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UNACEM Integrated Report 2021 ESG Appendices

1. Economic and governance indicators

1.1. Integration of ESG into the supply chain management strategy

ESG objective for the supply chain	Results 2021	Relationship to global supply chain strategy
The company has set a goal of not receiving complaints or claims for human rights violations committed by its contractors and suppliers.	No complaints or claims have been received for human rights violations committed by contractors or suppliers.	UNACEM is committed to respecting human rights and expects a similar commitment from all our suppliers and contractors, so respect for human rights is part of the selection and evaluation process of suppliers of goods and services.
100% of UNACEM suppliers participating in the Competitive Business Program must publish their sustainability report in 2021.	It is worth noting that in the 2021 period, the number of reporting companies increased by 50%. Overall, 93% of the participants were able to complete their reports.	As part of the "Promoting Transparency in UNACEM's Value Chain" program, UNACEM strongly believes in sharing its values and sustainable practices with suppliers and contractors.

1.2. Transparency and Information in the Supply Chain

Knowledge of the supply chain

Critical suppliers: Suppliers that directly affect the quality of our product: raw materials, cement containers, grinding additives, grinding aggregates (pozzolana, slag, gypsum), coal; in-house contractors, important suppliers that have an impact on industrial safety and/or the environment (Hazardous Materials); critical goods and services.

Supply chain risk assessment and corrective actions.

For this, we list suppliers within the top 80% of the most significant total amount, including those that supply us with critical or hazardous goods or services. They are asked to fill out an Affidavit, informing us whether they comply with our ESG requirements and the Global Compact Principles. We accept suppliers who score more than 21 points, and their ratings are requested from the Risk Center, which must be higher than 2 points to be taken.

If the supplier has a regular rating: They will be informed of the situation and must improve their rating within a maximum period of 6 months. If you continue as regular, we will coordinate with the Logistics Sub-Management to determine whether the commercial relationship will continue.



KPI	Especifique el objetivo vinculado al KPI
KPI: Percentage of suppliers with satisfactory participation in the GRI Competitive Business Program.	Target: 100% of participants in the Competitive Business Program must complete the preparation and publication of their sustainability report.
	Target year: 2021
KPI: UNACEM's critical suppliers must meet the minimum evaluation requirements. They must obtain 21/100 of the requirements of the Supplier Evaluation Form and must not get less than 2/6 in the evaluation performed by our Risk Center.	Target: 100% of critical suppliers must meet the minimum score for acceptance.
	Target year: 2021
KPI: UNACEM has set a goal of receiving no complaints or claims regarding human rights violations from our contractors and suppliers.	Target: No complaints or claims related to human rights violations in the supply chain.
	Target year: 2021


1.3. Contributions and other expenses

Indicator	2018	2019	2020	2021
Lobbying, interest representation, or similar	0	0	0	0
National, regional or local political candidates/organizations/campaigns	0	0	0	0
Trade associations and other tax-exempt groups (e.g., think tanks)	S/ 1,881,700	S/2,390,563	S/ 2,255,751	S/ 2,145,900

Other (expenditures related to proposed legislation or referendums)	0	0	0	0
Total contributions and other expenses	S/ 1,881,700	S/2,390,563	S/ 2,255,751	S/ 2,145,900
Data coverage: 100 % of operations	100	100	100	100

1.4. Largest Contributions & Expenditures

Organization	Type of organization	Description of organization	Total paid expenditure
ASOCEM - Asociación de Productores de Cemento 	Trade Association	<p>ASOCEM (Asociación de Productores de Cemento) is a trade association representing the cement and cement products industry in Peru, whose purpose is to promote, develop and protect the cement industry in order to contribute to the country's development.</p> <p>ASOCEM's activities are committed to four specific areas. The first is Permanent Services; the second is Support to Sustainable Development; the third is Concrete Technology; the fourth, this Institutional Management to fulfill the purposes that support the industry's business development.</p>	S/ 1,267,000
Global Cement and Concrete Association 	Trade Association	<p>Representing 80% of the global concrete industry outside of China, our mission is to position concrete to meet the world's needs for a material that can build and support growing, modern, sustainable, and resilient communities.</p>	S/ 189,000

<p>The National Society of Mining, Petroleum, and Energy</p>  <p>Sociedad Nacional de MINERÍA PETRÓLEO Y ENERGÍA</p>	<p>Trade Association</p>	<p>The National Society of Mining, Petroleum and Energy - SNMPE is a business organization constituted as a non-profit Civil Association, which brings legal entities related to mining, hydrocarbons and electricity.</p> <p>The purpose of this society is to promote the development of mining, hydrocarbon, and electricity activities, and their auxiliary activities and services, through the sustainable use of natural resources, contributing to the conservation of the environment and social development.</p> <p>Encourage investment in these productive sectors to generate the economic and financial resources that the Nation requires.</p> <p>Develop educational and cultural activities related to these productive activities.</p> <p>Promote and defend the market economy and competitiveness in our sectors.</p>	<p>S/ 129,720</p>
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2. Environmental indicators

