2020 ANNUAL REPORT

CONTRIBUTING TO THE DEVELOPMENT OF THE DIVERSE ECONOMIC SECTORS OF PERU

CONSTRUCTION
INDUSTRY
MINING

ACEROS AREQUIPA


CONS
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We actively contribute to the construction industry, serving both the self-construction sector and the industrial sector.

CONSTRUCTION

We meet the demanding requirements of the industrial sector, offering a wide-ranging portfolio of products and services, transforming steel into business solutions.

INDUSTRY

We offer rock support products developed to provide greater safety in underground mining and civil construction works such as tunnels and slopes.

MINING

MISSION

OFFER STEEL SOLUTIONS TO OUR CUSTOMERS BASED ON INNOVATION, CONTINUOUS IMPROVEMENT, AND HUMAN TALENT DEVELOPMENT, CONTRIBUTING TO THE COUNTRY'S GROWTH AND CREATING VALUE FOR OUR SHAREHOLDERS.

VISION

LEADERS IN THE PERUVIAN STEEL MARKET, RANKED AMONG THE MOST PROFITABLE IN THE REGION WITH AN ACTIVE PRESENCE IN THE INTERNATIONAL MARKET.

STATEMENT

THIS DOCUMENT CONTAINS TRUE AND SUFFICIENT INFORMATION WITH REGARD TO THE BUSINESS PERFORMANCE OF ACEROS AREQUIPA S.A. DURING 2020. WITHOUT PREJUDICE TO THE ISSUER'S LIABILITY, WE, THE UNDERSIGNED PARTIES, DO HEREBY ASSUME RESPONSIBILITY FOR THE CONTENT HEREOF IN ACCORDANCE WITH THE LAWS IN FORCE.

February 2021

RICARDO
Cillóniz Champín
CHAIRMAN

TULIO
Silgado Consiglieri
CEO

RICARDO
Guzmán Valenzuela
CFO

DIEGO
Hernández Siguas
ACCOUNTING MANAGER

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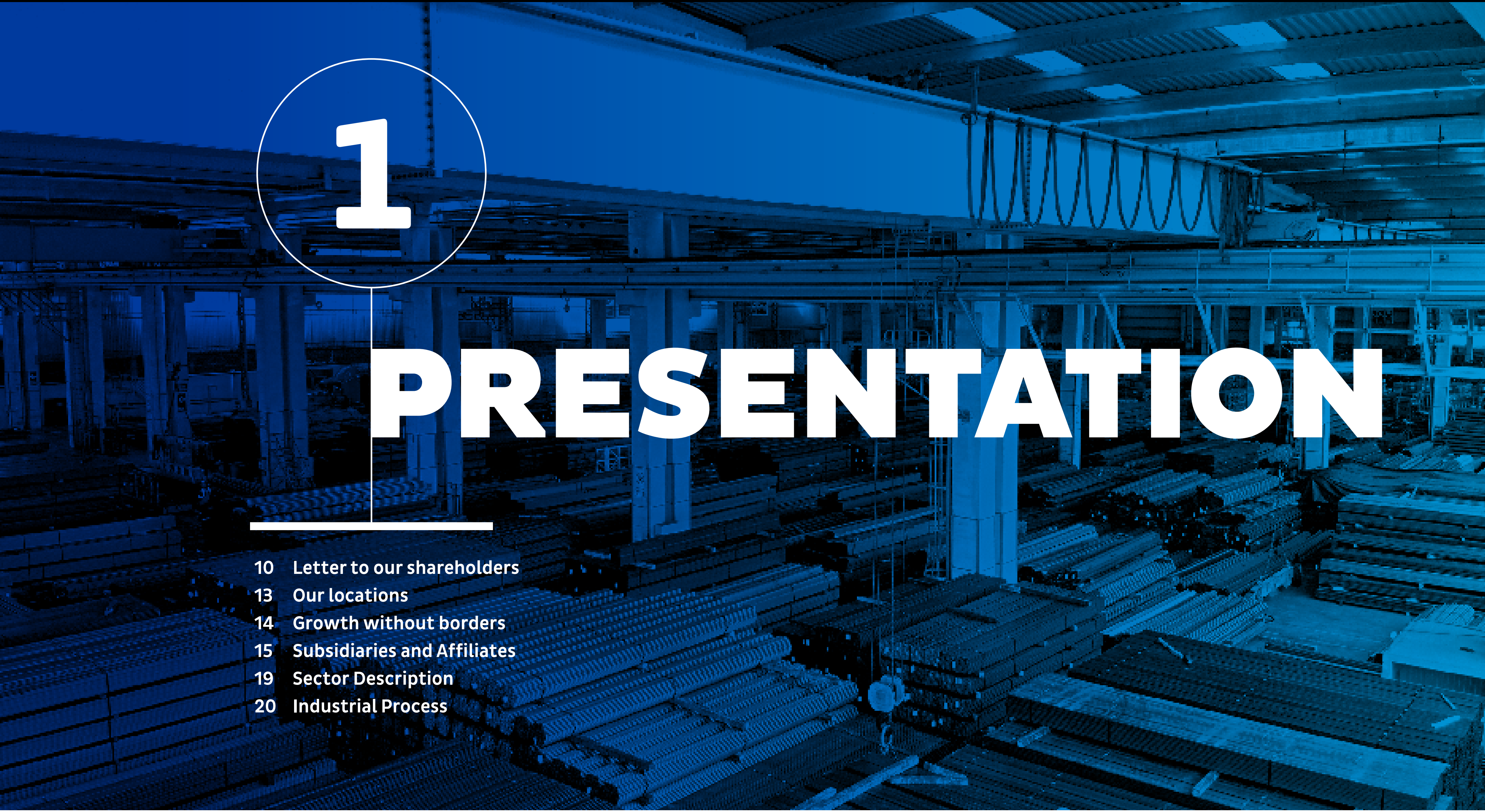


1

PRESENTATION

LETTER TO OUR SHAREHOLDERS

RICARDO
Cillóniz Champín
CHAIRMAN

The Board of Directors, along with the CEO, Chairman and its senior executives, are firmly committed to ensuring the sustainability of Corporación Aceros Arequipa S.A., creating economic value for all shareholders, placing value on our team members, and working in harmony with our suppliers and the community within the framework of ethics and transparency established by the Company, all with a view to supporting and contributing to Peru's development.

In compliance with the corporate bylaws, the Board of Directors hereby presents for your consideration the separate financial statements of Corporación Aceros Arequipa S.A. (hereinafter, the "Company"), comprising the statement of financial position and the statements of profit and loss, changes in net equity and cash flows, aligned with International Financial Reporting Standards (IFRS) for Fiscal Year 2020, audited by our external auditors, Messrs. Paredes, Burga &

LETTER TO OUR SHAREHOLDERS

Asociados S. Civil de R.L., a member firm of EY International.

In 2020, the world was rocked affected by the covid-19 pandemic, which triggered the worst economic recession since World War II. The rapid spread of the virus forced governments around the world to implement national quarantine measures and suspend the majority of economic activities for several months with the goal of mitigating the case load. Governments also rolled out unprecedented economic measures to prevent companies from going bankrupt and the permanent loss of jobs.

Due to Peru's sound macroeconomic and fiscal position at the start of the pandemic, the country was able to implement fiscal and monetary measures that drove a faster-than-expected recovery. The Peruvian economy shrank by 11% in 2020.

In economics terms, the local dispatch of cement, public investment, and private investment declined by 13%, 18%, and 17% compared to 2019, respectively.

Imports of Peru in 2020 totaled US$ 34.663 billion, 16% lower than last year; exports during the same period totaled US$ 42.413 billion, a decrease of 11% compared to fiscal year 2019. Consequently, the trade balance reported a surplus of US$ 7.750 billion.

The Sol appreciated by 9%, against the US dollar, with an exchange rate of S/ 3.62 at the close of the fiscal year. Cumulative inflation during 2020, measured based on the variation in the Metropolitan Lima Consumer Price Index, was 2.0%, which is within the target range established by the Peruvian Central Reserve Bank.

The apparent steel market totaled 2,800,000 MT in 2020, 11% lower than the previous year.

Last but not least, we would like to thank all of the Company's team members for the hard work and cooperation exhibited throughout fiscal year 2020 to overcome the current situation.

Due to Peru's sound macroeconomic and fiscal position at the start of the pandemic, the country was able to implement fiscal and monetary measures that drove a faster-than-expected recovery.

RICARDO
Cillóniz Champín
CHAIRMAN

CAASA IN NUMBERS

NET SALES:

1.011 MILLION OF TM

OF PRODUCTS

NET SALES:

S/ 2,509 MILLION

PRODUCTION:

763,091 TM

OF FINISHED PRODUCT

EBITDA:

S/ 381 MILLION

EBITDA MARGIN:

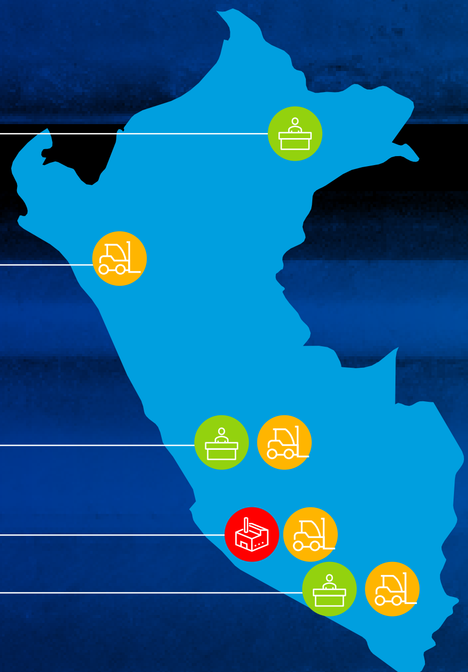
15.2%

NET INCOME:

S/ 184 MILLION

OUR LOCATIONS

PERÚ



Plant

Warehouse

Office

BOLIVIA

CHILE

GROWTH WITHOUT BORDERS

Our products meet international quality standards

USA

PUERTO RICO

PANAMA

COLOMBIA

ECUADOR

CHINA

CHILE

BRAZIL

BOLIVIA

ARGENTINA

SUBSIDIARIES AND AFFILIATES

CORPORACIÓN ACEROS AREQUIPA S. A.

100%	100%	99.99%	99.92%	99.90%	99.90%	99.90%	99.00%	33.65%	33.65%	10.00%
ACEROS AMÉRICA SPA	ACEROS AMÉRICA S.A.S.	COMERCIAL DEL ACERO S.A.	TRANSPORTES BARCINO S.A.	ACERO INSTALADO	ACEROS AREQUIPA IQUITOS	TSC Innovation	ACEROS DEL ALTIPLANO	INMOBILIARIA COMERCIAL DEL ACERO ARGENTINA S.A.	INMOBILIARIA COMERCIAL DEL ACERO CAJAMARQUILLA S.A.	celepsa

SUBSIDIARIES AND AFFILIATES

COMERCIAL DEL ACERO S.A. (COMASA)

In September 2018, the Company acquired a 66.35% stake in Comasa for the amount of S/ 84.6 million. With this purchase, the Company increased its shareholding stake to 100% of the capital stock. The acquisition was made with the Company's own resources, which it had set aside. As a result of this transaction, the Company has increased its flats and tubes market share and entered into the beams and structural steel sheets market. In January 2021, the liquidation of Comasa was approved.

99.99%

TECNOLOGÍA Y SOLUCIONES CONSTRUCTIVAS S.A.C. (TSC INNOVATION)

In November 2018, the Company established a new subsidiary focused on value-added services for construction, providing detailed engineering, virtual design, and building information modelling (BIM) construction services.

99.90%

CORPORACIÓN ACEROS DEL ALTIPLANO S.R.L.

In 2016, the Company established a new subsidiary in Bolivia (Santa Cruz), to optimize customer service and increase its market share in that country, as well as to supply scrap metal.

99.00%

SUBSIDIARIES AND AFFILIATES

TRANSPORTES BARCINO S.A.

Company has several years of experience in the freight transport services branch, mainly providing services to the Company

99.92%

ACERO INSTALADO S.A.C

Company incorporated in May 2019 to provide installation services for the construction industry.

99.90%

ACEROS AMÉRICA SPA

Subsidiary established in November 2019 in Chile to provide raw materials to Corporación Aceros Arequipa S.A.

100.00%

SUBSIDIARIES AND AFFILIATES

ACEROS AMÉRICA S.A.S.

Subsidiary established in March 2020 in Colombia to market products.

100%

COMPAÑÍA ELÉCTRICA EL PLATANAL S.A. (CELEPSA)

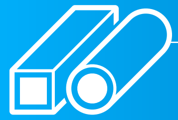
Our Company has a 10% stake in the capital stock of CELEPSA, the company that operates the El Platanal hydroelectric plant, with a capacity of 222 MW of power, in the Cañete River Basin. In 2020 Celepsa accounted for 2.25 % of national production in the Peruvian National Grid System (SEIN), and 3.78% of hydroelectric generation.

Celepsa has two subsidiaries: (i) Celepsa Renovables S.R.L. (formerly Hidro Marañón SRL), the company that operates the Marañón Hydroelectric Plant, with a capacity of 19.92 MW of power, in the Marañón River Basin in Huánuco, and performs research and development for new renewable energy resource generators; and (ii) Ambiental Andina S.A., which provides meteorology and hydrology services, in which Celepsa holds a 50% stake.

Celepsa is also the promoter of the first private trust, recognized by the National Service for Protected Natural Areas (SERNANP), for the conservation of a protected natural area.

10.00%

Sector Description



1.828 billion MT
of global steel production

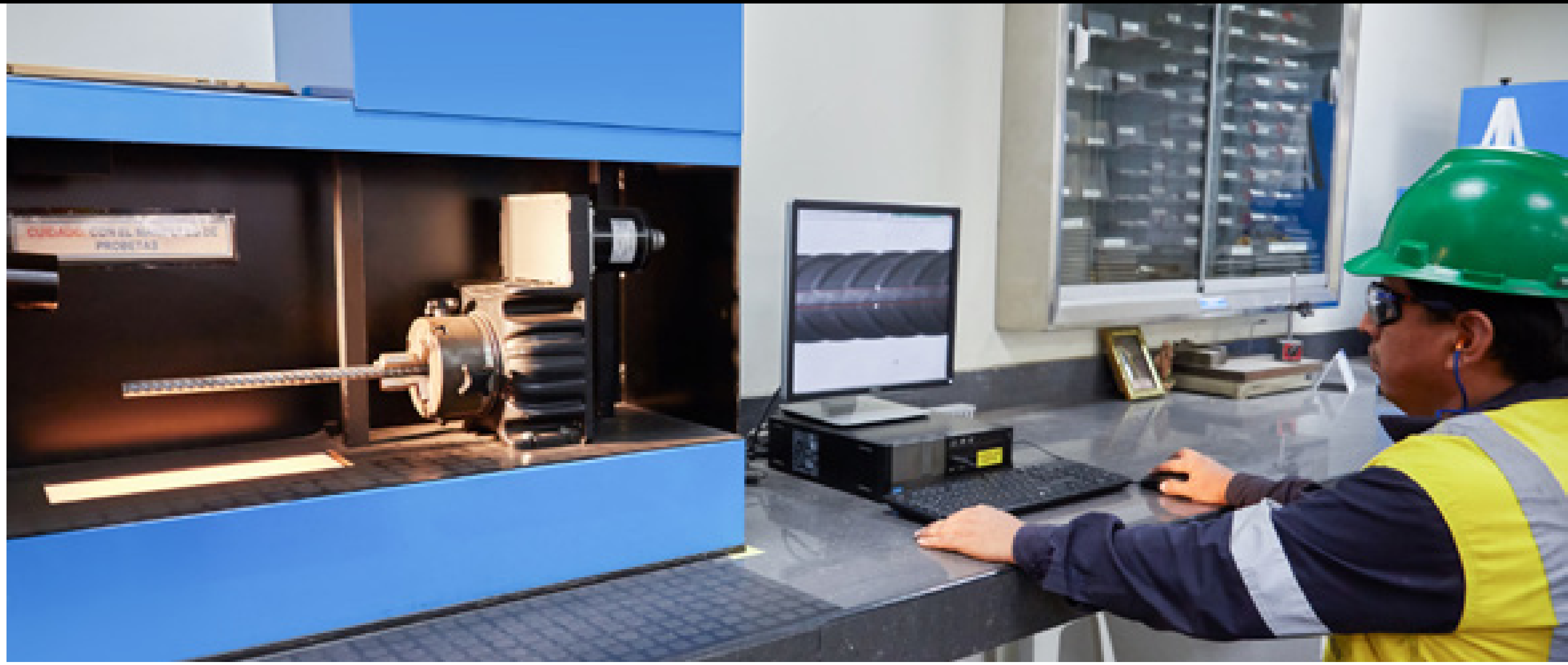
Corporación Aceros Arequipa S. A. is one of the two steel producers in the country. These producers, together with independent importers, supply the domestic market with long products, such as rebar, flat bars, and merchant bars; as well as flat products such as coils, sheets, tubes, and corrugated sheets.

With regard to global steel production, it decreased by 0.9%, to a total of 1.828 billion MT.

During this fiscal year, international prices of long and flat products rose significantly in the final months of the year. Despite this, the average rebar price for export FOB Turkey and hot-rolled coil for export FOB China in 2020 was 1% lower than the average price in 2019.

In 2020, the apparent demand for long products in the domestic market declined by 13% over the previous year, while in the case of flat and tubular products, the market exhibited similar levels as in 2019.

Industrial Process



During fiscal year 2020, production totaled 763,091 MT of finished product, 23% lower than the previous year. This lower production was due to the suspension of operations for 3.5 months because of the state of emergency decreed by the government in response to the pandemic.

Operations were resumed in July, with strict health protocols for personnel to prevent the potential spread of Covid-19.

The number of personnel was gradually increased after the start of operations, successfully complying with the production plan toward the end of the year.

As part of the reactivation plan, the steel mill manufactured 39,000 MT of billet destined for export to China.

Rolling Mill 1 experienced a scheduled stoppage in March to repair the refractory lining of the heating furnace, as well as the activities of the Rolling Mill 1 overhaul project.

The steel and rolling mills continued to implement significant improvements thanks to the optimization of the manufacturing process in the different product families. This resulted in the use of 71% of the installed capacity in the steel mill and 63% of the installed capacity in the rolling mills.

The tube plant located in the Company's warehouses in El Callao also continued to optimize its performance, achieving a substantial increase in production despite the shutdown in response to the pandemic.

In general, production work was maintained during the resumption of operations thanks to the efforts of the mill personnel and their coordination with other areas.

2

GOOD PRACTICES

INDUSTRIAL CONSTRUCTION

Our Integrated ACEDIM System provides quick, innovative, and safe solutions through the industrialization of reinforcing steel, helping to increase project productivity and quality.

SELF-CONSTRUCTION

Our products meet all of the highest technical and quality standards, helping to increase safety in home building.

Quality Management

In 2020, the Company successfully maintained the certification of our integrated management system under ISO 9001, 14001, and 45001 standards, thus reflecting our commitment to the wellbeing of our staff, the environment, and our goal of maintaining high-quality products.

Growth in new markets brings with it new requirements and demands. Thus, in 2020 our products were subject to an assessment of the certification requirements of Asociación Brasilera de Normas Técnicas (ABNT) and Instituto Colombiano de Normas Técnicas (ICONTEC) for export to Brazil and Colombia, respectively.

During 2020, we renewed our NTP-ISO/IEC 17025 accreditation with the National Quality Institute (INACAL, for its acronym in Spanish), thus demonstrating the rigorous work that goes into obtaining reliable test results and technical competency in our plant's laboratory.

> **“Thanks to the experience and creativity of our team members, we are able to develop innovative ideas, year after year, using our suggestion advice program and our program of continuous improvement projects”**

Our “5'S” improvement program has enabled us to streamline the operational controls of our tri-standard integrated system; and conditions for the continuous improvement of our processes.

Thanks to the experience and creativity of our team members, we are able to develop innovative ideas, year after year, using our suggestion advice program and our program of continuous improvement projects to improve the quality of our products and achieve more efficient and environmentally friendly processes.

Environment

ISO 14064-1

Standard that endorses our commitment to Carbon Footprint Reduction.

In 2020, the Company maintained its objective of preventing, controlling, and mitigating the environmental impacts of its operations, through responsible environmental management in compliance with the environmental laws in force.

As part of this commitment, the Company signed a Clean Production Agreement (CPA) with the Ministry of the Environment (MINAM) and the Ministry of Industry and Production (PRODUCE), in order to increase the consumption of domestic scrap for the production of liquid steel, boost the recovery of industrial byproducts, foster greater environmental awareness in our communities, and support the program for separation of solid waste at the source and selective pick-up of solid waste in the Provincial Municipality of Pisco.

In response to the environmental problems posed by climate change, the Company calculated its organizational carbon footprint based on the ISO 14064-1 standard, and reported the results as part of the “Peru Carbon Footprint” program of the MINAM, receiving its first star from the program for the 2019 inventory.

The Company remains committed to its objective of continuing to grow responsibly by increasing our corporate ecoefficiency. In 2020, the Company implemented a Corporate Environmental Policy based on the following lines of action: the Circular Economy; Conservation of Biodiversity; Environmental Awareness-Raising; Efficient Use of Natural Resources; Climate Change Actions; Integrated Management of Solid Waste and Industrial Byproducts; Integrated Pollution Control; and Compliance with Applicable Environmental Laws.

Social Responsibility

we have a Social Responsibility Policy aimed at creating to create a socially responsible culture and leadership in our corporation and its subsidiaries.

Within this framework, we have carried out socioenvironmental development programs in the areas of influence of our operations. These programs promote work sharing by fostering strategic alliances between the community, the government, the private sector, and social organizations. these activities aim at generating to generate processes of social change in the preservation of the environment and natural ressources. In keeping with these efforts, the Company has continued to develop social programs aligned with our lines of action (education, preventive health care, and the environment).

Working together with different institutions around the country, and in coordination with authorities in our area of influence, we are developing a number of initiatives and supporting different actions in response to Covid-19, to the benefit of the most vulnerable families. These actions include:

- Assistance with grocery baskets in the Company's areas of influence (Pisco and Paracas), benefiting over 2,000 families.
- Provision of biosafety equipment to health professionals from of two hospitals (San Juan de Dios and ESSALUD Pisco) in the Province of Pisco.
- Donation of six hospital beds (Pisco Hospital).
- Participation in medical campaigns in the Province and Districts of Pisco (1,000 free medical kits for affected residents).
- Organization of emotion management training workshops for the educational sector, benefiting teachers from four different schools in the Company's area of influence.
- Disinfection campaigns in the streets and neighborhoods of different districts.
- Through the Peruvian Confederation of Private Business Institutions (CONFIEP, for its acronym in Spanish), of which the Company is a member, US$ 100,000 was donated for the purchase of mechanical ventilation devices.
- The Company also took part in the RESPIRA PERU initiative, which aimed to meet the country's oxygen demand, with a donation of US$ 50,000.

Member of

Dow Jones Sustainability Indices

Powered by the S&P Global CSA

2020

The company entered the Dow Jones Sustainability Jones Sustainability Index Mila Pacific Alliance and was the first Peruvian company in the sector to enter the Sustainability Yearbook 2021.

This year, the Company took part in the Dow Jones Sustainability Index's CSA assessment, succeeding in being included for the first time in the prestigious Dow Jones Sustainability Index MILA Pacific Alliance. The Company was also recognized as the first Peruvian company in the sector to be included in the Sustainability Yearbook 2021. To qualify for our inclusion in this prestigious yearbook, companies must obtain a score that is 15% higher than the industry average, with a gap of no more than 30% from the leading scorer in the worldwide industry. These major recognitions demonstrate the Company's commitment to the highest sustainability standards as part of our corporate culture.

Also in 2020, our corporate social responsibility certification ("Distintivo ESR") was renewed for the third year in a row by Perú 2021 and the Mexican Center for Philanthropy (Cemefi).

For the Company, corporate responsibility means establishing long-term goals to the benefit of the company and its stakeholders, promoting social development and economic growth, and preserving the environment. The Company is also well aware of the fact that companies which practice corporate responsibility with a view to sustainable development are a much more attractive place to work and to invest in. They attract the best talent and foster warmer relationships that are more robust, long-lasting, and above all, reliable, with their neighbors, thus facilitating continuity and greater opportunities for mutual growth.

We have also bolstered our Anticorruption Program with more awareness raising activities for our team members, clarifying the role we must play with our stakeholders and prohibiting any unethical conducts in our relationships.

Internal Control System

The Company's senior management defines and uses the internal controls for the objectives, which in turn measure the performance of our processes and the efficient use of resources, as well as identifying and managing our risks.
To achieve its objectives and carry out our mission, the Company adheres to the following key guidelines:

KEY FACTORS

1. Have a clear and defined strategy.
2. Support our processes with an organizational structure aligned with its strategy.
3. Propose our budget, monitor compliance, and measure outcomes.
4. Ensure the participation and commitment of our team members.

Business Ethics Management

For the Company and its subsidiaries, ethics and the fight against fraud and corruption are key components of its organizational culture and fundamental pillars of the relations with the stakeholders, guiding our actions in the markets where we engage in our activities. With over five decades doing business in Peru, the Company is known for maintaining the highest standards of transparency, ethical behavior, and compliance with the law, as well as having a zero tolerance policy toward fraud and corruption.

CONFLICT OF INTEREST MANAGEMENT
All board members, managers, and team members are responsible for reporting situations that represent conflicts of interest and refraining from participating in any issues related thereto. They are also obligated to act with due diligence and report any situations involving conflicts of interest to the offices indicated in the Code of Ethics. The Code of Ethics contains all the necessary information on conflicts of interest and their definition.

"With over five decades doing business in Peru, the Company is known for maintaining the highest standards of transparency, ethical behavior, and compliance with the law, as well as having a zero tolerance policy toward fraud and corruption."

ETHICS COMMITTEE

Compliance with the Code of Ethics is supervised by the General Manager, who delegates duties and authority to an Ethics Committee, which acts in accordance with the provisions set forth in its regulations.

The Ethics Committee is also responsible for:

- Acting as an advisory body in case team members or third parties have concerns about events or circumstances that may have an impact on corporate ethics.
- Analyzing and ruling on disputes regarding possible conflicts of interest reported to the Company by team members in compliance with the Code of Ethics.
- Freely and objectively analyzing situations involving potential ethical violations.

ACEROS AREQUIPA ETHICS HOTLINE

The Company provides its team members, clients, suppliers, and the general public with a channel for filing grievances called the Aceros Arequipa Ethics Hotline. The purpose of this channel is to prevent, detect, investigate, and solve any event involving fraud or corruption, illegal acts, or any inappropriate conduct that runs counter to the Code of Ethics and harms the Company and its subsidiaries. To guarantee the reporting party's anonymity, the confidentiality of all information, and the proper handling of reports and investigations, the Aceros Arequipa Ethics Hotline is operated by a specialized independent third party.

The grievance channel provides the following mechanisms to facilitate the reporting of fraud, corruption, or conducts that violate the Code of Ethics of the Company and its subsidiaries:

ONLINE FORM:
www.lineaeticaacerosarequipa.com

E-MAIL:
denuncias@lineaeticaacerosarequipa.com

PHONE:
Toll-free 0 800 18134
Local calls (511) 219-7134

WHATSAPP
(+51) 989-043-514

INTERVIEWS AND POSTAL ADDRESS
Dispatch of physical information and availability to be personally served by personnel in the administration premises besides the Ethics Hotline.

Audit and risk committee

The Committee meets at least four times a year, and consists of four board members:

Mr. Andreas von WEDEMEYER
Committee Chair

Mr. Pablo PESCHIERA ALFARO
Member

Mr. Diego URQUIAGA HEINEBERG
Member

Mr. Ricardo BUSTAMANTE CILLÓNIZ
Member

The main purpose of the Audit and Risk Committee is to assist the Board of Directors in performing its oversight responsibilities with regard to the Company's internal control system.

The Chairman, the CEO, and the Internal Audit Manager attend meetings of the Committee with the right to speak but not to vote. The Internal Audit Manager acts as Technical Secretary of the Committee. The External Auditor or other managers or team members of the Company can attend as guests when asked to do so by the Audit and Risk Committee

The Audit and Risk Committee promotes the drafting, revision, and compliance with Corporate Codes and Policies. Said policies include: ethics, information, human resources management, inventories, investments, fixed assets, occupational health and safety, procurement of goods and services, credits and collections, costs and budgets, internal control and comprehensive risk management, social responsibility, good corporate governance, and more.

During fiscal year 2020 the Audit and Risk Committee held five sessions in different months of the year, covering all relevant aspects under its management.

INTERNAL AUDITING

The Company has an Internal Audit Manager elected by the Audit and Risk Committee. Its mission in the organization is to support the senior management in improving and strengthening internal control and risk management; as well as providing proposals for improvement with a focus on the most relevant factors.

To guarantee the independence of each internal audit, the Internal Audit Manager and his team report, in terms of duties, to the Audit and Risk Committee of the Board of Directors, while with regard to administrative matters, they report to the Company's Chairman and CEO.

EXTERNAL AUDIT OF THE FINANCIAL STATEMENTS

The powers and responsibilities delegated by the Board of Directors to the Audit and Risk Committee with regard to the work of the independent external auditor include the following:

- Select and propose external auditors to the Board of Directors.
- Review and approve the external auditors' approach and work plan.
- Review and confirm the independence of the external auditors, by receiving statements regarding the relationship between the auditors and the Company and any services other than audits.
- Evaluate the work performed by the external auditors.
- Review the results of the audit with the management and external auditors; and approve the auditors' report for its submission to the Board of Directors and Shareholders' Meeting.

FRAUD, CORRUPTION, MONEY LAUNDERING, AND TERRORIST FINANCING PREVENTION MODEL

The powers and responsibilities delegated by the Board of Directors to the Audit and Risk Committee regarding the work of the Prevention Supervisor include:

- To review and approve the approach and work plan of the Supervisor of Preventions.
- Monitoring compliance with controls established for risks of fraud, corruption, money laundering, and terrorist financing.

The Audit and Risk Committee reports on the topics addressed during its meetings to the full Board of Directors.

Appointments, compensation, and human resources committee

The main purpose of the Appointments, Compensation, and Human Resources Committee is to guarantee that the human resources management of the Company's executives complies with the corporate guidelines and latest practices in human resources development. The Committee is also responsible for ensuring an equitable and competitive salary system that allows the organization to carry out its mission and achieve its strategic objectives.

