouse gas emissions. In 2016, we reduced our CO₂ emissions by approximately 104,528.64 tons (71,889.64 at the Condorcocha plant and 32,639 at the Atocongo plant). (G4-EN19) (G4-13)

This was 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 the clinkerization process, reducing CO₂ equivalent emissions by 71,889.64 tons in 2016.
- At the Condorcocha plant, the operations in cement mill 8 generated a blended cement production of 351,118 tons, reducing CO₂ emissions by 32,639 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 (GNR) LATAM, for the calculation of greenhouse gas emissions. This methodology is used by over 68.0% of all cement plants in Latin America.

The specific objectives of our IMS include the reduction of GHG. 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)

We decreased
CO₂ emissions
by approximately
104,528.6 tons.



One of the current objectives of the Ministry of the Environment is to update and establish new maximum permissible limits (MPL) for the gas and particulate matter emissions of the cement and lime industry. We are currently evaluating and analyzing the engineering and economic implications entailed by the future implementation of the new MPL.

We Guarantee Our Compliance with National Law (DMA Environmental Compliance)

• Emissions Monitoring

Monitoring activities are performed twice yearly on our emissions sources, divided among two cement plants and one thermal power plant, 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 MPL established in Supreme Executive Order (D.S.) 003-2002-PRODUCE.

As a reference, we also use Decree 638: Air Quality and Atmospheric Contamination Control Standards—Manufacture of Hydraulic Cement—Section: Maximum Permissible Levels of Emission into the Atmosphere, of the Mexican Environmental Protection Standards.

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

	2015		2016	
	Atocongo plant	Condorcocha plant	Atocongo plant	Condorcocha plant
Carbon Dioxide (CO₂)	0.746 t CO ₂ /t clinker 0.681 t CO ₂ /t cement	0.795 t CO ₂ /t clinker 0.712 t CO ₂ /t cement	0.740 t CO ₂ /t clinker 0.662 t CO ₂ /t cement	0.795 t CO ₂ /t clinker 0.719 t CO ₂ /t cement
Nitrogen Oxide (NO_x)	Kiln I 745.2 mg/Nm ³ Kiln II 759.5 mg/Nm ³	Kiln I 660.73 mg/Nm ³ Kiln II 489.67 mg/Nm ³ Kiln III 528.37 mg/Nm ³ Kiln IV 244.68 mg/Nm ³	Kiln I 420.8 mg/ Nm ³ Kiln II 727.2 mg/Nm ³	Kiln I -- mg/Nm ³ (*) Kiln II 459.2 mg/Nm ³ Kiln III 754.7 mg/Nm ³ Kiln IV 308.3 mg/Nm ³
Sulfur Oxide (SO_x)	Kiln I 1,499.4 mg/Nm ³ Kiln II 1,316.7 mg/Nm ³	Kiln I <3.4 mg/Nm ³ Kiln II <3.4 mg/Nm ³ Kiln III <3.4 mg/Nm ³ Kiln IV <3.4 mg/Nm ³	Kiln I 1,781.4 mg/Nm ³ Kiln II 1,191.5 mg/Nm ³	Kiln I -- mg/Nm ³ (*) Kiln II <1.2 mg/Nm ³ Kiln III <1.2 mg/Nm ³ Kiln IV <1.2 mg/Nm ³
Particulate Matter	Kiln I 13.8 mg/m ³ Kiln II 28.9 mg/m ³	Kiln I 2.23 mg/m ³ Kiln II 71.74 mg/m ³ Kiln III 21.1 mg/m ³ Kiln IV 3.42 mg/m ³	Kiln I 44.4 mg/m ³ Kiln II 25.1 mg/m ³	Kiln I -- mg/m ³ (*) Kiln II 74.4 mg/m ³ Kiln III 10.5 mg/m ³ Kiln IV 7.4 mg/m ³

(*) Kiln I was not functioning during 2016.

Our environmental impact assessments establish measures for the prevention, control, and mitigation of adverse impacts on biodiversity.

Biodiversity

At UNACEM, we monitor and keep watch over the biodiversity indicators of our mining operations, by performing twice-yearly inspections of our mining concessions. We also have an Environmental Management Plan for each unit, which are approved by the competent authority and are aimed at preventing, mitigating, and correcting the environmental impacts of our activities.

We also have approved environmental impact assessments, which describe the environmental baseline of the biodiversity in our area of influence, establishing measures for the prevention, control, and mitigation of adverse impacts on physical, biological, and social media. (DMA Biodiversity)

Main Impacts on Biodiversity

Our quarry operations cause impacts to the flora and fauna within the site area, given that they involve open pit mining for the extraction of raw materials. For this reason, we monitor biodiversity as part of our mining operations. We also have mine closure plans, in which biodiversity-related aspects are addressed in revegetation plans. The industrial plants generate mild impacts due to the low presence of biodiversity (flora and fauna), given that new projects are located and operated in an intervened industrial area, with little wild flora and fauna, which does not constitute a critical habitat for the reproduction or survival of species. (G4-EN12)

Protected and Restored Habitats

There are no Protected Natural Areas in the quarries of Atocongo and Cristina, only fragile hill ecosystems, where we have revegetation plans involving native flora species. We have performed preliminary habitat remediation studies in the Las Dunas No. 2 concession.

In the surroundings of the Condorcocha plant, there are no protected habitats. However, there are four restored areas (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, and ducks and geese are also raised here. The pond is inhabited by trout, which have adapted very well to this environment.
- **Zone of Pacchon:** 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.
- **Ravine:** This area was also used as a dump. Different species are grown here, but mainly shrub species such as alfalfa, which have successfully adapted and are used as a feed source for our guinea pig farm.
- **Carpapata:** This year, we culminated the construction work for the Carpapata III hydroelectric power plant, in compliance with the commitments assumed in the

environmental management instrument for said plant. Here, we remediated two areas by sowing local shrub species for greater adaptability, one of them on a former dump and the other near a high-voltage tower. During the year, residents from the populated center of Condorcocha and the La Unión Leticia district participated in guided visits, so that the management of the areas and conservation of the species could be explained to them.

