ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. [Reserved]

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Global Macroeconomic Conditions

Global macroeconomic conditions may have an adverse effect on our business, financial condition and results of operations.

Our operations and customers are located in Peru. As a result, our business, financial condition and results of operations, like those of most companies in Peru, may be adversely affected by the level of economic activity in the country. However, economic activity in Peru is significantly affected by global factors. The United States, China and Europe are important recipients of Peru’s exports, and therefore a slowdown in one or more of these economies will affect Peru’s economic activity. Further, natural resources exports, particularly mining, are the main source of income of the Peruvian economy, and therefore any reduction in demand and/or pricing for these exports will have a significant effect on economic activity in Peru, and hence could adversely affect the demand for our products.

During 2023, world economic activity was affected by the continuing Russia-Ukraine war, as well as the war between Israel and Hamas, and by rising inflation rates. The world economy showed moderate growth, due in part to the dynamism of the economies of the United States and India, in spite of a sharp contraction in China and the unfavorable evolution of Europe. The global manufacturing sector remained stagnant during 2023, principally as a result of the lack of dynamism in global trade, particularly trade in goods, mainly due to the disruptions in maritime trade that raised transportation costs, particularly container shipping. Container shipping costs increased, in part, because the Panama Canal was affected by droughts, which led to restrictions and transportation delays. Separately, the attacks in the Red Sea area caused the major shipping companies to divert their ships away from transit through the Suez Canal to other routes, such as the circumnavigation of Africa through the Cape of Good Hope. Although these shipping transportation pressures have recently decreased, increases in shipping costs remains a risk factor for global growth. We produce and sell all of our products within Peru, and are therefore less exposed to these global factors, but an overall increase in freight costs could affect our ability to import some third-party raw materials and therefore affect our results of operations, and we may still experience indirect impacts, such as rising inflation rates.

The cement sector is closely related to the following main macroeconomic variables: (i) the expansion or contraction of the economy as measured by gross domestic product (“GDP”), (ii) domestic demand, (iii) private investment and (iv) public spending. In this regard, prolonged conditions, at the global level, that adversely affect one or more of these variables would negatively affect the cement sector, which may have an adverse effect on our business, financial condition and results of operations.

International conflicts, such as the current war between Russia and Ukraine, and the war between Israel and Hamas, as well as other geopolitical tensions or conflicts have put upward pressure on international prices, increasing inflation, and therefore could adversely affect our business, financial condition, and results of operations.

Russia’s full-scale invasion of Ukraine in February 2022 and Israel’s invasion of Gaza in October 2023 have created economic uncertainty, volatility and disruption in global markets. Although the length and impact of these conflicts are highly unpredictable, to date, they have had an adverse effect on global economic conditions and business activity globally and have led to (i) credit and capital market disruptions, (ii) increases in interest rates and inflation in the market in which we operate and (iii) lower global growth, among others. In addition, the Russia-Ukraine war has caused interruptions in the trade flows of goods produced in those countries (mainly energy and grains) which, in turn, generated upward pressure on international prices of those goods.

Similar pressures have been observed in the price of energy. Russia is a major producer of natural gas, oil and coal. Production and commercial activities have been affected by direct and indirect sanctions. Peru is a net importer of oil, and as such it has been affected by increased prices, which led to above-average inflation levels in 2023. Moreover, we use coal in our operations that, although mostly sourced locally, has a price that is correlated to the global price of energy. Likewise, according to our electricity contracts, payments for electricity are based on a formula that takes into consideration certain market variables, such as the U.S. purchase price index, the global price of oil, the local price of natural gas and the import price of bituminous coal. If energy prices increase globally, our local price of energy will also increase, therefore affecting our results of operation.

Geopolitical and economic risks have also increased over the past few years as a result of trade tensions between the United States and China, and the rise of populism and tensions in South America and Europe. The foregoing conflicts and any other geopolitical tensions may lead, among others, to a de-globalization of the world economy, an increase in protectionism or barriers to immigration, a general reduction of international trade in goods and services, or a reduction in the integration of financial markets. For our company, the inflationary pressures generated by these conflicts and/or de-globalization could adversely affect our business, financial condition and results of operations.

Increases in global freight costs could adversely affect international prices, which, in turn, may increase inflation and therefore adversely affect our business, financial condition and results of operations.

Although global freight prices have decreased from the peak levels experienced in the past two years, during 2023, certain adverse developments continued to put pressure on these prices. During the second half of the year, attacks on commercial vessels in the Red Sea caused increases in costs relating to re-rerouting commercial vessels away from the Suez Canal. Although this route does not directly affect our business, prolonged increased freight prices on this route can affect prices on other routes and therefore our business and results of operations. In addition, global risks to the supply chain relating to climate effects, which impact maritime transport (such as the low water levels in the Panama Canal), continue to adversely affect global freight prices. Likewise, geopolitical tensions in Europe, the Middle East and China, as well as continued trade tensions between China and the United States, could generate new risks to the supply chain and corresponding increases in freight prices.

Risks Relating to Peru

Political, social and economic developments in Peru including political instability, rates of inflation and unemployment could have a material adverse effect on our business, financial condition and results of operations.

All of our operations and customers are located in Peru. Accordingly, our business, financial condition and results of operations depend on the level of economic activity in Peru. Our business, financial condition and results of operations could be affected by changes in economic and other policies of the Peruvian government (which has exercised and continues to exercise substantial influence over many aspects of the private sector), and by other economic and political developments in Peru, including devaluation or depreciation, currency exchange controls, inflation, economic downturns, political instability, corruption scandals, social disturbances and terrorism.

During the 1980s and the early 1990s, Peru experienced severe terrorist activity targeted against, among others, the government and the private sector. Since then, terrorist activity in Peru has been mostly confined to small-scale operations in the Huallaga Valley and the Valleys of the Rivers Apurimac, Ene and Mantaro, or "VRAEM," areas, both in the Eastern part of the country. The Huallaga Valley and VRAEM constitute the largest areas of coca cultivation in the country and thus serve as a hub for the illegal drug trade. Terrorist activity and the illegal drug trade continue to be key challenges for Peruvian authorities. Any violence derived from the drug trade or a resumption of large-scale terrorist activities which may occur could hurt our operations and could disrupt the economy of Peru and our business. In addition, Peru has recently experienced social and political turmoil, including riots, nationwide protests, strikes and street demonstrations, as well as overall lack of safety in the streets, extortions, among other crimes that affect personal security, and could therefore have an effect on demand for our products and services and affect our business and results of operations.