On April 25, 2019, the Board of Directors ratified and/or renewed the members of this Committee, as follows:

Members of the Appointments, Compensation, and Human Resources Committee

Mr. Fernando CARBAJAL FERRAND
Committee Chair

Mr. Pablo PESCHIERA ALFARO
Member

Mr. José Antonio BAERTL MONTORI
Member

Mr. Enrique OLAZÁBAL BRACESCO
Member

The Chairman, the CEO, and the Human Resources Manager attend meetings of the Committee with the right to speak but not vote. The Human Resources Manager acts as Technical Secretary of the Committee.

The Appointments, Compensation, and Human Resources Committee promotes performance standards among management staff by setting and monitoring objectives and targets for each functional area and periodically reviewing the salary and organizational structures, adapting them to the process of change being implemented by the Company.

During fiscal year 2020, the Appointments, Compensation, and Human Resources Committee met three times in different months of the year, covering all of the relevant human resources management matters for the period.

3

ECONOMIC, FINANCIAL AND ADMINISTRATIVE ASPECTS

INDUSTRY

HEAVY METALWORKING INDUSTRY

We offer the widest range of products and services to meet the requirements of the country's different industrial sectors.

INDUSTRY

LIGHT METALWORKING INDUSTRY

For the metalworking sector, we offer a wide variety of products that meet the highest quality standards required by projects.

Economic Aspects

SALES

During 2020, a total of 1.011 million MT of products were sold.

The volume of sales was 8% lower than the previous fiscal year due to the impact of the government's response to the pandemic on the domestic market, as well as lower exports.

In terms of the Company's exports, the Bolivian market remained the primary destination for our exports.

Net revenue for the fiscal year totaled S/ 2.509 billion, a decrease of 8% over the previous year.

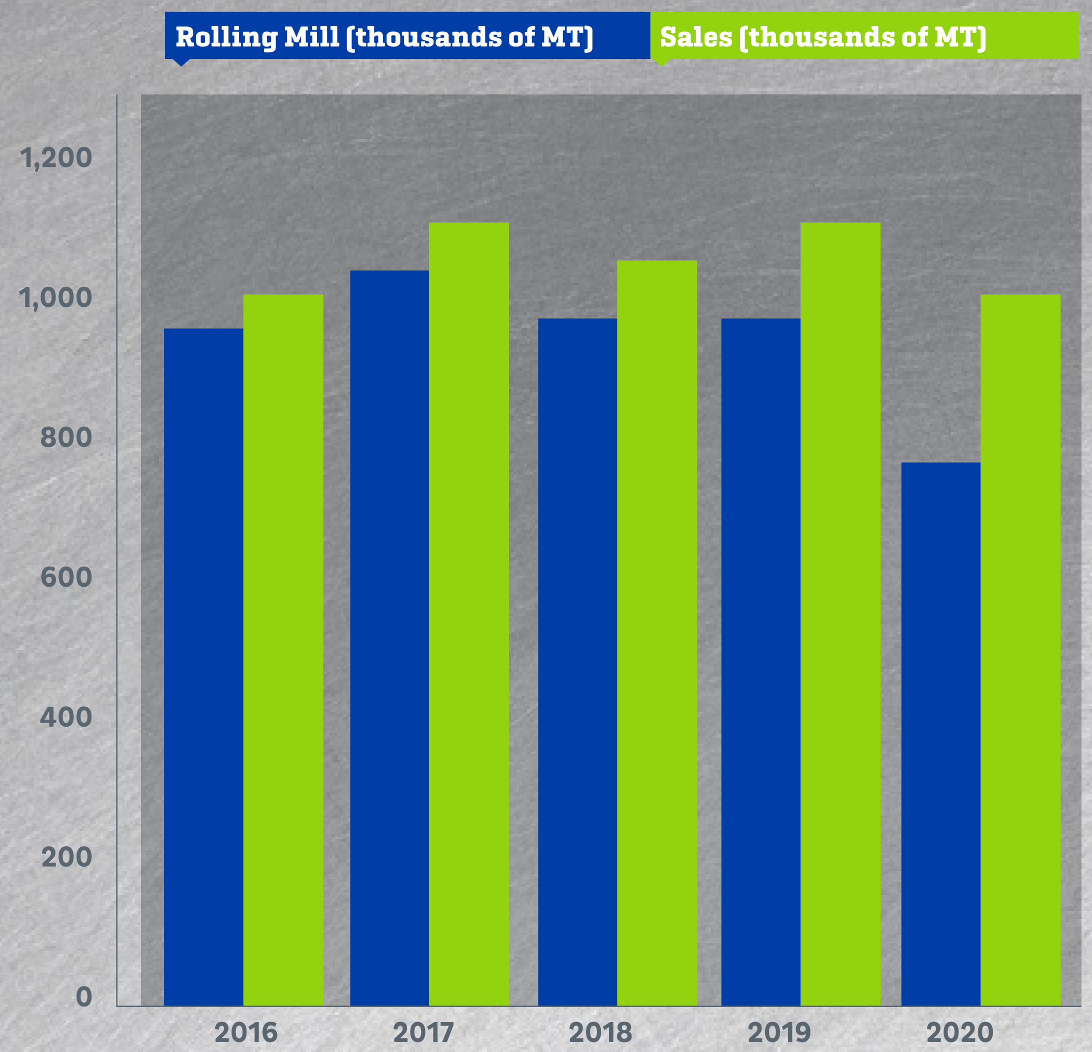
The comparative charts below show production and sales for fiscal years 2016 through 2020:

1.011 million
of products were sold

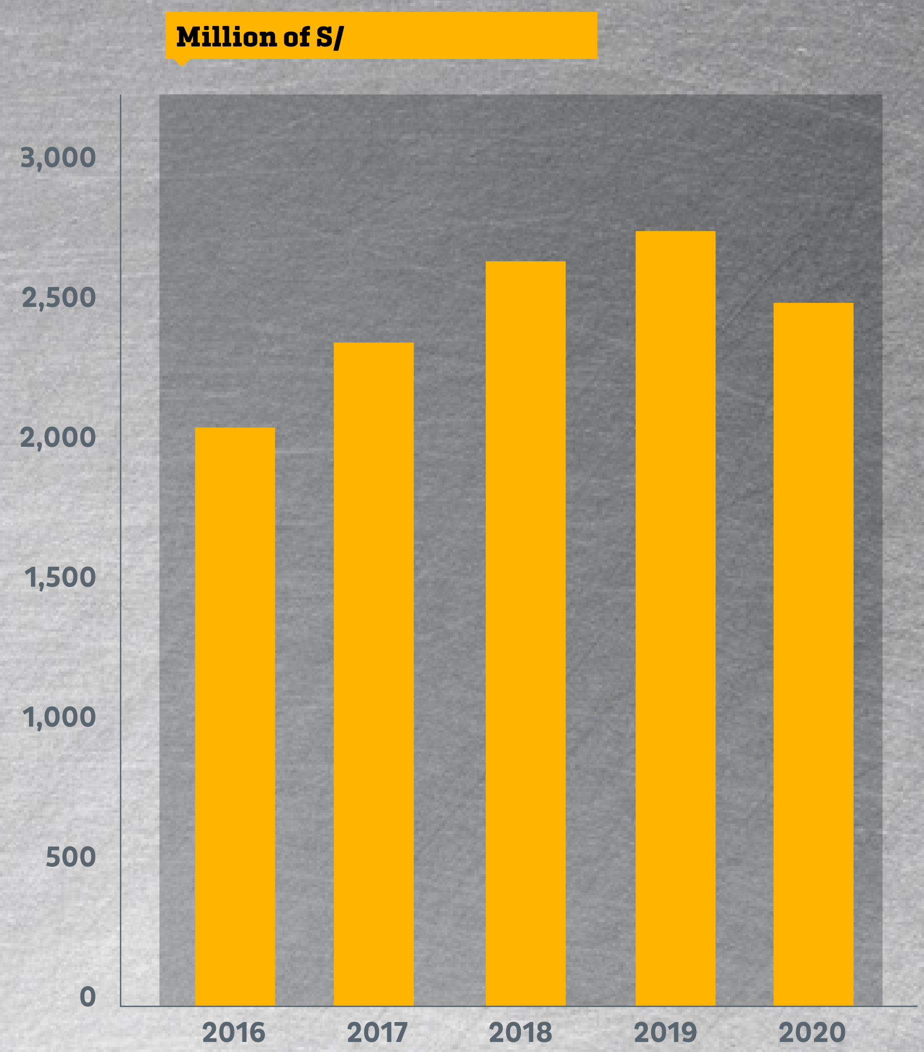
S/ 2.509 billion
Net sales for the fiscal year

ECONOMIC ASPECTS

VOLUME



NET REVENUE



Financial Aspects

As of the close of 2020, net revenue totaled S/ 2.509 billion, a drop of 8.1% compared to the previous year due to the lower volume sold as a result of the negative impact on the economy caused by the measures imposed by the government in response to COVID-19.

Gross profit for 2020 (S/ 460 million) were 8.2% higher than the gross profit reported for fiscal year 2019 (S/ 425 million) due to higher sales prices.

The Company's gross margin was 18.3%, which was higher than that registered in fiscal year 2019 (15.6%).

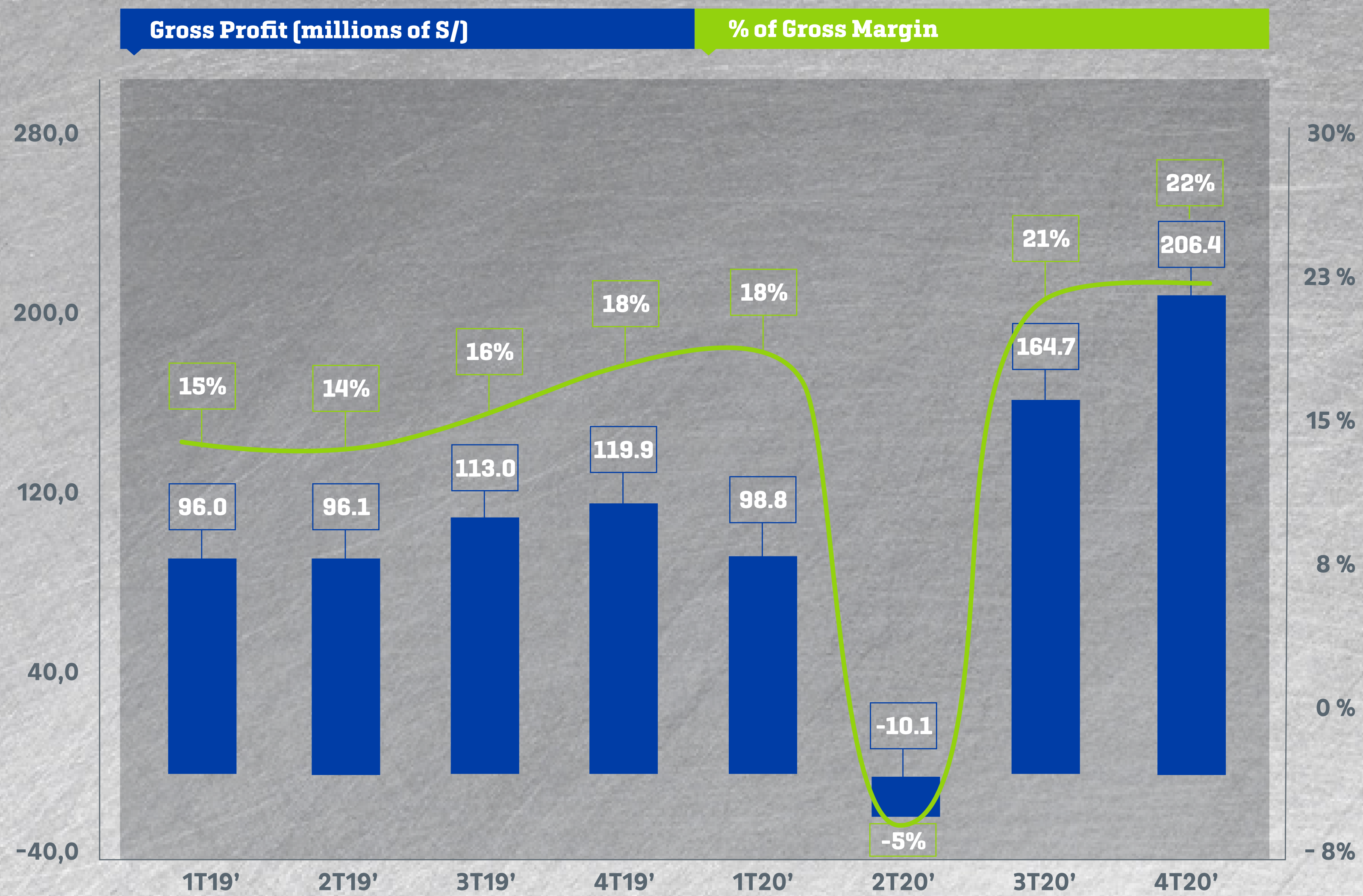
During 2020, there were allowances that affected the cost of sales, associated with excess collections in the billing of vendors which are currently going through a complaint process; plant stoppage (due to measures taken by the government); and low stock. The foregoing concepts represented a total of S/ 142.5 million in charges for the year.

S/ 460 million
of gross profit

18.3%
of gross margin

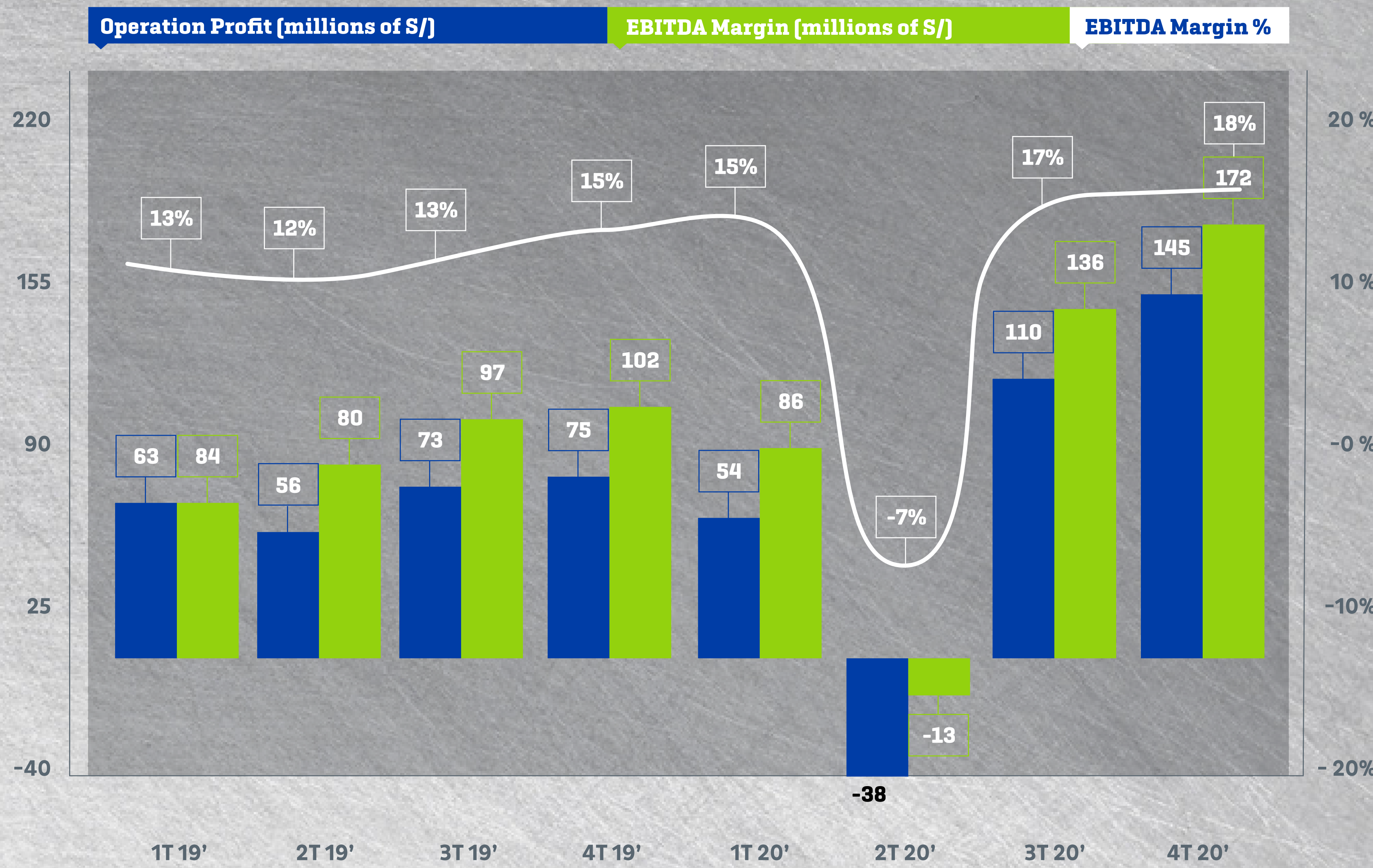
8.2%
higher than the gross profit reported for fiscal year 2019

FINANCIAL ASPECTS



The operating profit and EBITDA registered during 2020 came to S/ 271 and S/ 381 million, respectively. The EBITDA for the fiscal year was 5% higher than in 2019.

The EBITDA margin obtained during fiscal year 2020 (15.2%) was higher than that obtained in (13.3%).



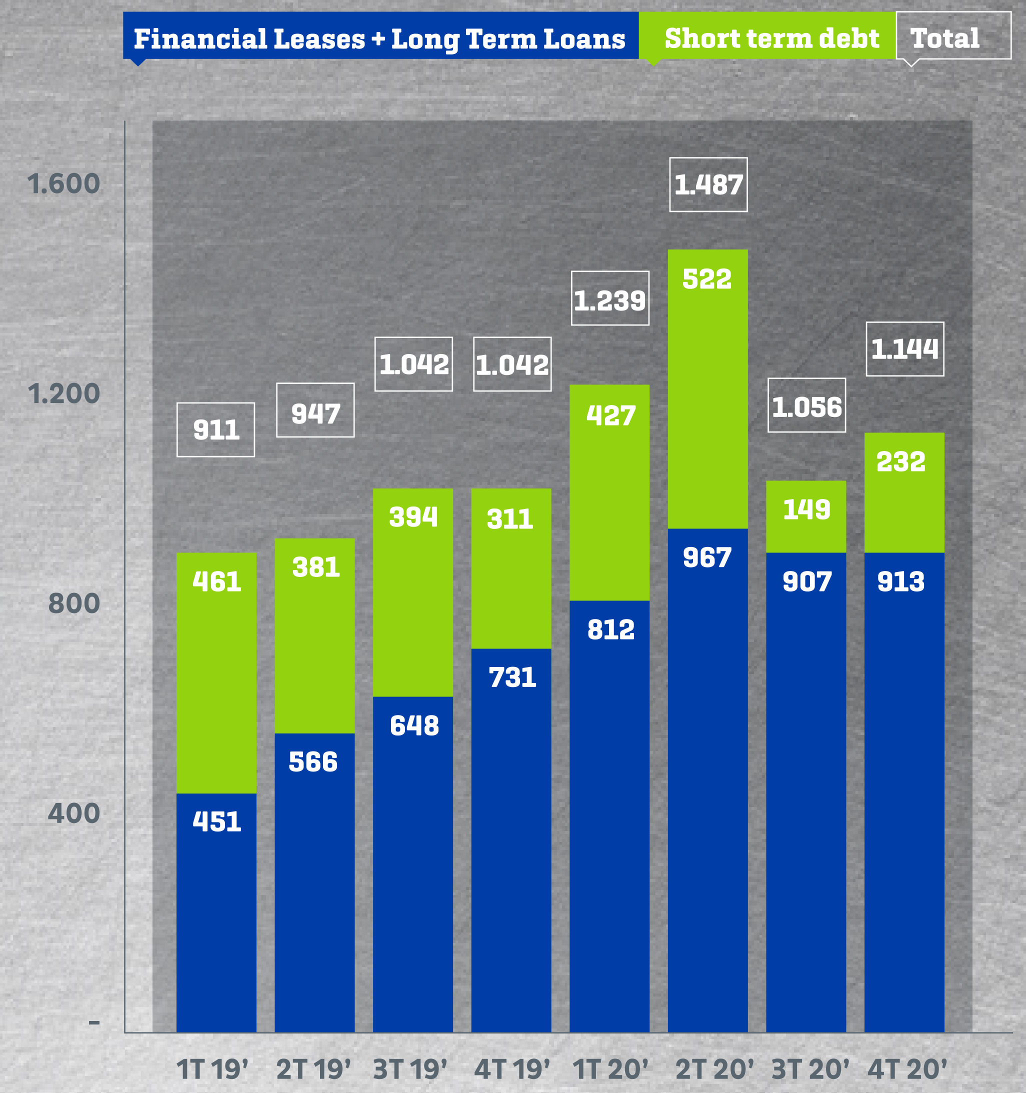
Note: The EBITDA is the Operating Profit + Depreciation & Amortization +/- adjustments due to sale of assets and others

FINANCIAL ASPECTS

The financial expenses incurred in 2020 were less than the previous fiscal year due to lower financial expenses for working capital (lower debt and lower rates) and lower spending on leasing compared to 2019.

Despite the increase in financial debt, as of December 2020, the leverage ratio, defined as Net Financial Debt/EBITDA, was 1.2x. This result was lower than that for December 2019, due mainly to a higher cash balance and higher EBITDA. Below is the evolution of the liabilities in question.

FINANCIAL LIABILITIES (MILLIONS OF S/)



Note: Does not include financial obligations with suppliers.

FINANCIAL ASPECTS

This drop was due to higher administrative expenses (S/ 9 million) reported in 2020 (expenses incurred to address COVID-19), retirement of assets, and higher income tax, which were partially offset by higher gross profit (S/ 35 million) and lower net financial expenses (S/ 7 million).

It is important to note that the Company has a debt policy that minimizes the gap between its assets and liabilities in US$, thus partially mitigating the impact of foreign exchange fluctuations.

As of December 2020, current assets rose by 12% (S/ 196 million) compared to their value in December 2019 for a total amount of S/ 1.801 billion. This increase was primarily due to a higher cash flow level (S/ 275 million), and was partially offset by a decrease in other accounts receivable (S/ 36 million) and stock (S/ 22 million).

Current liabilities rose by 16% (S/ 159 million) compared to the end of 2019, totaling S/ 1.169 billion. The current liabilities rose by 16% (S/ 159 million) over the end of 2019, totaling S/ 1.169 billion. This change is due mainly to higher trade accounts payable (S/ 233 million) because of higher imports (billet), local accounts payable, and advances to clients, and was partially offset by lower short-term financial obligations (S/ 114 million).

the Company's working capital rose by 6% over the close end of 2019, ending the year at S/ 632 millions due mainly to the higher current assetts. For its part, the liquidity indicator (current assets divided by current liabilities) registered a decrease as of December 2020, situated at 1.54 compared to 1.59 as of the close of 2019.

As of December 2020, the net assets in property, plant, and equipment totaled S/ 2.077 billion, which was higher than those registered in December 2019 (S/ 1.822 billion). As of the same date, intangibles totaled S/ 24 million. Investments in property, plant, and equipment, and intangibles made by the Company during 2020 mainly consisted of New melt shop (financed through leasing) and improvements to the Pisco Plant.

As of December 2020 the book value of the investments in subsidiaries and related companies came to S/ 356 millions, which was higher than the S/ 346 million registered at the close of 2019.

For its part, the debt ratio (total liabilities less deferred taxes divided by equity) increased compared to December 2019 (0.80), finishing the year at 0.93 due mainly to higher trade accounts payable.

The growth in the Company's equity (S/ 107 million) was due to the earnings for the fiscal year after taxes, less the distribution of dividends.

Finally, Paredes, Burga & Asociados, a member firm of EY International, was appointed by the Company's Board of Directors as external auditors for fiscal year 2020.

Application of results for the fiscal year

After applying the International Financial Reporting Standards (IFRS), the audited results for fiscal year 2020, in thousands of Peruvian nuevos soles, were as follows:

Net Earnings for the Fiscal Year	**S/184,081**
(-) Legal Reserve	**S/ 0**
Freely Available Earnings	**S/ 184,081**

Pursuant to the Business Corporations Act, a minimum of ten percent (10%) of the distributable earnings for each fiscal year must be transferred to a legal reserve until this reserve is equal to twenty percent (20%) of the capital stock. During 2018, the Company met the required percentage, which means that no further deductions need be made at this time.

The Company's capital stock as of December 31, 2020, totals S/ 890,858,308, represented by 890,858,308 shares with a par value of S/ 1.00 each. As of the same date, the Investment Shares account is S/ 182´407,512 represented by 182´407,512 shares with a par value of S/ 1.00 each.

The Board of Directors proposes the payout of a cash dividend of S/ 73,632,000.00, charged to the cumulative results for previous fiscal years, after first subtracting the cash dividend approved on October 22, 2020, as an advance on dividends for fiscal year 2020 and paid out on November 20, 2020, for an amount of S/ 14,942,000.00, as well as the advance approved on November 26, 2020, and paid out on December 22, 2020, for an amount of 24´154,000.00. The remaining amount, totaling S/ 34´536,000.00 applies to both common shares and investment shares in free circulation, for a total of 1,073'265,820 shares. Thus, the dividend per share would be S/ 0.032178. The freely available earnings will be channeled to the Cumulative Results account.

The book date and payment date are as follows:

Book date:	**16.04.2021**
Payment date:	**20.04.2021**

With the approval of the proposed dividend, the Company's Cumulative Results and Net Equity, in thousands of soles, would be as follows:

Capital Stock	**S/ 890,858**
Investment Share	**S/ 182,408**
Shares in Porfolio	**S/ -**
Legal Reserve	**S/ 178,293**
Revaluation Surplus	**S/216,027**
Cumulative Results	**S/ 692,783**
Total Net Equity	**S/ 2'160,369**

Available for sale assets

For 2021 those properties that will remain for sale include an urban lot measuring 84,877 mt2 in Pisco, a piece of land measuring 801 mt2 in Paracas, and a property measuring 10,730 mt2 in Arequipa. Additionally, as per the resolution of the Board of Directors in January 2018, a piece of land was purchased in Lurín to move the Company's main warehouse, currently located in El Callao, putting said property in El Callao, measuring, 43,674 m2, up for sale in the future.

Judicial, administrative, or arbitration proceedings

Neither Corporación Aceros Arequipa S.A. nor the Company's management were involved as respondent, petitioner, or participant in any legal process that may have directly or indirectly affected Corporación Aceros Arequipa S.A., its shareholders, directors, or managers; or that significantly affect the normal development of its activities and business dealings.

At present, it is the opinion of the Management and its legal advisors that the Company has sufficient arguments to obtain favorable results in all ongoing legal proceedings as of this date, as detailed in the notes to the financial statements or reported as significant events.

Outlook

Given the predicted growth of the Peruvian economy, the construction sector, and estimated exports, Corporación Aceros Arequipa S.A. believes that its sales will trend upward in 2021 compared to the total sales volume registered in 2020. The expected growth will be rooted in a significant increase in domestic demand, recovery of exports, and rising prices.

The Company's core objectives will continue to center on the health and safety of its employees, for which purpose it will implement protocols that limit the spread of diseases, increase productivity, ensure the availability of raw materials for the new steel mill, drive the growth of new products and services, and ensure care for the environment. Additional reinforcement will be given to customer service for both local and foreign clients, and continuous improvement will continue to be fostered in the quality of our products.

In 2018, the Company acquired Comercial del Acero S.A. During fiscal years 2018 and 2019, plans were made for the identification of synergies and value capture. In January 2021, the liquidation of Comasa was approved.

The construction of the new melt shop in Pisco, with a capacity of 1,250,000 MT/year is being performed in accordance with the new schedule, and the mill is expected to begin operations during the second quarter of 2021. The steps taken by the government to limit the impact of COVID-19 on the health of the general public delayed the project's completion.

This investment will help increase the local production capacity for billet, thus reducing dependence on imported billet. It will also reduce the cost of steel processing and offer flexibility in the metal load used.

The current furnace, with a capacity of 850,000 MT, will remain on standby until the internal demand and/or export market for billet warrants its use. Together with the new melt shop, which will have a capacity of 1,250,000 MT, the Company will have a total capacity of 2,100,000 MT of billet.

Additionally, during 2021, a number of initiatives are expected to launch that will help guarantee raw materials thanks to the installation of scrap yards, both locally and abroad.

The Company will also continue to evaluate backward integration, in an effort to diversify its metal load and replace imported inputs with raw materials from iron ore, preferably from domestic sources, considering a horizontal integration as well, in order to expand our product portfolio.

In general terms, 2021 will see the resumption of initiatives previously placed on stand-by due to the lockdown imposed by the government in 2020.

OUTLOOK

During 2021, we expecto to continue adapting the inventory to market needs; strengthening our presence in Bolivia through our subsidiary in the country; monetizing non-productive assets through the sale of real estate; and increasing dispatches from the Pisco warehouses, thus reducing restock freights.

During 2020, operations in Bolivia were further consolidated through the scrap collection warehouse and a new bay for finished product finished products in El Alto. Likewise, a warehouse was implemented in the city of Cochabamba. Elsewhere, Aceros América SPA in Chile began operations and is currently collecting scrap for its first export to the Company's plant in Pisco.

Likewise, Aceros América S.A.S. was incorporated in Colombia with the objective to sell the Company's products in the country. Operations are expected to begin in the following months.

"During 2020, operations in Bolivia were further consolidated through the scrap collection warehouse and a new bay for finished product finished products in El Alto. Likewise, a warehouse was implemented in the city of Cochabamba. Elsewhere, Aceros América SPA in Chile began operations and is currently collecting scrap for its first export to the Company's plant in Pisco."

It should be emphasized that the Company will continue analyzing its product portfolio with a view to proceeding with the streamlining of its inventories taking into account the future relocation in Lurín. The effects of this effort are expected to increase the Company's liquidity and ensure the sustainability of its margins.
Finally, the Company seeks to continuously strengthen its channels of communication with the market and ensure ongoing transparency with its stakeholders. With this goal in mind, the Company has been holding online meetings with investors and organizing quarterly calls where it presents relevant information on the Company and its performance.

4

CORPORATE PROFILE

MINING

We offer safety to mining operations thanks to anchor bolts that help control underground and surface instability.

General Information

CORPORACION ACEROS AREQUIPA S.A. was incorporated as per the Notarially Recorded Instrument issued on December 31, 1997, before Carlos Gómez de la Torre R., Notary Public, by virtue of the merger between Aceros Arequipa S.A. and Aceros Calibrados S.A., which were wound up without liquidation to form the new Company. Aceros Arequipa S.A. was incorporated, in turn, as per the Notarially Recorded Instrument issued on May 13, 1964, before Ricardo Samanamud, Notary Public.