Transport (DMA Transport) (G4-EN30)

Our transport management is not centralized in one specific area. The Company's Goods and Services Procurement Department manages the following types of transport:

Transport for Procurement of Materials

This transport is the responsibility of the companies that supply materials, since these are purchased under "delivery at plant" conditions. The vehicles (whether the companies' own, or subcontracted), along with the 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, the proper signage, and vehicles in good condition, in order to minimize possible environmental impacts.

Transport Between Operating Centers

This transport is contracted directly, according to the rates and requirements established by our Logistics area. The transport quantities and frequencies are determined depending on the needs of each production plant. 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 evaluated through 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 checks for each truck are performed using different scales, which are supervised by the Operations Management. The duties for the control and inspection of documents are shared by the Warehouse and Goods and Services Procurement Departments.

- **At the Atocongo plant:** the dispatch controls are verified by the Packing and Dispatch Department, as well as the Safety Department.
- **At the Condorcocha plant:** the controls are performed in coordination with the Assistant Sales Management, while the verification is carried out by the Dispatch Office.



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

SIGNIFICANT ENVIRONMENTAL IMPACTS OF TRANSPORT (G4-EN30)

Impact	Description
Fuel Consumption	Vehicles use diesel fuel. The environmental impact is the result of the consumption of a non-renewable resource.
Emissions Generation	The burning of fossil fuels generates contaminating gases (CO ₂ , CO, water vapor, and sulfurized compounds) that alter the air quality.
Dust Generation	Dust is generated due to the loading and transport of material in vehicles on the paved roads and paths.
Effluents Generation	Effluents are generated during the cleaning and washing of vehicles.
Waste Generation	During vehicle maintenance, if the transporter has not adequately disposed of used oil, filters, etc., the soil or water sources may be contaminated. If waste is generated inside our facilities, it is disposed of by a specialized solid waste service provider.
Noise Generation	Noise pollution caused by passing vehicles, which impacts the environmental quality of residents of the areas of influence, as well as fauna.
Spills	Falls or spills of products or raw materials during transport. There were no spills in 2016.

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

- We reduced the quantity of materials to be transported overland, with the improvement of our production processes.
- We established the use of a more modern automotive fleet, with vehicles no more than 15 years old, to reduce fuel consumption and the emission of CO₂.

- At the Conchán pier, we use a tubular conveyor belt to move products, raw materials, and bulk inputs from the pier to Atocongo and vice versa, thus successfully reducing the impact of road-based transport.



The Carpapata III hydroelectric plant commenced operations in July 2016.

RESOURCE CONSUMPTION AND MANAGEMENT

Energy

We are committed to satisfying the needs and meeting the expectations of our stakeholders through an efficient management of resources and processes, preventing environmental pollution and mitigating the environmental impacts generated by our activities.

We recognize that our processes require large amounts of energy to manufacture our products. For this reason, we use modern, efficient technologies implemented through upgrades and overhauls, as well as rolling out new production lines. (DMA Energy)

We monitor the thermal energy and electricity consumption per ton of clinker and cement produced by our plants. We also incorporate the

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

- **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: (G4-EN3)

FUEL CONSUMPTION IN KILNS (G4-EN3)

Fuel Type	2015		2016	
	Atocongo plant	Condorcocha plant	Atocongo plant	Condorcocha plant
Coal (in metric tons)	123,792.0	222,854.0	192,932.0	162,277.0
Oil (in metric tons)	1,567.0	2,925.0	952.5	3,035.0
Natural Gas (in cubic meters)	163,169,803.0	-	169,610,434.0	-
Diesel (in gallons)	-	24,713.0	4,245.0	9,434.0

The reduction in coal use at the Condorcocha plant was due to the stoppage of Kiln 3, as a result of market restrictions.

We have performed a prefeasibility study for the co-processing of urban solid waste, in order to identify sources of renewable energies for the thermal consumption of the kilns.

- **Electric Energy Consumption:** The energy for the Atocongo plant comes from CELEPSA and GEAS.A. (Atocongo Thermal Power Plant), which supplies energy during peak hours or when failures occur in the National Grid System. In 2016, the average consumption came to 93.33 kW-h per ton of cement produced. This value falls

within the goal proposed in the Integrated Management System, which was 98 kW-h per ton of cement produced.

The Condorcocha plant is powered by four operative hydroelectric power plants: El Platanal, property of our subsidiary CELEPSA; and Carpapata I, Carpapata II, and Carpapata III. It should be noted that the Carpapata III hydroelectric plant entered into operation in July 2016. The plant's average consumption was 163 kW-h per ton of cement dispatched.

We also delivered 2,000,000 kW-h (7,200 GJ) of electric energy, free of charge, to the urban part of the La Unión Leticia district, thanks to a bilateral agreement. (G4-EN3)