In the past, Peru has experienced political instability that included a succession of regimes with disparate economic policies and programs that created uncertainty for domestic and foreign investors. Pedro Castillo became President of Peru, after a disputed election result in 2021. He faced political opposition in the Peruvian Congress, which was highly fragmented, as no political party had achieved a clear majority and at least 10 political parties had minority representation, which led some groups in the Peruvian Congress to ask for his resignation. On December 7, 2022, President Castillo announced his decision to dissolve Congress, to intervene in the Judiciary, the Public Ministry, the Attorney General's Office, and the Constitutional Court, in addition to the scheduling of an election of a new Congress. These efforts by President Castillo failed due to the immediate rejection by all government bodies, including the cabinet and the armed and police forces. President Castillo was impeached that same day by Congress and arrested in transit to the Mexican embassy in Lima to request political asylum. The then Vice President Dina Boluarte was sworn in as President in accordance with the line of constitutional succession.

The initial days of President Boluarte's term were characterized by strong protests in certain areas of the country. Her mandate is currently scheduled to end in 2026. However, since the political opposition in the Peruvian Congress remains strong, no assurance can be given that impeachment motions will not be presented to the Peruvian Congress against President Boluarte during the remainder of her term. We can provide no assurance that protests will not escalate in the future. In addition, the Peruvian government may seek to modify and reform the Peruvian Constitution to expand the role of the government in activities currently undertaken by the private sector in accordance with statements made during the campaign of former President Castillo. Although it is expected that a majority of the Peruvian Congress would oppose certain new policies and reforms, we can provide no assurance that policymaking by the government will not be unpredictable. We cannot assure you whether President Boluarte or any of her successors will pursue business-friendly and open-market economic policies that stimulate economic growth and stability, and that measures negatively impacting private investment, such as higher taxation or exchange controls, will not be implemented.

Economic activity of Peru in 2023 was affected by climatic anomalies, such as Cyclone Yaku in the North of Peru, and the overall effects of coastal El Niño Phenomenon, which lasted during much of the year (between April and November), and materialized in the form of rain in the north and anomalies of marine and environmental temperatures. Variations in economic indicators such as inflation, "GDP", the balance of payments, the appreciation and depreciation of the national currency, access to credit, interest rates, investment and savings, consumption, spending and fiscal income and employment rates, among other variables, over which we have no control, could affect the development of the Peruvian economy and, therefore, could adversely affect our business, financial condition and results of operations.

Despite Peru's ongoing economic growth and continued stabilization, the social and political tensions and high levels of poverty and proper employment continue. Future government policies to preempt or respond to social disturbances could include, among other things, expropriation, nationalization, suspension of the enforcement of creditors' rights and new taxation policies. These policies could adversely and materially affect the Peruvian economy and our business.

A depreciation or devaluation of the sol could have a material adverse effect on our business, financial condition and results of operations.

A significant depreciation or devaluation of the *sol* may affect us due to the fact that our revenues are denominated in *soles* while 25.7% of our costs, as of December 31, 2023, was denominated in U.S. dollars. As a result, we are exposed to currency mismatch risks. We expect to continue reducing our U.S. dollar-denominated costs, since we stopped requiring imported clinker when our new kiln came on line during the second half of 2023. Nonetheless, a depreciation or devaluation of the *sol* against the U.S. dollar and increased exchange rate volatility would increase the cost of our debt service obligations which could have a material adverse effect on our business, financial condition and results of operations.

The implementation of restrictive exchange rate policies and other similar laws by the Peruvian government could adversely affect our business, financial condition and results of operations.

Since 1991, the Peruvian economy has undergone a major transformation from a highly protected and regulated system to a free market economy. During this period, protectionist and interventionist laws and policies have been dismantled. Currently, foreign exchange rates are determined by market conditions, with regular open-market operations by the BCRP in the foreign exchange market to reduce volatility in the value of Peru's currency against the U.S. dollar.

We cannot assure you that the Peruvian government will not institute restrictive exchange rate policies in the future. Any such restrictive exchange rate policy could have a material adverse effect on our business, financial condition and results of operations and adversely affect our ability to repay debt or other obligations and restrict our access to international financing.

In addition, if the Peruvian government were to institute restrictive exchange rate policies in the future, we might be obligated to seek an authorization from the Peruvian government to make payments in U.S. dollars. We cannot assure you that such an authorization would be obtained. Any such exchange rate restrictions or the failure to obtain such an authorization could materially and adversely affect our ability to make payments under our U.S. dollar-denominated debt and to pay dividends on our common shares to holders of the American Depositary Shares ("ADSs") representing our common shares.

Increased rates of inflation in Peru could have an adverse effect on the Peruvian long-term credit market, as well as the Peruvian economy generally and, therefore, on our business, financial condition and results of operations.

In the past, Peru has suffered through periods of high and hyper-inflation, which has materially undermined the Peruvian economy and the government's ability to create conditions that support economic growth. In response to increased inflation, the BCRP, which sets the Peruvian basic interest rate, may increase or decrease the basic interest rate in an attempt to control inflation or foster economic growth. Increases in the base interest rate could adversely affect our results of operations, increasing the cost of certain funding. Additionally, a return to a high-inflation environment would also undermine Peru's foreign competitiveness, with negative effects on the level of economic activity and employment, while increasing our operating costs and adversely impacting our operating margins if we are unable to pass the increased costs on to our customers. Although inflation was 3.1% for 2023, below the previous five-year average of 4.4%, inflation rates in Peru may rise in the future as a result of supply shocks, including rises in prices of energy, increased freight costs, and/or an increase in domestic demand. Conflicts, such as the war between Russia and Ukraine and Israel and Hamas are likely to exacerbate these effects. In addition, there has been an increase in interest rates globally, which may have an effect on the cost of financing and adversely affect our business and financial condition if we were to require financing

Changes in tax laws or their interpretation may increase our tax burden and, as a result, negatively affect our business.

The Peruvian Congress and government regularly implement changes to tax laws that may increase our tax burden, or the tax burden of our subsidiaries. These changes may include modifications in our taxable base, tax rates and, on occasion, the enactment of temporary taxes that in some cases have become permanent taxes or changes to VAT (value added tax) exemptions applicable to certain of our operations in the Amazonian region. We are unable to estimate the outcomes that these changes may have on business. In that sense, the Peruvian government recently introduced several changes related to transfer pricing rules and formal obligations in order to comply with BEPS (base erosion and profit shifting) Guidelines on transactions performed between related parties or with the intervention of low or no-tax jurisdictions, such as the obligation to file new local-files, master-files and country-by-country reports with the Peruvian tax authority, and to adjust taxable bases accordingly for income tax purposes.

The effects of any tax reforms that could be proposed in the future and any other changes that result from the enactment of additional reforms have not been, and cannot be, quantified. However, any changes to our tax regime or interpretations thereof (including in connection with the tax rates, tax base (*base imponible*), deductions rules, payments in advance regime (*regimen de pagos a cuenta*), time of payment or the establishment of new taxes thereof) may result in increases in our overall costs and/or our overall compliance costs, which could negatively affect our results of operations.