The Company was registered in Entry 01, Item A of Card 10456, now Electronic Filing Card 11010518, of the Registry of Companies in and for Arequipa.

In 2015, the Company approved an amendment to its Bylaws changing its principal place of business, which was registered in Electronic Filing Card 70627037 of the Registry of Companies in and for El Callao.

Its duration is perpetual.

The Company's corporate purpose is to engage in the manufacture, preparation, and distribution of iron, steel, and other metals and their byproducts, and the sale of the products it manufactures, and the preparation of the products it uses as raw materials. It is also engaged in the import, for its own use, distribution, and sale, of the aforementioned goods and products. It may additionally file mining petitions and testing, prospecting, exploration, exploitation, and other activities inherent to mining activity.

The Company is also engaged in the commercialization, distribution, and sale of iron, steel, other metals and their byproducts, in different forms and qualities; as well as hardware and construction products in general. The amendment to its corporate purpose made in 2010 clarifies the mining activities it may perform and expands its field of activities to include the collection, transportation, and commercialization of solid waste, in accordance with the laws in force on the matter, and agricultural activities in general and actions for the preservation and improvement of the environment.

The Company's main line of business corresponds to economic activity code 2410, under the United Nations International Standard Industrial Classification.

In regards of it's the Company's relations with the state, it should be placed on record that it is not subject to any special tax treatments, exemptions, or other benefits.

The Company has the following locations:

ADMINISTRATIVE AND MANAGEMENT OFFICES
Av. Antonio Miró Quesada 425, Piso 17, Magdalena del Mar.
Phone: (51) (1) 517-1800.

THE INDUSTRIAL PLANT
Panamericana Sur Km. 241, District of Paracas, Province of Pisco, Department of Ica.

THE FINISHED GOODS WAREHOUSES AND TUBE PLANT
Av. Enrique Meiggs N° 329, Callao.

Board of directors

The Company's Board of Directors was elected for a period of three (3) years, in the Mandatory Annual Shareholders' Meeting held on March 20, 2019.

Chairman
Mr. RICARDO **CILLÓNIZ CHAMPÍN**

Vice Chairman
Mr. FERNANDO **CARBAJAL FERRAND**

Directors
Mr. JOSE ANTONIO **BAERTL MONTORI**
Mr. PEDRO **BLAY HIDALGO**
Mr. RICARDO **BUSTAMANTE CILLÓNIZ**
Mrs. RENEE **CILLÓNIZ DE BUSTAMANTE**
Mrs. GISELLE **FERRAND RUBINI**
Mr. MANUEL **MONTORI BURBANK**
Mr. ENRIQUE **OLAZÁBAL BRACESCO**
Mr. PABLO **PESCHIERA ALFARO**
Mr. DIEGO **URQUIAGA HEINEBERG**
Mr. ANDREAS **von WEDEMEYER KNIGGE**

BOARD OF DIRECTORS

Mr. FERNANDO **CARBAJAL FERRAND**

Business administrator by profession. He was Manager for Latin America of the U.S. companies STP Corporation and First Brands Corporation; and Vice President for Latin America of Honeywell International. He is currently the President of Plásticos Nacionales S.A., and a board member of Transportes Barcino S.A. He has been a board member of Corporación Aceros Arequipa since March 13, 1998.

Mr. JOSE A. **BAERTL MONTORI**

Bachelor's Degree in Agricultural Sciences from Universidad Agraria La Molina. Previously, he was the manager of Laminadora del Pacífico S.A.; and manager of Castrovirreyna Cía. Minera S. A. and Volcán Cía. Minera until 1982. In 2018, he was Chairman of the Board of Agrícola La Venta S.A.C. He is a board member of Transportes Barcino S.A. He has been a board member of Corporación Aceros Arequipa since March 13, 1998.

Mr. PEDRO **BLAY HIDALGO**

Industrial engineer by profession. He graduated from the Pontificia Universidad Católica del Perú, and holds an MBA from Cornell University and a Master's in International Business from Thunderbird School of Global Management. He is a board member of Comfer S.A., Transportes Barcino S.A, Inmobiliaria Comercial del Acero Argentina S.A. and Inmobiliaria Comercial del Acero Cajamarquilla S.A. He has been a board member of Corporación Aceros Arequipa since March 28, 2016.

Mr. RICARDO **BUSTAMANTE CILLÓNIZ**

Agronomist by profession. He studied at California Polytechnic State University and completed the PAD program at Universidad de Piura. Since 1995, he has been General Manager and founder of Fundo San Fernando S.A. Since 2005, he has been the General Manager and founder of Agrícola La Joya S.A.C. He is a board member of Transportes Barcino S.A. He has been a board member of Corporación Aceros Arequipa since December 22, 2011 and of Rethink Peru S.A.C. since April 2019.

BOARD OF DIRECTORS

Mrs. RENEE **CILLÓNIZ DE BUSTAMANTE**

Studied trade. She is currently the General Manager of Renemar S.A. She is a board member of Fundo San Fernando S.A. and Transportes Barcino S.A. She has been a board member of Corporación Aceros Arequipa since July 22, 2005.

Mrs. GISELLE **FERRAND RUBINI**

Majored in Business Administration at Universidad del Pacífico, where she graduated with honors and was recognized with the Robert Maes and Maes Heller awards. She taught financial mathematics at the same university before working at Atlantic Security Bank and Procter & Gamble (Deter Perú S.A.). She later started her own businesses in the bakery, restaurant, and agricultural sectors, as well as imports in the paper, automotive, and household appliance sectors. She is currently a board member of Transportes Barcino S.A. She has been a board member of Corporación Aceros Arequipa S.A. since April 25, 2019.

Mr. MANUEL **MONTORI BURBANK**

Is an attorney at law graduated from Universidad de Lima, and holds an MBA from Harvard Business School. He is currently Executive Vice President of Altozano Desarrollo y Construcción. He was previously Chairman of the Board at Citileasing Peru and a board member of Citibank Peru, ICBC Peru, Compañía Minera Poderosa, Calcios del Sur, and Cipensa Explosivos, among others. He has held executive positions at Chase Manhattan Bank as Vice President of Investment Banking in New York and Mexico; Executive Director of Citibank for Corporate Banking in Peru; and Manager of the Citibank School of Banking in the state of Florida, USA. He is a board member of Transportes Barcino S.A. He has been a board member of Corporación Aceros Arequipa since March 23, 2017.

BOARD OF DIRECTORS

Mr. ENRIQUE **OLAZÁBAL BRACESCO**

Is an attorney at law graduated from Pontificia Universidad Católica del Perú. He has experience in providing legal counsel to nationally and internationally renowned companies. For many years, he was part of the law firm of Estudio Romero, Abogados, where he became one of four senior partners, and counseled major Peruvian and international clients, including Banco de Crédito del Perú, Compañía de Seguros Rímac, Compañía Minera Atacocha, TEXACO, BASF, Marriot Perú, and others. He has experience in managing arbitration proceedings. He is a board member of Transportes Barcino S.A. He has been a board member of Corporación Aceros Arequipa since March 13, 1998.

Mr. PABLO **PESCHIERA ALFARO**

Is B.S in Mechanical Engineering from the University of California, and an MBA from Standford University. He is a corporate consultant and entrepreneur. He has been and continues to be a board member of a number of companies in the industrial, construction, trade, services, agriculture and livestock, and real estate sectors. He was previously Chairman of the Board of Redondos S.A. He is the chairman of the investments committee of Fondo HMC Capital High Yield Perú FI and Fondo HMC Deuda Privada Andina. He has been a board member of Corporación Aceros Arequipa since February 28, 2008.

Mr. DIEGO **URQUIAGA HEINEBERG**

Holds a BSc in Animal Science from California Polytechnic State University and an MBA from Universidad de Piura. He is a zootechnician and business administrator by profession, and has been a manager at a number of Peruvian and multinational companies in the industrial, foods and beverages, and service sectors. He is currently an independent businessman. He is a board member of Transportes Barcino S.A. He has been a board member of Corporación Aceros Arequipa since November 27, 2003.

BOARD OF DIRECTORS

Mr. ANDREAS **VON WEDEMEYER KNIGGE**

Received the degree of Dipl.-Kfm. in business administration from the University of Hamburg in Germany. He is currently Chairman and CEO of Corporación Cervesur S.A.A. He is the president of the different companies that form part of Corporación Cervesur, (Alprosa, Creditex, Proagro, Transaltisa and Texgroup, among others); and Chairman of the Board of Euromotors, Altos Andes, Euro Camiones, Euroinmuebles, EuroRenting and International Camiones del Perú S.A. He is Chairman of the Board of Ferreycorp S.A.A., Ferreyros S.A., La Positiva Seguros y Reaseguros, La Positiva Vida Seguros y Reaseguros, La Positiva Entidad Prestadora de Salud – EPS, Alianza Compañía de Seguros y Reaseguros y Alianza Vida Seguros y Reaseguros (Bolivia). He is board member of Corporación Financiera de Inversiones (CFI), and Transportes Barcino S.A., among others. He is the former president of the National Association of Industries (SNI), a board member of Comex Perú, and the German-Peruvian Chamber of Commerce and Industry. He has been a board member of Corporación Aceros Arequipa since March 24, 2010.

Given that **Ricardo CILLÓNIZ CHAMPÍN** is part of the managerial staff, his professional background is given in the corresponding section.

Throughout the period, the members of the Board of Directors have met more than the twelve (12) regular sessions required, due to strategic matters that have demanded their attention; they have met thirteen (13) times, in keeping with the Company's objectives. For their part, the Audit and Risk Committee and the Appointments, Compensation, and Human Resources Committee, which are formed by members of the Board of Directors, met a total of nine (9) times over the course of the year.

Additionally, given that it is a fact of interest, the following is a list of those people who have continuously been board members of the former company Aceros Arequipa S.A. and who were board members of Corporación Aceros Arequipa S.A. as of December 2019.

JOSÉ ANTONIO **Baertl Montori** since **March de 1988**

FERNANDO **Carbajal Ferrand** since **March de 1985**

RICARDO **Cillóniz Champín** since **March de 1985**

ENRIQUE **Olazábal Bracesco** since **March de 1985**

Managerial Staff

Below are the members of the managerial staff of Corporación Aceros Arequipa S.A. Given that some of them previously worked for Aceros Arequipa S.A., their time in the position also includes the period they spent there.

MANAGERIAL STAFF

Mr. RICARDO **CILLÓNIZ CHAMPÍN**

Is a civil engineer by profession and holds a Master's in Business Administration from Michigan State University. He has held the position of Managing Director since January 1988. He is a board member of Rímac-Internacional Cía. de Seguros y Reaseguros, Transportes Barcino S.A., and Celepsa S.A., among others. On January 1, 2007, he became Chairman.

Mr. TULIO **SILGADO CONSIGLIERI**

Is an agronomist graduated from the Universidad Nacional Agraria, with studies at the Kellogg School of Management, among others. He has been CEO since January 2015. Previously, he was Director and General Manager of Cerámica San Lorenzo from 1994 to 2015; a board member of Cerámicas Cordillera Chile and a board member of Cerámica San Lorenzo Colombia; Sales Manager for Central America and the Caribbean of Imperial Chemical Industries (ICI); General Manager of ICI Dominicana; and Agrochemicals Manager of ICI Perú from 1987 to 1994. He is currently a board member of Fundo Buenos Aires Quilmana SAC, Fruto del Monte SAC, Blue Valley, Pampa Bendita, and Fábrica Peruana Eternit.

Mr. AUGUSTO **CORNEJO CAÑEDO**

Is an electromechanical engineer. He holds a Master's in Administration, with a focus on business management, and a PhD in Business Science from Universidad San Luis Gonzaga in Ica. He has held the position of Chief Production Officer since January 2016. Previously, he was the Manager of Rolling Mills and Finishing Plants and Rolling Millls Superintendent.

Mrs. MARIANA **TALAVERA RUBINA**

Is a business management engineer by profession, and graduated from the Universidad Nacional Agraria La Molina. She has been the Supply Chain Manager since June 2018. Previously, she held local management positions in the procurements and supply chain areas in companies such as Kimberly Clark, Intralot del Perú, and ABInbev, and was Regional Procurements Manager for Kimberly Clark.

MANAGERIAL STAFF

Mr. GONZALO **ARRÓSPIDE DEL BUSTO**

Is a business administrator by profession, with graduate degrees from ESAN and Northwestern University in the USA. He has been the Commercial Manager since December 1998. Prior to that, he worked at Cerámica Lima S.A. as the Commercial Manager.

Mr. RICARDO **GUZMAN VALENZUELA**

Is a business administrator by profession, with a minor in finance from The University of Texas at Austin, with a bachelor's degree from The University of Chicago Booth School of Business. He has been the Company's Corporate Finance Manager since July 2011, and the CFO since April 2017. Previously, he was Executive Director of Corporate and Investment Banking at BBVA, and was responsible for mergers and acquisitions for Peru. Prior to that, he worked in corporate finance for a number of different financial entities.

Mr. DIEGO **ARRÓSPIDE BENAVIDES**

Is an industrial engineer by profession, with a degree from the Universidad de Lima. He holds a Master's in Operations Management from the UPC. He has been the Strategic Procurements Manager since July 2017. Prior to that, he held managerial positions in the procurements and logistics areas in companies such as Engie Energía Perú, Peruana de Combustibles, BBVA Continental, and British American Tobacco.

Mr. MARCELO **ZEVALLOS SÁNCHEZ**

Is an attorney at law with a degree from the Universidad de Lima, and diplomas in Strategic Organizational Management from the Universidad de Lima and Human Resources Management from the TEC in Monterrey. He was Human Resources Manager for the Peruvian business unit of Grupo NUTRESA of Colombia; Human Resources Manager at Mondelez Perú S.A.; Head of Human Resources at Kimberly Clark Perú SRL; and Senior Legal Counsel at Kimberly Clark Perú S.A. Ocupó el cargo de Gerente de Gestión Humana en nuestra empresa desde julio de 2017 hasta abril del 2020

MANAGERIAL STAFF

Mr. JUAN MANUEL **OTOYA WHERREMS**

Is a licensed attorney graduated from Pontificia Universidad Católica, with an MBA from the Maastricht School of Management, with specialization studies in Human Resources Administration from ESAN, Senior Management from ESADE, and Executive Coaching from INCAE. He has held the position of Human Resources Manager since August 2020. He was previously the Human Resources Manager at Unique by Yanbal International; Human Resources Director at the CODERE Group in Peru, Colombia, and Argentina; and Human Resources Manager at ORUS S.A., property of the Romero Group.

Mr. RAFAEL **CACERES GALLEGOS**

An electronic engineer by profession, has held the position of IT Manager since September 1999. Prior to that, he was a manager at @Phone S.A. Up until 1998, he worked as the Operations Manager of Americatel Perú S.A.

Mr. FERNANDO **BUSTAMANTE CILLÓNIZ**

Has a degree in mechanical engineering from Boston University, with an MBA from Universidad de Piura. He has been the Strategic Management Control Manager since 2010. Before that, he was Internal Consultant, Head of Marketing for the Merchant Line, Corporate TQM Coordinator, and Head of PCI and Supply Warehouses. At present, he is also a board member of Fundo San Fernando.

Mr. RICARDO **CILLÓNIZ REY**

Is an industrial engineer by profession, graduated from Universidad de Lima, with an MBA from the Kellogg School of Management and a Master's in Engineering from the McCormick School of Engineering. He has been the Projects and Mining Manager since November 2010. From 2005 to 2010, he was the Consultancy Manager at Bain and Company in the United Kingdom. He has also held positions at Deutsche Bank London and South Pacific Business Development. He is currently also a board member of Agroindustrias AIB S.A.

MANAGERIAL STAFF

Mr. FRANCISCO **ALAYZA CAMARERO**

Holds a law degree from Universidad de Lima and a Master's in Finance and Corporate Law from ESAN. He has been the Legal Affairs Manager since April 2018. Prior to that, he held managerial positions in the legal and compliance areas of companies such as Inversiones Centenario, Komatsu-Mitsui, and Praxair, and was Legal Director for Latam at ESCO.

Mr. HUMBERTO **BARRAGÁN HERRERA**

Is a certified public accountant graduated from Pontificia Universidad Católica del Perú (PUCP). He has a diploma of specialization in internal auditing, management control, and quality management from Universidad de Lima, as well as a diploma of specialization in finances and international accounting standards from Universidad ESAN. He was an External Financial Auditor at the firm of KPMG; Internal Auditor at Aliaxis Latinoamérica (a group engaged in the manufacture of tubes, accessories, plastic valves and related products for residential, commercial, and industrial construction) with headquarters in Costa Rica; an Internal Auditor at the road infrastructure construction company in Peru owned by Grupo H&H of Ecuador; and Internal Auditor for electricity transport companies in Peru belonging to Grupo Empresarial ISA of Colombia. He was a part-time faculty member of the accounting program at PUCP. He has been Internal Audit Manager since December 2013.

Degree of relations by affinity of consanguinity among Board Members and the Managerial Staff:

1. **Renee Cillóniz de Bustamante and Ricardo Bustamante Cillóniz** are related by consanguinity in the first degree.
2. **Ricardo Cillóniz Champín and Ricardo Cillóniz Rey** are related by consanguinity in the first degree.
3. **Ricardo Cillóniz Champín and Renee Cillóniz de Bustamante** are related by consanguinity in the second degree.
4. **Ricardo Bustamante Cillóniz and Fernando Bustamante Cillóniz** are related by consanguinity in the second degree.
6. **Ricardo Cillóniz Champín and Ricardo Bustamante Cillóniz** are related by consanguinity in the third degree.

Additional Information

SHARE CAPITAL

A	**CAPITAL STOCK** Fully subscribed and paid in	S/ 890,858,308
B	**INVESTMENT SHARES**	S/ 182,407,512
C	**NUMBER OF COMMON SHARES**	890,858,308
D	**PAR VALUE OF THE SHARE**	S/ 1.00
E	**SHARES IN POSSESSION OF PERUVIAN INVESTORS** **SHARES IN POSSESSION OF FOREIGN INVESTORS**	80.24% 19.76%

ADDITIONAL INFORMATION

SHARE CAPITAL

F

STAKE IN OTHER CAPITAL

ACEROS AMERICA SPA	100.00 % STAKE	CHILE
ACEROS AMERICA S.A.S.	100.00 % STAKE	COLOMBIA
COMERCIAL DEL ACERO S. A.	99.99 % STAKE	PERÚ
TRANSPORTES BARCINO S. A.	99.92 % STAKE	PERÚ
ACERO INSTALADO S.A.C.	99.90 % STAKE	PERÚ
CORPORACION ACEROS AREQUIPA DE IQUITOS S.A.C.	99.90 % STAKE	PERÚ
TECNOLOGÍA Y SOLUCIONES CONSTRUCTIVAS S.A.C.	99.90 % STAKE	PERÚ
CORPORACION ACEROS DEL ALTIPLANO S.R.L.	99.00 % STAKE	BOLIVIA
INMOBILIARIA COMERCIAL DE ACERO ARGENTINA S.A.C.	33.65 % STAKE	PERÚ
INMOBILIARIA COMERCIAL DE ACERO CAJAMARQUILLA S.A.C	33.65 % STAKE	PERÚ
COMPAÑÍA ELECTRICA EL PLATANAL S. A.	10.00% STAKE	PERÚ

ADDITIONAL INFORMATION

PRODUCTION

A

INSTALLED CAPACITY

1’200,000 TM

B

PLANT USE

63%

C

WORK SHIFTS

2 (12 hrs each)

D

VARIATION IN CAPACITY AND CAUSES

Above-mentioned capacity is rated nominal for rolling mills.

ADDITIONAL INFORMATION

REVENUE

A

NET REVENUE

S/ 2,508,794,390

DOMESTIC REVENUE

S/ 2,159,177,335 (86.1%)

EXPORT REVENUE

S/ 349,617,055 (13.9%)

B

MAIN PRODUCTS

CONSTRUCTION REBAR AND WIRE ROD

S/ 1,777,265,198

MERCHANT BARS AND FLAT BARS

S/ 280,755,856

SHEETS, COILS, AND OTHERS

S/ 450,773,336

ADDITIONAL INFORMATION

PERSONNEL

Comparing this figures with those for the previous fiscal year, a decrease of 5 staff members (-0.5%) may be observed. The main changes were found among the employees (-2.5%) and the laborers (+1.2%) groups. In 2019, a reduction of -2% occurred, compared to the year 2018.

Of between the total personnel, 83 staff members (8%) are contract personnel, while the remaining 959 members are regular in-house personnel.

1,042
GRAND TOTAL

EXECUTIVES	SUPERVISORS	EMPLOYEES	LABORERS
36	130	384	492

ADDITIONAL INFORMATION

A

SECURITIES

In accordance with CONASEV General Manager's Resolution N°061-98-EF/94.11 the common shares and investment shares of Corporación Aceros Arequipa S.A. were registered with the Public Stock Exchange Registry on February 23, 1998. The evolution of these shares during fiscal year 2019 is shown below:

STOCK EXCHANGE PRICES FOR COMMON SHARES:

MONTH	OPEN	CLOSE	HIGH	LOW	AVERAGE
January	1.08	1.06	1.11	1.06	1.09
February	1.10	1.09	1.10	1.09	1.10
March	1.07	1.00	1.07	1.00	1.05
April	0.85	0.82	0.85	0.82	0.84
May	0.81	0.84	0.84	0.80	0.83
June	0.85	0.92	0.92	0.85	0.88
July	0.92	0.93	0.93	0.92	0.92
August	0.93	0.95	0.95	0.93	0.94
September	0.95	0.93	0.95	0.93	0.93
October	0.95	1.03	1.03	0.95	0.99
November	1.03	1.05	1.05	1.03	1.04
December	1.14	1.23	1.24	1.14	1.22

ADDITIONAL INFORMATION

SECURITIES

B

STOCK EXCHANGE PRICES FOR INVESTMENT SHARES:

MONTH	OPEN	CLOSE	HIGH	LOW	AVERAGE
January	0.90	0.91	0.93	0.89	0.91
February	0.90	0.86	0.93	0.85	0.90
March	0.90	0.60	0.90	0.59	0.75
April	0.59	0.67	0.67	0.56	0.61
May	0.67	0.72	0.76	0.66	0.71
June	0.72	0.74	0.80	0.71	0.75
July	0.74	0.74	0.77	0.73	0.74
August	0.73	0.72	0.75	0.69	0.72
September	0.76	0.71	0.76	0.68	0.71
October	0.71	0.79	0.81	0.70	0.75
November	0.81	0.88	0.90	0.77	0.83
December	0.87	0.89	0.95	0.86	0.89

C

BOOK VALUE PER SHARE AT THE CLOSE OF THE FISCAL YEAR:

S/ 2.05

ADDITIONAL INFORMATION

COMMON SHARES

SHAREHOLDER	STAKE	ORIGIN
A	15.94%	PERU
B	10.96%	BAHAMAS
C	8.53%	PERU
D	8.50%	PERU
E	5.47%	PERU

ADDITIONAL INFORMATION

COMMON SHARES

SHAREHOLDER
F
5.07%
STAKE
ORIGIN
PERU

SHAREHOLDER
G
2.82%
STAKE
ORIGIN
PERU

SHAREHOLDER
H
2.80%
STAKE
ORIGIN
PANAMA

SHAREHOLDER
I
2.27%
STAKE
ORIGIN
PERU

SHAREHOLDER
J
2.01%
STAKE
ORIGIN
PERU

ADDITIONAL INFORMATION

COMMON SHARES

SHARES HELD	NO. OF SHAREHOLDERS	STAKE PERCENTAGE
Less than 1%	379	23.46
Between 1% - 5%	14	22.07
Between 5% -10%	4	27.57
More than 10%	2	26.89
Total	**403**	**100.00**

INVESTMENT SHARES

SHARES HELD	NO. OF SHAREHOLDERS	STAKE PERCENTAGE
Less than 1%	2,293	65.23
Between 1% - 5%	9	19.23
Between 5% -10%	2	15.54
More than 10%	0	0.00
Total	**2,337**	**100.00**

5

ANNEXES

5

ANNEXES

CORPORACIÓN ACEROS AREQUIPA S.A.

Separate financial statements as of December 31, 2020 and 2019 together with the Independent Auditors Report

Independent Auditors' Report

Paredes, Burga & Asociados
Sociedad Civil de Responsabilidad Limitada

Independent Auditors' Report

To the Shareholders of Corporación Aceros Arequipa S.A.

We have audited the accompanying separate financial statements of Corporación Aceros Arequipa S.A., which comprise the separate statement of financial position as of December 31, 2020 and 2019, and the related separate statements of comprehensive income, changes in net equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes.

Management Responsibility for Separate Financial Statements

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audits. Our audits were performed in conformity with International Auditing Standards approved in Peru by the Board of Deans of the Peruvian Charter of Accounts. Such standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the separate financial statements to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

Independent Auditors' Report (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying separate financial statements, present fairly, in all material respects, the separate financial position of Corporación Aceros Arequipa S.A. as of December 31, 2020 and 2019, as well as its financial perfomance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

Emphasis on separate information

The separate financial statements of Corporación Aceros Arequipa S.A. have been prepared in compliance with the legal requirements in force in Peru for the presentation of financial information. These financial statements reflect the value of its investments in subsidiaries and associates under the equity method and not on a consolidated basis, so they should be read together with the consolidated financial statements of Corporación Aceros Arequipa S.A. and Subsidiaries, which are presented separately and on which we issued an unqualified opinion dated February 25, 2021.

Lima, Peru
February 25, 2021

Paredes, Burga & Asociados

Signed by:

Patricia Ramirez
C. P. C. C. Register No. 40030

Separate statement of financial position

AS OF DECEMBER 31, 2020 AND 2019

	NOTE	2020 S/(000)	2019 S/(000)
Assets			
Current assets			
Cash and cash equivalents	2.2(a) and 5(a)	679,708	404,360
Trade accounts receivable, net	2.2(b) and 6(a)	371,723	369,305
Accounts receivable from related parties	2.2(b) and 7(b)	84,069	95,813
Current portion of other accounts receivable	2.2(b) and 8(a)	3,137	39,350
Inventories, net	2.2(g) and 9(a)	657,385	679,347
Expenses contracted in advance	2.2(r) and 10(a)	5,223	6,555
		1,801,245	1,594,730
Assets available for sale	2.2(y) and 1(d)	-	10,597
Total current assets		**1,801,245**	**1,605,327**
Non-current assets			
Investments in subsidiaries and associates	2.2(h) and 11(a)	355,817	346,044
Other long-term accounts receivable	2.2(b) and 8(a)	13,591	13,591
Accounts receivable from related parties	2.2(b) and 7(b)	4,197	4,197
Property, machinery and equipment, net	2.2(i) and 12(a)	2,077,436	1,822,419
Right of use assets and others, net	2.2(n) and 13	20,093	24,080
Investment properties	2.2(j) and 14	10,597	-
Intangibles, net	2.2(k) and 15(a)	23,637	35,176
Other assets, net	2.2(l) and 16	35,641	36,024
Total non-current assets		**2,541,009**	**2,281,531**
Total assets		**4,342,254**	**3,886,858**

The accompanying notes are an integral part of this separate financial statement.

Separate statement of financial position

AS OF DECEMBER 31, 2020 AND 2019

	NOTA	2020 S/(000)	2019 S/(000)
Liabilities and equity net			
Current liabilities			
Current portion of financial obligations	2.2(c) and 17(a)	285,065	398,946
Trade accounts payable	2.2(c) and 18(a)	732,923	499,694
Accounts payable to related parties	2.2(c) and 7(b)	34,544	23,429
Other accounts payable	2.2(c) and 19(a)	76,009	66,538
Income tax payable	2.2(v) and 20(d)	40,471	21,570
Total current liabilities		**1,169,012**	**1,010,177**
Non-current liabilities			
Long term of financial obligations	2.2(c) and 17(a)	875,161	662,851
Other long-term liabilities	11(b)	6,891	6,738
Deferred tax liability, net	2.2(v) and 20(a)	96,285	119,395
Total non-current liabilities		**978,337**	**788,984**
Total liabilities		**2,147,349**	**1,799,161**
Equity net	**21**		
Capital stock		890,858	890,858
Investment shares		182,408	190,052
Treasury shares		-	(7,644)
Legal reserve		178,293	178,261
Revaluation surplus		216,027	218,012
Retained earnings		727,319	618,158
Total equity net		**2,194,905**	**2,087,697**
Total liabilities and equity net		**4,342,254**	**3,886,858**

The accompanying notes are an integral part of this separate financial statement.

Separate statement of comprehensive income

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	NOTE	2020 S/(000)	2019 S/(000)
Net sales	2.2(s) and 22	2,508,794	2,729,515
Cost of sales	2.2(t) and 23	(2,049,011)	(2,304,538)
Gross profit		**459,783**	**424,977**
Operating income (expenses)			
Selling expenses	2.2(t) and 24(a)	(79,673)	(82,058)
Administrative expenses	2.2(t) and 25(a)	(84,876)	(76,366)
Other operating income	2.2(s) and 27(a)	8,933	64,537
Other operating expenses	2.2(t) and 27(a)	(32,693)	(64,703)
		(188,309)	(158,590)
Operating profit		**271,474**	**266,387**
Financial income	2.2(s) and 28	8,256	11,679
Financial costs	2.2(m) and 28	(28,108)	(35,392)
Exchange difference, net	2.2(f) and 31	(5,191)	810
Stake in the results of subsidiaries and associates	2.2(h) and 11(g)	9,505	13,127
Profit before income tax		**255,936**	**256,611**
Income tax expense	2.2(t) and 20(b)	(71,855)	(57,655)
Net profit		**184,081**	**198,956**

The accompanying notes are an integral part of this separate financial statement.

Separate statement of comprehensive income

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	NOTE	2020 S/(000)	2019 S/(000)
Other comprehensive income			
Net Reduction of the revaluation surplus of lands		(3,171)	-
Tax effect of the revaluation surplus of lands		1,186	-
Other comprehensive income net of income tax		**(1,985)**	**-**
Total comprehensive income for the year, net of income tax		**182,096**	**198,956**
Net profit per basic and diluted share	2.2(w) and 30	0.17	0.18
Weighted average of outstanding shares (in thousands of units)	2.2(w) and 30	1,078,359	1,081,545

The accompanying notes are an integral part of this separate financial statement.