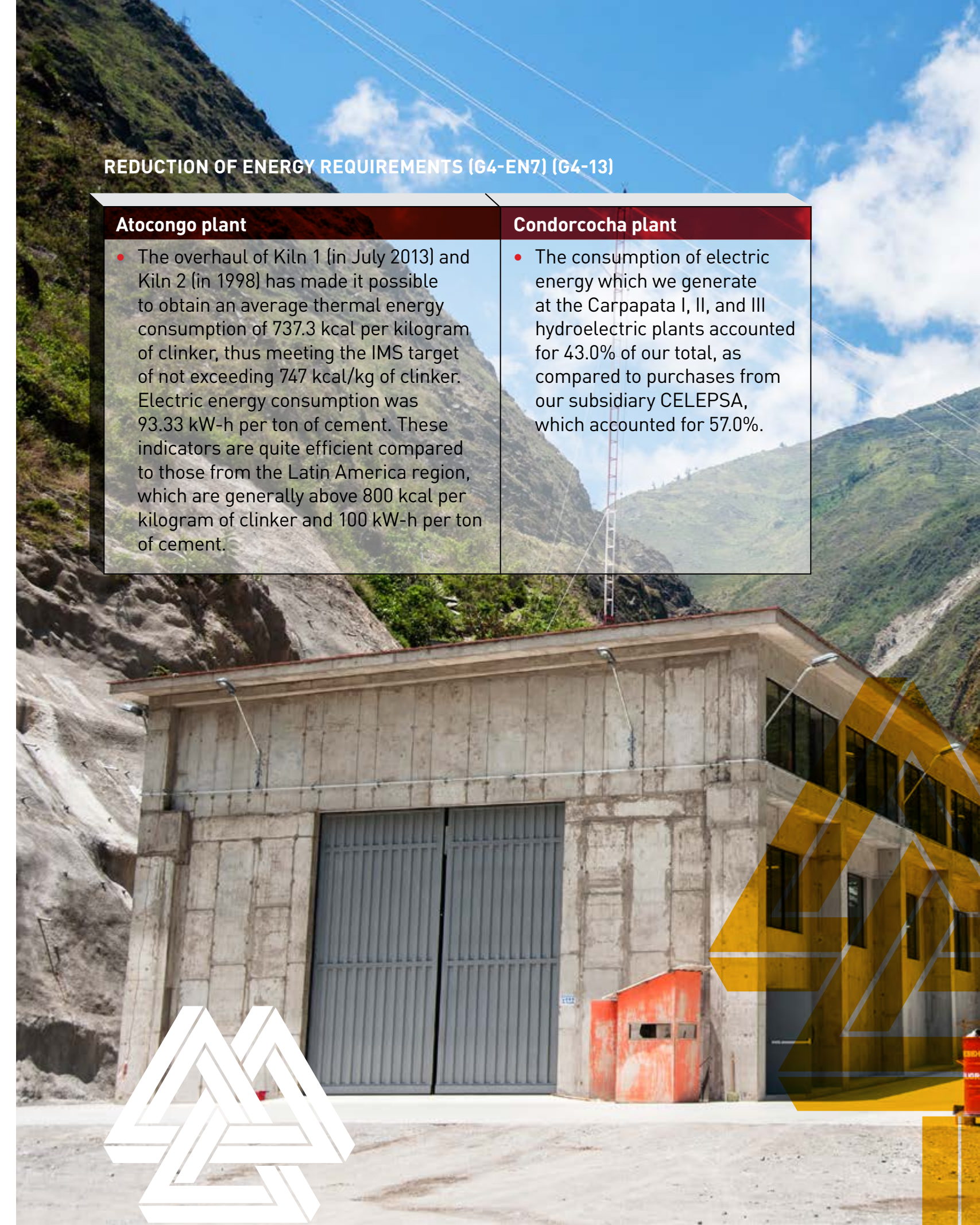
ELECTRIC ENERGY CONSUMPTION (G4-EN3)

Electric Energy Consumption in Gigajoules	2015		2016	
	Atocongo plant	Condorcocha plant	Atocongo plant	Condorcocha plant
El Platanal	1,248,421.0	677,372.0	1,156,712.0	492,453.0
Atocongo Thermal Power Plant	147,249.0	-	98,991.0	-
Carpapata I, II, and III hydroelectric plants	-	351,179.0	-	367,499.0
Total	1,395,670.0	1,028,551.0	1,255,703.0	859,952.0

It should be noted that 95.0% of the total electric energy consumed in both plants comes from renewable sources.

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

Atocongo plant	Condorcocha plant
<ul style="list-style-type: none"> • The overhaul of Kiln 1 (in July 2013) and Kiln 2 (in 1998) has made it possible to obtain an average thermal energy consumption of 737.3 kcal per kilogram of clinker, thus meeting the IMS target of not exceeding 747 kcal/kg of clinker. Electric energy consumption was 93.33 kW-h per ton of cement. These indicators are quite efficient compared to those from the Latin America region, which are generally above 800 kcal per kilogram of clinker and 100 kW-h per ton of cement. 	<ul style="list-style-type: none"> • The consumption of electric energy which we generate at the Carpapata I, II, and III hydroelectric plants accounted for 43.0% of our total, as compared to purchases from our subsidiary CELEPSA, which accounted for 57.0%.



Water

Our cement is manufactured using dry processes, in which water consumption is minimal. Even so, 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 of the fact that water is a scarce resource and a sensitive matter around the world; therefore, we have developed an efficient management strategy. In 2016, we continued with the process for the measurement of our water footprint, and we are designing procedures to integrate this measurement into the Integrated Management System at Atocongo, in order to improve control in the use of water resources in our operations.

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

	2015		2016	
	Atocongo plant (in m ³)	Condorcocha plant (in m ³)	Atocongo plant (in m ³)	Condorcocha plant (in m ³)
Total Water Consumption	552,895.0	163,731.7	518,150.0	187,238.0
Total Groundwater Consumption	552,895.0	-	518,150.0	-
Total Consumption of Water from Springs and Creeks	-	163,731.7	-	187,238.0
Total Water Consumption for Domestic Use	472,020.0	126,462.6	353,464.0	131,470.0
Total Water Consumption for Industrial and Mining Use	80,875.0	32,280.0	164,686.0	46,414.0
Firefighting System and Replacement of Refrigeration Tanks	-	4,989.1	-	9,354.0
Volume of Water Reused	91,442.0	101,170.1	132,551.0	105,176.0
Percentage of Water Reused	16.5	62.0	25.6	56.2

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 office restrooms and locker rooms.
- Wastewater treatment plant (PTAR).

- Watering of green areas using treated water from domestic effluents.

- Training of personnel on the efficient use of resources.

- Measurement of our water footprint.

We also monitor water quality and effluents through a certified consulting firm, which 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 by more than 11,000 m³ 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 m³ per month.
- At both plants, it is prohibited to discharge effluents into bodies of water. Our objective is to optimize effluent management through our PTAR, 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 gravel and dirt roads located at the industrial plant and quarries of Atocongo using treated wastewater. (DMA Effluents and Waste) (G4-EN10) (G4-EN22)

Waste

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 “Tu Papel No Termina Aquí... Recicla” campaign, we incentivize the separation and minimization 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 procedure involves the following steps:

- Temporary storage of waste (collection points).
- Collection of solid waste.
- Transport of hazardous and non-hazardous solid waste.
- Waste sorting.
- Centralized waste storage.
- Final transport and disposal.

