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CORPORATE ENVIRONMENTAL POLICY

1. OBJECTIVE

Define the environmental management guidelines of Corporación Aceros Arequipa and its subsidiaries (hereinafter, “CAASA”) for the prevention, control, and mitigation of environmental impacts in all production operations, logistics, and corporate facilities, and in goods and services, including distribution and delivery services.

Promote and maintain an environmental culture that contributes to the country’s sustainable development and demonstrates that the steel industry and its related businesses can be conducted without environmental deterioration. Establish principles for each one of the focal points of our actions that enable us to set forth strategies, objectives, and design initiatives that will allow us to achieve our short, medium, and long-term goals.

2. SCOPE

CAASA’s stakeholders: shareholders, customers, team members, goods suppliers and service providers, contractors, community, and governments; and when working with other business partners (such as unmanaged operations, joint venture partners, license holders, subcontracting partners, and others). The scope of this policy shall also apply to due diligence, merger, and acquisition processes.

3. REFERENCE LEGAL FRAMEWORK

- Political Constitution of Peru (1993), Laws, Legislative Orders (Decretos Legislativos), Executive Orders (Decretos Supremos), and other applicable regulations in force and of mandatory compliance in the country.
- Environmental laws in force in the countries where CAASA operates.
- ISO 14001 Environmental Management Systems.

4. DEFINITIONS

4.1. Environment: Is the group of physical, chemical, and biological elements, of natural or anthropogenic origin, that surround living beings and determine the conditions of their existence.

4.2. Sustainable Natural Resource Use: Is the use of natural resources in such a way as not to affect the possibility of their indefinite future use, respecting their functional integrity and the ability of ecosystems to handle such exploitation. This term refers specifically to the exploitation of renewable natural resources, and is not applicable per se to non-renewable natural resources.

4.3. Protected Natural Areas: Mainland and/or marine spaces within national territory expressly recognized and declared as such, created to conserve biological diversity and other associated values of cultural, scenic, and scientific value, as well as their contribution to the country's sustainable development.

4.4. Environmental Quality: Condition of natural equilibrium that describes the set of geochemical, biological, and physical processes, and their various, complex interactions that occur over time, within a given geographical space. Environmental quality may be affected, whether positively or negatively, by human actions, posing a risk to the integrity of the environment and human health.

4.5. Climate Change: Generally speaking, climate change refers to significant statistical variations in the state of the climate or its variability, which persist for an extended period of time, and which may be due to natural causes or result from human activities.

4.6. Environmental Pollution: Action and state resulting from human introduction of pollutants into the environment in excess of the maximum permitted quantities and/or concentrations, taking into account the accumulative or synergetic effects of the pollutants in the environment.

4.7. Sustainable Development (or Sustainability): Development that meets humans' current needs without compromising the ability of future generations to meet their own. This rests on a long-term perspective in which the social, environmental, and economic aspects of development are integrated in a balanced matter, with a view to improving the public's quality of life.

4.8. Biodiversity: The different forms and varieties in which life manifests itself on Planet Earth, i.e., from living organisms to ecosystems. This includes the diversity found within each species (genetic diversity), as well as between species (diversity of species) and ecosystems (diversity of ecosystems).

4.9. Ecoefficiency: Ecoefficiency refers to producing more goods and services with fewer environmental impacts.

4.10. Circular Economy: Is an economic concept framed within sustainable development, the purpose of which is to produce goods and services while reducing the consumption and waste of raw materials, water, and energy.

4.11. Greenhouse Effect: Is a phenomenon in which part of the sun's energy returned by Earth is absorbed and retained in the form of heat in the lower atmosphere. The augmented (or accentuated) greenhouse effect consists of an increase in the concentration of greenhouse gases (GHGs) that result in a greater opacity of the atmosphere to infrared radiation and an increase in the temperature on the Earth's surface due to the emission of certain gases such as carbon dioxide and methane, as a result of human activity.