Separate statement of changes in equity

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	CAPITAL STOCK S/(000)	INVESTMENT SHARES S/(000)	TREASURY SHARES S/(000)	LEGAL RESERVE S/(000)	REVALUATION SURPLUS S/(000)	RETAINED EARNINGS S/(000)	TOTAL S/(000)
Balance as of January 1, 2019	**890,858**	**190,052**	**(7,644)**	**165,074**	**220,482**	**500,394**	**1,959,216**
Net income of the year	-	-	-	-	-	198,956	198,956
Sale of property and realization of the revaluation surplus	-	-	-	-	(2,470)	2,470	-
Total comprehensive income of the year	**-**	**-**	**-**	**-**	**(2,470)**	**201,426**	**198,956**
Dividends note 21(f)	-	-	-	-	-	(70,564)	(70,564)
Appropriation of legal reserve, note 21(e)	-	-	-	13,098	-	(13,098)	-
Transfer of expired dividends, note 21(e)	-	-	-	89	-	-	89
Balances as of December 31, 2019	**890,858**	**190,052**	**(7,644)**	**178,261**	**218,012**	**618,158**	**2,087,697**
Net income of the year	-	-	-	-	-	184,081	184,081
Net Reduction of the revaluation surplus of lands, net of its tax effect	-	-	-	-	(1,985)	-	(1,985)
Total comprehensive income of the year	**-**	**-**	**-**	**-**	**(1,985)**	**184,081**	**182,096**
Dividends note 21(f)	-	-	-	-	-	(74,920)	(74,920)
Transfer of expired dividends, note 21(e)	-	-	-	32	-	-	32
Reduction of investment and treasury shares, note 21(a), (b) y (c)	-	(7,644)	7,644	-	-	-	-
Balances as of December 31, 2020	**890,858**	**182,408**	**-**	**178,293**	**216,027**	**727,319**	**2,194,905**

The accompanying notes are an integral part of this separate financial statement.

Separate statement of cash flows

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	NOTE	2020 S/(000)	2019 S/(000)
Operating activities			
Collection for sale of goods		2,701,132	2,773,227
Payment to suppliers of goods and services		(1,810,405)	(1,969,910)
Payment of remuneration and social benefits		(189,448)	(192,694)
Payment of taxes		(81,033)	(93,404)
Other cash receipts related to the activity		16,032	31,456
Net cash from operating activities		**636,548**	**548,675**
Investing activities			
Dividends collected	11(g)	811	-
Sale of property, plant and equipment		33,730	26,235
Interest received	28	8,256	11,679
Capital contributions in investments	11(g)	(1,080)	(1,981)
Purchase of property, plant and equipment		(155,919)	(158,863)
Purchase of intangibles assets		(2,238)	(4,870)
Purchase of other assets		-	(5)
Net cash flows used in investing activities		**(116,440)**	**(127,805)**

The accompanying notes are an integral part of this separate financial statement.

Separate statement of cash flows

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	NOTE	2020 S/(000)	2019 S/(000)
Financing activities			
Increase of financial obligations	17(n)	1,806,698	1,504,686
Payments of financial obligations	17(n)	(1,965,725)	(1,637,339)
Payments of interest	28	(28,108)	(35,392)
Dividends paid to shareholders	21(f)	(74,920)	(70,564)
Net cash flows (used in) from financing activities		**(262,055)**	**(238,609)**
Net increase (decrease) in cash and cash equivalents		258,053	182,261
Exchange difference for cash and cash equivalents		17,295	(6,889)
Cash and cash equivalents at beginning of year		404,360	228,988
Cash and cash equivalents at year-end	**5[a]**	**679,708**	**404,360**
Non-cash transactions			
Acquisition of assets under financial leases	17(n)	194,444	324,434
Stake in the results of subsidiaries and associates	11(e)	9,505	13,127
Sale of properties and realization of the revaluation surplus	1(d)	-	2,470

The accompanying notes are an integral part of this separate financial statement.

Notes to the separate financial statements

AS OF DECEMBER 31, 2020 AND 2019

1. IDENTIFICATION AND ECONOMIC ACTIVITY

(a) Identification

Corporación Aceros Arequipa SA (hereinafter "the Company"), is a Peruvian company listed on the Lima Stock Exchange that was established in December 1997 as a result of the merger of Aceros Arequipa S.A. and its subsidiary Aceros Calibrados S.A. The registered office of the Company, where its main production plant and main warehouse are located, is in Carretera Panamericana Sur N ° 241, Paracas, Ica.

(b) Economic activity

The Company is engaged in the manufacture, for its sale in the country and abroad, of rebars, wire rod for construction, merchant bars and other products derived from steel. For this purpose, the Company has a melt shop and two rolling lines located in the city of Pisco.

In a Board meeting dated November 25, 2016 the definitive suspension of production activities at the Arequipa plant was approved, see section 1(d) below, and with the purpose of improving the efficiency of its production processes, and facing competitors in the global environment, the Company's Management decided to concentrate total production at its Pisco Plant, in which, in a Board meeting dated January 25, 2018, it was approved to build a new steel melt shop with a capacity of 1,250,000 MT/Year with a planned investment of approximately US$180,000,000, which has been expanded to US$ 207,500,000 and its start-up is estimated towards the second quarter of 2020.

As of December 31, 2020, and 2019, the Company directly owns investments in the following subsidiaries:

- Comercial del Acero S.A (In Liquidation) is a Peruvian company that was established in May 1985, in which it has a 99.99 percent stake in capital stock' shares, and which is dedicated to the commercialization of national and foreign steel products in the local market, especially merchant bars, tubes, plates, angles, rebars and other derivatives of iron and steel. It also provides transformation and cutting services for steel sheet coils. The registered office of this subsidiary is Av. Argentina N ° 2051, Lima Peru. It should be noted that on January 4, 2021 the General Shareholders' Meeting of Comercial del Acero S.A. approved its dissolution and liquidation in accordance with what is contemplated in paragraph 8 of article 407 of the General Corporation Law.

- Transportes Barcino S.A. is a Peruvian company established in November

Notes to the separate financial statements

AS OF DECEMBER 31, 2020 AND 2019

1989, in which it has 99.92 percent stake in capital stock' shares and provides the service of transportation and land cargo and other related to the transport activity, being the Company its main customer. Additionally, it provides the leasing service of its warehouse called "El Cural" to a third party. The registered office is Av. Jacinto Ibáñez N ° 111-A, Industrial Park, Arequipa, Arequipa Peru.

- Tecnología y Soluciones Constructivas S.A, is a Peruvian company that was established in September 2018, in which the Company has a 99.99 percent stake in capital stock' shares and provides design and structural modification services to the construction sector inside and outside the country. The registered office of this subsidiary is Av. Antonio Miro Quesada N ° 425, Magdalena del Mar district, Lima Peru.

- Corporación Aceros del Altiplano S.R.L., is a foreign company located in Bolivia, established in December 2016 and is it's dedicated to the purchase and sale of scrap metal and steel products. The Company owns 99 percent of its stock capital.

- Corporación Aceros Arequipa de Iquitos S.A.C is a company established in August 2016 and its main activity is the purchase and sale of steel products. The Company owns 99.9 percent of its stock capital.

- Acero Instalado S.A.C. Is a company established in May 2019 and is dedicated to architecture and engineering activities, civil works, construction, supervision of works, among others. The Company owns 99 percent of its stock capital.

- Aceros América S.A.C., is a foreign company located in Chile incorporated in August 2019 and dedicated to the purchase and sale of scrap metal and steel products. The Company owns 100 percent of its stock capital.

- Aceros América S.A.S., is a foreign company located in Colombia incorporated in January 2020 and dedicated to the imports and sale of steel products. The Company owns 100 percent of its stock capital.

(c) Approval of the separate financial statements

The separate financial statements as of December 31, 2019 and for the year ended on that date, for due effects of mandatory social isolation, were approved by the virtual General Shareholders' Meeting on July 13, 2020.

Notes to the separate financial statements

AS OF DECEMBER 31, 2020 AND 2019

The accompanying separate financial statements as of December 31, 2020 attached were approved and authorized for its issuing by the board of the Company on February 25, 2021. Likewise, the attached separate financial statements, which have been prepared in compliance with the legal requirements in force in Peru, reflect the individual activity of the Company, without including the effects of the consolidation with those of its subsidiaries.

The Company has also prepared consolidated financial statements in accordance with the IFRS 10, which are presented separately. For a correct interpretation of the separate financial statements according to IFRS, these should be read together with the consolidated financial statements. The consolidated financial statements as of December 31, 2020 and 2019, show the following balances for the most significant items:

	2020 S/(000)	2019 S/(000)
Current assets	2,091,131	1,956,532
Total Assets	4,560,191	4,164,183
Current liabilities	1,297,353	1,218,410
Total liabilities	2,312,730	2,027,114
Equity	2,246,762	2,137,069
Total revenue from ordinary activities	**2,837,623**	**3,129,144**
Net income for the year	**184,020**	**198,991**

Notes to the separate financial statements

AS OF DECEMBER 31, 2020 AND 2019

(d) Assets available for sale

As of December 31, 2019, the assets held for sale correspond to land located on Avenida Alfonso Ugarte - Arequipa for an approximate amount of S/10,597,000. Related to the definitive suspension of the production of the Arequipa plant, mentioned in section 1(b), the Company publicly announced its decision to sell some properties. Consequently, they have been classified as assets held for sale. In accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the related assets and liabilities are presented in the separate statement of financial position at cost or fair value less costs to sell, the lowest.

During the year 2019, the Company sold the land located on Avenida Jacinto Ibañez to a third party for a total of US$16,648,000 (equivalent to approximately S/55,337,000), as part of such operation, a revaluation surplus was transferred to results accumulated by S/2,470,000.

As of December 31, 2019, non-current assets held for sale do not maintain a revaluation surplus.

On December 31, 2020, based on an analysis, the Management decided to maintain such land in order to increase its value and sell it in the future. Therefore, such property was reclassified and is it's presented in as "investment properties" in the consolidated statement of financial position, see note 14.

(e) COVID-19

In December 2019, it was discovered a new type of virus of Coronavirus (SARS CoV-2) in Wuhan, China. This virus started spreading worldwide in a fast way and led to a new illness called COVID-19.

In March 2020, the World Health Organization stated it as a pandemic, since it had spread worldwide. To this date there has been a development of diverse vaccines to counteract the contagion due the large amount of case fatalities across the globe.

Most countries in the world, as a measure to contain the virus, opted to close their borders, declare mandatory quarantines, reassigne budgets to strengthen their national health system and to attend less-favored people basic needs, among other measures, which led to an interruption of international trade and transit of people between different countries and cities, and overall to the temporary closure of many businesses, having an impact on employment and the possibility whether many companies could perform their corporate purpose.

Notes to the separate financial statements

AS OF DECEMBER 31, 2020 AND 2019

To counteract the economic effects on companies, the Government delayed the payment of taxes and services, offered credit lines with lower interest rates and provided economic assistance to less-favored sectors.

The coronavirus pandemic, alongside with a temporary drop of oil prices, caused mainly by the economic slowdown (especially in China) and the suspension of important economical activities, have led analysts to estimate that the economy is still at risk to slide into a recession.

The economic impacts and consequences to the operations of the Company have been relevant; however, the results obtained by the Company in 2020 suggest that the effects of the reopening of the economic activities will keep driving an economical recovery in 2021. Said that, it should be noted that the final impact of COVID-19 on the operations of the Company is uncertain and will depend to a great extent on the evolution and extension of the pandemic in the following months, as well as the measures that may be taken by the Government to face this situation and the ability to react and adapt of all the affected economic agents.

Despite the aforementioned about the Company, the preparation of consolidated financial statements and their notes, reflect and properly disclose the economic effects caused by the pandemic. In the same way, the risks associated with the accounting record and the respective measurement of the assets, liabilities and related income statements have been managed.

(f) Liquidation of the Subsidiary Comercial del Acero S.A.C.- COMASA

In General Shareholders' Meeting of the subsidiary COMASA on January 04,2021 its dissolution and liquidation were approved by unanimity. The liquidation process covers various activities, which will be carried out in stages. Although, such subsidiary will terminate once all the activities detailed in the liquidation plan have been executed, the Management of the Company has considered that the components of the financial statements and the operations of COMASA should not be classified as a discontinued asset as required by IFRS 5 "Non-current assets held for sale and discontinued operations" since it is estimated that said liquidation will not have relevant effects on the Company and on the activities that will remain part of its economic group.

Notes to the separate financial statements

AS OF DECEMBER 31, 2020 AND 2019

2. BASIS OF PREPARATION, CONSOLIDATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

2.1.1 Declaration of compliance

The information contained in these separate financial statements is the responsibility of the Company's Management, which expressly states that the attached separate financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB for its acronym in English) effective as of December 31, 2020 and 2019, respectively.

2.1.2 Measurement base

In accordance with these standards, there is no obligation to prepare separate financial statements; however, in Peru, companies have the obligation to prepare them in accordance with current legal regulations. Because of this, the Company has prepared separate financial statements in accordance with IAS 27 "Consolidated and separate financial statements". The Company also prepares consolidated financial statements in accordance with IFRS 10, which are presented separately. For a correct interpretation of the separate financial statements in accordance with IFRS, these must be read together or with the consolidated financial statements of the Company and its Subsidiaries that are presented separately.

The separate financial statements have been prepared based on historical cost, from the accounting records of the Company, except for the land item that has been measured at its revaluation value. The attached separate financial statements are presented in Soles (functional and presentation currency), and all amounts have been rounded to thousands of Soles (S/000), except where otherwise indicated.

2.1.3 Basis of preparation and presentation

Certain regulations and modifications have come into effect for the annual periods that started as of January 1, 2020; however, they have not had an impact on consolidated financial statements of the Company and, therefore, have not been disclosed. The Company and its subsidiaries have not adopted any standard in advance, interpretation or modification issued, that is not yet effective. Other modifications have been applied for the first time in 2020. However, these have not had an impact on the consolidated financial statements of the Company, therefore, these have not been revealed. The amendments to IFRS 7 "Financial Instruments: Information to Reveal ", IFRS 9" Financial Instruments ", IAS 39" Reform of the Interest Rate of Reference "and IFRS 16" Practical exemption for leases due to Covid-19 "have not had an impact on the consolidated financial statements of the Company. The accounting policies used are consistent with those used in previous years.

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2.2 Summary of significant accounting policies and practices

The main accounting principles and practices used in the preparation of the Company's separate financial statements are presented below:

(a) Cash and cash equivalents

Cash and cash equivalents presented in the separate statement of financial position include cash balances, fixed funds, checking and savings accounts and time deposits. For preparing the separate statement of cash flows, cash and cash equivalents include cash and term deposits with original maturity of less than three months.

(b) Financial assets

Recognition and initial measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, at fair value through other comprehensive income (OCI), and at fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. Except for trade accounts receivable that do not contain a significant financial component or for which the Company has applied the practical file, The Company initially measures a financial asset at its fair value plus, in the case of a financial asset that is not at fair value with changes in results, transaction costs. Accounts receivable that do not contain a significant financial component or for which the Company has not applied the practical file are measured at the transaction price determined in accordance with IFRS 15, see note 2.2 (r).

For a financial asset to be classified and measured at amortized cost or at fair value with changes in other comprehensive income, it needs to give rise to cash flows that are "only payments of principal and interest (PPI)" originated by the principal amount valid. This evaluation is referred to as the PPI test and is performed at the level of each instrument.

For a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The company's business model for managing financial assets refers to how it manages its financial assets them to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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Subsequent measurement –
For purposes of subsequent measurement, financial assets are classified into the following categories:

(i) Financial assets at amortized cost (debt instruments).
(ii) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
(iii) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).
(iv) Financial assets at fair value through profit or loss.

Financial assets at amortized cost (debt instruments)
The Company measures financial assets at amortized cost if the following conditions are met:

(i) The financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows and not sale or trade it, and
(ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets held at amortized cost include cash, other financial assets, restricted funds, trade receivables and other receivables.

Financial assets at fair value with changes in other comprehensive income (debt instruments)
The Company measures debt instruments at fair value with changes in other comprehensive income if the following two conditions are met:

(i) The financial asset is held with the objective of having rights to collect contractual cash flows and then sell them; and
(ii) The contractual terms of the financial asset, on specific dates, give rise to cash flows that correspond only to principal payments and interest on the outstanding principal amount.

The Company does not have debt instruments classified in this category.

Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments:

Presentation and are not held for trading. The classification is determined on an instrument by instrument basis.

Profit or losses on these financial instruments are never transferred to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right to payment has been established, except when the Company benefits from the said income as a recovery of the part of the cost of the financial asset, in which case such earnings are recorded in other comprehensive income. Equity instruments designated at fair value with changes in other comprehensive income are not subject to impairment evaluation.

The Company does not possess equity instruments.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets with changes in other comprehensive income are maintained in the statement of financial position at fair value with net changes in fair value, recognized in the statement of comprehensive income.

Derecognition

A financial asset (or, if applicable, part of a financial asset or part of a group of similar financial assets) is derecognized, which means is eliminated from the statement of financial position, when:

(i) The rights to receive cash flows from the asset have expired; or
(ii) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset or, (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent, it has retained the risk and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company´s continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets

The Company recognizes a provision for expected credit loss (ECLs) for all debt instruments not held at fair value through profit or loss. ELCs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows resulting from the sale of collateral held or other credit enhancements.

ELCs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade accounts receivable, the Company applies a simplified approach when calculating the ELC. Therefore, the Company does not monitor changes in credit risk; instead, it recognizes a provision for impairment based on "PCE throughout life" on each reporting date. The Company has established a provision matrix that is based on the experience of historical loss, adjusted for expected factors specific to debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(c) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

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The Company's financial liabilities includes borrowings, trade payables, payables to related parties and other payables.

Financial liabilities include commercial accounts payable, accounts payable to related parties, other accounts payable and other long-term liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for repurchasing in the near term; gains or losses on liabilities held for trading are recognized in the statement of profit or loss. This category also includes derivative financial instruments entered by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

The Company has not designated any financial liability at fair value with changes in profit or loss.

Debts and loans that accrue interest

After initial recognition, debts and loans that accrue interest are subsequently measured at amortized cost, using the effective interest rate method. Gains and losses are recognized in the statement of comprehensive income when the liabilities are written off, as well as through the process of accrued interest applying the effective interest rate method

Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Amortization under the effective interest rate method is included as financial costs in the Statement of comprehensive income.

In general, this category applies to current and non-current debts and loans that accrue interest, see note 16.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as

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the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

(d) Derivative financial instruments and accounting hedges

Derivative financial instruments are initially recognized at their fair values at the date on which the derivative contract is concluded, and subsequently measured again at their fair value. Derivatives are accounted for as financial assets when their fair value is positive, and as financial liabilities when their fair value is negative.

For hedge accounting purposes, hedges are classified as:

(i) Fair value hedges, when they cover exposure to changes in the fair value of recognized assets or liabilities, or unrecognized firm commitments;
(ii) Cash flow hedges, when they cover exposure to variations in cash flows attributed to either a risk associated with a recognized asset or liability or a highly probable planned transaction, or to the exchange rate risk in a firm commitment not recognized;
(iii) Hedge of a net investment in a business abroad.

At the beginning of a hedging relationship, the Company formally designates and documents the hedging relationship to which he wishes to apply hedge accounting, the objective of risk management and the strategy to carry out the hedge.

Until January 1, 2018, the documentation includes the identification of the hedging instrument, the hedged item or transaction, the nature of the risk that is hedged and how the Company would evaluate the effectiveness of the hedge in the face of changes in the fair value of the hedge instrument by compensating for changes in the fair value of the hedged item or the variations in cash flows attributable to the hedged risk. The Company expects hedges to be highly effective in compensating for changes in fair value or variations in cash flows and evaluates them permanently to determine if they have been highly effective throughout the periods for which they were designated.

As of January 1, 2018, the documentation includes identification of the hedging instrument, the hedged asset, the nature of the risk that is covered and how the Company will assess whether the hedging relationship meets the requirements of hedge effectiveness (including analysis of the sources of ineffectiveness of hedge

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and how the hedge ratio is determined). A hedging relationship is treated as hedge accounting if it meets the following effectiveness requirements:

(i) There is an economic relationship between the covered asset and the hedging instrument.
(ii) The credit risk effect does not dominate the changes in value that result from the economic relationship.
(iii) The hedge ratio of the hedging relationship is the same as the result of the amount of the hedged asset that the Company effectively hedges and the amount of the hedging instrument that the Company effectively uses to hedge the amount of the hedged asset.

Hedge that meet all the criteria for hedge accounting are registered as cash flow hedges.

Cash flow hedges
The effective portion of the gain or loss of a hedging instrument is recognized as another comprehensive result in the reserve for cash flow hedges, while the ineffective portion is immediately recognized in the statement of comprehensive income. The ineffective portion related to foreign currency contracts is recognized as financial expenses.

Prior to January 1, 2018, any gain or loss arising from changes in the fair value of derivatives is taken directly to income, except for the effective portion of cash flow hedges, which was recognized in other comprehensive income. and subsequently reclassified to income for the year when the hedged asset affects results.

As of January 1, 2018, only the cash element of derivative contracts is designated as a hedging instrument. The future element is recognized in other comprehensive income and accumulated in a component of equity under the concept of hedge reserve cost.

For any cash flow hedge, the amount accumulated in other comprehensive income is transferred to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect results.

If the cash flow hedge is discontinued, the amount accumulated in other comprehensive income must remain in other comprehensive income accumulated if the hedged cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once hedged cash flows are given, any amount that remains in other comprehensive accumulated results must be recorded considering the nature of the underlying transaction.

As of December 31, 2020, and 2019, the Company does not carry out transactions with derivative financial instruments for which hedge accounting is used.

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(e) Current and non-current classification

The Company presents the assets and liabilities in the separate statement of financial position, classified in current and non-current. An asset is classified as current when the entity:

- Expect to realize the asset or intends to sell it or consume it in its normal operating cycle.
- Maintains the asset primarily for trading purposes;
- Expects to realize the asset within the following twelve months after the reporting period;
- Expects to realize the asset within twelve months - the asset is effective unless it is restricted and cannot be exchanged or used to cancel a liability for a minimum period of twelve months after the close of the reporting period following after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when the entity:

- Expects to settle the liability in its normal operating cycle;
- Maintains the liability mainly for trading purposes.
- Expects to be liquidated within twelve months of the reporting period;
- Do not have an unconditional right to postpone the cancellation of the liability for at least the twelve months following the period reported on the closing date

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(f) Foreign currency transactions and balances

(i) Functional currency and presentation currency –

The Company has defined the Peruvian Nuevo Sol as its functional and presentation currency.

(ii) Transactions and balances in foreign currency –

Transactions in foreign currency are those made in a currency other than the functional currency. Foreign currency transactions are initially recorded in the functional currency using the exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currency are subsequently adjusted to the functional currency using the exchange rate prevailing at the date of the statement of financial position. Gains or losses on exchange difference resulting from the settlement of said transactions and the conversion of monetary assets and liabilities in foreign currency at the exchange rates of the date of the statement of financial position, are recognized in the

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heading "Difference in change, net" in the statement of comprehensive income. Non-monetary assets and liabilities determined in foreign currency are transferred to the functional currency at the exchange rate in effect on the date of the transaction.

(g) Inventories –

Inventories are valued at cost or net realizable value, whichever is less. The costs incurred to bring each product to its location and its current conditions are counted as follows:

- Merchandise, raw material and auxiliaries –
  At acquisition cost, following the weighted average method.

- Finished products and in process –
  At the cost of the raw material, direct labor, other direct costs, general manufacturing expenses and a proportion of fixed and variable manufacturing costs based on normal operating capacity, following the weighted average method. Likewise, financing costs and exchange differences are excluded.

- Inventories to be received –
  At the specific acquisition cost.

The net realizable value is the sale price of the inventories in the normal course of business, less minus the costs to pur the inventories in condition of sale and the costs of commercialization and distribution.

The devaluation estimate is determined based on an analysis of the conditions and the inventory turnover. The estimate is recorded against the results of the year in which they are identified.

(h) Investment on in susbsidiaries and associates

Investments in subsidiaries and associates are recorded using the equity method. Under this method, investments are initially recorded at the cost of the contributions made. Subsequently, its book value increases or decreases in accordance with the Company's participation in the equity movements and in the profits or losses of the subsidiaries and associates, recognizing them in the corresponding equity accounts and in the comprehensive income for the year, according to it corresponds.

Under the equity method, dividends from subsidiaries and associates will be recognized in the separate financial statements as a reduction in the amount of the investment.

In the case of investments in associates, the Company has not recognized a deferred income tax because it has the intention and the ability to maintain these investments in the long term. In this sense, the Company considers that the temporary difference will be reversed

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through dividends that will be received in the future, the same that are not subject to income tax payable by the Company. There is no legal or contractual obligation for the Company's Management to be forced to sell its investments in these associates (event that would cause the capital gain to be taxable based on current tax legislation).

(l) Property, plant and equipment

Except for the land that is measured under the revaluation model, real estate, machinery and equipment are expressed at cost, net of accumulated depreciation and accumulated losses due to impairment, if any. The initial cost of an asset includes its purchase price or construction cost, the costs directly attributable to put the asset into operation. This cost includes the cost of replacement components and the costs of loans for long-term construction projects, if the requirements for recognition are met. The present value of the expected cost of dismantling the asset and rehabilitating the place where it is located is included in the cost of the respective asset.

As of 2013, the land is presented at its revalued value, estimated based on appraisals made by independent appraisers.

When it is necessary to replace significant components of real estate, machinery and equipment, the Company cancels the replaced component, and recognizes the new component, with its useful life and its respective depreciation. All other repair and maintenance costs are recognized in the statement of comprehensive income as they are incurred.

Land is not depreciated. Depreciation of assets is calculated following the straight-line method, based on the useful life of the asset. The estimated useful lifes are as follows:

	YEARS
Buildings and other constructions	Between 50 and 75
Machinery and equipment	Between 2 and 36
Miscellaneous equipment	Between 4 and 10
Transport units	5
Furniture and fixtures	5

Works in progress corresponds to facilities under construction and are recorded at cost. This includes the cost of construction and other direct costs. Works in progress do not depreciate until the relevant assets are completed and operational.

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An item of property, plant and equipment and any significant part is written off at the time of its sale or when it is not expected to obtain economic benefits from its use or sale. Any gain or loss at the time the asset is derecognized (calculated as the difference between the net income from the sale of the asset and it's carrying amount) is included in the separate statement of comprehensive income when the asset is derecognized.

Any increase in revaluation is recognized in the separate statement of comprehensive income and is accumulated in equity in "revaluation surplus", unless such increase corresponds to the reversal of a decrease in revaluation of the same asset previously recognized in the separate statements of income, in which case that increase is recognized in said state. A decrease due to revaluation is recognized in the separate statements of comprehensive income, except to the extent that such decrease compensates an increase in revaluation of the same asset previously recognized in the reserve for revaluation of assets. At the time of the sale of the revalued asset, any revaluation reserve related to that asset is transferred to accumulated results.

Residual values, useful lives and depreciation methods are reviewed and adjusted, if necessary, to the date of each separate statement of financial position, any change on these estimates is adjusted prospectively.

(j) Investment properties

Investment properties are presented at their acquisition cost, in accordance with the provisions of IAS 40 "Investment Properties", following the historical cost model. Following the provisions of IAS 16 "Property, plant and equipment". The investment properties are made up of the amount paid for the land, plus the costs incurred in their respective construction.

Buildings are subject to depreciation following the straight-line method, at a rate that is adequate to extinguish the cost at the end of the estimated useful life. Estimated useful life by Management for its buildings and facilities is 10 and 33 years.

Transfers are made to or from investment properties only when there is a change in the use of the asset. In the case of a transfer from a property of investment towards a component of property, plant and equipment, the deemed cost taken for subsequent accounting is the fair value of the asset at the date of the change of use. If a component of property, plant and equipment is transferred to an investment property, the Company accounts for the asset up to the date of change of use in accordance with the accounting policy established for property, plant and equipment.

Investment properties are written off,

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either at the time of sale or when these are withdrawn from use permanently, and no economic benefit is expected to be recovered of its sale. The difference between the net income from the sale and the carrying amount of the asset is recognized in the separate income statement comprehensive in the period in which the asset was written off.

(k) Intangibles

Intangible assets mainly comprise the cost of licenses and the costs of implementing and developing the SAP System. The licenses acquired are capitalized based on the costs necessary to acquire them and to operate the specific program. The licenses have a defined useful life and are shown at cost less their accumulated amortization. Amortization is calculated using the straight-line method over a period of 10 years.

(l) Concessions and exploration costs of mining projects

The Company has adopted IFRS 6 for the recognition of the acquisition of concessions and exploration expenses.

This standard indicate indicates that the mining entities must be design an accounting policy that specifies which expenses from their exploration and evaluation activities will be recognized as assets and subsequently apply this policy uniformly. In establishing the policy that Management decides to apply, it can discard the requirements of the IFRS Conceptual Framework in accordance with the exceptions in paragraphs 11 and 12 of IAS 8. However, the policy adopted must be relevant and provide reliable information. The exception allows the mining company to maintain accounting policies that it applied in the past even when they do not agree with the Conceptual Framework.

In this context, the Company has established as its an accounting policy that consists of recognizing the acquisition of concessions as assets, as well as exploration costs even when the recovery of these investments is uncertain. Concessions and exploration costs are recorded at acquisition cost. These costs are recorded as “Other assets” in the Separate statement of financial position.

The Company's policy also contemplates that administrative or pre-operating expenses not directly related to exploration activities are recognized as expenses when incurred.

Capitalized investments are subject to impairment test in accordance with the criteria prescribed in IFRS 6.

(m) Loan costs

Loan costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to be available for expected use or sale, are capitalized as part of the cost of the respective asset.

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All other borrowing costs are accounted for as expenses in the period in which they are incurred. Loan costs include interest and other costs incurred by the entity in connection with the conclusion of the respective loan agreements.

(n) Leases

At the beginning of a contract, the Company evaluates whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company evaluates whether:

- The contract involves the use of an identified asset, which can be specified explicitly or implicitly, and must be physically different or substantially represent the entire capacity of a physically different asset. If the supplier has a substantive right to substitute the asset throughout the entire period of use, then the asset is not identified;
- The Company has the right to obtain substantially all of the economic benefits of use of the asset during the entire period of use; Y
- The Company has the right to direct the use of the identified asset throughout the period in use. The Company has this right when the decision-making rights that are most relevant to change the how and for what purpose the asset is used are available. In rare cases, in which all decisions about how and for what purpose the asset is used are predetermined, the Company has the right to direct the use of the asset if:

  1) The Company has the right to operate the asset; or
  2) The Company has designed the asset in a way that predetermines the form and for what purpose it will be used.