At UNACEM, we have evaluated the possibility of co-processing our waste as an alternative fuel in our kilns. We are currently conducting a prefeasibility study, given that the cement industry is a viable waste management alternative for cities. (G4-EN23)

SOLID WASTE MANAGEMENT BY PLANT IN 2016

Atocongo plant	Condorcocha plant
<ul style="list-style-type: none"> • Recyclable waste is collected by the Las Palmeras Recyclers’ Association, who recycled 612 tons of a total of 946 tons collected by the solid waste commercializing company (EC – RS). 	<ul style="list-style-type: none"> • The EC – RS is responsible for commercializing recyclable solid waste.
<ul style="list-style-type: none"> • We reused 1,292 tons of waste collected by the industrial sweeping machine. 	<ul style="list-style-type: none"> • 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.
<ul style="list-style-type: none"> • We recovered 107.67 tons of materials used in the clinker manufacturing process. We have also arranged for the recovery of other materials generated during the cement manufacturing process. 	<ul style="list-style-type: none"> • We reuse the deposits left after cleaning the tanks, recovering hydrocarbons from them.
<ul style="list-style-type: none"> • Pruning waste is used for composting (31.5 tons), as is the waste from the main dining hall (4.59 tons). 	<ul style="list-style-type: none"> • Organic waste is used for composting.
<ul style="list-style-type: none"> • Waste that could not be reused or recycled totaled 605 tons, which was disposed of in a sanitary landfill. 	<ul style="list-style-type: none"> • The final disposal of non-hazardous, non-recoverable solid waste is performed in our sanitary landfill, approved by the Ministry of Health.
<ul style="list-style-type: none"> • A total of 3,767 tons of waste was generated, of which 77.0% was recycled and 23.0% was disposed of in an authorized sanitary landfill. 	<ul style="list-style-type: none"> • We generated 1,611 tons of waste, of which 80.0% was recycled and 20.0% was disposed of in an authorized sanitary landfill.
<ul style="list-style-type: none"> • We promote the reduction, reuse, and recycling of solid waste through training sessions, as well as a contest for art made using recycled materials. 	<ul style="list-style-type: none"> • We promote the recycling of solid waste through training sessions and a contest for art made using recycled materials. We also incentivize the sorting and minimization of waste in our facilities.



WASTE MANAGEMENT AND TREATMENT METHOD AT THE CONDORCOCHA PLANT (G4-EN23)

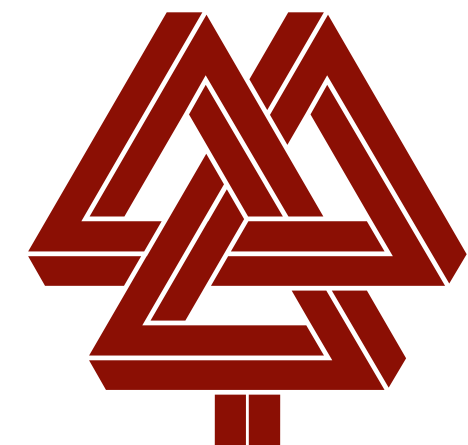
Method	Weight in Tons	%
Non-Hazardous Waste		
Reuse	61.4	4.1
Recycling	843.7	56.1
Composting	255.5	17.0
Recovery	71.5	4.8
Dump	271.7	18.1
Hazardous Waste		
Recycling	50.2	46.5
Dump	57.6	53.5

WASTE MANAGEMENT AND TREATMENT METHOD AT THE ATOCONGO PLANT IN 2016 (G4-EN23)

Units	Total Waste							
	Total Generated	Sanitary Landfill	Sale, Treatment, Donation	Composting	Recovery	Total Recycling	Recycling %	Disposal %
Industrial plant and connected activities	3,461.3	613.1	1,520.3	35.9	1,292.0	2,848.2	82.0	18.0
Conchán pier	30.8	30.8						100.0
Atocongo quarries	91.3	65.3	26.0			26.0	28.0	72.0
Cristina concession	137.6	137.6						100.0
Dunas UEA	1.7	1.7						100.0
Las Hienas concession	1.5	1.5						100.0
Concrete units plant	13.0	13.0						100.0
Total waste - UNACEM Atocongo	3,737.1	863.0	1,546.3	35.9	1,292.0	2,874.2	77.0	23.0

RESULTS AND CHALLENGES

Results 2016	Challenges for 2017
<ul style="list-style-type: none"> The particulate matter emission levels registered are within the maximum permissible limits. 	<ul style="list-style-type: none"> Not to exceed the maximum permissible limits for particulate matter in all of the processes at the Atocongo and Condorcocha plants.
<ul style="list-style-type: none"> The concentration levels of PM 10 and PM 2 suspended particles in the areas of influence of the Atocongo and Condorcocha plants do not exceed the Environmental Quality Standard for said parameters. 	<ul style="list-style-type: none"> Evaluate improvements to the coal milling plant system at Atocongo and in the clinker coolers of Kilns I and II at the Condorcocha plant.
<ul style="list-style-type: none"> The reuse of the waste generated totaled 80.0% at Condorcocha and 77.0% at Atocongo, thus successfully surpassing our goal (Condorcocha: 60.0%; Atocongo: 50.0%). 	<ul style="list-style-type: none"> Achieve a percentage of reused waste, averaged out between both plants, in excess of 60.0% of all waste generated.
<ul style="list-style-type: none"> We have reduced greenhouse gas emissions by over 100,000 tons between the Condorcocha plant and the Atocongo plant. 	<ul style="list-style-type: none"> Maintain the specific emission of CO₂ per ton of clinker at 0.75 t of CO₂/t per ton of clinker.
<ul style="list-style-type: none"> The thermal consumption of the Atocongo plant averaged 740 kcal/kg of clinker, less than the target of 747 kcal/kg of clinker for 2016. 	<ul style="list-style-type: none"> Implement the international Getting the Numbers Right (GNR) methodology for the calculation of greenhouse gas emissions at Atocongo and Condorcocha.
<ul style="list-style-type: none"> The seventh “Earth Hour” campaign was carried out, with the participation of the Atocongo plant, the Conchán pier, and the Asociación UNACEM. 	<ul style="list-style-type: none"> Reduce fuel consumption in the manufacture of clinker at the Atocongo plant, with a maximum consumption of 745 kcal/kg of clinker.
<ul style="list-style-type: none"> At Condorcocha, we carried out 7 afforestation campaigns, in which we planted 160 <i>radiata</i> pine trees and afforested an area of 480 m², more than double our goal of 200 m². 	<ul style="list-style-type: none"> Reduce the specific consumption of electricity per ton of cement at the Atocongo plant, with a maximum consumption of 94 kW-h/t of cement equivalent.
<ul style="list-style-type: none"> We treated nearly 100.0% of all effluents generated at our Atocongo and Condorcocha facilities, reusing them to water green areas and supply the firefighting system. 	<ul style="list-style-type: none"> Reduce the consumption of well water in the area of Las Palmas – Atocongo to a maximum of 31,102 m³ per month.
<ul style="list-style-type: none"> No environmental fines or sanctions were received in 2016. 	<ul style="list-style-type: none"> Treat 100.0% of the waste effluents generated at the Atocongo and Condorcocha facilities.
	<ul style="list-style-type: none"> Evaluate the reduction of nitrogen oxide emissions in the generation of electricity at the Atocongo Thermal Power Plant.
	<ul style="list-style-type: none"> Continue with the systematization of the water footprint at Atocongo and Condorcocha.