2.1. Energy consumption

Total energy consumption	Unidad	2018	2019	2020	2021
Total non-renewable energy consumption	MWh	4,819,895.29	4,916,317.67	2,710,751.98	5,584,832.81
Total renewable energy consumption:	MWh	651,605.00	697,403.00	411,249.00	676,610.00
Data coverage:	percentage of: production	100	100	100	100

2.2. Water Consumption

Water Consumption	Unidad	2018	2019	2020	2021
A. Withdrawal: Total municipal water supplies (or from other water utilities)	millones de metros cúbicos	0	0	0	0

B. Withdrawal: Fresh surface water (lakes, rivers, etc.)	Million cubic meters	0.21	0.22	0.18	0.27
C. Withdrawal: Fresh groundwater	Million cubic meters	0.43	0.42	0.37	0.52
D. Discharge: Water returned to the source of extraction at a similar or higher quality as raw water extracted (only applies to B and C)	Million cubic meters	0	0	0	0
E. TOTAL NET FRESH WATER CONSUMPTION (A+B+C-D)	Million cubic meters	0.64	0.64	0.55	0.79
Data Coverage:	percentage of production	100	100	100	100

2.3. Waste generation and disposal

Total waste	Unit	2018	2019	2020	2021
Total waste recycled/ reused	metric tonnes	4,874	4244	2,252.7	3,502
Total waste disposed	metric tonnes	1,307	983	876.4	1,175.20
Waste landfilled	metric tonnes	1,307	983	876.4	1,175.20
Waste incinerated with energy recovery	metric tonnes	0	0	0	0
Waste incinerated without energy recovery	metric tonnes	0	0	0	0
- Waste otherwise disposed	metric tonnes	0	0	0	0

Data coverage	percentage of production	100	100	100	100
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2.4. Eco-efficiency goals to 2021

Indicator	2021 Goal	Unit
Energy consumption	5,613,721	MWh
Water consumption	0.640269	Millions of m ³ of total water consumed.
Waste	5,227	Tons of waste generated
Scope 1 emissions	4,114,912	tCO ₂ eq
Scope 2 emissions	72,724	tCO ₂ eq
NOx emissions	6,029	metric tonnes
SOx emissions	8,876	metric tonnes
Direct Hg emissions	1.4	metric tonnes
Dust emissions	1,337	metric tonnes

2.5. Co-Processing

Total fuel and raw materials	2021
Clinker-to-Cement ratio	0.863
% alternative raw materials contained in cement (excluding natural raw materials e.g. gypsum, pozzolan)	1.30 %

2.6. Biodiversity Exposure & Assessment

Indicator	Number of sites	Area (Hectares)
a) Overall What is the total number of sites and the total area used for operational activities?	11	1,119

<p>b) Assessment Have you conducted biodiversity impact assessments for sites used for operational activities in the past five years? Biological Monitoring of the Cristina Concession (I and II Semester) Biological Monitoring of the Atocongo UEA (I and II Semester). Biological Monitoring of the Las Hienas Concession (I and II Semester). Biological Monitoring of Las Dunas UEA (I and II Semester). Biological Baseline of Condorcocha Plant, Carpapatas. ACP - Rio Seco Creek</p>	5	3,128
<p>c) Exposure Of the sites assessed in the past five years, how many sites are in close proximity to critical biodiversity, and what is the total area of these sites?</p>	4	4,641
<p>d) Management plans Of those sites in close proximity to critical biodiversity, how many sites have a biodiversity management plan, and what is the area covered by these biodiversity management plans?</p>	4	2,945

2.7. Business Impacts of Water Related Incidents

In the last four years we have had no commercial impacts due to water-related incidents:

Indicator	2018	2019	2020	2021
Total actual and opportunity costs (e.g., revenue foregone) of water-related incidents	0	0	0	0

2.8. TCFD Disclosure

The Task Force on Climate-Related Financial Disclosures (TCFD) of the Financial Stability Board (FSB) has designed a framework of reporting recommendations intended to help financial market participants understand the risks and opportunities associated with climate change.

The TCFD recommendations are structured **around four areas of reference** for the business management of organizations.



Governance

Corporate governance around climate-related risks and opportunities.

Strategy

The actual and potential impact of climate risks and opportunities on the company's business, strategy and financial planning.