In its role as lessee, the Company recognizes an asset for right of use and a liability for lease on the beginning date of the lease.

Right of use assets

The right-of-use asset is initially measured at cost, which includes the initial amount of the lease liability adjusted for any lease payment made on or before the start date, in addition to the initial direct costs incurred and an estimate of the costs of dismantling the underlying asset or to restore the underlying asset or the site where it is located, minus any incentive received by the lease.

The right-of-use asset depreciates under straight-line over the shorter term between the lease term and the useful life of the underlying asset. In addition, the right-of-use asset is subject to impairment evaluation, if there are indications of them.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the start date, discounted using the interest rate implicit in the lease or in case the rate cannot be easily determined, the rate is applied Incremental debt.

Lease payments include: fixed or variable payments that depend on an index or a rate. When the leases include termination or extension options that the Company considers with reasonable certainty to exercise them, the cost of the option is included in the lease payments.

Subsequent liability measurement is made when there is a change in future lease payments derived from a change in an index or rate, if there is a change in the estimate of the amount expected to be paid for a residual value guarantee or if the company changes its evaluation of whether it will exercise a purchase, extension or termination option, recognizing an adjustment in the book value of the right of use asset, or in the results if the right of use asset does not present an accounting balance.

Exceptions to recognition

The Company does not recognize the right-of-use assets and lease liabilities, for short-term leases of machinery and equipment that have a lease term of 12 months or less and leases of low-value assets, including computer equipment. The Company does not recognize the lease payments associated with these lease agreements as an expense in a straight-line method during the term of the lease.

(o) Impairment of non-financial assets

At the balance sheet date, the Company evaluates whether there is any indication that an asset could be impaired in value. If such evidence exists, or when an annual impairment test for an asset is required, the Company estimates the recoverable amount of that asset. The recoverable amount of an asset is the highest value between the fair value less costs of sale, either of an asset or a cash generating unit, and its value in use, and is determined for an individual asset, except that the asset does not generate cash flows that are substantially independent of those of other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining fair value less cost to disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. These calculations are compared with valuation multiples, share quotations for listed entities and other available indicators of fair value. Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses may no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income.

(p) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) because of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost in the separate Statement of comprehensive income.

The Company recognizes a liability to distribute cash dividends to their shareholders when the distribution is duly authorized and is not at the discretion of the Company. In accordance with the Company's policies, the distribution of dividends is authorized when it is approved by the General Shareholders' Meeting. The corresponding amount authorized is recorded directly from the equity.

(q) Contingencies

A contingent liability is disclosed when the existence of an obligation will only be confirmed by future events or when the amount of the obligation cannot be measured with sufficient reliability. Contingent assets are not recognized but are disclosed when it is probable that there will be an income of economic benefits towards the Company.

(r) Expenses contracted in advance

The criteria adopted for the registration of these items are:

- Insurance is recorded at the value of the premium paid to cover the different assets and is amortized using

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the straight-line method during the term of the policies.

- Advance payments for miscellaneous services are recorded as an asset and recognized as an expense when the service, such as advertising, is earned.

(s) Revenues from customer contracts

The Company is engaged in the commercialization of rebars, wire rod for construction, merchant bars and other products derived from steel. Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the value that the Company expects to receive in exchange for the goods or services. The Company has concluded that it is Principal in its sales agreements because it controls the goods or services before transferring them to the client.

- Sale of rebars, wire rod for construction, merchant bars and other products derived from steel –
Revenue from the sale of rebars, wire rod for construction, merchant bars and other products derived from steel are recognized at a point on time when control of the asset is transferred to the customer, which generally occurs in the delivery of said products.

- Performance obligation –
The Company has a single performance obligation for the sale of rebars, wire rod for construction, merchant bars and other products derived from steel; that occurs upon delivery of the goods.

- Return rights –
If a contract includes a variable amount, the Company estimates the amount of consideration to which it is entitled in exchange for transferring the goods or services to the customer. Variable consideration is estimated at the start of the contract and is restricted until it is highly probable that a significant reversal of income will not occur at the time the uncertainty associated with variable consideration disappears.
Sales contracts with customers contain a right of return, which gives rise to variable consideration. The Company uses the expected value method to estimate the goods that will not be returned because this method is the one that best predicts the variable consideration amount that the Company will receive.
The requirements in IFRS 15 on the restriction of estimates by variable consideration also apply to determine the amount of variable consideration that can be included in the transaction price.

- Interest income –
Interest is recognized as it accrues, using the effective interest rate method.

Effective interest rate method

According to IFRS 9, interest income is

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recorded using the effective interest rate method ("EIR") for all financial instruments measured at amortized cost or for financial instruments designated at fair value with changes in results. Interest income on financial assets that accrue interest measured at fair value with changes in other comprehensive income according to IFRS 9. The EIR is the rate that exactly discounts the estimated future cash flows over the expected life of the financial instrument or, where applicable, a shorter period, at the net book value of the financial asset.

The EIR (and, therefore, the amortized cost of the asset) is calculated considering any discount, premium and costs that are an integral part of the effective interest rate. The Company recognizes interest income using a rate that represents the best estimate of a constant rate of return over the expected life of the financial instrument. Therefore, it recognizes the interest rate effect considering credit risk, and other characteristics of the product life cycle (including prepayments, charges, etc.).

If the expectations regarding the cash flows of the financial asset are reviewed for reasons other than credit risk, the adjustment is recorded as a positive or negative adjustment to the book value of the asset in the Separate statement of financial position with an increase or decrease in interest income. The adjustment is subsequently amortized through interest in the separate income statement

(t) Recognition of costs and expenses

The cost of sales, which corresponds to the production cost of the products marketed, is recorded when the goods or services are delivered, simultaneously to the recognition of the income from the corresponding sale.

The other costs and expenses are recognized as they accrue, regardless of when they are paid, and are recorded in the periods with which they relate.

(u) Employee benefits

- Vacations and legal bonuses

  The vacations, bonuses and other benefits of employees are calculated based on legal provisions in force in Peru and are recorded on the accrual basis. The estimated obligation for vacations, bonuses and other benefits to employees resulting from their services rendered, are recognized as of the date of the statement of financial position.

- Compensation for length of service

  The compensation for time of service of workers (CTS) corresponds to their compensation right equivalent to a remuneration per year worked, calculated in accordance with current legislation, which must be deposited in the bank accounts chosen by the workers, divided into two moments, in the month of May (CTS from November 1 to April 30) and November (CTS from May 1 to October 31) of each year. Such deposits are cancellation in accordance with the provisions of the law. The Company has no additional payment obligations once it makes the annual deposits of the funds to which the worker is entitled.

- Workers' profit sharing

Workers' profit sharing in the Company's profits are calculated in accordance with legal regulations (Legislative Decree No. 892) on the same net tax base used to calculate income tax. In the case of the Company, the profit sharing rate is 5 percent on the net tax base for the current year. According to Peruvian Law, there is a limit on the profit sharing that a worker can receive, equivalent to 18 salaries.

The Company recognizes the current portion of the employee profit sharings paid directly in accordance with IAS 19 "Employee Benefits", through which it considers such profit sharings as any benefit that the entity provides to workers in exchange for their services. Based on this, the Company recognizes the profit sharings as cost or expense, depending on the role of the workers.

(v) Taxes

Current income tax

Assets and liabilities for current income tax are measured by the amounts that are expected to be recovered or paid to or from the tax authority. The tax rates and tax regulations used to compute these amounts are those that are current as of the closing date of the reporting period, corresponding to the country in which the Company operates in Peru.

The current income tax related to items that are recognized directly in equity is also recognized in equity and not in the income statement. Management periodically evaluates the positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and constitutes provisions when appropriate.

Deferred income tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- When the timing of the reversal of the temporary differences associated with investments in subsidiaries and associates, can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses and to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized, or the liability is settled, based on tax rates and tax rules that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses and to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

Value added tax

Revenues, expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a

purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable.

- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(w) Earnings per share

The basic and diluted earnings per share have been calculated considering the weighted average number of common and investment shares outstanding as of the date of the separate statement of financial position. The shares issued by capitalization of profits are considered as if they always have been issued.

As of December 31, 2020, and 2019, the Company does not have financial instruments with dilutive effect, so the basic and diluted earnings per share are the same.

(x) Segment information

The Management has organized the Company based on a single product, steel derivatives. The goods produced and marketed by the Company result from a single production process, share the same marketing channels, are destined substantially for the same geographic market and are subject to the same legislation. As of December 31, 2020, merchandise sales (18 percent of total sales) and exports (15 percent of sales) are not considered representative to designate them as separate operating segments and consequently such information is not required for a proper understanding of the Company's operations and performance. Likewise, the activities related to mining to date are exclusively restricted to the acquisition of permits and concessions and some initial exploration expenses of the projects.

In consequence, Management understand that the Company works in only one business segment. The Board have been identified as incharge to assign the resources and assess the performance as only one operating unit.

(y) Assets available for sale

The Company classifies the assets as held for sale if their book values are to be recovered through a sale rather than their continued use. Assets classified as held for sale are measured at the lower book value or fair value less costs to sell.

The criteria for the classification of assets as held for sale are met only when the sale is highly probable and the group to be arranged is available for immediate sale as is. The actions required to complete the sale should indicate that it is unlikely that significant changes will be made to the plan or that the plan will be voided.

Management must be committed to the expected sale within one year from the date of classification. Items of property, plant and equipment are not depreciated or amortized once they are classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the separate statement of financial position.

A group to be disposed qualifies as a discontinued operation if it is a component of an entity that has already been disposed of or has been classified as held for sale, and:

- Represents a separate line of business or major geographic area of operations.
- It is part of a single coordinated plan to set up a separate line of business or major geographic area of operations.
- It is a subsidiary acquired exclusively with the intention of selling it.

There are facts and circumstances that could extend the period to complete the sale beyond one year, an extension of the period required to complete a sale does not prevent the asset from being classified as held for sale.

Discontinued operations are excluded from the results of continuing operations and are presented in a single amount of profit or loss net of taxes from discontinued operations in the separate statement of comprehensive income.

(z) Repurchase of capital stock (Treasury shares)

When the capital stock recognized as equity is repurchased, the amount paid, including the costs directly attributable to the transaction, is recognized as a deduction from the separate equity. The repurchased treasury shares are classified as treasury shares and are presented as a deduction from equity. When the treasury shares are sold or subsequently reissued, the amount received is recognized as an issue premium.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the separate financial statements of the Company requires Management to make judgments, estimates and assumptions that affect the reported figures of income, expenses, assets and liabilities, and disclosures of contingent liabilities.

Therefore, the professional judgement and unknown related the assumptions and estimates, could be result on amounts that require a material adjustment to the book vale of assets and liabilities. The main estimates consider by Management in relation to the separate financial statements are:

- Estimated impairment due to expected loss – note 2.2(b)
- Estimated useful life of assets, for depreciation and amortization purposes – note 2.2 (i) and (j)
- Estimate for devaluation and obsolescence of inventories – note 2.2(g)

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- Impairment of the value of non-financial assets - note 2.2(n)
- Provision for contingencies - note 2.2(p)
- Income tax - note 2.2(u)
- Estimate of right in use asset - note 2.2(m)

In the opinion of Management, these estimates were made based on their best knowledge of the relevant facts and circumstances at the date of preparation of the separate financial statements, including the effects of the Covid-19 pandemic; however, actual results may differ from the estimates included in the separate financial statements.

4. CHANGES IN ACCOUNTING POLICIES AND STANDARDS ISSUED BUT NOT EFFECTIVE

4.1 Changes in accounting policies and disclosures

The Company adopted IFRIC 23 Uncertainty about Income Tax Treatments for the first time after January 1, 2020. The nature and effect of these changes as a result of the adoption of these new standards are described below. In addition to the changes described below, the accounting policies adopted are consistent with those of the previous year.

(i) Definition of a Business - Amendments to IFRS 3
The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. They also clarify that a business can exist without including all the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have 'the ability to contribute to the creation of outputs' rather than 'the ability to create outputs.

Since the amendment is applied prospectively to transactions or other events that occur as of January 1, 2020, these modifications did not have impact on the separate financial statements as of December 31, 2020.

(ii) Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7
The amendments to IFRS 9 and IAS 39 "Financial instruments: recognition and measurement" include a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

After regulation change worldwide, interbank supply rates (IBOR) will be replaced by new benchmark interest rates by 2021.

The main items affected in the Company will be the financial

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obligations for the loan agreement described in note 17(k.1).

(iii) Definition of Material – Amendments to IAS 1 and IAS 8
In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The Company's Management has evaluated that said modification will not have an significant impact in the separate financial statements

(iv) The Conceptual Framework for Financial Reporting
The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect to those entities that developed their accounting policies based on the Framework Conceptual. The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

These modifications had no impact on the separate financial statements of the Company.

(v) Covid-19-Related Rent Concessions – Amendment to IFRS 16
In May 2020, the IASB amended IFRS 16 to provide relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic. The amendment does not apply to lessors. As a practical expedient, a lessee may elect not to assess whether a covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this

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election accounts for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The Company's Management has evaluated the changes made in the contracts to date and has not identified significant impacts on the separate financial statements.

4.2 Standards issued but not effective

The relevant regulations and interpretations applicable to the Company are described below, which have been published, but were not yet in force as of the date of issuance of these separate financial statements. The Company intends to adopt these standards and interpretations, as appropriate, when they become effective.

- Amendments to IFRS 3 “Definition of a Business” in relation to references to Conceptual Framework, effective for annual periods beginning on or after 01 January 2022.
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” Effective for annual periods beginning on or after 1 January 2023.
- Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use” Effective for annual periods beginning on or after 1 January 2022.
- Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. Effective for annual periods beginning on or after 1 January 2022. 2018 – 2020 annual improvements cycle IFRS 1 “First-time Adoption of International Financial Reporting Standards”, IFRS 9 “Financial Instruments” and IAS 41 “Agriculture” effective for annual periods beginning on or after 01 January 2022

The amendments previously described are not expected to have a significant impact on the separate financial statements of the Company.

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5. CASH AND CASH EQUIVALENTS

(a) The composition of the item is presented below:

	2020 S/(000)	2019 S/(000)
Cash and fixed funds	14	18
Current accounts (b)	213,254	403,924
Savings accounts (b)	1,165	418
Term deposits (c)	465,275	-
	679,708	404,360

(b) The current and savings accounts are denominated in US dollars and Soles, are deposited in local and foreign financial entities, and which are free availability. The savings accounts bear interest at market rates.

In the year 2020, the Company improved of its inventories' management and the indicators of collections and payments, favoring the cash flow from operating activities, in addition, in January 2020, the Company made total collection for the sale of the property domiciliated in Arequipa executed in 2019.

(c) As of December 31, 2020, they corresponded to term deposits with original maturities of up to 60 days deposited in local financial entities, were denominated in US dollars for US$128,600,000 (equivalent to approximately S/465,275,000). These deposits earned interest at an average rate of between 0.45 and 0.67 percent.

During the years 2020 and 2019, term deposits beared interest for approximately S/4,733,000 and S/6,657,000, respectively; which are presented in the item "Financial income" in the separate statement of comprehensive income, see note 28.

6. TRADE ACCOUNTS RECEIVABLE, NET

(a) The composition of the item is presented below:

	2020 S/(000)	2019 S/(000)
Invoices (b)	393,500	371,397
Notes receivable (c)	2,236	10,706
	395,736	382,103
Less -		
Expected credit loss (d)	(24,013)	(12,798)
	371,723	369,305

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(b) Corresponds mainly to accounts receivable arising from sales of merchandise and finished goods made to local and foreign entities, they have current maturities and are denominated mainly in US dollars. As of December 31, 2020, these accounts are guaranteed with bank guarantee letters for an approximate amount of S/60,157,000 (S/53,759,000 as of December 31, 2019).

(c) The notes receivable bear interest at market rates of 8.73 percent.

(d) As of December 31, 2020, and 2019, the aging of the trade accounts receivable is as follows:

	As of December 31, 2020		
	TRADE ACCOUNTS RECEIVABLE S/(000)	**EXPECTED CREDIT LOSS** S/(000)	**TOTAL** S/(000)
Not past due	334,567	-	334,567
Past due:			
Between 1 and 30 days	34,791	-	34,791
Between 31 and 180 days	2,365	-	2,365
Over 180 days	-	24,013	24,013
Total	**371,723**	**24,013**	**395,736**

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	As of December 31, 2019		
	TRADE ACCOUNTS RECEIVABLE S/(000)	**EXPECTED CREDIT LOSS** S/(000)	**TOTAL** S/(000)
Not past due	272,604	-	272,604
Past due:			
Between 1 and 30 days	61,625	-	61,625
Between 31 and 180 days	35,076	-	35,076
Over 180 days	-	12,798	12,798
Total	**369,305**	**12,798**	**382,103**

(e) The movement of the expected impairment of credit loss was as follows:

	2020 S/(000)	**2019** S/(000)
Initial balance	12,798	9,699
Additions, note 24(a)	13,235	4,279
Recoveries, note 27(a)	(734)	(488)
Write-offs	(1,286)	(692)
Final balance	**24,013**	**12,798**

In Management's opinion, the estimated impairment for expected loss as of December 31, 2020 and 2019 adequately covers the credit risk of this item at that time, also, include all the effects of the pandemic over its customers and cover properly the credit risk.

7. TRANSACTIONS WITH RELATED PARTIES

(a) As of December 31, 2020 and 2019, the Company has mainly carried out the following transactions with related entities:

	TYPE	2020 S/(000)	2019 S/(000)
Sale of rebars, wire rod and others, note 22			
Tradi S.A.	Related	107,749	145,412
Corporación Aceros del Altiplano S.R.L.	Subsidiary	132,391	101,376
Comercial del Acero S.A.	Subsidiary	93,490	50,564
Comfer S.A.	Related	2,182	161
Transportes Barcino S.A.	Subsidiary	21	4
Corporación Aceros Arequipa de Iquitos S.A.C.	Subsidiary	-	(5)
		335,833	297,512

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	TYPE	2020 S/(000)	2019 S/(000)
Acquisition of goods and services –			
Comercial del Acero S.A.	Subsidiary	(44,685)	(19,215)
Corporación Aceros del Altiplano S.R.L.	Subsidiary	(31,042)	(43,214)
Transportes Barcino S.A.	Subsidiary	(15,099)	(24,607)
Tecnología y Soluciones Constructivas S.A.	Subsidiary	(7,191)	(7,269)
Tradi S.A.	Related	(151)	(300)
Comfer S.A.	Related	(52)	(91)
		(98,220)	**(94,696)**

(b) As a result of these and other transactions, the balance of accounts receivable and payable to related parties is presented below for the years then ended December 31, 2020 and 2019:

	TYPE	2020 S/(000)	2019 S/(000)
Trade accounts receivable-			
Trade			
Tradi S.A. (c)	Related	29,726	28,364
Comercial del Acero S.A.	Subsidiary	27,993	16,268
Corporación Aceros del Altiplano S.R.L.	Subsidiary	13,883	46,688
Tecnología y Soluciones Constructivas S.A.	Subsidiary	1,090	414
Transportes Barcino S.A.	Subsidiary	511	261
Corporación Aceros Arequipa de Iquitos S.A.C.	Subsidiary	-	15
		73,203	**92,010**
Other accounts receivable			
Aceros América S.A. (d)	Subsidiary	7,256	27
Compañía Eléctrica El Platanal S.A. (e)	Associated	4,197	4,197
Tecnología y Soluciones Constructivas S.A. (d)	Subsidiary	2,532	2,545
Corporación Aceros Arequipa de Iquitos S.A.C. (d)	Subsidiary	1,076	1,227
Corporación Aceros del Altiplano S.R.L.	Subsidiary	2	4
		15,063	8,000
Total		**88,266**	**100,010**

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	TYPE	2020 S/(000)	2019 S/(000)
By Due			
Current		84,069	95,813
Non-current (e)		4,197	4,197
Total		**88,266**	**100,010**
Trade accounts payable			
Trade			
Comercial del Acero S.A.	Subsidiary	5,421	1,613
Transportes Barcino S.A.	Subsidiary	1,659	2,507
Corporación Aceros del Altiplano S.R.L.	Subsidiary	27	731
Tecnología y Soluciones Constructivas S.A.	Subsidiary	18	-
		7,125	4,851
Other account payable			
Remuneration to the Board of Directors and management		19,845	18,187
Dividends payable		7,574	391
		27,419	18,578
Total		**34,544**	**23,429**

As of December 31, 2020, and 2019, accounts receivable and trade payable and non-commercial payable to related parties do not bear interest and do not have specific guarantees.

In Management's opinion, as of December 31, 2020 and 2019, there is no risk of bad debts accounts at such dates, so have been necessary to register an impaiment of expected loss.

(c) The entity Tradi S.A. meets the requirements of accounting standards to be considered related party to the Company due to the relationship of its shareholders. However, the Company has no direct interest in the equity of this company, or any interference in the administration of its operations. Consequently, in Management's opinion, the Company and this company are not part of an economic group.

(d) Corresponds to loans granted for working capital that accrue interest at an average interest rate that fluctuates between 3.91 and 5.40 percent, does not have a specific maturity. The Management of the Company have considered presenting them as short-term accounts receivable and no specific guarantees have been established.

(e) The account receivable from Compañía Comercial Eléctrica El Platanal S.A. corresponds to dividends receivable of the year 2017. This balance, in Management's estimates will start to be collected in 2021.

(f) In Management's opinion, the Company develops its operations with related parties under the same conditions of a third party, therefore, there are no differences in price policies or in the tax settlement base; in relation to the forms of payment, they do not differ with policies granted to third parties.

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8. OTHER ACCOUNTS RECEIVABLE

(a) The composition of the item is presented below:

	2020 S/(000)	2019 S/(000)
Tax claims of income tax of year 2009 (b)	7,896	7,896
Judicial withholding (c)	4,400	4,400
Claims to third parties	2,320	2,371
Loans receivable to personnel	302	560
Receivable balance for sale of property (d)	-	33,110
Credit of value added tax (e)	-	3,297
Others	3,022	2,519
	17,940	54,153
Less		
Allowance for doubtful accounts (f)	(1,212)	(1,212)
	16,728	52,941
Por vencimiento -		
Current	3,137	39,350
Non-current (b)	13,591	13,591
	16,728	52,941

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(b) As of December 31, 2020, and 2019, correspond to collection rights to the Tax Administration, which in Management's opinion and their legal advisors, are recoverable because the Tax Court ruled in favor of the Company in October 2018. The Management estimated to present this claim as of long-term.

(c) During the year 2018, through a resolution of the Judiciary, the Company made a judicial withholding of one of its current accounts for S/4,400,000, because of the breach of the contract for non-payment of goods purchased from a supplier. Management and its legal advisors consider that said resolution will be favorable to the Company.

(d) It corresponds to the balance pending collection of US$10,000,000 for the sale of the property located on Avenida Jacinto Ibañez de Arequipa, which was canceled in January 2020.

(e) Corresponds to the Value Added Tax paid by the Company in the acquisition of goods and services; likewise, this tax credit is mainly explained by the disbursements made by the investment that is being carried out in the Plant located in Pisco and the acquisition of goods and services. In Management's opinion, this Value Added Tax was recovered in the short term, see note 1(b).

(f) Mainly includes advances paid to suppliers in previous periods and whose services were not attended.

In Management's opinion, as of December 31, 2020 and 2019, there is no uncollectibility risk in this item, so it is not necessary to establish an additional provision for impairment.

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9. INVENTORIES, NET

(a) The composition of the item is presented below:

	2020 S/(000)	2019 S/(000)
Merchandise	53,329	92,957
Finished products	70,001	181,131
Products in process	112,232	124,864
Raw materials	86,054	81,059
Auxiliary materials, supplies and spare parts	85,720	95,661
Inventories in transit (b)	251,736	110,657
	659,072	686,329
Less		
Allowance for impairment (c)	(965)	(1,514)
Allowance for obsolescence (c)	(722)	(5,468)
	(1,687)	(6,982)
	657,385	679,347

(b) As of December 31, 2020, and 2019, this item includes raw material, merchandise and other materials imported by the Company, which it estimates will be received mainly during the first quarter of the year 2021 and 2020, respectively.

The increase in the balances at the end of 2020 corresponds to the purchase of scrap and billet carried out mainly in the last quarter of 2020.

(c) The movement of the allowance for impairment and obsolescence of inventories for the years ended December 31, 2020 and 2019 was as follows:

	2020 S/(000)	2019 S/(000)
Opening balance	6,982	3,988
Additions, note 23	715	5,923
Punishments	(6,010)	(2,929)
Closing balance	**1,687**	**6,982**

During the year 2020, the Company's Management carried out an evaluation of its spare parts and supplies in relation to deteriorated and slow-moving items. Because of this evaluation, an obsolescence of approximately S/715,000 (S/5,923,000 as of December 31, 2019) was estimated.

In Management's opinion, the inventories's impairment estimate as of December 31, 2020 and 2019 covers adequately the risk of impairment at those dates, so it is not necessary to record any additional provision.

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10.EXPENSES CONTRACTED IN ADVANCE

(a) The composition of the item is presented below:

	2020 S/(000)	2019 S/(000)
Prepaid expenses (c)	3,164	3,473
Subsidies receivable from EsSalud	1,742	603
Insurance (b)	125	2,099
Others	192	380
Total	**5,223**	**6,555**

(b) As of December 31, 2020, and 2019, corresponds mainly to license renewals for the softwares that the Company uses in the development of its operations for approximately S/3,030,000 and S/2,050,000, respectively, which will accrue in next year.

(c) As of December 31, 2020, and 2019, correspond mainly to multi-risk coverage, general liability and civil insurance, among others. These insurances are renewed annually and expire mainly in December 2021 and 2010, respectively.

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11. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

(a) The composition of the item is presented below:

Business	Operation	Country	Equity share (%) 2020	Equity share (%) 2019	Investment cost as of December 2020 S/(000)	Total equity as of December 2020 S/(000)	Value 2020 S/(000)	Value 2019 S/(000)
Investments in subsidiaries								
Comercial del Acero S.A.C. (In Liquidation)) (b)	Selling steel products	Perú	99.99	99.99	103,204	238,878	180,442	170,559
Transportes Barcino S.A. (c)	Transport services	Perú	99.92	99.92	16,691	43,907	57,166	57,460
Tecnología y Soluciones Constructivas S.A.C. (d)	Design service	Perú	99.90	99.90	4,272	2,331	2,429	3,656
Corporación Aceros del Altiplano S.R.L.	Purchase of raw material / Sale of steel products	Bolivia	99.00	99.00	580	3,398	2,362	1,999
Acero Instalado S.A.C.	Engineering services	Perú	99.90	99.90	1	1	1	1
Aceros América S.A.	Selling steel products	Chile	100.00	100.00	5	(673)	(677)	(29)
Corporación Aceros Arequipa de Iquitos S.A.C.	Sale of steel products	Perú	99.90	99.90	3	(170)	(173)	(375)
					124,756		241,550	233,271
Investments in associates								
Compañía Eléctrica El Platanal S.A. (e)	Energy	Perú	10.00	10.00	63,125	770,436	77,112	75,642
Inmobiliaria Comercial de Acero Argentina S.A.C. (f)	Real state	Perú	33.65	33.65	3,746	86,796	29,024	28,938
Inmobiliaria Comercial de Acero Cajamarquilla S.A.C. (f)	Real state	Perú	33.65	33.65	1,073	24,167	8,131	8,193
					67,944		114,267	112,773
							355,817	346,044

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(b) On August 31, 2018, through a Public Procurement Offer (OPA), the Company acquired 66.35 percent of the shares the capital stock of Comercial del Acero S.A. Because of the operation, the Company managed to acquire 114,301,556 common shares with voting rights at a price of S/0.74 per share, and for this acquisition it disbursed approximately S/84,584,000. With the acquisition plus the stake that the Company previously held; the Company achieved a representative stake of 99.99 percent of the share capital of Comercial del Acero S.A. Likewise, because of the purchase, on July 23, 2018, usual guarantees were established for this type of transaction.

Likewise, as a result of the purchase of the shares of Comercial del Acero S.A., on July 23, 2018, usual guarantees were established for this type of transaction.

On January 4, 2021 through the General Shareholders' Meeting of Comercial del Acero S.A unanimously approved the dissolution and liquidation of this Company, see note 1 (f).

(c) The equity value includes approximately S/13,077,000 of higher value of lands due to revaluation surplus.

(d) Tecnología y Soluciones Constructivas S.A.C. is a subsidiary who's the economic purpose is providing differentiated services and steel solutions to construction sector inside and outside the country.

In General Shareholders' Meeting held on September 27, 2018, was approved an initial capital contribution for a total of US$105,000 (equivalent to approximately S/355,000 at the date of the contribution). Consequently, the Company received 355,000 shares at a nominal value of one sol each.

In General Shareholders' Meeting held on November 2018 and December 2018, was approved to make an additional capital contribution for a total of US$254,000 (equivalent to approximately S/856,000). Consequently, the Company received 855,585 shares at a nominal value of one sol each.

In General Shareholders' Meeting held on February 2019 and November 2019, was approved to make an additional capital contribution for a total of US$242,000 (equivalent to approximately S/807,000) and US$350,000 (equivalent to approximately S/1,174,000), respectively. Consequently, the Company received 1,981,000 shares at a nominal value of one Sol each.

In General Shareholders' Meeting held on November 2020, was approved to make an additional capital contribution for a total of US$300,000 (equivalent to approximately S/1,080,000), consequently, the Company received 1,080,000 shares at a nominal value of one Sol each.

(e) The Company, in association with the unrelated Peruvian company UNACEM (merger of the companies Cementos Lima S.A. and Cemento Andino S.A.), participates in 100 percent of Compañía Eléctrica El Platanal S.A. - CELEPSA, through a 10 and 90 percent stake, respectively. CELEPSA develops and operates the G-1 El Platanal Electric Generation concession through a 220 MW hydroelectric plant, using the waters of the Cañete river.

Celepsa has two subsidiaries: (i) Celepsa Renovables S.R.L. (ex Hidro Marañón S.R.L), a company that operates the 19.92 MW Marañón Hydroelectric Power Plant in the Marañón River Basin in Huánuco, and which carries out the study and development of new generators of renewable energy resources; and, (ii) Ambiental Andina S.A., which provides meteorology and hydrology services where Celepsa participates with 50 percent.