GRI INDEX

CEMENTO ANDINO
— PREMIUM —



GLOBAL REPORTING INITIATIVE G4 STANDARD DISCLOSURES



General Standard Disclosures

GENERAL STANDARD DISCLOSURES	Page	Omissions	UN Global Compact	Sustainable Development Goals (SDG)
STRATEGY AND ANALYSIS				
G4-1 General Manager's statement on the relevance of sustainability to the company and its strategy.	Pages 4 and 5	N/A		
ORGANIZATION PROFILE				
G4-3 Company name.	Page 86	N/A		
G4-4 Primary products and/or services.	Pages 48 y 49	N/A		
G4-5 Location of headquarters.	Page 86	N/A		
G4-6 Countries where the company operates.	Page 82	N/A		
G4-7 Nature of ownership and legal form.	Page 8	N/A		
G4-8 Markets served.	Pages 49 y 50	N/A		
G4-9 Scale of the company.	Pages 17, 30, 49 y 50	N/A		
G4-10 Breakdown of total number of employees by employment type, contract, region, and gender.	Pages 29 y 30	N/A	Principle 6	SDG 8
G4-11 Percentage of total employees covered by collective bargaining agreements.	Pages 35 y 36	N/A	Principle 3	SDG 8
G4-12 Description of the company's supply chain.	Pages 12 y 37	N/A		
G4-13 Significant changes during the period covered by the Sustainability Report.	Pages 49, 60 y 66	N/A		
G4-14 Description of how the precautionary approach or principle is addressed by the company.	Pages 23	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 11	N/A		
G4-16 Memberships of associations and/or national or international advocacy/lobbying organizations.	Page 15	N/A		

General Standard Disclosures

GENERAL STANDARD DISCLOSURES		Page	Omissions	UN Global Compact	Sustainable Development Goals (SDG)
MATERIAL ASPECTS AND BOUNDARIES					
G4-17	Boundaries of the Sustainability Report.	Page 82	N/A		
G4-18	Process for defining the content of the Sustainability Report.	Pages 82 and 83	N/A		
G4-19	Material aspects identified.	Page 84	N/A		
G4-20	Boundaries of the material aspects identified within the company.	Page 84	N/A		
G4-21	Boundaries of the material aspects identified outside the company.	Page 84	N/A		
G4-22	Explanation of the effect of any restatements of information provided in previous sustainability reports.	Page 82	N/A		
G4-23	Significant changes in the scope and aspect boundaries from previous reports.	Page 82	N/A		
STAKEHOLDER ENGAGEMENT					
G4-24	List of stakeholder groups engaged by the company.	Page 25	N/A		
G4-25	Basis for identification and selection of stakeholders.	Page 24	N/A		
G4-26	Approaches adopted for stakeholder engagement.	Pages 24, 25, and 26	N/A		
G4-27	Key topics and concerns that have been raised through stakeholder engagement, by stakeholder.	Page 84	N/A		
REPORT PROFILE					
G4-28	Reporting period of the Sustainability Report.	Page 82	N/A		
G4-29	Date of most recent Sustainability Report.	Page 82	N/A		
G4-30	Reporting cycle.	Page 82	N/A		
G4-31	Contact point.	Page 86	N/A		
G4-32	Content index for the location of standard disclosures in the Sustainability Report.	Pages 73 - 81	N/A		
G4-33	Policies and current practice on external insurance of the Sustainability Report.	This report will not be audited.	N/A		

General Standard Disclosures

	GENERAL STANDARD DISCLOSURES	Page	Omissions	UN Global Compact	Sustainable Development Goals (SDG)
	GOVERNANCE				
G4-34	Company's governance structure.	Pages 18 and 19	N/A		
	ETHICS AND INTEGRITY				
G4-56	Company's values, principles, standards, and norms of behavior.	Page 11	N/A	Principle 10	SDG 16

Specific Standard Disclosures

	SPECIFIC STANDARD DISCLOSURES	Page	Omissions	UN Global Compact	Sustainable Development Goals (SDG)
	ECONOMIC ASPECTS				
	ECONOMIC PERFORMANCE				
	Management Approach	Page 13			
G4-EC1	Direct economic value generated and distributed.	Page 14			SDG 2, 5, 7, 8, 9
	INDIRECT ECONOMIC IMPACTS				
	Management Approach	Pages 42, 43, and 47			
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.	Pages 43, 44, 45, 46, and 47			SDG 2, 5, 7, 9, 11