4.12. Carbon Footprint: Is the totality of greenhouse gases (GHGs) issued due to the direct or indirect effects of an individual, organization, event, or product. Carbon footprint analysis thus provides data that can be used as an overall environmental indicator of an organization's activity. Carbon footprint also serves as a basic reference point for undertaking actions to reduce energy consumption and the use of resources and materials with better environmental behavior.

4.13. Environmental Impact: The alteration, whether positive or negative, of one or more of the environment's components due to a project's actions. The "impact" is the difference between what would have happened with the action and what would have happened without it.

4.14. CAE Program: Strategic Environmental Compliance Program that seeks to raise awareness of environmental matters among the team members of the organization and its subsidiaries through training sessions, workshops, campaigns, and publications.

4.15. Solid Waste: Is any object, material, substance, or element resulting from the consumption or use of a good or service that is disposed of by its owner, or which the owner has the intention or obligation to dispose of for management, prioritizing the valorization of waste and, in this latter case, the final disposal thereof. Solid waste includes all waste or garbage in a solid or semisolid state. Waste is also considered to include anything in a liquid or gas state that is contained in receptacles or storage containers that will be disposed of, as well as those liquids or gases which, due to their physicochemical characteristics, cannot be fed into the emissions and effluents treatment systems and thus cannot be released into the environment. In such cases, gases or liquids must be safely fitted out for their adequate final disposal.

4.16. Industrial Byproduct: Is all material resulting from the production process of CAASA that may be reprocessed by the organization, or which has potential value that may enable the research and development of new technologies and materials nationwide.

5. GUIDELINES

5.1. General Guidelines

Guarantee the establishment of control measures that conserve the environmental components in the design of each one of its projects, based on the sustainable use of natural resources, compliance with all legal requirements, care for biodiversity, and a focus on measures for the adaptation and mitigation of climate change.

Assume the economic, legal, and other implications resulting from any environmental deterioration caused by its operations.

Guarantee steel production in harmony with the environment and our surroundings.

Define strategies tied to social, environmental, and economic aspects, to be integrated in a balanced manner, taking into account the principles of the circular economy.

Promote adaptation and mitigation strategies toward climate change, with a view to reducing the corporate carbon footprint.

5.2. Circular Economy

- Promote the responsible consumption of resources by selecting technologies and processes that use renewable or high-performance resources, wherever this is viable.
- Optimize the performance of resources within the organization. This includes designing remanufacturing, reconditioning, and recycling processes to increase the degree to which resources are used.
- Implement environmental criteria for the acquisition

5.3. Biodiversity Conservation

- Comply with local, regional, and national legal requirements regarding the management of the earth and protection of diversity; and avoid operating in areas considered world heritage or protected areas that fall within Categories I-IV of the International Union for the Conservation of Nature (IUCN).¹
- Evaluate the impact on biodiversity in our current and future areas of operation, as necessary, depending on their location. When areas with biodiversity of global or national significant are identified, a mitigation hierarchy shall be applied with a focus on avoidance, minimization, restoration, and compensation. For all of CAASA's current projects, measures will be implemented to minimize impact on biodiversity.

¹ The IUCN's Protected Area Management category system creates a common understanding and international reference framework for protected areas, both between and within countries, classified into: Category I (Strict Protection); Category II (Ecosystem Conservation and Protection); Category III (Conservation of Natural Features); Category IV (Conservation through Active Management); Category V (Conservation of Land and Marine and Scenery and Recreation); and Category VI (Sustainable Use of Natural Resources).