(f) Likewise, as of December 31, 2017 the subsidiary Comercial del Acero S.A. through the General Shareholders' Meeting dated on December 7, 2017, approved the spin-off of two equity blocks that were transferred to the companies Inmobiliaria Comercial de Acero Argentina S.A.C. and Inmobiliaria Comercial de Acero Cajamarquilla S.A.C. The economic purpose of carrying out the spin-off process was to develop a real estate housing complex with commercial development and sales areas. As of December 31, 2020, and 2019, these companies provide the real estate leasing service to their related Comercial del Acero S.A.

(g) The following is the movement of the item for the years ended December 31, 2020 and 2019:

	2020 S/(000)	2019 S/(000)
Opening balance at 1 January	346,044	330,936
Participation in results of subsidiaries and associates	9,505	13,127
Dividends of subsidiaries and associates	(811)	-
Capital contribution (d)	1,080	1,981
Closing balance at 31 December	**355,817**	**346,044**

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(h) The most relevant information of the subsidiary and associates as of December 31, 2020 and 2019, is as follows:

	COMERCIAL DEL ACERO S.A.		TRASPORTES BARCINO S.A.		CORPORACIÓN ACEROS DEL ALTIPLANO S.R.L.		CORPORACIÓN ACEROS AREQUIPA DE IQUITOS S.A.C. (NO AUDITED)		TECNOLOGÍA Y SOLUCIONES CONSTRUCTIVAS S.A.C.	
Business	2020 S/(000)	2019 S/(000)	2020 S/(000)	2019 S/(000)	2020 S/(000)	2019 S/(000)	2020 S/(000)	2019 S/(000)	2020 S/(000)	2019 S/(000)
Current assets	290,427	377,400	7,943	7,805	57,462	53,990	951	943	2,309	2,564
Non-current assets	32,366	30,890	43,576	47,032	28,694	19,628	-	-	7,604	7,808
Current liabilities	83,915	178,119	3,919	5,506	64,612	70,583	1,121	1,318	5,328	5,050
Non-current liabilities	-	1,175	2,995	5,121	18,146	-	-	-	2,254	1,765
Equity net	238,878	228,996	44,604	44,210	3,398	3,035	(170)	(375)	2,331	3,557
Revenue	431,591	457,582	19,482	25,629	196,961	149,103	-	4,046	7,434	10,710
Net profit	9,882	8,542	397	848	2,518	(1,325)	205	(170)	(1,972)	420

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	ACEROS AMÉRICA S.A. (NO AUDITED)		COMPAÑÍA ELÉCTRICA EL PLATANAL S.A. (NO AUDITED)		INMOBILIARIA COMERCIAL DEL ACERO ARGENTINA S.A.C. (NO AUDITED)		INMOBILIARIA COMERCIAL DEL ACERO CAJAMARQUILLA S.A.C. (NO AUDITED)	
Business	**2020** S/(000)	**2019** S/(000)	**2020** S/(000)	**2019** S/(000)	**2020** S/(000)	**2019** S/(000)	**2020** S/(000)	**2019** S/(000)
Current assets	7,675	6	119,667	91,763	4,403	2,524	1,242	834
Non-current assets	3,383	-	1,031,541	1,049,816	104,924	105,811	26,574	26,996
Current liabilities	8,443	36	170,217	164,058	920	184	211	43
Non-current liabilities	3,288	-	210,555	221,784	21,611	21,611	3,438	3,439
Equity net	(673)	(30)	770,436	755,737	86,796	86,540	24,167	24,348
Revenue	-	-	231,191	258,675	3,820	3,644	1,087	1,036
Net profit	(634)	(34)	14,699	44,598	2,028	1,752	456	362

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12. PROPERTY, MACHINERY AND EQUIPMENT, NET

(a) The movement of property, plant and equipment and its corresponding accumulated depreciations for the years ended December 31, 2020 and 2019, is the following:

	LANDS S/(000)	BUILDINGS AND OTHER CONSTRUCTIONS S/(000)	MACHINERY AND EQUIPMENT S/(000)	EQUIPMENT VARIOUS S/(000)	TRANSPORT UNITS S/(000)	FURNITURE AND FIXTURES S/(000)	WORK IN PROGRESS S/(000)	TOTAL S/(000)
Cost								
Balance as of January 1, 2019	392,763	443,623	1,261,438	47,960	4,754	12,426	132,239	2,295,203
Additions (b)	31,683	406	22,723	29,514	–	618	398,353	483,297
Sales and withdrawals, note 27	(1,616)	(450)	(28,272)	(611)	(163)	(446)	(324)	(31,882)
Transfers	40	1,778	9,061	673	–	35	(11,587)	–
Other movements	–	–	(6,186)	–	–	–	(6,793)	(12,979)
Balance as of December 31, 2019	422,870	445,357	1,258,764	77,536	4,591	12,633	511,888	2,733,639
Additions (b)	6,976	930	23,984	11,909	9	–	306,555	350,363
Revaluation of lands	(3,171)	–	–	–	–	–	–	(3,171)
Sales and withdrawals, note 27	–	–	(20,592)	(3,277)	–	(93)	(79)	(24,041)
Reclassifications	–	276	(186)	(90)	–	–	–	–
Transfers	–	1,736	13,529	854	36	–	(16,155)	–
Reclassification to intangibles	–	–	–	2,639	–	–	–	2,639
Balance as of December 31, 2020	426,675	448,299	1,275,499	89,571	4,636	12,540	802,209	3,059,429
Accumulated depreciation								
Balance as of January 1, 2019	–	106,851	716,595	26,515	2,343	6,266	–	858,570
Additions (e)	–	14,859	64,809	1,725	821	457	–	82,671
Sales and withdrawals, note 27	–	(205)	(25,998)	(611)	(95)	(442)	–	(27,351)
Other movements	–	–	(2,670)	–	–	–	–	(2,670)
Balance as of December 31, 2019	–	121,505	752,736	27,629	3,069	6,281	–	911,220
Additions (e)	–	13,932	61,434	1,642	770	465	–	78,243
Sales and withdrawals, note 27	–	–	(4,121)	(3,256)	–	(93)	–	(7,470)
Transfers	–	18	2	(20)	–	–	–	–
Balance as of December 31, 2020	–	135,455	810,051	25,995	3,839	6,653	–	981,993
Net value as of December 31, 2019	422,870	323,852	506,028	49,907	1,522	6,352	511,888	1,822,419
Net value as of December 31, 2020	426,675	312,844	465,448	63,576	797	5,887	802,209	2,077,436

(b) The additions for the year 2020 correspond mainly to works in progress related to the building and implementation of the New Steel Plant in Pisco, see note 1(b), and other projects develop in the plant of Pisco for approximately S/286,000,000. The construction and implementation of the New Steel Mill Plant have been financed through a financial leasing operation maintained with Banco de Crédito del Perú S.A. for approximately US$207.5 million, see note 16(e). As part of this financing operation, the Company has capitalized interests for S/34,500,000.

(c) The property, machinery and equipment item include assets acquired through financial leasing contracts. As of December 31, 2020, and 2019, the cost and the corresponding accumulated depreciation of these assets are made up as follows:

	December 31, 2020			December 31, 2019		
	COST S/(000)	ACCUMULATED DEPRECIATION S/(000)	COST NETO S/(000)	COST S/(000)	ACCUMULATED DEPRECIATION S/(000)	COST NET S/(000)
Buildings	156,489	(33,624)	122,865	156,489	(29,227)	127,262
Machinery and equipment	236,354	(92,169)	144,185	240,084	(84,055)	156,029
Transport units	998	(599)	399	998	(399)	599
Work in progress	598,508	-	598,508	403,996	-	403,996
	992,349	(126,392)	865,957	801,567	(113,681)	687,886

(d) As of December 31, 2020, and 2019, the Company maintains recorded in the item “Land” a higher value for approximately S/278,619,000 y S/269,276,000, respectively. This higher value is presented net of its deferred tax in the item “Revaluation surplus” in the separate statement of changes in net equity.

(e) The depreciation expense for the years 2020 and 2019 has been recorded in the following items of the separate statement of comprehensive income:

	2020 S/(000)	2019 S/(000)
Cost of sale, note 23	70,868	74,734
Selling expenses, note 24(a)	6,382	6,997
Administrative expenses, note 25(a)	993	940
	78,243	82,671

(f) In July 2010, a Guarantee Trust Fund was established, made up of machinery and property from the Pisco Plant, in support of loans granted by Banco de Crédito del Perú S.A. As of December 31, 2020, and 2019, the Company maintains in this Trust Fund assets for an approximate value of S/736,537,000, see note 16(l)

(g) The Company maintains current insurance on its main assets in accordance with the policies established by Management.

(h) As of December 31, 2020, and 2019, based on the projections made by Management on the results expected for the coming years, there are no indicators that the recoverable value of property, machinery and equipment is less than its value in books. Therefore, it is not necessary to record any provision for impairment of these assets at the date of the separate statement of financial position.

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13. RIGHT OF USE ASSETS AND OTHERS, NET

(a) Corresponds mainly to the contracts that the Company maintains for the various rents of different properties and equipment, which have maturities that fluctuate between 51 and 60 months, this recognition has been made in accordance with the policy described in 2.2(n). The value of the right in use assets was determined based on the future flows of the payment schedule using a discount rate of 5.75 percent, so at December 31, 2020 and 2019 amounts to S/20,093,000 and S/24,080,000 net, respectively.

(b) The depreciation expense for the years 2020 and 2019 has been recorded in the following items of the separate statement of comprehensive income:

	2020 S/(000)	2019 S/(000)
Cost of sale, note 23	1,407	1,401
Selling expenses, note 24(a)	181	205
Administrative expenses, note 25(a)	2,267	2,273
	3,855	3,879

14. INVESTMENT PROPERTIES

(a) As of December 31, 2020, it corresponds to the property located on Avenida Alfonso Ugarte – Arequipa, whose book value amounts to S/10,597,000. During the year 2020, the Management evaluated the state of use of said property and since there were no more offers to purchase said property and when verifying that the value of the square meter was increasing, it has decided to keep it to sell in the future.

(b) The market value of this property amounts to approximately S/16.2 million, equivalent to US$4.5 million, which has been determined based on appraisals made by independent appraisers.

(c) The Management has carried out an impairment analysis for this asset and has concluded that there are no indications of impairment, therefore it has not been necessary to constitute a provision.

15. INTANGIBLES, NET

(a) Below is the composition and movement of the item:

	SISTEMA SAP (B) S/(000)	OTHERS (C) S/(000)	TOTAL S/(000)
Cost			
Balance as of January 1, 2019	**72,717**	**27,012**	**99,729**
Additions (b)	793	4,077	4,870
Sales and withdrawals	-	(3)	(3)
Transfers	2,804	(2,804)	-
Balance as of December 31, 2019	**76,314**	**28,282**	**104,596**
Additions (b)	182	2,056	2,238
Sales and withdrawals	-	(1,649)	(1,649)
Transfers	3,460	(3,460)	-
Reclassification to Property, machinery and equipment, net	-	(2,639)	(2,639)

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	SISTEMA SAP (B) S/(000)	OTHERS (C) S/(000)	TOTAL S/(000)
Balance as of December 31, 2020	**79,956**	**22,590**	**102,546**
Amortization			
Balance as of January 1, 2019	**40,346**	**19,811**	**60,157**
Additions (c)	9,012	387	9,399
Sales and withdrawals	(136)	-	(136)
Balance as of December 31, 2019	**49,222**	**20,198**	**69,420**
Additions (c)	9,102	387	9,489
Balance as of December 31, 2020	**58,324**	**20,585**	**78,909**
Net value as of December 31, 2019	**27,092**	**8,084**	**35,176**
Net value as of December 31, 2020	**21,632**	**2,005**	**23,637**

(b) As of December 31, 2020, and 2019, corresponds to the implementation, development and commissioning of the integrated computer system "SAP R4 Hanna" that the Company use in its operations.

(c) As of December 31, 2020, and 2019, corresponds to intangibles in progress related to the improvements in their systems necessary for the development of their operations.

(d) The amortization expense for the year has been recorded in the following items of the separate statement of comprehensive income:

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	2020 S/(000)	2019 S/(000)
Cost of sales, note 23	4,419	4,317
Selling expenses, note 24(a)	2,221	2,107
Administrative expenses, note 25(a)	2,849	2,975
	9,489	**9,399**

16. OTHER ASSETS, NET

(a) The composition of the item is presented below:

	2020 S/(000)	2019 S/(000)
Cost		
Initial balance	**37,890**	**38,977**
Additions	-	7
Disposals	-	(1,094)
Final balance	**37,890**	**37,890**
Amortization		
Initial balance	**1,866**	**1,512**
Additions	383	354
Final balance	**2,249**	**1,866**
Net book value	**35,641**	**36,024**

(b) As of December 31, 2020, and 2019, mainly comprises the cost of acquisiton of concessions and mining claims in different locations in Peru, acquired in previous years for an approximate value of S/37,890,000, net of accumulated amortization of approximately S/2,249,000 and S/1,866,000, respectively. The amortization of concessions and mining claims is calculated on a linear basis, based on the useful lives defined by Management, between 12 and 46 years. The Management carried out various studies and evaluated the probability of future recovery of its investment in these concessions and estimated that there is no impairment as of such dates.

17. FINANCIAL OBLIGATIONS

(a) The composition of the item is presented below:

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Type of obligation	Guarantee	ANNUAL INTEREST RATE (%)	MATURITY	CURRENCY	ORIGINAL AMOUNT S/(000)	2020 S/(000)	2019 S/(000)
Finance leases (c) and (d)							
Banco de Crédito del Perú S.A. (e)	Fixed assets acquired	5.23	2025 - 2028	US$	106,740	386,826	282,900
Banco de Crédito del Perú S.A. (e)	Fixed assets acquired	6.50	2025 - 2028	S/	224,399	224,399	104,878
Banco Internacional del Perú S.A.A. – Interbank (g)	Fixed assets acquired	3.90	2021	US$	1,197	1,835	2,538
Renting S.A.C. (h)	Fixed assets acquired	1.25	2022	US$	307	445	611
Maquinarias S.A. (h)	Fixed assets acquired	7.25	2021	S/	14,988	154	1,226
Banco de Crédito del Perú (f)	Fixed assets acquired	Between 5.00 and 5.50	2020	S/	298,324	-	45,266
Operating leases (i)							
Right of use assets	With specific guarantees	5.75	2023	S/	-	15,452	17,721
						629,111	455,140
Notes (j)							
Scotiabank Perú S.A.A.	With specific guarantees	Between 0.33 and 0.45	2021	S/	153,000	153,000	-
Banco Internacional del Perú S.A.A.	With specific guarantees	0.30	2021	S/	45,000	45,000	-
BBVA Banco Continental S.A.	With specific guarantees	0.30	2021	S/	33,600	33,600	150,200
BBVA Banco Continental S.A.	With specific guarantees	Between 1.28 and 1.53	2020	US$	24,500	-	81,267
Banco de Crédito del Perú S.A.	With specific guarantees	2.68	2020	S/	42,800	-	42,800
Banco ICB Perú Bank	With specific guarantees	1.75	2020	US$	11,000	-	36,487
						231,600	310,754
Loans (k)							
Banco de Crédito del Perú S.A. (k.1) y (k.2)	With specific guarantees	3.65	2023	US$	18,720	67,100	71,481
Banco de Crédito del Perú S.A. (k.1)	With specific guarantees	Libor + 3.65%	2022	US$	25,000	58,794	64,512
Banco de Crédito del Perú S.A. (k.1) y (k.2)	With specific guarantees	5.98	2022	S/	49,486	48,845	66,885
Banco Internacional del Perú S.A.A. – Interbank (k.4)	No specific guarantees	6.75	2029	S/	68,501	68,011	40,072
Banco Santander S.A. (k.4)	No specific guarantees	6.75	2029	S/	41,001	40,895	33,089
Banco de Crédito del Perú S.A. (k.3)	With specific guarantees	4.65	2024	S/	15,972	15,800	19,864
Bank overdrafts						70	-
						299,515	295,903
Total						**1,160,226**	**1,061,797**
By maturity -							
Current						285,065	398,946
Non-current						875,161	662,851
Total						**1,160,226**	**1,061,797**

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(b) As of December 31, 2020, and 2019, the amortization schedule of the financial obligations, net of accrued interest, is as follows (it considered in the short term, the pre-payments paid in the Banco de Crédito del Perú because of the financing of the leasing of the New Steel Plant):

	2020 S/(000)	2019 S/(000)
2020	-	398,946
2021	285,065	90,538
2022	70,241	102,237
2023	92,337	16,127
2024 en onwards	712,583	453,949
	1,160,226	1,061,797

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(c) The minimum future payments for the financial leases described in section (a) of this note, net of future financial charges are as follows:

	December 31, 2020		December 31, 2019	
	MINIMUM PAYMENTS S/(000)	PRESENT VALUE OF LEASE PAYMENTS S/(000)	MINIMUM PAYMENTS S/(000)	PRESENT VALUE OF LEASE PAYMENTS S/(000)
In a year	4,488	4,443	51,994	49,865
Older than one year	631,014	624,668	407,770	405,275
Total payments to be made	**635,502**	**629,111**	**459,764**	**455,140**
Less interest payable	(6,391)		(4,624)	-
Total	**629,111**	**629,111**	**455,140**	**455,140**

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(d) Obligations for financial leases are guaranteed with the transfer of the property titles of the acquired assets that revert to the lessor in case of default, which mainly include the acquired fixed assets, see note 12(c). Also, the effect of the pandemic COVID-19 did not affect the terms and conditions of the leasing contracts and, in general, some other financial liability.

(e) On September 14, 2018, two financial leases contracts were signed for the construction of a new steel plant on Pisco with Banco de Crédito del Perú for a total amount of US$180 million, divided into 2 contracts of US$101,7 million to civil works and US$78,3 million for machinery and equipment, with financing annually rates of 5.36 and 6.57 percent, payable in 10 years for civil works and 7 years for machinery considering a 6-year grace period for civil works and 3 years for machinery from the date of signature. Also, both contracts are bi-currency (Soles / Dollars). In 2019 the financed amount was increased at US$207.5 million and better interest rate conditions were obtained. Currently the corresponding addenda are in the process of being drawn up. The financial leasing mentioned in the present note are attached to the Framework Agreement of Creditors in order to guarantee the full and timely payment of the obligation.

(f) On December 2, 2011, the Company celebrated a financial Lease contract for the implementation, equipment and start-up of the new rolling mill plant with Banco de Credito del Perú S.A. (BCP), for an amount of up to US$100 million. On December 27, 2012, the Company celebrated an addendum to the contract modifying the amount up to US$125 million, extending the payment term to 84 monthly installments, including a grace period of 12 months from the date of activation, and considering an interest rate of 5.50 percent. On September 11, 2013, the Company celebrated an addendum to the contract modifying the amount to US$121 million.

On July 24, 2015, an addendum to the financial lease agreement was signed with the BCP, which stipulated the change of currency from US dollars to soles, the original amount of which was S/258 million, payable in 84 installments and maintaining the rates established in the initial contracts. Said financial lease payment was completed in 2020.

(g) In June 2017, a financial lease agreement was signed in the amount of US$1.2 million for the acquisition of machinery, payable in 48 monthly installments at a effective rate of 3.90 percent per year.

(h) In January 2016, the Company signed two service provision contracts with

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the supplier Maquinarias S.A to supply lifts and front loaders. The contract has a duration of 48 months, the cost of the equipment being approximately S/14,988,000.

In November 2017, the Company signed a service provision contract with the supplier Renting S.A.C to be used only for the development of its corporate operations. The contract has a duration of 60 months, the cost of the vehicles being approximately US$307,000.

(i) Corresponds to the lease contracts for rights of use that the Company maintains on property and various equipment. This obligation has been calculated based on the duration of the contracts that the Company maintains, which fluctuate from 51 to 57 months, and a discount rate of 5.75 percent, see note 13.

The movement of the right to use lease is as follows:

	2020 S/(000)	2019 S/(000)
Initial balance	**17,721**	**19,890**
Additions	-	1,331
Financial interests	(871)	(1,054)
Lease payments	(1,398)	(2,446)
Final balance	**15,452**	**17,721**

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(j) Promissory notes -

The notes have a current maturity and are renewable upon maturity. The book value of the promissory notes is substantially like their fair values since the impact of the discount is not significant. The promissory notes are used for working capital, and the Company's Management expects to pay them off when due.

(k) Loans –

(k.1) On November 20, 2014, the Company signed with Banco de Crédito del Perú S.A. a loan agreement for US$78 million. The operation was structured in two tranches, Tranche I for up to US$53 million at an interest rate of 5.80 percent and Tranche II for up to US$25 million at a variable interest rate Libor (1 month) + 3.65 percent. The terms of payment are 96 monthly installments from the disbursement date, including a 12-month grace period and up-to-date amortizations.

The Framework Creditors Agreement is the contract that regulates the guarantees granted by the Pisco Plant, with respect to the companies that provide financing to the Company. This contract provides the guidelines for the award of said guarantees and each company that finances the Company and receives assets collateral from the Pisco plant, will become part of this contract.

(k.2) On January 18, 2016, an addendum was signed with Banco de Crédito del Perú S.A. to modify the long-term loan contract (Tranche I), in which it was agreed to convert part of the balance of the loan initially granted in foreign currency to a loan in soles. In that sense, US$25 million from Tranche I was converted to S/85.7 million at an interest rate of 9.05 percent. In October 2018, an addendum was signed to the contract by which the rate was changed from 9.05 percent to 5.98 percent and whose maturity is in 2022.

The balance of the long-term loan (Tranche I) amounting to US$27.7 million, kept the terms, the rate and the currency agreed in the initial contracts constant. In October 2020, a Medium Term Loan Agreement was signed with Banco de Crédito del Peru S.A. whose use of funds was the prepayment of the aforementioned financing, which at the date of the disbursement had an outstanding balance of US$18.7 million; this new Financing matures in 2023 and has a rate of 3.65 percent.

(k.3) On February 27, 2017, the Company celebrated with Banco de Crédito del Perú S.A. a loan contract for S/33.5 million. The payment terms of said loan are 84 installments at an interest rate of 6.67 percent per year. In October

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2020 said financing was prepaid with the loan granted by Banco de Crédito del Perú S.A., as of the disbursement date, the outstanding balance amounted to S/ 15.9 million, this new financing matures in 2022 and has a rate of 4.65 percent.

(k.4) On March 28, 2019, the Company celebrated with Banco Santander S.A. and Banco Internacional del Perú S.A.A. - Interbank a loan agreement up to US$15 million (equivalent to S/41.1 million) and up to US$25 million (final equivalent to S/68.5 million) respectively. The payment terms of said loan are 120 installments at an interest rate of 6.75 percent per year.

(l) In guarantee of the loans detailed in paragraph (k) above, the Company entered into a guarantee trust agreement where the Company acts as the settlor, Banco de Crédito del Perú S.A. as representative of the trustees and as trustee La Fiduciaria SA, by virtue of which the Company transferred to the trustee the fiduciary domain over the Pisco production plant (excluding assets committed to other financial entities) and the insurance policies that correspond to said goods, see note 12 (f).

Pursuant to what is indicated in the previous paragraph, a Trust Property is established irrevocably, if the guaranteed obligations remain in force, for which the Company in its capacity as trustor and in accordance with the provisions of article N ° 241 of the Banking Law, transfers in trust domain to La Fiduciaria SA, the Trust assets that constitute the Trust assets. The purpose of this contract is for the Trust Property to serve entirely as a guarantee of the total payment of the guaranteed obligations, mentioned in sections above.

(m) The interest generated as of December 31, 2020 and 2019 by the financial obligations, amount to approximately to S/28,108,000 and S/35,392,000, respectively, and are presented in the item "Financial expenses" of the separate statement of comprehensive income, see note 28.

As of December 31, 2020, and 2019, accrued interest pending payment of financial obligations amounts to S/697,000 and S/2,023,000 and S/3,557,000, respectively, see note 19(a).

(n) As of December 31, 2020, and 2019, the movement of financial obligations was as follows:

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	2020 S/(000)	2019 S/(000)
Initial balance as of January 1	**1,061,797**	**886,983**
Adquisition of machinery and equipment through lease agreements	194,444	324,434
Loans obtained	35,662	73,940
Promissory notes obtained	1,771,036	1,430,746
Amortization of lease agreements	(46,107)	(53,071)
Loan amortization	(43,965)	(30,968)
Amortization of promissory notes	(1,875,653)	(1,553,300)
Exchange difference	63,012	(16,967)
Final balance as of December 31	**1,160,226**	**1,061,797**

(o) As part of the financial loans and leases maintained with Banco de Crédito del Perú, the Company has undertaken to comply with certain financial ratios such as:

- Financial leverage ratio, not greater than 1.3
- Debt service coverage ratio, not less than 1.2
- Debt coverage ratio, not greater than 4.5
- Interest coverage ratio, not less than 4.5
- Liquidity ratio, not less than 1

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The Company has been complied with the financial ratios requiered as of December 31, 2020 and 2019. To support the full and timely payment of the obligation, the debt was adhered to the creditor's framework contract.

18. TRADE ACCOUNTS PAYABLE

(a) The composition of the item is presented below:

	2020 S/(000)	2019 S/(000)
Local invoices (b)	523,070	385,501
Foreing invoices (c)	156,942	84,160
Customer advances (d)	52,911	30,033
Total	**732,923**	**499,694**

(b) Trade accounts payable originate mainly from the acquisition from third parties of merchandise, raw materials, materials, supplies, and spare parts for production, are denominated in local and foreign currency, have mainly current maturities and have not been granted guarantees.

(c) The foreign invoices to be paid are directly financed from third parties, bear interest at annual rate of 1.25 percent and have current maturity.

(d) Corresponds to advances made by clients, which will be applied against shipments made in the following periods.

19. OTHER ACCOUNTS PAYABLE

(a) The composition of the item is presented below:

	2020 S/(000)	2019 S/(000)
Workers profit sharing	35,361	36,128
Miscellaneous provisions	14,560	4,136
Vacations	11,809	12,830
Compensation for length of service	6,557	4,423
Taxes and withholdings	3,211	4,801
General Sales Tax	1,955	-
Private pension fund	1,127	1,076
Interest payable, see note 17(m)	697	2,023
Others	732	1,121
	76,009	66,538

(b) The concepts that comprise this item have current maturity, do not generate interest and no specific guarantees have been granted for them.

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20. DEFERRED INCOME TAX LIABILITY, NET

(a) Below is the composition and movement of the item according to the items that originated it:

	AS OF JANUARY 1, 2019 S/(000)	INCOME (EXPENSE) S/(000)	AS OF DECEMBER 31, 2019 S/(000)	OTHER COMPREHENSIVE INCOMES S/(000)	INCOME (EXPENSE) S/(000)	AS OF DECEMBER 31, 2020 S/(000)
Deferred assets						
Provision	36,656	19,291	55,947	-	29,250	85,197
Vacations accrued	3,709	76	3,785	-	(301)	3,484
Estimated impairment of inventories	1,176	1,924	3,100	-	(2,482)	618
Others	8,382	(6,059)	2,323	-	820	3,143
	49,923	15,232	65,155	-	27,287	92,442
Deferred liabilities						
Land surplus	(80,617)	(10,447)	(91,064)	1,186	(2,655)	(92,533)
Difference in depreciation rates for Financial leasing operations	(102,786)	30,801	(71,985)	-	(2,099)	(74,084)
Higher value of property, plant and equipment	(18,469)	450	(18,019)	-	(525)	(18,544)
Exploration and evaluation expenses	(5,648)	2,166	(3,482)	-	(84)	(3,566)
	(207,520)	22,970	(184,550)	1,186	(5,363)	(188,727)
Deferred tax liability, net	**(157,597)**	**38,202**	**(119,395)**	**1,186**	**21,924**	**(96,285)**

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(b) The expense for income tax shown in the separate statement of comprehensive income for the years 2020 and 2019 is composed as:

	2020 S/(000)	2019 S/(000)
Current	(93,779)	(95,857)
Deferred	21,924	38,202
	(71,855)	(57,655)

(c) The reconciliation between the effective income tax rate and the legal tax rate for the years 2020 and 2019 is as follows

	For the year ended December 31, 2020		For the year ended December 31, 2019	
	S/(000)	%	S/(000)	%
Profit before income tax	255,936	100	256,611	100.00
Theorical tax expense	(75,501)	(29.5)	(75,700)	(29.50)
Net tax impact of non – deductible items	3,646	1.42	18,045	7.03
Income tax	(71,855)	(28.08)	(57,655)	(22.47)

(d) As of December 31, 2020, and 2019, the Company has generated an income tax of S/93,779,000 and S/95,857,000, respectively, which have been applied to payments on account that are maintained to date, generating a net liability of S/40,471,000 and S/21,570,000, respectively.

21. EQUITY NET

(a) Capital stock –

As of December 31, 2020, and 2019 the capital stock is represented by 890,858,308 common shares fully subscribed and paid, whose nominal value is S/1.00 per share.

As of December 31, 2020, and 2019, the market price of the common share was S/1.23 and S/1.11 and its trading frequency was 38.10 and 42.86 percent, in relation to the total trades performed on the Lima's stock market, respectively.

As of December 31, 2020, and 2019, the Company's corporate shareholding structure is as follows:

	As of December 31, 2020	
Percentage of individual capital shareholding	NUMBER OF SHAREHOLDERS	TOTAL SHAREHOLDING PERCENTAGE
Greater than 10 percent	2	26.89
Between 5.01 to 10 percent	4	27.57
Between 1.01 to 5 percent	14	22.07
Less than 1 percent	379	23.46
	399	100.00

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Percentage of individual capital shareholding	As of December 31, 2019	
	NUMBER OF SHAREHOLDERS	TOTAL SHAREHOLDING PERCENTAGE
Greater than 10 percent	2	26.89
Between 5.01 to 10 percent	4	27.70
Between 1.01 to 5 percent	13	20.48
Less than 1 percent	384	24.93
	403	**100**

(b) Investment shares –

As of December 31, 2020, and 2019, the balance of this account is made as follows:

	2020 S/(000)	2019 S/(000)
Investment shares	182,408	190,052
Treasury shares (c)	–	(7,644)
	182,408	**182,408**

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As of December 31, 2020, and 2019, the investment shares are represented by 182,407,512 shares, whose nominal value is S/1.00 per share. The price for each investment share has been S/0.89 and S/0.91 at such dates, and its trading frequency has been 85.71 percent, in relation to the total number of negotiations in the Lima Stock Exchange, respectively.

At the General Shareholders' Meeting dated December 20, 2018, the reduction of investment shares was approved through the amortization of 10,883,724 shares held in treasury for approximate of S/10,884,000.