Specific Standard Disclosures

	SPECIFIC STANDARD DISCLOSURES	Page	Omissions	UN Global Compact	Sustainable Development Goals (SDG)
	ENVIRONMENTAL ASPECTS				
	ENERGY				
	Management Approach	Page 65			
G4-EN3	Energy consumption within the company.	Pages 65 and 66		Principles 7 and 8	SDG 7, 8, 12, 13
G4-EN7	Reductions in energy requirements of products and services.	Page 66		Principles 8 and 9	SDG 7, 8, 12, 13
	WATER				
	Management Approach	Page 67			
G4-EN8	Total water withdrawal by source.	Page 67		Principle 8	SDG 6
G4-EN10	Percentage and total volume of water recycled and reused.	Pages 67 and 68		Principle 8	SDG 6, 8, 12
	BIODIVERSITY				
	Management Approach	Page 62			
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		Principle 8	SDG 6, 14, 15
G4-EN13	Habitats protected or restored.	Pages 62 and 63		Principle 8	SDG 6, 14, 15
	EMISSIONS				
	Management Approach	Page 60			
G4-EN15	Total emissions, direct greenhouse gas (GHG) (Scope 1).	Pages 60 and 61		Principles 7 and 8	SDG 3, 12, 13, 14, 15
G4-EN18	Greenhouse Gas Emissions Intensity.	Page 61		Principles 7 and 8	SDG 13, 14, 15
G4-EN19	Reduction of greenhouse gas (GHG) emissions.	Page 60		Principles 8 and 9	SDG 13, 14, 15
G4-EN21	NOx, SOx, and other significant air emissions.	Page 61		Principles 7 and 8	SDG 3, 12, 14, 15
	EFFLUENTS AND WASTE				
	Management Approach	Page 68			
G4-EN22	Total water discharge by quality and destination.	Pages 68 and 69		Principle 8	SDG 3, 6, 12, 14
G4-EN23	Total weight of waste by type and disposal method.	Pages 68 and 69		Principle 8	SDG 3, 6, 12

Specific Standard Disclosures

	SPECIFIC STANDARD DISCLOSURES	Page	Omissions	UN Global Compact	Sustainable Development Goals (SDG)
	ENVIRONMENTAL ASPECTS				
	REGULATORY COMPLIANCE				
	Management Approach	Pages 55, 58, 59, and 61			
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Page 60		Principle 8	SDG 16
	TRANSPORT				
	Management Approach	Pages 63 and 64			
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 63 and 64		Principle 8	SDG 11, 12, 13
	SUPPLIER ENVIRONMENTAL ASSESSMENT				
	Management Approach	Pages 39 and 40			
G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	Pages 39 and 40		Principle 8	
	ENVIRONMENTAL GRIEVANCE MECHANISMS				
	Management Approach	Page 58			
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.	Page 58		Principles 8 and 9	SDG 16
	SOCIAL ASPECTS: LABOR PRACTICES				
	EMPLOYMENT				
	Management Approach	Pages 29 and 30			
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region.	Page 31		Principle 6	SDG 5, 8

Specific Standard Disclosures

SPECIFIC STANDARD DISCLOSURES	Page	Omissions	UN Global Compact	Sustainable Development Goals (SDG)
SOCIAL ASPECTS: LABOR PRACTICES				
LABOR/MANAGEMENT RELATIONS				
MM4	Management Approach Number of strikes and employer lockouts exceeding one week.	Pages 29 and 35 Pages 35 and 42		SDG 8
OCCUPATIONAL HEALTH AND SAFETY				
G4-LA5	Management Approach 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.	Página 32		SDG 8
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 32		SDG 8
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 32		SDG 3, 8
TRAINING AND EDUCATION				
G4-LA9	Management Approach Average hours of training per year per employee by gender, and by employee category.	Page 33		SDG 4, 5, 8
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing their career.	Pages 33 and 34	Principle 6	SDG 4, 5, 8
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing their career.	Page 31		SDG 8
SUPPLIER ASSESSMENT FOR LABOR PRACTICES				
G4-LA14	Management Approach Percentage of new suppliers that were screened using labor practices criteria.	Page 38		SDG 5, 8, 16
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria.	Page 38		SDG 5, 8, 16

Specific Standard Disclosures

SPECIFIC STANDARD DISCLOSURES		Page	Omissions	UN Global Compact	Sustainable Development Goals (SDG)
SOCIAL ASPECTS: HUMAN RIGHTS					
NON-DISCRIMINATION					
G4-HR3	Management Approach	Page 32			
	Total number of incidents of discrimination and corrective actions taken.	Page 32		Principle 6	SDG 5, 8, 16
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING					
G4-HR4	Management Approach	Page 35			
	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.	Page 35		Principle 3	SDG 8
CHILD LABOR					
G4-HR5	Management Approach	Pages 32 and 39			
	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 32 and 39		Principle 5	SDG 8, 16
FORCED LABOR					
G4-HR6	Management Approach	Pages 32 and 39			
	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 32 and 39		Principle 4	SDG 8

Specific Standard Disclosures

SPECIFIC STANDARD DISCLOSURES		Page	Omissions	UN Global Compact	Sustainable Development Goals (SDG)
SOCIAL ASPECTS: SOCIETY					
LOCAL COMMUNITIES					
	Management Approach	Pages 42 and 43			
G4-S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs.				
	Operations with significant actual and potential negative impacts on local communities.	Pages 41 and 42		Principle 1	
G4-S02					
		Page 42		Principle 1	SDG 1, 2
ANTI-CORRUPTION					
	Management Approach	Page 20			
G4-S04	Communication and training on anti-corruption policies and procedures.	Page 20		Principle 10	SDG 16
	Confirmed incidents of corruption and actions taken.	Page 20		Principle 10	SDG 16
G4-S05					
REGULATORY COMPLIANCE					
	Management Approach	Page 20			
G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Page 20			SDG 16

Specific Standard Disclosures

	SPECIFIC STANDARD DISCLOSURES	Page	Omissions	UN Global Compact	Sustainable Development Goals (SDG)
SOCIAL ASPECTS: PRODUCT RESPONSIBILITY					
PRODUCTS AND SERVICE LABELING					
G4-PR5	Management Approach Results of surveys measuring customer satisfaction.	Pages 49 and 51 Page 51			
	MARKETING COMMUNICATIONS				
G4-PR7	Management Approach Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by the following categories and outcomes.	Page 51			
		Page 51			SDG 16

ABOUT OUR SUSTAINABILITY REPORT

This Sustainability Report provides information on the economic, social, and environmental performance of UNACEM in Perú. It covers the period between January 1 and December 31, 2016, 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. (G4-6) (G4-17) (G4-28) (G4-29) (G4-30)

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. (G4-22) (G4-23)

Materiality Process

To select the most relevant aspects to be included in this Report, in order to reflect the most important matters for the Company’s stakeholders and identify the most significant sustainability aspects, we performed a four-stage process: (G4-18)

• To identify expectations and perceptions regarding our management and aspects to be included in this Report, in 2016 we conducted 129 online surveys and organized 7 dialogue panels (4 in Lima and 3 in Tarma) and 3 interviews with our stakeholders.