- Develop management plans to foster the importance of biodiversity. Prioritize the conservation of key species; species with a special conservation status; species that have historically inhabited the area; and species with a history of traditional use and value for local communities.
- Collaborate with stakeholders to guarantee the long-term conservation of native species in the area of influence of our operations.
- Identify and define action plans to ensure no net loss of biodiversity in important habitats located near our operations.²
- Promote the gathering, analysis, and improvement of information and knowledge on biodiversity, in collaboration with experts.
- Acquire, develop, and apply systems and technologies to reduce impacts on biodiversity.
- Reduce deforestation produced by direct and / or indirect operations; and in a reasonable time horizon, achieve zero deforestation. Also, seek compensation for the impacts of deforestation with future afforestation.

5.4. Raising Environmental Awareness

- Foster a culture and ways of life that are compatible with the principles of sustainability, setting out environmental guidelines for team members.
- Promote environmental awareness among children and adolescents in the schools located within our area of influence through training sessions, workshops, and/or campaigns.

5.5. Efficient Use of Natural Resources

- Adopt codes of conduct for the sustainable use of renewably natural resources and the rational and responsible use of non-renewable resources based on criteria of continuous improvement.
- Promote technological innovation, applied investigation, and clean technologies for the use of natural resources.
- Consolidate the responsible use of water resources based on criteria of efficiency and an ongoing focus on economic compensation for use, in accordance with the environmental laws in force.

² The principle of no net loss of biodiversity or net gain of biodiversity refers to the compensation designed and executed to achieve measurable in situ results that may be reasonably expected to give rise to no net loss.

5.6. Actions in Response to Climate Change

- Identify, evaluate, and manage risks tied to climate change based on the organization's GIRO methodology.
- Avoid or minimize energy consumption and greenhouse gas emissions due to activities.
- Establish greenhouse gas emissions reduction goals aligned with the latest tendencies and standards.
- Establish an energy use and emissions management mechanism able to objectively measure performance evolution and decision-making.
- Identify opportunities for the promotion of environmentally friendly goods and services that are adapted to the possible impacts of climate change and contribute to the transition to a low-carbon economy.
- Use adequate and appropriate technologies for adaptation to climate change and the mitigation of greenhouse gases and atmospheric pollution.

5.7. Integrated Solid Waste and Industrial Byproduct Management

- Minimize the generation of solid waste by evaluating new technologies and appropriately selecting the inputs and materials used in processes.
- Promote investment projects tied to the valorization of solid waste and industrial byproducts.
- Promote the formalization of separators and recyclers and other actors engaged in solid waste management.
- Maintain Clean Production Agreements regarding solid waste with the competent authorities.
- Promote the prevention and control of environmental risks associated with the use, management, and final disposal of chemical substances and hazardous materials.
- Ensure that chemical substances and hazardous materials that must be transported for final disposal, due to a range of reasons, are handled in an environmentally safe and appropriate way.
- Disseminate good practices for the management of chemical substances and hazardous materials throughout

5.8. Integrated Pollution Control

- Ensure the treatment of particulates and minimize the concentration of atmospheric emissions, complying with maximum permissible limits.
- Ensure the adequate treatment of domestic and industrial wastewater so that it can be reused and/or it complies with the maximum permissible limits, depending on the type of discharge.
- Adopt measures to decrease the use of substances that affect the ozone layer.
- Use systems for the control and maintenance of water, air, and soil quality.
- Incorporate environmental criteria into decision-making processes and operational management, tied to the control of pollution in all of its different forms.
- Identify possible scenarios that may be considered emergencies and execute environmental emergency response plans.

5.9. Compliance with Applicable Environmental Laws

- Identify the environmental legal requirements applicable to each one of our operations and implement compliance and monitoring actions.
- Identify and assess the risks related to alleged violations of the environmental laws in force.
- Seek legal advice for the identification and interpretation of the applicable legal requirements.
- Periodically monitor compliance with environmental legal requirements, with the support of experts.

6. DURATION AND EXPIRATION

This Policy will be reviewed and updated when the responsible management identifies any substantial change in its content. This Policy was approved in a Board meeting on June 23rd, 2020, and amended on May 27th, 2021, and is effective from the date of its approval.