Our operations could be adversely affected by an earthquake, flood or other natural disasters.

Severe weather conditions and other natural disasters in areas in which we operate may materially adversely affect our operations. Peru is affected by El Niño, an oceanic and atmospheric phenomenon that causes a warming of temperatures in the Pacific Ocean, resulting in heavy rains off the coast of Peru and various other effects in other parts of the world. The effects of El Niño, which typically occurs every two to seven years, and is occurring in 2024, include flooding and the destruction of fish populations and agriculture, and, accordingly, have a negative impact on Peru's economy. For example, in March 2023, Cyclone Yaku generated intense rainfall, which resulted in flooding and landslides, which severely damaged some areas in the north of Peru. Although our facilities were not significantly affected, our ability to ship cement was compromised by the destruction of infrastructure. Moreover, the road between our quarry and our plant in Piura was flooded and became inaccessible, potentially causing increased logistics costs. Since we had inventory of seashells from our quarry, we were able to use it while repairing the road. During the first quarter of 2024, we officially inaugurated a new road between our quarry and our plant in Piura that was rebuilt in a manner that will allow water to pass below in the event of heavy rains.

Peru also is located in an area that experiences seismic activity and occasionally is affected by earthquakes. For example, in 2007, an earthquake with a magnitude of 7.9 on the Richter scale struck the central coast of Peru, severely damaging the region south of Lima. Although the North is not typically affected by earthquakes, we cannot assure you that such an event will not occur and if it does, it could adversely affect our business and results of operations.

Our operations could be adversely affected by government-mandated plant closures.

Public health crises, such as epidemics or pandemics, as well as other events deemed to be public emergencies, may result in the government requiring us to cease our operations. For example, in March 2020, the Peruvian government ordered a state of emergency due to the COVID-19 outbreak, and required us to close our operations for approximately two months in 2020. This closure had a materially adverse effect on our business, financial condition, and results of operations, in particular during the state of emergency. Although our business recovered well following the required period of closure, we cannot assure you that the government will not take similar measures in the future as a result of public health crises or other public emergencies that may have an impact on the Peruvian economy as a whole, the construction sector, our customers' ability to purchase cement and cement-based products, and/or our customers' ability to pay for products we have previously sold to them.

Our operations are subject to physical challenges related to climate change.

Climate change may have an adverse impact on the regions where our operations are located. Some of the risks of climate change include heavy precipitation. Extreme precipitation, leading to flooding, may damage the roads and potentially reduce our productivity and increase our costs. Roads blocked as a consequence of floods could also affect our ability to both ship our finished products and receive raw materials, negatively affecting our business and results of operation.

The Peruvian economy could be adversely affected by economic developments in regional or global markets.

Financial and securities markets in Peru are influenced by economic and market conditions in regional and global markets. Although economic conditions vary from country to country, investors' perceptions of the events occurring in one country may adversely affect cash flows and securities from issuers in other countries, including Peru. For example, the announcement of rate increases by the U.S. Federal Reserve, the trade war between the United States and China, and, while our direct exposure to Russia is limited, Russia's large-scale continued military invasion of Ukraine, the military conflict between Israel and Hamas, among other factors, had an impact on the Peruvian economy by adding inflationary pressures, including in respect of high food and energy prices.

Any interruption to the recovery of the developed economies, the continued effects of the global crises, a worsening or resurgence of the debt crisis in Europe, a new geopolitical tension in Europe resulting in economic and/or financial crisis, or a combination of the above, could affect the Peruvian economy, and consequently, materially adversely affect our business. In particular, the Peruvian economy recently has suffered the effects of fluctuating commodity prices in the international markets, a decrease in export volumes, a decrease in foreign direct investment inflows and, as a result, a decline in foreign reserves and an increase in its current account deficit. Additionally, adverse developments in regional or global markets or an increase in the perceived risks associated with investing in emerging markets in the future could adversely affect the Peruvian economy and, as a result, adversely affect our business, financial condition and results of operations.

A decline in the prices of certain commodities in the international markets could have a material adverse effect on our financial condition and results of operations.

In 2023, traditional exports, in particular mineral products, fishing products, agricultural products and petroleum and its derivatives, represented 72.4% of Peru's total exports, according to the figures published by the BCRP. Changes in commodity prices in the international markets may have an adverse impact on Peruvian government finances, which could affect both investor confidence and the sustainability of government expenditure and social programs. Thus, a decline in commodity prices could, ultimately, affect the political environment in Peru, especially as regional and local governments are particularly reliant on tax revenue from mining operations. Lower commodity prices could also affect the retail sector, leading to, for example, a decline in purchasing power and consumer spending.

Corruption and ongoing high-profile corruption investigations may hinder the growth of the Peruvian economy and have a negative impact on our business and operations.

Starting in 2017, Peru has suffered a series of government institutional crises due to, among other things, several corruption scandals involving prominent political figures, mainly past Presidents, and some large construction companies. Some of these corruption scandals resulted in impeachments (Martin Vizcarra and Pedro Castillo) or resignation (Pedro Pablo Kuczynski)

In addition, several corruption scandals regarding authorities at municipal, regional and national government levels are also ongoing, and former and current government officials have been detained. Peruvian authorities are currently conducting several high profile corruption investigations relating to the activities of certain Brazilian companies and their Peruvian partners in the construction and infrastructure sectors, which have resulted in suspension or delay of important infrastructure projects, which were otherwise operational and permitted. Additional investigations and/or corruption scandals may arise as a result of the cooperation agreement signed between the Peruvian government and Odebrecht S.A. in 2019. We cannot predict how these or future corruption scandals or investigations may affect the Peruvian economy, hinder the growth of the Peruvian economy and indirectly have a material adverse effect on our business, financial condition and results of operations.

Although recent history indicates that the macroeconomic stability of the country may remain unaffected by political turmoil, we cannot provide any assurance that political turmoil will not in the future have a material effect on the political or economic stability of the country. See "—Economic, social and political developments in Peru including political instability, rates of inflation and unemployment could have a material adverse effect on our business, financial condition and results of operations."

Public health crises, including epidemics/pandemics, such as the COVID-19 pandemic, have adversely affected Peru's economy and therefore our business, financial condition and results of operations.

The COVID-19 pandemic had a material adverse impact on the Peruvian economy in 2020, resulting in volatility in the financial markets, reduced international trade and lower activity in certain of the key drivers of the economy. In addition, social distancing and stay-at-home quarantine measures imposed to minimize pressure on the healthcare system and contain social costs, adversely affected dynamism of various productive sectors of the economy. Reduced activity in these economic sectors resulted in reduced employment and less income for families and companies.

We cannot assure you that the measures adopted by the Peruvian government to counteract the effects of public health crises, such as the COVID-19 pandemic, or others, will be sufficient over the long term to restore public confidence or to restore economic growth.