• Based on an evaluation of our strategic objectives, policies, processes and procedures, manuals, and the results of interviews with 18 managers and assistant managers, we identified the sustainability impacts generated by our operations.

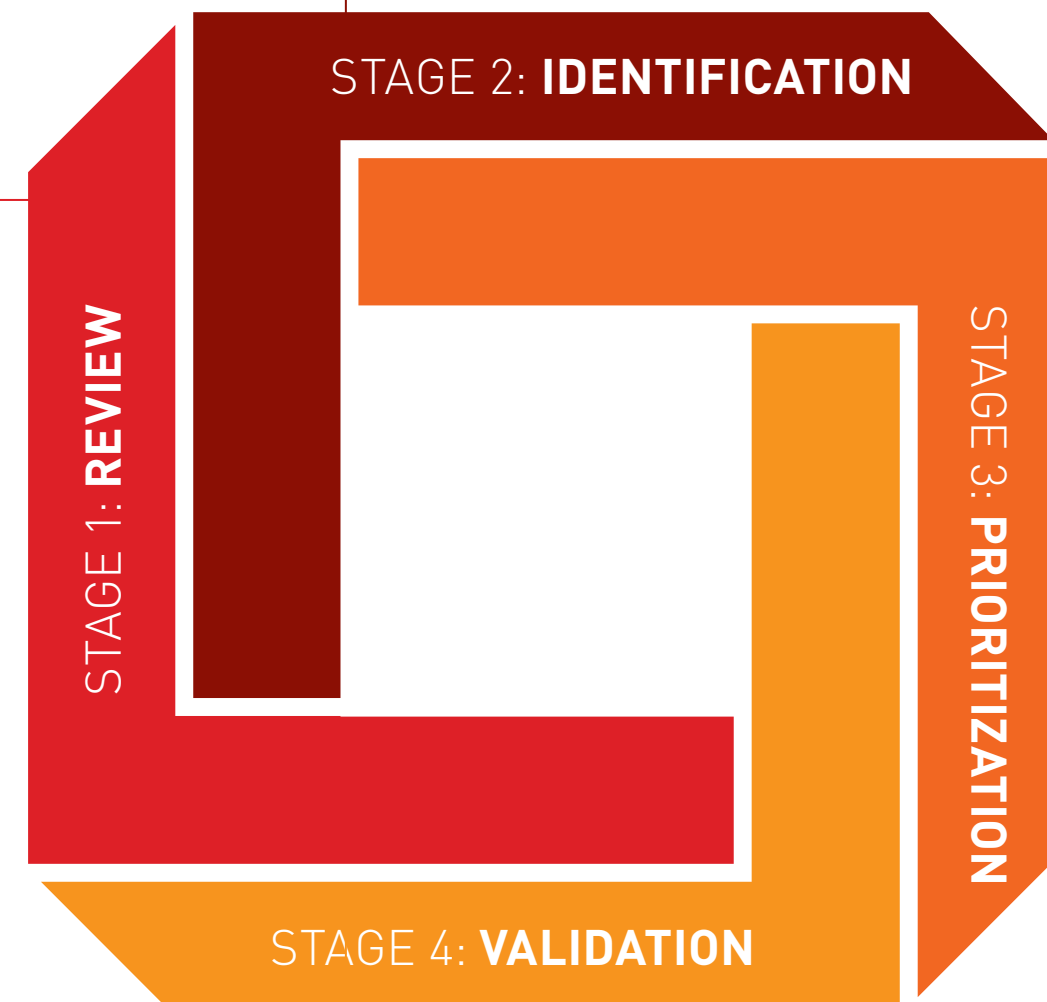
• We also reviewed emerging topics of sustainability in the sector, as established in the RobecoSAM *Sustainability Yearbook 2016* and the sustainability reports of international companies engaged in the manufacture and commercialization of cement, such as Cementos Argos of Colombia (*Integrated Report 2015*), Siam Cement of Thailand (*Sustainability Report 2015*), and CEMEX Global of Mexico (*Sustainable Development Report 2015*).

• The methodology used to prioritize the most relevant issues among our stakeholders was the maturity analysis, recommended by AccountAbility. In the case of impacts, we identified the most significant of these using the risk assessment methodology of 2021.

• To perform this evaluation, we took into account our stakeholders’ expectations, as well as the review of our policies, procedures, surveys, and corporate responsibility activities performed and in force as of 2016.