Investment shares give their holders the right to dividend distribution according to their nominal value. These actions will be maintained until the Company agrees to their redemption with their owners.

(c) Treasury shares –
As of December 31, 2015, the Company maintained treasury shares corresponding to 18,863,032 common shares and 6,489,070 investment shares that the subsidiary Transportes Barcino SA held over the Company.

During the year 2016, the Company repurchased 18,528,192 of its investment shares, of which 6,489,070 shares were already shown as treasury shares, as of December 31, 2015, because they belonged to Transportes Barcino S.A. and 12,039,122 additional shares which are presented in the Separate Statement of Changes in Equity as of December 31, 2016. Said transaction generated a result amounting to approximately S/6,936,000, which is presented in “Accumulated results” in the separate statement. of changes in equity as of December 31, 2016.

In February 2017, the Company repurchased 51,016,863 shares of its common shares, of which 18,863,032 shares were already shown as treasury shares, as of December 31, 2016, because they belonged to Transportes Barcino S.A. and 32,153,831 additional shares which are presented in the Separate Statement of Changes in Equity as of December 31, 2017. This transaction generated an amount of approximately S/25,048,000, which is presented in “Accumulated results” in the separate statement of changes. in net worth.

Through a General Shareholders' Meeting dated December 20, 2018, the reduction of 61,900,587 treasury shares was approved, which generated a balance of 7,644,468 investment shares that it maintains in treasury.

Likewise, at the General Shareholders' Meeting held on July 13, 2020, were approved the amortization of the

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7,644,468 investment shares that the Company had in its portfolio, therefore, the Investment Shares account is reduced to 182,407,512.

(d) Revaluation surplus –
As of December 31, 2019, and 2018, this item includes the revaluation surplus related to the land held by the Company. The Company calculates the fair value of its land every five years.

(e) Legal reserve –
In accordance with Peruvian Corporate Law, the Company is obliged to establish a legal reserve by the transfer of no less than 10% of its profits after taxes and up to a maximum of 20% of the share capital. In the absence of non-distributed profits, the legal reserve must be used to offset losses and must be replenished with profit from subsequent years. It may also be capitalized. However, in both cases, it must be fully replenished. The Company records the appropriation of the legal reserve when it is approved by the General Meeting of Shareholders.

At the General Meeting of Shareholders held on March 20, 2019, the appropriation of the legal reserve for S/13,098,000 was approved, charged to the results of the year 2018.

During the years 2020 and 2019, and in accordance with the provisions of the General Companies Law, the Company paid the legal reserve of those dividends pending payment that are older than three years. The amount recorded by the Company for this concept amounts to approximately S/32,000 and S/89,000, respectively.

(f) Dividends distribution –
On General Shareholders' Meeting held on March 20, 2019 was approved cash dividends of S/60,055,000 with a charge to retained earnings of year 2014, an amount to which the dividend on account distributed in cash must be deducted and which was approved dated July 19, 2018 for an amount of S/10,666,000, as well as that approved on October 26, 2018 for S/22,584,000. The remaining amount amounts to S/26,805,000 (S/0.024975 per share), amount that will be paid in May 2019.

Likewise, at Board Meeting dated on July 23, 2019, was approved to advance dividends corresponding to retained earnings of year 2015 for S/16,405,000 (S/0.01528512 per share), amount that was finished paid in September of 2019.

Likewise, at Board Meeting dated on October 24, 2019, was approved to advance dividends corresponding to retained earnings of year 2015 for S/27,354,000 (S/0.02548670 per share), amount that was finished paid in December of 2019.

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At General Shareholders' Meeting held on July 13, 2020, was approved cash dividends of S/79,583,000, with a charge to retained earnings of previous years, an amount to which the dividend on account distributed in cash must be deducted and which was approved dated July 23, 2019 for an amount of S/16,405,000, as well as that approved on October 24, 2019 for S/27,354,000. The remaining amount amounts to S/35,824,000 (S/0.033378 per share), amount that was finished paid during the year 2020.

Likewise, at Board meeting dated on October 22, 2020, was approved advance dividends corresponding to the retained earnings of year 2020 for S/14,942,000 (S/0.016607 per share), amount that was finished paid in November 2020.

At Board Meeting dated on November 27, 2020, was approved advance dividends corresponding to the retained earnings of year 2020 for S/24,154,000 (S/0.022505 per share), amount that was finished paid in December 2020.

22. NET REVENUES

The composition of the item is presented below:

	2020 S/(000)	2019 S/(000)
Local sales to third parties	1,823,944	1,971,245
Foreign sales to third parties	349,017	460,758
Sales to related parties, note 7(a)	335,833	297,512
	2,508,794	2,729,515

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23. COST OF SALES

The composition of the item is presented below:

	2020 S/(000)	2019 S/(000)
Beginning balance of products in process, note 9(a)	124,864	273,350
Beginning balance of finished products, note 9(a)	181,131	206,221
Beginning balance of merchandise, note 9(a)	92,957	112,670
Beginning balance of auxiliary materials, supplies and spare parts, note 9(a)	95,661	112,906
Beginning balance of raw material, note 9(a)	81,059	111,929
Personnel expenses, note 26(b)	108,778	117,501
Purchases of merchandise	279,897	281,199
Purchases of raw materials	905,654	934,393
Purchases of supply	158,376	231,218
Manufacturing expenses	266,225	335,221
Depreciation of the year, note 12 (e) and 13 (b)	72,275	76,135
Freight cost	84,336	77,227
Amortization of the year, note 15 (c)	4,419	4,317
Final balance of products in process, note 9 (a)	(112,232)	(124,864)
Final balance of finished products, note 9 (a)	(70,001)	(181,131)
Final balance of merchandise, note 9 (a)	(53,329)	(92,957)
Final balance of auxiliary materials, supplies and spare parts, note 9(a)	(85,720)	(95,661)
Final balance of raw material, note 9 (a)	(86,054)	(81,059)
Estimation for devaluation and obsolescence of inventories, note 9 (c)	715	5,923
	2,049,011	2,304,538

24.SELLING EXPENSES

(a) The composition of the item is presented below:

	2020 S/(000)	2019 S/(000)
Services provided by third parties (b)	33,188	41,408
Personnel expenses, note 26(b)	21,065	22,292
Estimation of impairment due to expected loss, note 6(e)	13,235	4,279
Depreciation of the year, note 12(e) and 13(b)	6,563	7,202
Other Management fees	2,505	4,003
Amortization of the year, note 15(c)	2,221	2,107
Taxes	847	767
Fixed asset write-off	49	-
	79,673	82,058

(b) As of December 31, 2020, and 2019, corresponds mainly to rental services for commercial spaces, advertising service, marketing services, outsourcing service for sales personnel, among others.

25. ADMINISTRATIVE EXPENSES

(a) The composition of the item is presented below:

	2020 S/(000)	2019 S/(000)
Personnel expenses, note 26(b)	57,029	54,884
Services provided by third parties (b)	17,906	13,399
Depreciation of the year, note 12(e) and 13(b)	3,260	3,213
Amortization of the year, note 15 (c)	2,849	2,975
Other management fees	2,593	1,221
Taxes	835	674
Fixed asset write-off	404	-
	84,876	76,366

(b) As of December 31, 2020, and 2019, it corresponds mainly to services for legal advice, surveillance service, software support service, maintenance service, among others

26. PERSONNEL EXPENSES

(a) The composition of the item is presented below:

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	2020 S/(000)	2019 S/(000)
Remuneration to personnel	101,800	104,170
Workers profit sharing	35,518	36,288
Employee gratifications	14,417	15,490
Vacations	12,030	14,744
Contributions	10,776	10,107
Social benefits of workers	10,525	11,288
Others	1,806	2,590
	186,872	**194,677**

(b) Below is the distribution of personnel expenses:

	2020 S/(000)	2019 S/(000)
Cost of sale, note 23	108,778	117,501
Selling expenses, note 24(a)	21,065	22,292
Administrative expenses, note 25(a)	57,029	54,884
	186,872	**194,677**

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27. OTHER INCOME AND OPERATING EXPENSES

(a) The composition of the item is presented below:

	2020 S/(000)	2019 S/(000)
Other income –		
BackOffice services of subsidiaries	2,524	2,808
Reimbursement for import expenses	1,933	1,984
Sale of disused materials	1,056	681
Sale of fixed assets	917	56,617
Accounts receivable recovery, note 6(e)	734	488
Others	1,769	1,959
	8,933	64,537
Other expenses–		
Disposal costs and withdrawals of machinery and equipment (b)	(17,717)	(57,095)
Personnel incentives (c)	(3,900)	(3,900)
Provisions for contingencies	(8,090)	(1,500)
Others	(2,986)	(2,208)
	(32,693)	**(64,703)**

(b) As of December 31, 2020, and 2019, corresponds to the casualties of damaged and obsolete machinery and equipment located in the production headquarters.

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(c) As of December 31, 2020, and 2019, corresponds to dirbursements related to the dismissal of workers.

28. INCOME AND FINANCIAL EXPENSES

The composition of these items is presented below:

	2020 S/(000)	2019 S/(000)
Financial income -		
Interest on invoices receivable	3,523	5,022
Interest on term deposits, note 5(c)	4,733	6,657
	8,256	11,679
Financial expenses -		
Interest on loans	(25,987)	(30,081)
Interest on financial leasing	(1,058)	(3,813)
Interest on liabilities for right of use assets	(871)	(1,054)
Others	(192)	(444)
	(28,108)	**(35,392)**

29. TAX SITUATION

(a) Management considers that it has determined the taxable matter under the general income tax regime in accordance with current tax legislation, which requires adding and deducting to the result, shown in the separate financial statements, those items that the referred legislation recognizes as taxable and non-taxable, respectively.

The income tax expense shown in the separate statement of comprehensive income corresponds to the deferred and current income tax.

(b) The Company is subject to Peruvian tax law. As of December 31, 2020, and 2019, the income tax rate is 29.5 percent of the taxable profit after deducting employee profit sharing that is calculated at a rate of 10 percent on taxable income.

By Legislative Decree No. 1261, promulgated on December 10, 2016, the dividend tax rate for non-resident individuals and legal entities is established at 5 percent, for dividends from 2017 onwards.

(c) The Tax Authority has the power to review and, if applicable, correct the income tax calculated by the Company in the four years following the year of the filing of the tax return. The sworn declarations of the income tax of the years 2016 to 2020 of the Company are pending inspection by the Tax Authority. Due to the possible interpretations that the Tax Authority may give to the current legal regulations, it is not possible to determine, to date, whether the revisions that are carried out will be passive for the Company, so any higher tax or surcharge that could resulting from eventual tax reviews would be applied to the results of the year in which it is determined. However, in the opinion of the Company's Management and its legal advisors, any eventual additional tax settlement would not be significant for the separate financial statements as of December 31, 2020, and 2019.

(d) For purposes of determining the income tax, transfer prices of transactions between related companies and companies resident in tax-haven countries must be supported with documentation and information regarding the valuation methods and criteria used to determine them. Based on the analysis of the Company’s operations and in the opinion of the Management and its legal advisors, the application of these legal provisions will not generate any significant contingencies as of December 31, 2020.

(e) Temporary Tax on Net Assets (ITAN) - The entities that pay third category income tax are subject to pay this tax. As of 2012, the tax rate is 0.4 percent applicable to the amount of net tax assets that exceed S/1 million.

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The amount paid may be used as a credit against payments on account of income tax or against the regularization payment of income tax for the taxable year to which it corresponds.

(f) In July 2018, Law 30823 was published by Congress of Perú, which delegated to the Goverment the faculty to legislate various issues, including tax and financial matters. In this sense, the main tax regulations issued were the following:

(i) The treatment applicable to royalties and fees for services provided by non-resident companies, eliminating the obligation to pay an amount equivalent to the retention due to the accounting record of the cost or expense, owing withholding income tax due to payment or accreditation of compensation (Legislative Decree N°1369).

(ii) Established rules governing the obligation of legal individuals and (or) legal entities to report the identification of their final beneficiaries (Legislative Decree N ° 1372). These rules are applicable to legal individuals' resident in the country, pursuant to article 7 of the Income Tax Law, and to legal entities in the country. The obligation is applicable for non-resident legal entities and legal entities constituted abroad while: a) have a branch, agency or another permanent establishment in the country; b) the individual (natural or legal entity) who manage the autonomous patrimony or foreign investment funds, or the natural or legal individual who has the quality of guard or administrator, resides in the country; and, c) any part of a consortium resident in the country. This obligation must be accomplished through the presentation of an affidavity to the Tax Authority, using digital form N°3800, which had maturity on November 2019 for Main Taxpayer according to SUNAT (Resolution No. 185-2019-SUNAT).

(iii) The Tax Code was modified to provide greater guarantees to taxpayers in the application of the general anti-occlusive rule (Rule XVI of the Preliminary Title of the Tax Code); as well as to provide the Tax Administration with tools for its effective implementation (Legislative Decree No. 1422).

As part of this modification, a new assumption of joint and several liability is provided, when the tax debtor is subject to application measures provided by Rule XVI in the event that cases of circumvention of tax rules are detected; in this case, joint and several liability shall be attributed to legal representatives provided that have collaborated with the design or approval or execution of economic acts or situations or relationships provided as elusive in Rule XVI. In situations of companies that have a Board of Directors, it is up to this corporate body to define the tax strategy of the entity, deciding whether to approve economic acts, situations or relationships to be carried out within the framework of tax planning, and this faculty cannot be delegated. The acts, situations and economic relations carried out within the framework of tax planning and implemented as of the date of entry into force of Legislative Decree N° 1422 (September 14, 2018) and continue presenting effects, must be evaluated by the Board of Directors of the legal entity for the purpose of ratification or modification until March 29, 2019, notwithstanding that Management or other administrators of the company had approved at the time the aforementioned acts, situations and economic relations.

It has also been established that application of Rule XVI, related to the recharacterization of tax avoidance cases, will occur in the final control procedures in which acts, events or situations produced since 19 July 2012.

It should be noted that, through Supreme Decree No. 145-2019-EF, the substantive parameters and form for the application of the general anti-avoidance rule contained in Rule XV of the Preliminary Title of the Tax Code were approved, which allowed the Full validity and application of Regulation XVI from the day after its publication (May 6, 2019).

Likewise, it specifies that the intent, gross negligence and abuse of powers referred to in the third paragraph of Article 16 of the Tax Code are not criminal in nature.

(iv) Modifications to Income Tax Law were included, effective as of January 1, 2019, to improve the tax treatment applicable to (Legislative Decree N°1424):

- Income obtained by indirect disposal of shares or stakes representing the capital of legal individuals' resident in the country. The most relevant changes are the inclusion of a new case of indirect disposal, which is set when the total amount of the shares of the resident individual whose indirect disposal is made is equal to or greater than 40,000 UIT.

- Permanent establishments entities of any nature incorporated abroad. For this purpose, new cases of permanent establishment have been included, among them, when services are granted in the country, related to the same project, service or for a related one, for a period that in total exceeds 183 calendar days within any twelve-month period.

- The law of credits against Income Tax for taxes paid abroad, to incorporate indirect credit (corporate tax paid by subsidiaries abroad) as an applicable credit against Income Tax of resident individuals, to avoid double economic taxation.

- The deduction of interest expenses for determination of the Corporate Income Tax. For this purpose, limits were established both for loans with related parties, and for loans with third parties contracted as of September 14, 2018 based on equity and EBITDA.

(v) Regulations have been established for the accrual of income and expenses for tax purposes as of January 1, 2019 (Legislative Decree No. 1425). Until 2018 there was no normative definition of this concept, so in many cases the accounting standards were used for its interpretation. In general terms, with the new criterion, in purpose of determine income tax, Companies have to evaluate whether the material facts for the generation of the income or expense agreed by the parties have occurred, which are not subject to a suspensive condition, in which case the recognition will be given when it is fulfilled and the established collection or payment opportunity will not be taken into account.

Notes to the separate financial statements

AS OF DECEMBER 31, 2020 AND 2019

30.NET PROFIT PER BASIC AND DILUTED SHARE

(a) Below is the calculation of the weighted average of shares and of the profit per basic and diluted share:

	ISSUED SHARES					EFFECTIVE DAYS UNTIL THE END OF THE YEAR		WEIGHTED AVERAGE OF SHARES		
			TREASURY							
	COMMON	INVESTMENT	COMMON	INVESTMENT	TOTAL	COMMON	INVESTMENT	COMMON	INVESTMENT	TOTAL
Balance as of January 1, 2019	890,858,308	190,051,980	-	(7,644,468)	1,073,265,820			890,858,308	190,686,327	1,081,544,635
Acquisition of investment shares	-	-	-	-	-			-	-	-
Balance as of December 31, 2019	890,858,308	190,051,980	-	(7,644,468)	1,073,265,820	365	365	890,858,308	190,686,327	1,081,544,635
Balance as of January 1, 2020	890,858,308	190,051,980	-	(7,644,468)	1,073,265,820			890,858,308	190,686,327	1,081,544,635
Acquisition of investment shares	-	-	-	-	-			-	(3,185,195)	(3,185,195)
Balance as of December 31, 2020	890,858,308	190,051,980	-	(7,644,468)	1,073,265,820	365	171	890,858,308	187,501,132	1,078,359,440

The calculation of earnings per share as of December 31, 2020 and 2019, is presented below:

	As of December 31, 2020			As of December 31, 2019		
	EARNINGS (NUMERATOR) S/(000)	SHARES (DENOMINATOR) (000)	EARNINGS PER SHARE S/	EARNINGS (NUMERATOR) S/(000)	SHARES (DENOMINATOR) (000)	EARNINGS PER SHARE S/
Earnings per basic and diluted shares of the common and investment shares.	184,081	1,078,359	0.17	198,956	1,081,545	0.18

31. CONTINGENCIES AND GUARANTEES GRANTED

(a) Contingencies –

(a.1) As of December 31, 2020 and 2019, the Company maintains the following contingent tax processes:

- Various labor processes related to its operations concerning to lawsuits for the payment of profits and reimbursement of social benefits.

- The Company has filed a claim against the file related to the General Sales Tax for the 1998 financial year, the file is assigned to Room 4 of the Tax Court, pending resolution. As of December 31, 2020 it amounts to approximately S/2.8 million.

- Because of the review by the Tax Authority of the years 2004, 2005 and 2006, the Company received Resolutions of Determination and Resolutions of Penalty for the Income Tax and General Sales Tax, contesting a total amount of approximately S/21.7 million. As of December 31, 2020, the resources presented by the Company are pending resolution by the Tax Court.

- On December 29, 2011, the Company received Resolutions of Determination and Resolutions of Penalty for the Income Tax and General Sales Tax of the years 2007

Notes to the separate financial statements

AS OF DECEMBER 31, 2020 AND 2019

to 2009, totaling S/21.7 million, debt that was offset by the Tax Authority with the balance in favor of the 2009's Income Tax, this refund was requested by the Company. The Company has filed a partial claim against the resolutions for an approximate amount of S/7.9 million, an amount which has also been requested to be returned. The process is pending resolution by the Tax Authority.

- On June 27, 2017, the Company filed an appeal against the denial relapsed in the claim that was formulated against the resolution of determination for income tax of the year 2011, the debt updated to December 31, 2020 amounts to approximately S/3.2 million.

In Management's opinion and its legal advisors, the Company has arguments to obtain favorable results in the processes mentioned in the previous points.

(a.2) On February 7, 2014, the Company acquired the property " Lomas de Calanguillo Zona Río Seco de Chilca Sector Hoyadas de la Joya", located in the district of Chilca, province of Cañete, with a registered area of 31 hectares 8,560.54 m2, registered in Registry Item No. 21186464 of the Cañete Registry.

After the acquisition and when the Company was using the land, on February 17, 2014, was informed of an overlap of the acquired land, with a rustic property owned by third parties. Confirmed the overlap, the Company modified the object of its purchase sale, excluding the overlapping area (126,806.13 m2), maintaining an area of 19 hectares of 1,754.41 m2 and reducing the price, for which was signed an addendum to the purchase sale contract.

Despite the exclusion, the owners of the overlapping property initiated a series of actions against the Company and some officials, claiming the total area of the land acquired by the Company. The civil lawsuit includes as main claims: (i) the nullity of the legal act of sale and purchase executed in 1999 by the people who sold the Property to the company; and, (ii) the restitution of the property. Have been requested as accessory claims, among others, the annulment of the registration entry and compensation of US$20,920,000, this litigation is in the Judiciary. By the resolutions of August 10, 2015, the Court has dismissed the concerns raised by the Company referred of the lack of legitimacy, the extinctive prescription, the darkness and the ambiguity of the lawsuit. As of the date of this report, it is pending for the Court to resolve the references and the withdrawal of the claim made by the plaintiff to her claim for compensation.

In the opinion of Management and its legal advisors, the Company has the necessary arguments to obtain favorable results in this process.

(a.3.) In February 2017, the natural gas supplier in Ica, Contugas S.A.C. maintained an undue billing related to the services provided in the framework of the "Contrato de Distribución y Suministro de Gas Natural", signed on December 21, 2011, the Company filed a claim with the OSINERGMIN, in order for this institution to declare that Contugas had to fulfill with billing the Company for natural gas distribution, transport and supply services, based on the quantities actually consumed, in accordance with the provisions of the billing procedure for the concession of the "Sistema de Distribución de Gas Natural por Red de Ductos" in the department of Ica, and considering an Average Cost of Transport (CMT) that does not include inefficiencies and cost overruns assumed by Contugas as a consequence of contracts entered into with third parties. Likewise, it was also requested that Contugas be ordered to re-invoice the services according to the billing procedure indicated, an amount that as of December 31, 2020 amounts to approximately US$95,702,000, including VAT.

The claim was admitted in April 2017. Contugas answered that claim contradicting the factual and legal grounds raised by the Company and, in addition, filed an exception of material incompetence, which was intended that OSINERGMIN refrain from knowing the controversy, because it is, in his opinion, of a claim on unregulated contractual matters.

The Ad-Hoc Collegiate Body decided: (i) to declare unfounded the exception of material incompetence deduced by Contugas; and, (ii) order the suspension of the dispute settlement procedure, until concluded the amparo process related to the judgment of December 21, 2016, issued by the Fifth Specialized Court of Constitutional Law of the Superior Court of Justice of Lima.

It should be noted that the afore mentioned judicial process is linked to the precautionary measure indicated above, from which the Company was excluded, being followed only by Contugas against OSINERGMIN, EGASA and EGESUR. Despite that the result of said judicial process should not affect the Company, the Ad-Hoc Collegiate Body chose to suspend the processing of the claim, considering, erroneously, that the decisions obtained in the judicial process involving third parties could have an impact on the criteria of the regulatory body. Due to this, in July 2017, the Company filed an appeal against the party referring to the suspension of the processing of the dispute settlement procedure. Likewise, on May 10, 2018, the

Company was informed that the Ad Hoc Collegiate Body of the “Organismo Supervisor de la Inversión en Energía y Minería – OSINERGMIN” declared founded, in all its extremes, the Company's claim against Contugas, ending the first administrative instance as established in article 45 of the Single Ordered Text of the OSINERGMIN Regulation for the Resolution of Controversies approved by Resolution No. 223-2013-OS / CD.

The Resolution of the Dispute Settlement Court No. 002-2018-Q-TSC / 103-2017-TSC declared unfounded the complaint raised by Contugas, it is not an administrative act that exhausts the administrative route regarding Resolution No. 013-2018 -OS / CC-103, which declared Contugas's appeal inadmissible, out of time; because the complaint is a procedural remedy for defects in the processing, but it is not a resource to question administrative decisions.

On October 5, 2018, the Company presented the respective answer to the demand, denying and contradicting it in all its aspects, requesting that it be declared inadmissible or unfounded, based on the arguments indicated. OSINERGMIN has also answered the demand alleging similar arguments raised by the Company.

By Resolution No. 6, dated January 28, 2019, the Court declared unfounded the exception; that pronouncement that was appealed, which is pending resolution by the 4th Administrative Litigation Chamber.

On June 11, 2019, the first instance's oral report was carried out.

By Resolution No. 12, dated September 12, 2019, the Court issued a Judgment and resolved to declare the Contugas claim unfounded in all its extremes. It should be noted that the Judgment is favorable to the Company, because it rejects Contugas' lawsuit and allows the precautionary measure to be lifted that ordered the provisional suspension of the administrative claim procedure.

Subsequently, on subsequent dates, the oral report of this proceeding was carried out and on July 6, 2020, the Company's final arguments brief was presented to the Court. Currently the liability payable is recorded under the heading “Trade accounts payable”; Likewise, it is pending that the Court issues its final ruling regarding the Company's claim, the result of which we estimate will be issued during the next few months, with which the administrative procedure is exhausted.

(b) Guarantees granted –
As of December 31, 2020, the Company maintains letters of guarantee for S/1,100,000, US$186,142,000 and

Notes to the separate financial statements
AS OF DECEMBER 31, 2020 AND 2019

EUR1,966,000, mainly in favor of the Tax Authority by tax and customs matters. Likewise, the constitution of a Patrimony is in force Guarantee trustee made up of machinery and properties of the Pisco Plant, in endorsement of loans granted by Banco de Crédito del Perú S.A, see note 16(l).

31. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

The main financial liabilities of the Company are financial obligations, trade accounts payable, related parties and other accounts payable. The main purpose of these financial liabilities is to finance the operations of the Company. It also maintains cash and short-term deposits, trade accounts receivable, related parties and other accounts receivable that arise directly from its operations. The Company is exposed to credit, market and liquidity risk.

The Company's Management supervises risk management. The Company's Management is supported by the Financial Management that advises on such risks and on the corporate framework for managing financial risk that is most appropriate for the Company. The Financial Management provides assurance to the Company's Management that the Company's financial risk-taking activities are regulated by appropriate corporate policies and procedures and that those financial risks are identified, measured and managed in accordance with the policies of the Companyand its preferences for taking risks.

The Company's Management reviews and approves the policies to manage each of the risks, which are summarized below:

Credit risk -

Credit risk is the risk that a counterparty may not fulfill its obligations in relation to a financial instrument or sale contract, generating a financial loss. The Company is exposed to credit risk for its operating activities (mainly accounts receivable) and for its deposits in banks.

Credit risk related to accounts receivable: the credit risk of clients is managed by Company's Management, subject to duly established policies, procedures and controls. The outstanding balances of accounts receivable are periodically reviewed to ensure their recovery; Likewise, the Company has a broad customer base.

Credit risk related to bank deposits: the credit risks of bank balances are managed by Company's Management in accordance with the Company's policies. Investments of cash surpluses are made

Notes to the separate financial statements

AS OF DECEMBER 31, 2020 AND 2019

with first class financial entities. The maximum exposure to credit risk As of December 31, 2020 and 2019, is the book value of the cash balances shown in note 5.

Consequently, in the opinion of the Company's Management, the Company does not have any concentration that represents a significant credit risk As of December 31, 2020 and 2019.

Risk market –

Market risk is the risk of suffering losses in balance sheet positions derived from movements in market prices. These prices comprise three types of risk: (i) exchange rate, (ii) interest rates and (iii) prices of “commodities” and others. All the Company's financial instruments are affected only by exchange rate and interest rate risks.

The sensitivity analyzes in the following sections refer to positions As of December 31, 2020 and 2019. They are also since the net amount of debt, the relation of fixed interest rates, and the position in instruments in foreign currency they remain constant.

It has been assumed that the sensitivities in the separate statement of comprehensive income are the effect of the assumed changes in the respective market risk. This is based on financial assets and liabilities held As of December 31, 2020 and 2019.

(i) Exchange rate risk –

Exchange rate risk is the risk that the fair value of future cash changes of a financial instrument fluctuates due to changes in exchange rates. The Financial Management is responsible for identifying, measuring, controlling and reporting the Company's global exchange risk exposure. Foreign exchange risk arises when the Company presents mismatches between its asset, liability and off-balance sheet positions in the different currencies in which it operates, which are mainly Soles (functional currency) and US dollars. Management monitors this risk through the analysis of the country's macroeconomic variables.

The Company's activities, mainly its indebtedness, expose it to the risk of fluctuations in the exchange rates of the US dollar with respect to the Sol. The Company also presents operations with an exchange rate in euros, however, at December 31, 2020 these amounts are not significant, not having an impact on the Company's statements of comprehensive income.

To reduce this exposure, the Company makes efforts to maintain an appropriate balance between assets and liabilities expressed in US dollars. It is worth mentioning that the Company's income is received in United States dollars (or its equivalent in Soles at the exchange rate of the day), a significant part of its production costs are related to the United States dollar and short and medium-term indebtedness is agreed partially in US dollars. Despite this alignment between income, costs and debt, by maintaining accounting in Soles, the debt as well as the obligations to pay in foreign currency, adjust with any variation in the exchange rate. Management permanently evaluates economic coverage alternatives that may be adapted to the reality of the Company.

Foreign currency transactions are carried out at free market exchange rates published by the Superintendence of Banking, Insurance and Pension Fund Administrators.

As of December 31, 2020, weighted average free market exchange rates for transactions in US dollars were S/3.618 for US$1 for the purchase and S/3.624 for US$1 for sale, respectively (S/3.311 per US$1 for the purchase and S/3.317 for US$1 for sale as of December 31, 2019, respectively).

As of December 31, 2020, and 2019, the Company does not have derivative financial instruments and has the following assets and liabilities in thousands of US dollars:

Notes to the separate financial statements
AS OF DECEMBER 31, 2020 AND 2019

	2020 US$(000)	2019 US$(000)
Assets		
Cash and cash equivalents	175,720	118,783
Trade accounts receivable, net	120,173	144,186
Accounts receivable from related parties	15,872	13,435
	311,765	276,404
Liabilities		
Trade accounts payable	(146,982)	(105,290)
Financial obligations, current and non-current	(146,642)	(168,412)
	(293,624)	(273,702)
Net active (liability) position	**18,141**	**2,702**

During the year 2020, the Company has recorded a net loss by exchange difference of approximately S/5,191,000 (net income of approximately S/810,000 as of December 2019), which are presented in the separate statement of comprehensive income.

The following table shows the sensitivity analysis of US dollars (the only currency other than the functional currency in the Company has significant exposure as of December 31, 2020 and 2019), in its monetary assets and liabilities and its estimated cash flows. The analysis determines the effect of a reasonably possible variation in the exchange rate of the US dollar, the other constant variables in the separate

Notes to the separate financial statements

AS OF DECEMBER 31, 2020 AND 2019

statement of comprehensive income before income tax. A negative amount shows a net potential reduction in the separate statement of comprehensive income, while a positive amount reflects a net potential increase.