Risks Relating to our Business and Industry

We are subject to the possible entry of domestic or international competitors into our market, which could decrease our market share and profitability.

The cement market in Peru is competitive and is currently served mainly by three main groups, which together supply most of the cement consumed in the country, although there are two smaller producers and some imports. In the cement industry, the location of a production plant tends to limit the market a plant can serve because transportation costs are high, reducing profit margins. Historically, we have supplied the northern region of Peru while two other groups have supplied the central (which includes the Lima metropolitan area) and southern regions of Peru, driven principally by the location of production facilities and distribution focus. However, competition could intensify if other manufacturers decide to enter our market.

We may face increased competition if the other Peruvian cement manufacturers, despite incremental freight costs, expand their distribution of cement to the northern region of Peru, or if they develop a cement plant in the north, particularly if the cement markets in Lima or other areas of Peru become saturated. In the past, some foreign cement manufacturers have announced plans to build cement plants in the central region of the country. If competition intensifies in the central region of Peru due to the presence of foreign cement manufacturers or otherwise, it may have price repercussions in our market.

We also face the possibility of competition from the entry into our market of imported clinker for grinding facilities, cement or other materials or products from foreign manufacturers, which may have significantly greater financial resources than us, particularly as production capacity continues to exceed depressed demand in other parts of the world and transportation costs decrease.

We may not be able to maintain our market share if we cannot match our competitors' prices or keep pace with the development of new products. If any of these events were to occur, our business, financial condition and results of operations could be adversely affected.

Demand for our cement products is highly related to housing construction in northern Peru, which, in turn, is affected by economic conditions in the region.

Cement consumption is highly related to construction levels. Demand for our cement products depends, in large part, on residential construction in the north of Peru, which consists mostly of low-income families gradually building or improving their own homes without technical assistance, which we refer to as *auto-construcción*. We estimate that in 2023, *auto-construcción* accounted for approximately 73.0% of our cement sales. Residential construction, in turn, is highly correlated to prevailing economic conditions in Peru. A decline in economic conditions would reduce household disposable income and cause a significant reduction in residential construction, leading to a decrease in demand for cement. As a result, a deterioration of economic conditions in the northern region of Peru would have a material adverse effect on our financial performance and results of operations. We cannot assure you that growth in Peru's GDP, or the contribution to GDP growth attributable to the northern region of the country, will continue at the recent pace or at all, as the economy continues to be affected by external factors such as inflationary pressure, and political uncertainty continues.

A reduction in private or public construction projects in the northern region of Peru would have a material adverse effect on our business, financial condition and results of operations.

We estimate that in 2023, approximately 16.2% of our cement sales were derived from private construction (other than *auto-construcción*) and 10.8% from public construction in the north of Peru. Significant interruptions or delays in, or the termination of, private or public construction projects may adversely affect our business, financial condition and results of operations. Private and public construction levels in our market depend on investments in the region which, in turn, are affected by economic conditions.

The level of public infrastructure construction also depends, to a great extent, on the priorities and financial resources of the national, regional and local governmental authorities. Although the anticipated increase in Peru's large infrastructure projects has been delayed, this remains an important growth driver for the country and also a necessity due to Peru's significant infrastructure deficit. In the North, spending was directed towards reconstruction works to address the damage caused by Coastal El Niño, based on Peru's "Reconstruction with Changes" Plan. This Plan had an approved budget of S/25.7 billion (US$7.6 billion), and in June 2020, the Peruvian government signed an agreement with the government of the United Kingdom, for the execution of a package of S/7 billion. Through the agreement, the United Kingdom provided the structure, strategy and governance processes necessary for the timely delivery of all works, promoting efficiency and avoiding corruption. This agreement expired on December 31, 2023. We cannot assure you that public spending for construction projects will continue in the upcoming years. A reduction in public infrastructure spending in our market would adversely affect our business, financial condition and results of operations.

Our business, financial condition and results of operations may be adversely affected by increases in energy prices or shortages in the supply of energy, as well as third-party raw materials.

Electricity and coal account for a significant percentage of our production costs. In 2023, the cost of electricity represented approximately 16.0% of our cement production costs, compared to 14.2% in 2022 and 13.5% in 2021, and coal represented approximately 23.1% of our cement production costs in 2023, compared to 16.8% in 2022 and 11.5% in 2021. The increase in the percentage of the total production cost that coal represents is related to an overall decrease in other costs, as we stopped using imported clinker and achieved overall savings in maintenance costs. We use a substantial amount of coal in our production process. Most of the coal we use is anthracite coal which we purchase from domestic suppliers and import a small amount of bituminous coal from suppliers primarily in Colombia, in each case, at market prices. We do not have long-term coal supply agreements, and we do not engage in hedging transactions in connection with the price of coal. Any shortage or interruption in the supply of coal could also disrupt our operations. In addition, the price of coal is largely driven by the price of oil, and, as a result, increases in international oil prices are likely to affect the price of coal and adversely affect our results of operations.

We have a long-term electricity supply agreement with Electroperú S.A. (“Electroperú”), a government-owned company, to serve the electricity requirements of our Pacasmayo and Piura facilities until 2026. We have also entered into a supply agreement with Electro Oriente S.A. (“ELOR”) to supply the Rioja facility until November 2024 (subject to extension). During 2023, there was a disruption in the energy supply in the Rioja facility, initially estimated as maintenance works that should have lasted 2 to 3 days, but that ended up lasting around seven weeks. During this period, we were unable to operate our plant and had to transport the cement from our coastal plants in order to satisfy demand, resulting in increased costs.

Our business, financial condition and results of operations could be materially and adversely affected by higher costs, interruptions, and unavailability or shortage of electricity. We have no back-up power system at our plants and cannot assure you that, in case of interruption or failure in Electroperú’s or ELOR’s operations, we will have access to other energy sources at the same prices and conditions, which could adversely affect our business, financial condition and results of operations. Moreover, electricity to our plants is transmitted through the Peruvian Electricity Interconnection System (*Sistema Eléctrico Interconectado Nacional del Perú*, or “SEIN”). Any interruptions or failures in SEIN’s system would also have a material adverse effect on our business, financial condition and results of operations.

In the recent years, we have experienced electricity rationing, limiting our use of electricity to certain times of the day. In such cases, we were forced to readjust our production schedules in order to ensure that our production process was not interrupted. In the event of any future rationing of electricity, we may not be able to readjust quickly enough, and our production process may be interrupted. Future shortages or efforts to respond to or prevent shortages, such as rationing, may adversely impact the cost or supply of electricity for our operations.

A significant increase in the prices of coal, gas or electricity would increase our costs of production. We may not be able to increase the prices of our cement products in the future if the prices of coal, gas or electricity rises, which would adversely affect our business, financial condition and results of operations.