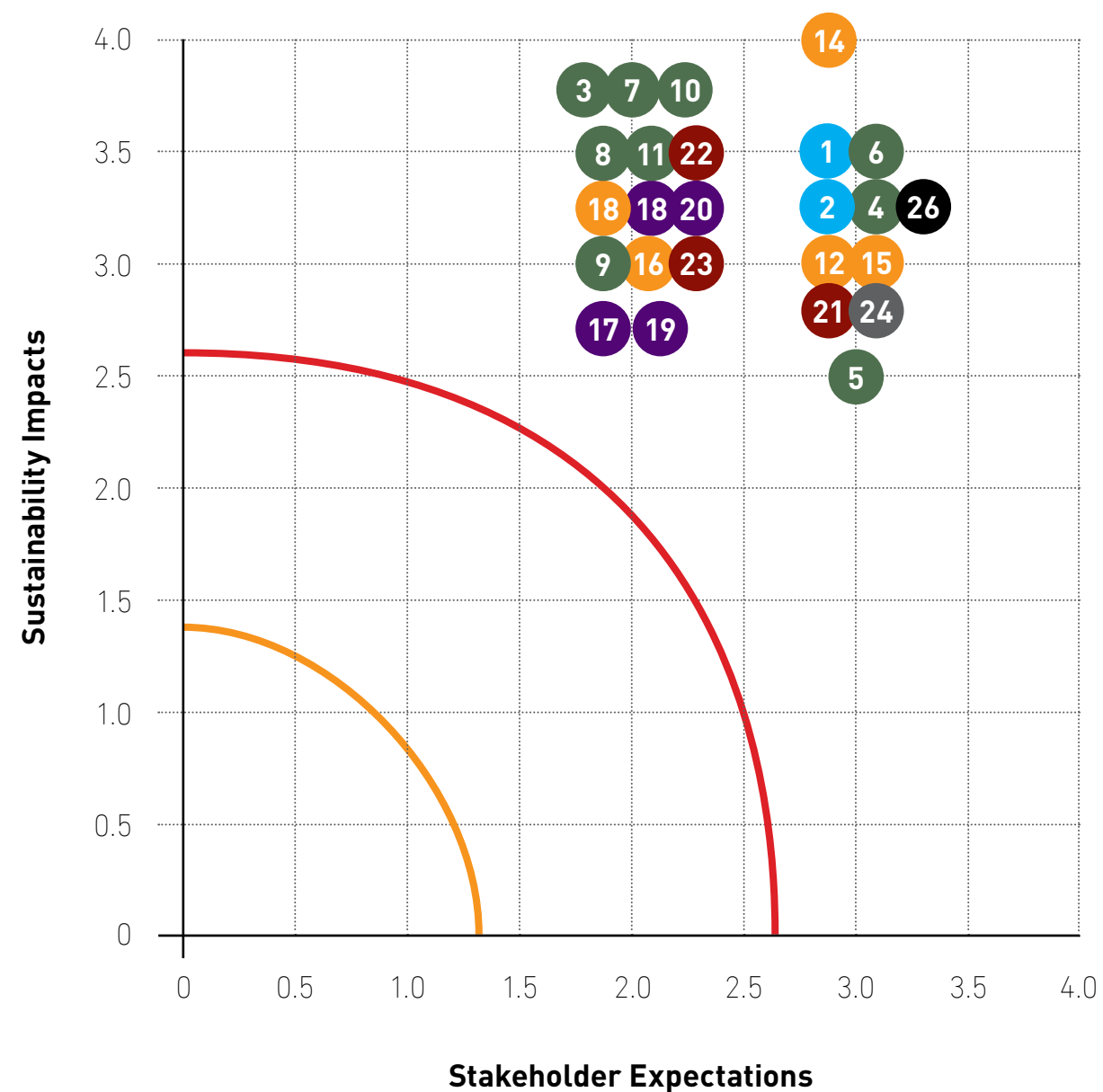
• The results of this materiality matrix were validated by our managements, through a workshop, in coordination with the Asociación UNACEM.

• Subsequently, the indicators and management approaches were selected for inclusion in the Sustainability Report 2016.



As a result of this process, we identified the material aspects to be included in this Report. Its boundaries, the stakeholders, and related business units are detailed in the following graph and table: (G4-18)

MATERIALITY GRAPH



⁶ Boundary: description of where the impacts of each aspect occur.



Material Aspects Included

GRI Material Aspect (G4-19)	GRI Category	Boundary (G4-20) (G4-21)	Related Stakeholders (G4-27)
1 Indirect Economic Impacts	Economy	Outside Boundary	Community
2 Economic Performance	Economy	Inside Boundary	Shareholders
3 Energy	Environment	Outside Boundary	Customers, Community, and Environment
4 Water	Environment	Outside Boundary	Community and Environment
5 Biodiversity	Environment	Outside Boundary	Community and Environment
6 Emissions	Environment	Outside Boundary	Community and Environment
7 Effluents and Waste	Environment	Outside Boundary	Community and Environment
8 Regulatory Compliance	Environment	Outside Boundary	Community and Environment
9 Transport Impacts	Environment	Outside Boundary	Customers, Community, and Environment
10 Supplier Environmental Assessment	Environment	Outside Boundary	Suppliers
11 Environmental Grievance Mechanisms	Environment	Outside Boundary	Community and Environment
12 Employment	Social: Labor Practices and Decent Work	Inside and Outside Boundary	Employees and Community
13 Labor and Management Relations	Social: Labor Practices and Decent Work	Inside Boundary	Employees
14 Occupational Health and Safety	Social: Labor Practices and Decent Work	Inside and Outside Boundary	Employees and Suppliers
15 Training and Education	Social: Labor Practices and Decent Work	Inside Boundary	Employees
16 Supplier Assessment for Labor Practices	Social: Labor Practices and Decent Work	Outside Boundary	Suppliers
17 Non-Discrimination	Social: Human Rights	Inside and Outside Boundary	Employees, Suppliers, and Community
18 Freedom of Association and Collective Bargaining	Social: Human Rights	Inside and Outside Boundary	Employees and Suppliers
19 Child Labor	Social: Human Rights	Inside and Outside Boundary	Employees and Suppliers
20 Forced Labor	Social: Human Rights	Inside and Outside Boundary	Employees and Suppliers
21 Local Communities	Social: Society	Outside Boundary	Community
22 Anti-Corruption	Social: Society	Inside and Outside Boundary	Employees, Customers, Suppliers, Government, and Community
23 Regulatory Compliance	Social: Society	Inside and Outside Boundary	Employees, Customers, Suppliers, Government, and Community
24 Product and Service Labeling	Social: Responsibility for Products	Outside Boundary	Customers
25 Marketing Communications	Social: Responsibility for Products	Outside Boundary	Customers
26 Dust Management	Social: Responsibility for Products	Outside Boundary	Community and Environment



Sustainability Report 2016

UNACEM S.A.A. (G4-3)

Av. Atocongo 2440, Villa María del Triunfo, Lima, Perú (G4-5)

All communications regarding this Sustainability Report 2016 should be addressed to:

Asociación UNACEM

Av. Atocongo 3020. Lima 35, Perú.

Email: comunicaciones@asociacionunacem.org (G4-31)

© Editorial Rayo Verde S.A.C.

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

With the support of · Perú 2021

www.peru2021.org

Editors in Chief · Marcela Delgado and Cecilia Durand

Text Editor · Marjorie Effio

Proofreader · Jorge Cornejo

English Translation · Servidioma

Graphic Design and Layout · Maye León

Packaging Design · Maye León

Photography and Photography Editing · Marcela Delgado and Cecilia Durand

Photography Touchups · Julio Basilio

All Rights Reserved

This digital book is published exclusively for Unión Andina de Cementos S.A.A. It may not be reproduced, recorded, or transmitted by any type of data recovery system via any means, whether mechanical, photochemical, electronic, magnetic, electro-optical, photocopies, or others, without the prior written permission of Unión Andina de Cementos S.A.A.