Risk management

The processes used by the company to identify, assess and manage climate risks.

Metrics and targets

The metrics and targets used to assess and manage climate-related risks and opportunities.

Source: Task Force on Climate-Related Financial Disclosures

Progress at UNACEM to date:

We have developed an initial analysis in charge of a specialized consulting firm, with the objective of identifying climate risk analysis methodologies for the main business units of the UNACEM Group. This analysis involved making a checklist, sending forms, and interviews with leaders of our organization, approving the TCFD Project in July 2022 to start it in August 2022. The work will focus on the following processes:

1. Develop a disclosure aligned to SASB and TCFD.
2. Analyze the overall picture of risks associated with climate change and ESG transformation in UNACEM.
3. Develop a preliminary diagnosis of climate and ESG management, along with high-level ESG risk mapping.
4. Proposed action plan to close identified gaps, to be presented to the Board of Directors.

3. Social indicators

3.1. Workforce Breakdown: Other Minorities

Diversity indicator	% of FTE 2021
People with disabilities	1%
< 30 years old	5%
30-50 years old	57%
> 50 years	38%

3.2. Gender Pay Indicators

Employee Level	Average Women Salary	Average Men Salary
Executive level (base salary only)	S/ 67,000	S/ 74,935
Executive level (base salary + other cash incentives)	S/ 90,450	S/ 87,448
Management level (base salary only)	S/ 23,893	S/ 26,440
Management level (base salary + other cash incentives)	S/ 25,099	S/ 26,440
Non-management level (base salary only)	S/ 11,406	S/ 11,374

3.3. Lost Time Injury Frequency Rate (LTIFR) - Employees and Contractors

LTIFR	Unidad	FY 2018	FY 2019	FY 2020	FY 2021
Employees	n / million hours worked	4.7	5.5	5.3	8.6
Contractors		4.2	1.3	2.3	4.3
Coverage:	% of operations	100	100	100	100

3.4. Training and Development Inputs

Indicator	2021
Average Full-Time Equivalent (FTE) hours of training and development	19.53
Average amount spent per Full-Time Equivalent (FTE) on training and development (in PEN)	530,155

3.5. Employee turnover rate

2018

Indicator	Administrative		Employees		Laborers	
	Men	Women	Men	Women	Men	Women
Voluntary turnover rate	2.36	7.21	0.00	0.00	0.00	0.00
Total turnover rate	3.43	7.21	2.46	5.00	1.36	100.00

2019

Indicator	Administrative		Employees		Laborers	
	Men	Women	Men	Mujeres	Men	Women
Voluntary turnover rate	3.51	0.00	4.44	0.00	0.00	0.00
Total turnover rate	4.95	8.33	4.44	3.57	2.71	0.00

2020

Indicator	Administrative		Employees		Laborers	
	Men	Women	Men	Mujeres	Men	Women
Voluntary turnover rate	0.00	3.28	0.00	7.69	0.00	0.00
Total turnover rate	3.59	3.28	3.53	11.54	1.81	0.00

2021

Indicator	Administrative		Employees		Laborers	
	Men	Women	Men	Mujeres	Men	Women
Voluntary turnover rate	3.32	0.00	0.00	0.00	0.00	0.00
Total turnover rate	5.66	3.15	3.19	4.00	5.88	0.00

3.6. Employee benefits

Benefits:	Description
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Flexible working hours	<p>Flexible working hours During 2021, we implemented a hybrid model for critical positions. And 100% remote work for administrative staff.</p> <p>For face-to-face work, we respect capacity and social distance. We have a protocol for both operational and administrative functional staff.</p>
Arrangements for working from home	<p>We delivered chairs, laptops, screens, and keyboards if necessary. In addition, we provide our employees with an internet modem and a cell phone as a work tool.</p> <p>Additionally, we develop webinars on efficient work and positive work-life relationships, among other topics of support to the worker.</p>
Childcare or contributions	<p>We provide a schooling bonus over and above what is established by law, with some variations according to our collective bargaining agreements.</p>
Breastfeeding facilities or benefits	<p>We have a breastfeeding center at our Lima headquarters. At the Junín site, we do not exceed the minimum legal quota of women of childbearing age.</p> <p>However, we plan to begin the construction of a breastfeeding facility in 2022.</p>

3.7. Type of Philanthropic Activities

Categoría	Porcentaje Total de costos
Charitable Donations	22
Community Investments	78
Commercial Initiatives	0
Total (must equal 100%)	100

3.8. Philanthropic Contributions

Type of Contribution	Total amount (in PEN)
Cash contributions	82,313
Time: employee volunteering during paid working hours	0
In-kind giving: product or services donations, projects/partnerships, or similar	2,357,203
Management overheads	0