Changes in the cost or availability of admixtures and raw materials supplied by third parties may adversely affect our business, financial condition and results of operations.

We use certain admixtures and raw materials in the production of cement, such as gypsum, blast furnace slag and iron that we obtain from third parties. In 2023, our cost of admixtures and raw materials supplied by third parties as a percentage of our cement production costs was approximately 5.3%, compared to approximately 5.1% in 2022. Moreover, although our need for imported clinker significantly declined in 2023, when compared to 2022, we still had to use some imported clinker, and the cost of this imported clinker as a percentage of our cement production costs was approximately 4.0%, compared to 16.3% in 2022. We do not have long-term contracts for the supply of admixtures or raw materials that we use and if existing suppliers cease operations or reduce or eliminate production of these products, our costs to procure these materials may increase significantly or we may be obligated to procure alternatives to replace these products.

We may undertake future acquisitions that may not achieve expected benefits.

Our strategic initiatives include pursuing acquisitions that tend to diversify our existing portfolio of products and services and expand our geographic footprint. In the future, we may decide to expand by acquiring other companies in Peru or abroad. Any future acquisitions will depend on our ability to identify suitable candidates, negotiate acceptable terms, and obtain financing for the acquisitions. If future acquisitions are significant, they could change the scale of our business and expose us to new geographic, political, operating and financial risks. In addition, each acquisition involves a number of risks, such as the diversion of our management's attention from our existing business to integrating the operations and personnel of the acquired business, possible adverse effects on our results of operations during the integration process, our inability to achieve the intended objectives of the combination and potential unknown liabilities associated with the acquired assets.

We may not be able to obtain the funding required to implement future strategies.

Our strategies to continue to expand our cement production capacity and distribution network require significant capital expenditures. We cannot assure you that we will generate sufficient cash flow from operations, or that we will have access to external financing sources, to adequately fund such capital expenditures. Our access to external sources of financing will depend on many factors, including factors beyond our control, such as conditions in the global capital markets and investors' risk perception of investing in Peru and in emerging markets generally. Any equity or debt financing, if available, may not be on terms that are favorable to us. If our access to external financing is limited, we may not be able to execute our strategy, which could adversely affect our business, financial condition and results of operations.

In addition, our local bonds due 2029 and 2034, and the "club deal" loan we entered into in 2021, contain covenants that limit our ability and that of our restricted subsidiaries to incur additional indebtedness if we do not meet certain financial ratios. If we are unable to incur additional debt to fund our future strategies, our business could be adversely affected.

We are subject to risks related to litigation and administrative proceedings that could adversely affect our business and financial performance in the event of an unfavorable ruling.

The nature of our business exposes us to litigation relating to product liability claims, labor, health and safety matters, environmental matters, regulatory, tax and administrative proceedings, governmental investigations, tort claims and contract disputes, among other matters. In the past, we have been subject to antitrust and tax proceedings or investigations. While we contest these matters vigorously and make insurance claims when appropriate, litigation is inherently costly and unpredictable, making it difficult to accurately estimate the outcome of actual or potential litigation. Although we establish provisions as we deem necessary, the amounts that we reserve could vary significantly from any amounts we actually pay due to the inherent uncertainties in the estimation process. We cannot assure you that these or other legal proceedings will not materially affect our ability to conduct our business, financial condition and results of operations in the event of an unfavorable ruling.

Our business is subject to a number of operational risks, which may adversely affect our business, financial condition and results of operations.

Our business is subject to several industry-specific operational risks, including accidents, natural disasters, labor disputes and equipment failures. Such occurrences could result in damage to our production facilities and equipment, and/or the injury or death of our employees and others involved in our production process. Moreover, such accidents or failures could lead to environmental damage, loss of resources or intermediate goods, delays or the interruption of production activities and monetary losses, as well as damage to our reputation. Our insurance may not be sufficient to cover losses from these events, which could adversely affect our business, financial condition and results of operations.

In addition, key equipment at our facilities, such as our mills and kilns, may deteriorate sooner than we currently estimate. Such deterioration of our assets may result in additional maintenance or capital expenditures and could cause delays or the interruption of our production activities. If these assets do not generate the cash flows we expect, and we are not able to procure replacement assets in an economically feasible manner, our business, financial condition and results of operations may be materially and adversely affected.

Our business depends on the continued operation of our Pacasmayo and Piura facilities.

Our production facilities in Pacasmayo and Piura are essential to our business. In 2023, approximately 91.2% of our total cement and all of our quicklime was produced at our Pacasmayo and Piura facilities. These plants are subject to normal hazards of operating any cement production facility, including accidents, natural disasters and unexpected malfunctioning of the equipment. Any interruption in our operation of our Pacasmayo or Piura facilities or a decrease in the effective capacity of these facilities would adversely affect our results of operations.

The introduction of cement substitutes into the market and the development of new construction techniques could have a material adverse effect on our business, financial condition and results of operations.

Materials such as plastic, aluminum, ceramics, glass, wood and steel can be used in construction as a substitute for cement. In addition, other construction techniques, such as the use of drywall, could decrease the demand for cement and concrete. In Peru, drywall has only been introduced into the housing construction market in recent years and it is not widely used. However, the use of drywall for housing construction could increase significantly in the future as it becomes more popular. In addition, research aimed at developing new construction techniques and modern materials may introduce new products in the future. The use of substitutes for cement could cause a significant reduction in the demand and prices for our cement products.

Our success depends on key members of our management and board of directors

Our success depends largely on the efforts and strategic vision of our executive management team and our board of directors. The loss of the services of some or all of our executive management team or members of our board of directors could have a material adverse effect on our business, financial condition and results of operations.

The execution of our business plan also depends on our ongoing ability to attract and retain additional qualified employees capable of operating our plants. Due to the limited pool of skilled workers in the north of Peru or workers from other regions willing to relocate to the north of Peru, we may not be successful in attracting and retaining the personnel we require. If we are unable to hire, train and retain qualified employees at a reasonable cost, we may be unable to successfully operate our business or reach full planned production levels in a timely manner and, as a result, our business, financial condition and results of operations could be adversely affected.

Our operations and sales are highly concentrated in the northern region of Peru.

All of our operations are located in the northern region of Peru, including our production facilities and the quarries from where we obtain limestone to produce cement. In addition, substantially all our cement products are sold to consumers in this market. As a result, any adverse economic, political, or social conditions affecting the northern region of Peru, as well as natural disasters and weather conditions, such as the El Niño climate pattern, among other factors that may affect this region, could have a material adverse effect on our business, financial condition and results of operations. For example, in March 2023, Cyclone Yaku generated intense rainfall, which resulted in flooding and mudslides, which severely damaged some areas in the north of Peru, particularly the city of Pacasmayo, where we operate. Although there was no severe physical damage to our properties, we were affected by temporary road interruptions, inadequate workforce turnout, temporary disruptions in the supply of products, delays in the delivery of our products.

We are subject to environmental regulations and may be exposed to liability and political cost as a result of our handling of hazardous materials and potential costs for environmental compliance.

We are subject to various environmental protection and health and safety laws and regulations that regulate, among other things, the generation, storage, handling, use and transportation of hazardous materials; emissions and discharge of hazardous materials; and the health and safety of our employees. Pursuant to Peruvian law, in order to conduct mining and industrial activities, we are required, among other things, to (i) submit an environmental impact assessment to the Ministry of Production (*Ministerio de la Producción*) and a mining closure plan to the Ministry of Energy and Mines (*Ministerio de Energía y Minas*, or “MINEM”) prior to initiating mining activities, (ii) comply with certain air emission and wastewater discharge standards, (iii) obtain approval from the water management authority to discharge wastewater into natural water sources or soil, (iv) dispose solid waste generated by us in special landfills exclusively through companies registered with the environmental agency, and (v) store fuel in compliance with environmental and safety standards. In addition, we are required to have a health and safety committee and develop an internal health and safety code. Although we believe we are in compliance with all these regulations in all material respects, we cannot assure you that we have been or will be at all times in full compliance with these laws and regulations. Any violation of such laws or regulations could result in substantial fines, criminal sanctions, revocations of operating permits and shutdowns of our facilities. In addition, current or future governments may also impose stricter regulations which may require us to incur higher compliance costs.

Pursuant to certain applicable environmental laws, we could be held liable for all or substantially all of the damages caused by pollution at our current or former facilities or those of our predecessors or at disposal sites. We could also be held liable for all incidental damages due to the health effects of exposure of individuals to hazardous substances or other environmental damage.

We cannot assure you that our costs of complying with current and future environmental and health and safety laws and regulations, and any liabilities arising from past or future releases of, or exposure to, hazardous substances will not adversely affect our business, financial condition and results of operations.

Evolving expectations and/or requirements for reporting on or implementing environmental, social and governance (ESG) programs could increase our costs, and failure to meet expectations or requirements could adversely affect our sales and results of operations.

Expectations from shareholders, customers, employees, and other third parties concerning ESG reporting have increased and are increasing, and our ability to meet those expectations may be dependent on third parties. Regulatory requirements are also increasing, including a new rule on the Enhancement and Standardization of Climate-Related Disclosures for Investors adopted by the U.S. Securities and Exchange Commission on March 6, 2024 which will require the disclosure of information including a registrant’s material climate-related risks, activities to mitigate that risk, oversight of climate-related risks, any material climate-related targets or goals, the financial statement impacts of severe weather events, and, for certain issuers, Scope 1 and 2 greenhouse gas emissions. Although this new rule was voluntarily stayed by the SEC on April 4, 2024, pending resolution of multiple challenges to be heard by the Eighth Circuit Court, we cannot assure you that the stay will not be lifted in the future. Meeting stakeholder expectations and regulatory requirements could require additional resources and compliance costs.

Social disturbances by local communities may have an adverse effect on our business and results of operations.

Mining is an important part of the Peruvian economy. As of December 31, 2023, mining and oil and gas accounted for approximately 11.6% of the country’s GDP, according to the BCRP. On several occasions, local communities have opposed these operations and accused them of polluting the environment and hurting agricultural and other traditional economic activities. In recent years, Peru has experienced protests against mining projects in several regions around the country. For example, since 2019, there have been on-and-off conflicts in Las Bambas between local communities and China Minmetals Corp, resulting in road blockages and halt in operations repeatedly throughout this period, and is still ongoing. We conduct some extraction activities in our quarries and operate in areas close to local communities. Although we have historically had very good relationships with the local communities where we operate and nearby, we provide no assurance that this will continue to be the case in the future. During 2022, certain local communities made social demands relating to agriculture, transportation, mining, which caused instability. Social disturbances, mainly in the center and south of the country after the impeachment of President Castillo, caused further instability and resulted in an overall slowdown in GDP growth until the first quarter of 2023.

Illegal mining has also generated conflicts. During the last three years, Compañía Minera Poderosa, a gold mining company operating in Peru, has suffered repeated attacks by illegal miners colluding with national and foreign criminal organizations. Although a state of emergency has been declared in the region, and Minera Poderosa has significantly increased its own security, there was a new attack on April 5, 2024.

Social disturbances, mainly in the center and south of the country after the impeachment of President Castillo, caused further instability and resulted in an overall slowdown in GDP growth until the first quarter of 2023. Further social demands and conflicts may have an effect on the Peruvian economy, and on our business and results of operations.

International agreements related to climate change may result in an increase in our costs.

There are ongoing international efforts to address greenhouse emissions. The United Nations and certain international organizations have taken action against activities that may increase the atmospheric concentration of greenhouse gases. Regulatory measures, such as the Kyoto Protocol, aimed at addressing greenhouse gas emissions and climate changes, are in various stages of negotiation and implementation. Such measures may result in increased costs to us for installation of new controls aimed at reducing greenhouse gas emissions, purchase of credits or licenses for atmospheric emissions, and monitoring and registration of greenhouse gas emissions from our operations. These measures, if adopted in Peru, could adversely affect our business, financial condition and results of operations.

Changes in regulations or in the interpretation of regulations may adversely affect our business, financial condition and results of operations.

Our business is subject to extensive regulation in Peru, including, among others, relating to tax, environmental, labor, health and safety, and mining matters. We believe that our facilities are currently operating in all material respects in accordance with all applicable concessions, laws and regulations. Future regulatory changes, changes in the interpretation of such regulations or stricter enforcement of such regulations, including changes to our concession agreements, may increase our compliance costs and could potentially require us to alter our operations. We cannot assure you that regulatory changes in the future will not adversely affect our business, financial condition and results of operations.

Any dispute with the labor unions that represent our employees could have an adverse effect on our business, financial condition and results of operations.

As of December 31, 2023, approximately 22.2% of our employees were members of employee unions. Although we consider our relations with our employees are currently positive, we cannot assure you that we will not experience work slowdowns, work stoppages, strikes or other labor disputes in the future, which could adversely affect our business, financial condition and results of operations.

New projects may require the prior approval of local indigenous communities.

On September 7, 2011, Peru enacted Law No. 29785, regarding the Prior Consultation Right of Local Indigenous Communities, in accordance with the International Labor Organization Convention No. 169 (*Ley del Derecho a la Consulta Previa a los Pueblos Indígenas y Originarios, Reconocido en el Convenio 169 de la Organización Internacional del Trabajo*). This law, which became effective on December 6, 2011, establishes a prior consultation procedure (*procedimiento de consulta previa*) that the Peruvian government must carry out with local indigenous communities, whose rights may be directly affected by new legislative or administrative measures, including the granting of new mining concessions. Local indigenous communities do not have a veto right; upon completion of this prior consultation procedure, the Peruvian government retains the discretion to approve or reject the applicable legislative or administrative measure. However, to the extent that in the future our new projects may require implementation of legislative or administrative measures that impact local indigenous communities, we may not be able to undertake such projects, unless the Peruvian government first conducts the foregoing consultation procedure. We cannot assure you that this law will not adversely affect our new projects and have an adverse effect on our business, financial condition and results of operations.

The instruments pursuant to which our principal indebtedness was issued contain financial and other covenants, and any default under any of these instruments may have a material adverse effect on our financial condition and cash flows.

In January 2019, we issued an aggregate of S/570 million in debt securities in two issuances under our local bond program: one in the aggregate principal amount of S/260 million bearing interest a rate of 6.68750% with a term of 10 years, and another in the aggregate principal amount of S/310 million bearing interest at a rate of 6.84375% with a term of 15 years. These issuances contain the same restrictions and covenants as our 4.50% Senior Notes due 2023. And, in 2021, we entered into a “club deal” loan, which also contains restrictive covenants, as well as financial covenants requiring us to meet certain financial ratios tests. Failure to meet or satisfy any of these covenants could result in an event of default under the indenture, the agreements governing our local bonds or our “club deal” loan.

Failures in our information technology systems and information security (cybersecurity) systems can adversely impact our operations and reputation.

Our operations are to a certain extent dependent on information technology and automated operating systems to manage or support our operations. The proper functioning of these systems is critical to the efficient operation and management of our business. In addition, these systems may require modifications or upgrades as a result of technological changes or growth in our business. These changes may be costly and disruptive to our operations. Our systems may be vulnerable to damage, disruption or intrusion caused by circumstances beyond our control, such as physical or electronic break-ins, catastrophic events, power outages, natural disasters, computer system or network failures, viruses or malware, unauthorized access and cyberattacks. Although we take actions to secure our systems and electronic information through cybersecurity tools, backup and recovery solutions, procedures and policies which are based on Cybersecurity framework NIST 1.1 and ISO/IEC 27001:2013, have disaster recovery plans in case of incidents that could cause major disruptions to our business, these measures may not be sufficient since cybersecurity threats continue to evolve. Any significant information leakage or theft of information could affect our compliance with data privacy laws and damage our relationship with our employees, customers and suppliers, and also adversely impact our business, financial condition and results of operations. Our insurance does not cover any risk associated with any cyber security risks.

We are incorporating artificial intelligence technologies into our processes. These technologies may present business, compliance, and reputational risks.

Recent technological advances in artificial intelligence and machine-learning technology both present opportunities and pose risks to us. If we fail to keep pace with rapidly evolving technological developments in artificial intelligence, our competitive position and business results may suffer. At the same time, use of artificial intelligence has recently become the source of significant media attention and political debate. The introduction of these technologies, particularly generative AI, into our operations may result in new or expanded risks and liabilities, including due to enhanced governmental or regulatory scrutiny, litigation, compliance issues, ethical concerns, confidentiality or security risks, as well as other factors that could adversely affect our business, reputation, and financial results. In addition, our personnel could, unbeknownst to us, improperly utilize artificial intelligence and machine learning-technology while carrying out their responsibilities. The use of artificial intelligence can lead to unintended consequences, including generating content that appears correct but is factually inaccurate, misleading or otherwise flawed, or that results in unintended biases and discriminatory outcomes, which could harm our reputation and business and expose us to risks related to inaccuracies or errors in the output of such technologies and the risk that using such technologies could result in leakage of our confidential information.

Risks Relating to our Common Shares and ADSs

The market price of ADSs may fluctuate significantly, and you could lose all or part of your investment.

Volatility in the market price of the ADSs may prevent you from being able to sell your ADSs at or above the price you paid for them. The market price and liquidity of the market for the ADSs may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include, among others:

- actual or anticipated changes in our results of operations, or failure to meet expectations of financial market analysts and investors;
- investor perceptions of our prospects or our industry;
- operating performance of companies comparable to us and increased competition in our industry;
- new laws or regulations or new interpretations of laws and regulations applicable to our business;
- general economic trends in Peru;
- catastrophic events, such as earthquakes and other natural disasters; and
- developments and perceptions of risks in Peru and in other countries.

Our controlling shareholder has significant influence over us and his interests could conflict with the interests of other shareholders.

As of March 31, 2024, our controlling shareholder beneficially owned 50.01% of our outstanding common shares. As a result, our controlling shareholder has the ability to determine the outcome of substantially all matters submitted for a vote to our shareholders and thus exercise control over our business policies and affairs, including, among others, the following:

- the composition of our board of directors and, consequently, any determinations of our board with respect to our business direction and policy, including the appointment and removal of our executive officers;
- determinations with respect to mergers, other business combinations and other transactions, including those that may result in a change of control;
- whether dividends are paid or other distributions are made and the amount of any such dividends or distributions;
- whether we offer preemptive and accretion rights to holders of our common shares in the event of a capital increase;
- sales and dispositions of our assets; and
- the amount of debt financing we incur.

Our controlling shareholder may direct us to take actions that could be contrary to the interests of our other shareholders and may be able to prevent other shareholders from blocking these actions or from causing different actions to be taken. Also, our controlling shareholder may prevent change of control transactions that might otherwise provide the shareholders with an opportunity to dispose of or realize a premium on their investment in our common shares and ADSs. We cannot assure you that our controlling shareholder will act in a manner consistent with our other shareholders’ best interests.

Holders of ADSs may be unable to exercise voting rights with respect to our common shares underlying the ADSs at our shareholders' meetings.

Holders of ADSs may exercise voting rights with respect to the common shares represented by the ADSs only in accordance with the deposit agreement relating to the ADSs. Holders of our common shares will receive notice of shareholders' meetings through publication of a notice 25 days in advance, pursuant to Peruvian law, in the official gazette in Peru, a Peruvian newspaper of general circulation, the bulletin of the Lima Stock Exchange and the website of the *Superintendencia del Mercado de Valores* (the "Peruvian Securities Commission"), and will be able to exercise their voting rights by either attending the meeting in person or voting by proxy. ADS holders will not receive notice directly from us. Instead, pursuant to the deposit agreement, we will notify the depositary, which will mail to holders of ADSs the notice of the meeting and a statement as to the manner in which voting instructions may be given. To exercise their voting rights, ADS holders must instruct the depositary how to exercise the voting rights for the common shares which underlie their ADSs. Due to these additional procedural steps involving the depositary, the process for exercising voting rights may take longer for ADS holders than for holders of our common shares.

Holders of ADSs also may not receive voting materials in time to instruct the depositary to vote the common shares underlying their ADSs. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions of the holders of ADS or for the manner of carrying out such instructions, unless such failure can be attributable to gross negligence, bad faith or willful misconduct on the part of the depositary or its agents. Accordingly, holders of ADSs may not be able to exercise voting rights, and they will have little, if any, recourse if the underlying common shares are not voted as requested.

The ability of holders of ADSs to receive payments of cash dividends may be limited.

Our shareholders' ability to receive cash dividends may be limited by the ability of the depositary to convert cash dividends paid in *soles* into U.S. dollars. Under the terms of our deposit agreement with the depositary for the ADSs, the depositary will convert any cash dividend or other cash distribution we pay on the common shares underlying the ADSs into U.S. dollars, if it can do so on a reasonable basis and can transfer the U.S. dollars to the United States. If this conversion is not possible or if any government approval is needed and cannot be obtained, the deposit agreement allows the depositary to distribute the foreign currency only to those ADS holders to whom it is possible to do so. If the exchange rate fluctuates significantly during a time when the depositary cannot convert the foreign currency, holders of ADSs may lose some or all of the value of the dividend distribution.

Holders of ADSs may be unable to exercise pre-emptive or accretion rights with respect to the common shares underlying their ADSs.

Under Peruvian corporate law, if we issue new common shares as part of a capital increase, unless otherwise agreed to by holders of 40% of our outstanding common shares, our shareholders will generally have the right to subscribe to a proportional number of common shares of the class held by them to maintain their existing ownership percentage, which is known as preemptive rights. In addition, shareholders are entitled to the right to subscribe for the unsubscribed common shares of either the class held by them or other classes which remain unsubscribed at the end of a preemptive rights offering, on a pro rata basis, which is known as accretion rights. Holders of ADSs may not be able to exercise the preemptive or accretion rights relating to common shares underlying the ADSs unless a registration statement under the U.S. Securities Act of 1933, as amended (the "Securities Act"), is effective with respect to those rights or an exemption from the registration requirements of the Securities Act is available. We are not obligated to file a registration statement with respect to the common shares relating to these preemptive and accretion rights and we cannot assure you that we will file any such registration statement. Unless we file a registration statement or an exemption from registration is available, holders of ADSs may receive only the net proceeds from the sale of their preemptive and accretion rights by the depositary or, if the preemptive and accretion rights cannot be sold, they will be allowed to lapse. As a result, U.S. holders of ADSs may suffer dilution of their interest in our company upon future capital increases.

We are entitled to amend the deposit agreement under which the ADSs were issued, and to change the rights of ADS holders under the terms of such agreement, without the prior consent of the ADS holders.

We are entitled to amend the deposit agreement and to change the rights of the ADS holders under the terms of such agreement, without the prior consent of the ADS holders. Any change related to an increase in deposits or charges for book-entry securities services or any modification that might hinder the rights of the ADS holders will be effective within 30 days after the ADS holders have received notice of such change or modification and such holders will have no right to any compensation whatsoever.

Our status as a foreign private issuer allows us to follow alternate standards to the corporate governance standards of the New York Stock Exchange, which may limit the protections afforded to investors.

We are a "foreign private issuer" within the meaning of the New York Stock Exchange corporate governance standards. Under New York Stock Exchange rules, a foreign private issuer may elect to comply with the practices of its home country and not to comply with certain corporate governance requirements applicable to U.S. companies with securities listed on the exchange. We currently follow certain Peruvian practices concerning corporate governance and intend to continue to do so. Accordingly, holders of ADSs will not have the same protections afforded to shareholders of companies that are subject to all New York Stock Exchange corporate governance requirements.

For example, the New York Stock Exchange listing standards provide that the board of directors of a U.S. listed company must have a majority of independent directors at the time the company ceases to be a "controlled company." Under Peruvian corporate governance practices, a Peruvian company is not required to have a majority of independent members on its board of directors.

The listing standards for the New York Stock Exchange also require that U.S. listed companies; at the time they cease to be "controlled companies," have a nominating/corporate governance committee and a compensation committee (in addition to an audit committee). Each of these committees must consist solely of independent directors and must have a written charter that addresses certain matters specified in the listing standards. Under Peruvian law, a Peruvian company may, but is not required to, form special governance committees, which may be composed partially or entirely of non-independent directors.

In addition, New York Stock Exchange rules require the independent non-executive directors of U.S. listed companies to meet on a regular basis without management being present. There is no similar requirement under Peruvian law.

The New York Stock Exchange's listing standards also require U.S. listed companies to adopt and disclose corporate governance guidelines. In November 2013, the Peruvian Securities Commission and a committee comprised of regulatory agencies and associations prepared and published a list of suggested non-mandatory corporate governance guidelines called the "Good Corporate Governance Code for Peruvian Companies." Although we have implemented a number of these measures, we are not required to comply with the corporate governance guidelines by law or regulation, only to disclose whether or not we are in compliance.

Minority shareholders in Peru are not afforded equivalent protections as minority shareholders in other jurisdictions and investors may face difficulties in commencing judicial and arbitration proceedings against our company or our controlling shareholder.

Our company is organized and existing under the laws of Peru, and our controlling shareholder is resident in Peru. Accordingly, investors may face difficulties in serving process on our company, our officers and directors or our controlling shareholder in other jurisdictions, and in enforcing decisions granted by courts located in other jurisdictions against our company, our officers and directors or our controlling shareholder that are based on securities laws of jurisdictions other than Peru.

In Peru, there are no proceedings to file class action suits or shareholder derivative actions with respect to issues arising between minority shareholders and an issuer, its controlling shareholders or directors and officers. Furthermore, the procedural requirements to file actions by shareholders differ from those of other jurisdictions, such as in the United States. As a result, it may be more difficult for our minority shareholders to enforce their rights against us, our directors, officers or controlling shareholder as compared to the shareholders of a U.S. company. The deposit agreement provides that the depositary has no obligation to commence or become involved in any judicial proceedings and any other legal actions relating to the ADSs or the deposit agreement, either on behalf of the ADS holders or on behalf of any other person.

The ability of investors to enforce civil liabilities under U.S. securities laws may be limited.

Most of our directors or executive officers are not residents of the United States. All or a substantial portion of our assets and those of our directors and executive officers are located outside of the United States. As a result, it may not be possible for investors in our securities to affect service of process within the United States upon such persons or to enforce in U.S. courts or outside of the United States judgments obtained against such persons outside of the United States.

We are a company organized and existing under the laws of Peru, and there is no existing treaty between the United States and Peru for the reciprocal enforcement of foreign judgments. It is not clear whether a Peruvian court would accept jurisdiction and impose civil liability if proceedings were commenced in a foreign jurisdiction predicated solely upon U.S. federal securities laws.