Sensitivity análisis	CHANGES IN EXCHANGE RATE %	IMPACT ON PROFIT BEFORE INCOME TAX DICIEMBRE 2020 S/(000)	IMPACT ON PROFIT BEFORE INCOME TAX DICIEMBRE 2019 S/(000)
Depreciation –			
Dollars	5	3,194	365
Dollars	10	6,387	730
Appreciation –			
Dollars	5	(3,194)	(365)
Dollars	10	(6,387)	(730)

(ii) Interest rate risk –

As of December 31, 2020, and 2019, the Company maintains financial instruments that accrue fixed and variable interest rates, in top local banks. The Company's operating cash flows are substantially independent of changes in market interest rates, therefore, in Management's opinion, the Company does not have significant exposure to interest rate risks.

Notes to the separate financial statements

AS OF DECEMBER 31, 2020 AND 2019

Interest rate sensitivity – The following table demonstrates sensitivity to a reasonably possible change in interest rates on fixed and variable rate loans. Keeping all the other variables constant, the profit before the Company's income tax would be affected by a variation in the rate as follows:

	INCREASE / DECREASE IN BASIC POINTS	EFFECT ON PROFIT OR LOSS BEFORE INCOME TAX S/(000)
2020		
Soles	+/- 50	570
	+/- 100	1,140
2019		
Soles	+/- 50	1,240
	+/- 100	2,479

(iii) Price risk –

In general, the Company is exposed to the risk of fluctuations in prices for the steel products that the Company manufactures, markets and transforms, with domestic prices being influenced by the variation in international steel prices. For this reason, Management maintains strict control of its operating costs and makes significant productive and technological investments, in order to maintain competitive cost levels.

The following table shows the sensitivity in the Company's results as of December 31, 2020 and 2019, if the internal price had increased / decreased 5 percent and the other variables had remained constant.

Notes to the separate financial statements

AS OF DECEMBER 31, 2020 AND 2019

	INCREASE / DECREASE PERCENTAGE	EFFECT IN INCOME BEFORE INCOME TAX S/(000)
December 2020	**+5%**	**88,435**
	-5%	(88,435)
December 2019	**+5%**	**96,215**
	-5%	(96,215)

(iv) Liquidity risk -

Liquidity risk is the risk that the Company will not be able to meet its payment obligations related to financial liabilities at maturity and replace the funds when they are withdrawn.

The consequence would be non-compliance with the payment of its obligations to third parties.

Liquidity is controlled by matching the maturities of its assets and liabilities, obtaining lines of credit and / or excess liquidity, which allows the Company to carry out its activities on a regular basis.

Managing liquidity risk involves maintaining sufficient cash and the availability of financing, through an adequate number of committed credit sources and the ability to settle mainly indebtedness transactions. In this regard, the Company's Management focuses its efforts on maintaining the necessary resources that allow it to face its disbursements.

Notes to the separate financial statements

AS OF DECEMBER 31, 2020 AND 2019

	LESS THAN 3 MONTHS S/(000)	3 TO 12 MONTHS S/(000)	FROM 1 TO 5 YEARS S/(000)	TOTAL S/(000)
As of December 31, 2020				
Financial obligations:				
Amortization of capital	47,113	237,952	875,161	1,160,226
Interest payment flow	759	18,507	57,049	76,315
Trade accounts payable (*)	732,923	-	-	732,923
Accounts payable to related parties	34,544	-	-	34,544
Other accounts payable (*)	70,843	-	-	70,843
Total	**886,182**	**256,459**	**932,210**	**2,074,851**

	LESS THAN 3 MONTHS S/(000)	3 TO 12 MONTHS S/(000)	FROM 1 TO 5 YEARS S/(000)	TOTAL S/(000)
As of December 31, 2019				
Financial obligations:				
Amortization of capital	271,410	127,536	662,851	1,061,797
Interest payment flow	4,373	9,919	43,209	57,501
Trade accounts payable (*)	469,661	-	-	469,661
Accounts payable to related parties	23,429	-	-	23,429
Other accounts payable (*)	67,399	-	-	67,399
Total	**836,272**	**137,455**	**706,060**	**1,679,787**

(*) Tax obligations or advances to customers are not included.

Notes to the separate financial statements

AS OF DECEMBER 31, 2020 AND 2019

Capital management –

The Company's objectives in managing capital are to safeguard the ability to continue as a going concern with the purpose of generating returns to its shareholders, benefits to other stakeholders and maintaining an optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce its debt.

Consistent with the industry, the Company monitors its capital based on the leverage ratio. This ratio is calculated by dividing the net debt by the total capital, the net debt corresponds to the total indebtedness (including current and non-current indebtedness) less cash and cash equivalents. Total capital corresponds to net equity as shown in the Separate statement of financial position plus net debt.

	2020 S/(000)	2019 S/(000)
Financial obligations	1,160,226	1,061,797
Trade accounts payable, to related parties and other accounts payable	890,838	617,969
Less –		
Cash and cash equivalents	(679,708)	(404,360)
Net debt (a)	**1,371,356**	**1,275,406**
Equity net	2,194,905	2,087,697
Total capital and net debt (b)	**3,566,261**	**3,363,103**
Leverage ratio (a/b)	**38%**	**38%**

During the years ended December 31, 2020 and 2019, there were no changes in the objectives, policies, or processes related to capital management.

32. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the amount by which an asset could be exchanged, or a liability settled between knowledgeable and willing parties in a current transaction, under the assumption that the entity is a going concern.

Accounting standards define a financial instrument as cash, evidence of ownership in an entity, or a contract in which the contractual right or obligation to receive or deliver cash or another financial instrument is agreed or imposed on an entity. Fair value is defined as the amount at which a financial instrument can be exchanged in a transaction between two parties that so wish, other than a forced sale or liquidation, and the best evidence of its value is its price, if it exists.

The methodologies and assumptions used depend on the terms and risks characteristic of the different financial instruments, and include the following:

- Cash and cash equivalents do not represent a significant credit or interest rate risk. Therefore, it has been assumed that their book values approach their fair value.

- Accounts receivable, because they are net of their provision for bad debt and, mainly, they have maturities of less than one year, Management has considered that their fair value is not significantly different from their book value.

- In the case of financial obligations, given that these liabilities are subject to fixed and variable interest rates, Management estimates that their accounting balance is close to their fair value.

- In the case of trade accounts receivable and other accounts receivable, since that these liabilities have a current maturity, Management estimates that their accounting balance is close to their fair value.

Based on the criteria described above, Management estimates that there are no material differences between the book value and the fair value of the Company's financial instruments. As of December 31, 2020, and 2019.

33. INFORMATION BY OPERATING SEGMENTS

As described in note 2.2(w), the Company has a single operating segment called "Steel derivatives".

The only operating segment that the Company manages is reported in a manner consistent with the internal report (The Board) that is reviewed by the Executive Chairman, the highest authority in making operational decisions, responsible for allocating resources and evaluating the performance of operating segments.

Notes to the separate financial statements

AS OF DECEMBER 31, 2020 AND 2019

The Board of Directors evaluates the results of the business on the basis of the separate financial statements representative of its only segment of operation and on the basis of the management information generated by the information systems.

For the years ended December 31, 2020 and 2019, sales by type of product, which do not constitute an operating segment were the following:

	2020 S/(000)	2019 S/(000)
Rebars and wire rod	1,777,265	2,080,173
Merchant bars	280,756	279,342
Other	450,773	370,000
	2,508,794	**2,729,515**

Likewise, sales take place in the following locations:

	2020 S/(000)	2019 S/(000)
Peru	2,159,777	2,268,757
Other countries	349,017	460,758
	2,508,794	**2,729,515**

Sales carried out in other countries are under the export modality and therefore, no non-current assets are related to that geographical location. Sales to the main distributors are not concentrated because they individually represent less than 10.00 percent of the total sales of the Company.

34.SUBSEQUENT EVENTS

Between January 1, 2021 and the date of issuance of these consolidated financial statements, no significant subsequent events of a financial-accounting nature have occurred that may affect the interpretation of these consolidated financial statements, except for:

(i) On January 4, 2021 through the General Shareholders' Meeting of its subsidiary Comercial del Acero S.A unanimously approved the dissolution and liquidation of this Company, see note 1 (f).

(ii) On January 19, 2021, was constituted the subsidiary Aceros América S.A.S. domiciled in Colombia.

(iii) On February 10, 2021, Resolution TSC No. 025-2021-OS / TSC-103 was notified, referring to file N ° 201700021093, related to the claim that the Company maintains with the company Contugas S.A.C., on the billing of distribution services, transportation and supply of natural gas through pipeline network. Said resolution, puts an end to the instance administrative procedure, which is being evaluated by the legal advisors of the Company.

34.EXPLANATION ADDED FOR THE ENGLISH TRANSLATION

The accompanying financial statements were originally issued in Spanish and are presented on the basis of International Financial Reporting Standards, as described in Note 2. These financial statements should be read in conjunction with the financial statements in spanish. In the event of a discrepancy, the spanish language version prevails.

5

ANNEXES

CORPORACIÓN ACEROS AREQUIPA S.A.

REPORT ON COMPLIANCE WITH THE CODE OF GOOD CORPORATE GOVERNANCE FOR PERUVIAN COMPANIES (10150)

CORPORACIÓN ACEROS AREQUIPA S.A.

ANNEXES

REPORT ON COMPLIANCE WITH THE CODE OF GOOD CORPORATE GOVERNANCE FOR PERUVIAN COMPANIES (10150)

Company name:
CORPORACIÓN ACEROS AREQUIPA S.A.

FISCAL YEAR:	2020
WEB SITE:	https://www.acerosarequipa.com/

SECTION **A** LETTER OF INTRODUCTION

SECTION A: Letter of Introduction

Over time, the Company's Board of Directors and the Management have implemented corporate codes and policies for proper business administration. This foundation enabled us to address the consequences of the pandemic and take actions to keep the Company's operations going, while prioritizing our collaborators' health.

In addition to the corporate policies and codes that had already been implemented, we incorporate new mandatory conduct and health safety protocols, aimed primarily at safeguarding the health of our collaborators, vendors, and customers, and by extension, their families.

The Company's Board of Directors and Management are well aware that the guidelines on good corporate governance are critical in achieving the objectives the Company has set for itself, and creating value for our stakeholders.

To maintain and bolster the Company's control system and guide collaborators' behavior toward the achievement of its business objectives, the Board's Audit and Risk Committee promotes the definition and implementation of corporate policies and codes that establish criteria and a framework for action that orient collaborators in their response to specific incidents. Once these policies and codes have been approved by the Board of Directors, they become non-negotiable, mandatory behavioral guidelines.

In 2020, the Board of Directors approved the following corporate policies:
Corporate Policy on the Procurement of Goods and Services
Corporate Tax Management Policy
Corporate Tax Strategy Policy
Corporate Environmental Policy

Also during 2020, the Audit and Risk Committee monitored the management of an orderly system of standards, mechanisms, and procedures for prevention, oversight, and control, including risks and controls associated with the COVID-19 public health emergency. All controls implemented are aimed at reasonably mitigating the risk of crimes being committed, and promoting integrity and transparency in all management activities.

As part of their commitment to the fight against bribery, fraud, and corruption, the Company's Board of Directors and Management are implementing the Prevention Model, which establishes the Company's exemption from administrative liability in the event of the commission of the associated crimes. The Company's Anti-Fraud and Corruption Code defines the policies and guidelines for fighting acts of fraud and corruption, money laundering, and terrorist financing.

The Company and its subsidiaries regulate their actions as part of an ethical culture based on values, the Code of Ethics, and Anti-Fraud and Corruption Code. In May 2017, the Company implemented the Aceros

SECTION A: Letter of Introduction

Arequipa Ethics Hotline, which provides collaborators, customers, and vendors with a channel to anonymously and confidentially report any irregularities or situations that violate the values and Code of Ethics of Aceros Arequipa and its subsidiaries that may occur in the companies' different processes.

During the fiscal year, significant efforts were made by the Audit and Risk Committee to guarantee the independence of the external auditor of the financial statements of the Company and its subsidiaries, and their review before being presented to the Board of Directors and the Annual Shareholders' Meeting for their final approval.

Finally, it should be noted that the Company, in its capacity as employer, is responsible for the full, timely, and adequate compliance with all of its labor obligations, as well as the safe and efficient management of its workforce, guaranteeing care for the life, health, and wellbeing of our collaborators and fostering maximum productivity within the organization.

As part of our absolute commitment to equity and competitiveness in the Company's human resources management, the Appointments, Salaries, and Human Resources Committee was responsible in 2020 for the review and approval of the results for the achievement of managerial objectives for 2019; the validation of the assignment of managerial objectives for fiscal year 2020; monitoring the evolution of headcount, labor cost, and productivity indicators; reviewing advances in the collective bargaining process, salary increases, labor lawsuits, and COVID-19 cases; and evaluating the approval of the Long-Term Managerial Bonus Scheme to retain executives in critical positions for the Company.

CORPORACIÓN ACEROS AREQUIPA S.A.

ANNEXES

Report on compliance with the code of good corporate governance for peruvian companies (100150)

Company name:
CORPORACIÓN ACEROS AREQUIPA S.A.

FISCAL YEAR:	2020
WEB SITE:	https://www.acerosarequipa.com/

SECTION **B**

EVALUATION OF COMPLIANCE WITH THE PRINCIPLES OF THE CODE OF GOOD CORPORATE GOVERNANCE

ANNEXES

Report on compliance with the code of good corporate governance for peruvian companies (10150)

B

EVALUATION OF COMPLIANCE WITH THE PRINCIPLES OF THE CODE OF GOOD CORPORATE GOVERNANCE

PILLAR I - Right of Shareholders

PRINCIPLE 1: TREATMENT PARITY

Question I.1	YES	NO	Explanation:
Does the company recognize in its actions equal treatment for shareholders of the same class and who maintain the same conditions (*)?	X		

(*) The same conditions are understood to be those particularities that distinguish shareholders, or make them have a common characteristic in their relationship with the company (institutional investors, non-controlling investors, etc.). It should be noted that this does not imply that the use of privileged information is favored.

Question I.2	YES	NO	Explanation:
Does the company only promote the existence of classes of voting shares?	X		

PILLAR I
RIGHT OF SHAREHOLDERS

a. On the capital of the company, specify:

CAPITAL SUBSCRIBED AT THE FISCAL YEAR END	CAPITAL PAID-UP AT THE FISCAL YEAR END	TOTAL NUMBER OF SHARES REPRESENTING THE CAPITAL	NUMBER OF VOTING SHARES
S/890,858,308	S/890,858,308	S/890,858,308	S/890,858,308

b. If the company has more than one class of share, specify:

CLASS	NUMBER OF SHARES	NOMINAL VALUE	RIGHTS(*)
COMMON	890,858,308	S/1.00	RIGHT TO VOTE

(*) This field must indicate the particular rights of the class which distinguish it from the others.

Question I.3	YES	NO	Explanation:
If the company has investment shares, does the company promote a policy of redemption or voluntary exchange of investment shares for common shares?		x	FOR THE TIME BEING, THE COMPANY DOES NOT HAVE A POLICY AS THE ONE MENTIONED.

PILLAR I

RIGHT OF SHAREHOLDERS

PRINCIPLE 2: SHAREHOLDING

Question I.4	YES	NO	Explanation:
a. Does the company establish in its corporate documents the form of representation of the shares and the person responsible for registration in the stock record?	X		THE FORM OF REPRESENTATION OF THE SHARES IS INDICATED IN THE BYLAWS, WHICH ARE AVAILABLE ON THE COMPANY'S WEBSITE.
b. Is the stock record permanently updated?	X		

Indicate the periodicity with which the stock record is updated, after being informed about any change.

Periodicity:	Within forty-eight hours	
	Weekly	X
	Other / Detail (in days)	

PILLAR I

RIGHT OF SHAREHOLDERS

PRINCIPLE 3: NON-DILUTION IN EQUITY INTEREST

Question I.5	YES	NO	Explanation:
a. Does the company have a policy where the proposals of the Board of Directors referring to corporate operations that may affect the right of non-dilution of the shareholders (i.e., mergers, spin-offs, capital increases, among others) are previously explained by said body in a detailed report with the independent opinion of an external advisor of recognized professional trustworthiness appointed by the Board of Directors?	X		TO DATE, THERE HAVE BEEN NO CORPORATE OPERATIONS AS THOSE MENTIONED ABOVE.
b. Does the company have a policy of making these reports available to shareholders?	X		

If the company has carried out corporate operations during the fiscal year under the scope of subparagraph a) of question I.5, and if the company has Independent Directors (*), specify whether in all cases:

	YES	NO
Did all the Independent Directors vote in favor of the appointment of the external advisor?		
Did all the Independent Directors clearly express their acceptance of the referred report and give reasons, if any, for their disagreement?		

(*) Independent directors are those who qualify as such in accordance with the Guidelines for the Classification of Independent Directors, as approved by the Peruvian Securities and Exchange Commission.

PILLAR I
RIGHT OF SHAREHOLDERS

PRINCIPLE 4: INFORMATION AND COMMUNICATION TO SHAREHOLDERS

Question I.6	YES	NO	Explanation:
Does the company determine who is responsible or how shareholders can receive and require timely, reliable and truthful information?	X		YES. THE COMPANY HAS A SHAREHOLDER SERVICE AREA, WHICH E-MAIL IS: accionistas@aasa.com.pe. THE COMPANY USES: WEBSITE FOR INVESTORS WHERE RELEVANT INFORMATION IS GIVEN (https://investors.acerosarequipa.com). ALSO IN THE QUARTERLY RESULTS (TELEPHONE AND/OR WEBSITE), MAILING LIST, ETC.

a. Indicate the means by which shareholders receive and/or request information from the company.

MEDIA	RECEIVE INFORMATION	REQUEST INFORMATION
E-mail address	X	X
Telephone	X	X
Corporate website	X	X
Post	X	X
Briefings	X	X
Other / Detail	IMPORTANT FACTS	

PILLAR I
RIGHT OF SHAREHOLDERS

b. Does the company have a deadline for responding to requests for information submitted by shareholders? If yes, specify the deadline:

MAXIMUM PERIOD (DAYS)	3

Question I.7	YES	NO	Explanation:
Does the company have mechanisms for shareholders to express their opinion on the development of the company?	X		SHAREHOLDERS CAN EXPRESS THEIR OPINION AT THE SHAREHOLDERS' MEETING AND THROUGH THE COMPANY'S MEDIA. ALSO IN THE QUARTERLY RESULTS.

If yes, please provide details on the mechanisms established by the Company to allow shareholders to express their opinions on its performance.

THE SAME MEDIA DETAILED IN POINT I.6. A.

PRINCIPLE 5: SHARE IN DIVIDENDS OF THE COMPANY

Question I.8	YES	NO	Explanation:
a. Is compliance with the dividend policy subject to scheduled evaluations?	X		
b. Is the dividend policy communicated to shareholders, among other media, through its corporate website?	X		

a. Indicate the company's dividend policy applicable to the fiscal year.

Date of approval	28/03/2016

PILLAR I

RIGHT OF SHAREHOLDERS

Dividend policy (criteria for distribution of profits)	The Company will apply the profits to cash dividends, after the statutory reserves have been made and those that may, at the proposal of the Board of Directors, be necessary for the company's operations. The proportion of profits to be distributed annually as cash dividends will be 40% of the freely distributable profit for the year. The Board of Directors may approve two interim cash dividend advances during the current fiscal year at any time as follows: - For an amount equivalent to up to 10% of the projected freely distributable profit for the current fiscal year, together with the approval of the interim financial statements as of June 30 of every year. - For an amount equivalent to 24% of the projected freely distributable profit for the current fiscal year, less the first advance dividend, together with the approval of the interim financial statements as of September 30 of every year. The payment of the dividend up to an amount equivalent to 40% of the freely distributable profit for the year, less advances made, will be put for consideration at the mandatory annual shareholders' meeting to be held within the first quarter of the next year. The approval of cash dividend advances, the balance of the annual dividend, and the amounts for which they are made, will be subject to liquidity, indebtedness and cash flow of the company, as well as compliance with the covenants established in the financing contracts signed by the company. Exceptionally, the Board of Directors may, if it deems convenient, approve an additional dividend, with the obligation to support the decision made before the shareholders' meeting. The distribution of shares fully paid-up by the capitalization of profits will be evaluated by the shareholders' meeting at the proposal of the Board of Directors, either at the mandatory annual shareholders' meeting or at any other shareholders' meeting called for such purpose.

b. Indicate the dividends in cash and shares distributed by the company in this fiscal year and in the previous one.

Per share	DIVIDENDS PER SHARE			
	REPORTING FISCAL YEAR		FISCAL YEAR PRIOR TO THE REPORTING FISCAL	
	IN CASH	IN SHARES	IN CASH	IN SHARES
Class: Common and investment	0.069805633		0.06574699	
Class				
Investment Share				

PRINCIPLE 6: CHANGE OF CONTROL OR TAKEOVER

Question I.9	YES	NO	Explanation:
Does the company have policies or agreements not to adopt antiabsorption mechanisms?		X	THE COMPANY DOES NOT HAVE POLICIES AS THOSE MENTIONED AND THERE HAVE BEEN NO CASES AS THOSE MENTIONED.

Indicate whether your company has applied any of the following measures:

	YES	NO
Requirement of a minimum number of shares to be a Director		X
Minimum number of years as Director to be appointed as Chairman of the Board of Directors		X
Executives/officials compensation agreements as a result of changes following a Takeover		X
Others of a similar nature/ Detail		

PILLAR I
RIGHT OF SHAREHOLDERS

PRINCIPLE 7: ARBITRATION FOR THE SETTLEMENT OF DISPUTES

Question I.10	YES	NO	Explanation:
a. Does the company's bylaws include an arbitration agreement that recognizes that any dispute among shareholders, or between shareholders and the Board of Directors, is submitted to arbitration in law; as well as the challenge of resolutions of the Shareholders' Meeting and the Board of Directors by the shareholders of the company?	X		YES, ACCORDING TO ARTICLE 74 OF THE BYLAWS.
b. Does this clause make it easier for an independent third party to settle disputes, except in the case of an express statutory reserve before the provincial courts?	X		YES, THE THIRD PARTY BEING AN ARBITRATION COURT.

If the resolutions of the Shareholders' Meeting and the Board of Directors have been challenged by the shareholders or others involving the company during the fiscal year, specify their number.

Number of challenges of resolutions of the Shareholders' Meeting	0
Number of challenges of resolutions of the Board of Directors	0

PILLAR II – Stakeholders' Meeting

PRINCIPLE 8: FUNCTION AND COMPETENCE

Question II.1	YES	NO	Explanation:
Is the approval of the remuneration policy of the Board of Directors an exclusive and nondelegable function of the Shareholders' Meeting?	X		IT IS CONSIDERED IN THE BYLAWS OF THE COMPANY, WHICH ARE APPROVED BY THE SHAREHOLDERS' MEETING.

Indicate whether the following functions are exclusive to the Shareholders' Meeting; in the event of a negative answer, specify the body that exercises them.

	YES	NO	Body
Provide for special investigations and audits		X	SHAREHOLDERS' MEETING FUNCTION. SHARED WITH THE BOARD OF DIRECTORS, IN THE AUDIT AND RISK COMMITTEE.
Agree on the amendment to the Bylaws	X		
Agree on an increase in capital stock	X		
Agree on the distribution of interim dividends		X	SHAREHOLDERS' MEETING FUNCTION. SHARED WITH THE BOARD OF DIRECTORS, ACCORDING TO THE DIVIDEND POLICY.
Appoint external auditors		X	SHAREHOLDERS' MEETING, UNLESS EXPRESSLY DELEGATED TO THE BOARD OF DIRECTORS.

PRINCIPLE 9: REGULATIONS OF THE SHAREHOLDERS' MEETING

Question II.2	YES	NO	Explanation:
Does the company have Regulations of the Shareholders' Meeting, which are binding in nature and does non-compliance entail liability?	X		

If Regulations of the Shareholders' Meeting are in place, please specify whether they set the procedures for:

	Yes	NO
Notices of meeting	X	
Incorporate agenda topics by shareholders	X	
Provide additional information to shareholders for the Shareholders' Meetings	X	
Development of the Shareholders' Meetings	X	
Appointment of members of the Board of Directors		x
Other relevant / Detail		

PILLAR II
STAKEHOLDERS' MEETING

PRINCIPLE 10: MECHANISMS OF NOTICE OF MEETING

Question II.3	YES	NO	Explanation:
In addition to the mechanisms of notice of meeting established by law, does the company have mechanisms of notice of meeting that allow it to establish contact with shareholders, particularly with those who do not participate in the control or management of the company?	X		

a. Complete the following information for each of the Shareholders' Meetings held during the fiscal year:

DATE OF NOTICE OF MEETING	DATE OF SHAREHOLDERS' MEETING	PLACE OF SHAREHOLDERS' MEETING	KIND OF SHAREHOLDER'S MEETING		UNIVERSAL SHAREHOLDERS' MEETING		QUÓRUM %	NO. OF ATTENDING SHAREHOLDERS	PERCENTAGE (%) OF TOTAL VOTING SHARES		
			SPECIAL	GENERAL	YES	NO			THROUGH POWERS OF ATTORNEY	DIRECT EXERCISE (*)	DID NOT EXERCISE RIGHT TO VOTE
30/6/20	13/07/2020	Plataforma ZOOM		X			86	25	29	57	

(*) Direct exercise includes voting by any means or modality that does not imply representation.

PILLAR II
STAKEHOLDERS' MEETING

b. What means, in addition to that included in Article 43 of the General Law of Companies and the provisions of the Regulations on Important Facts and Confidential Information, did the company use to disseminate the notices of meeting to the Shareholders' Meetings during the fiscal year?

E-mail	X	Post	
Telephone		Social networks	
Corporate website	X	Other / Detail	

Question II.4	YES	NO	Explanation:
Does the company make available to shareholders all the information relating to the topics contained in the agenda of the Shareholders' Meeting and the proposals for the resolutions to be adopted (motions)?	X		

In the notices of meeting made by the company during the fiscal year:

	YES	NO
Was the location of the information referring to the agenda topics to be discussed at the Shareholders' Meetings specified?	X	
Were the following topics included in the agenda: "other subjects", "various topics" or similar?		X

PRINCIPLE 11: PROPOSALS FOR AGENDA TOPICS

Question II.5	YES	NO	Explanation:
Does the Regulations of the General Shareholders' Meeting include mechanisms that allow shareholders to exercise the right to make proposals for agenda topics to be discussed at the Shareholders' Meeting and the procedures for accepting or rejecting such proposals?	X		

a. Indicate the number of proposals submitted by the Shareholders during the fiscal year to be included as agenda topics to be discussed in the Shareholder's Meeting and how these were solved.

NUMBER OF REQUESTS		
RECEIVED	ACCEPTED	REJECTED
0	0	0

b. If requests for agenda topics to be discussed at the Shareholders' Meeting were rejected during the fiscal year, indicate whether the company communicated the grounds for rejection to the requesting shareholders.

YES ☐ NO ☐

PILLAR II
STAKEHOLDERS' MEETING

PRINCIPLE 12: VOTING PROCEDURES

Question II.6	YES	NO	Explanation:
Does the company have mechanisms in place that allow for remote voting for shareholders through safe, electronic or postal means that guarantee that the person casting the vote is actually the shareholder?		X	THE COMPANY DOES NOT HAVE REMOTE VOTING MECHANISMS.

a. If so, indicate the mechanisms or means that the company has to exercise remote voting.

VOTE BY ELECTRONIC MEANS		VOTE BY POSTAL MEANS	

b. If remote voting was used during the fiscal year, provide the following information:

DATE OF THE SHAREHOLDERS' MEETING	% REMOTE VOTING				% REMOTE VOTING / TOTAL
	E-MAIL	CORPORATE WEBSITE	POST	OTHER	

PILLAR II
STAKEHOLDERS' MEETING

Question II.7	YES	NO	Explanation:
Does the company have corporate documents that clearly specify that shareholders can vote separately on matters that are materially independent, so that they can exercise their voting preferences separately?	X		

Indicate whether the company has corporate documents that clearly specify that shareholders can vote separately for:

	YES	NO
Appointment or ratification of Directors by individual vote by each of them.		X
The amendment to the Bylaws, for each article or group of articles that are substantially independent.		X
Other/ Detail		

Question II.8	YES	NO	Explanation:
Does the company allow those who act on behalf of several shareholders to cast different votes for each shareholder, so that they comply with the instructions of each represented party?	X		

PRINCIPLE 13: PROXY VOTE

Question II.9	YES	NO	Explanation:
Does the company's Bylaws allow its shareholders to delegate their vote in favor of any person?	X		

If the answer is no, indicate if your Bylaws restrict the right of representation in favor of any of the following persons:

	YES	NO
Another shareholder		
A Director		
A Manager		

PILLAR II
STAKEHOLDERS' MEETING

Question II.10	YES	NO	Explanation:
a. Does the company have procedures detailing the conditions, means and formalities to be complied with in situations of proxy vote?	X		IT IS REGULATED IN THE COMPANY'S BYLAWS, IN ACCORDANCE WITH ARTICLE 37.
b. Does the company provide shareholders with a model letter of representation, including data of the representatives, the matters for which the shareholder delegates its vote, and if so, the direction of its vote for each of the proposals?	X		

Indicate the requirements and formalities demanded for a shareholder to be represented at a Shareholders' Meeting:

Formality (indicate if the company requires a non-notarized letter, notarized letter, notarial instrument or other).	NON-NOTARIZED LETTER
Advance (number of days prior to the Shareholders' Meeting with which the power of attorney must be submitted).	24 HOURS
Cost (indicate if there is a payment demanded by the company for these purposes and how much it amounts to).	DOES NOT EXIST

Question II.11	YES	NO	Explanation:
a. Does the company have a policy of establishing limitations on the percentage of proxy votes in favor of the members of the Board of Directors or Senior Management?		X	NO ESTÁ REGULADO.
b. In the case of proxy voting in favor of members of the Board of Directors or Senior Management, does the company have a policy that the shareholders who delegate their votes clearly establish their direction?	X		

PRINCIPLE 14: FOLLOW-UP OF RESOLUTIONS ADOPTED BY THE SHAREHOLDERS' MEETINGS

Question II.12	YES	NO	Explanation:
a. Does the company monitor the resolutions adopted by the Shareholders' Meetings?	X		
b. Does the company issue regular reports to the Board of Directors and are they made available to shareholders?	X		THE COMPANY REGULARLY SUBMITS REPORTS TO THE BOARD OF DIRECTORS AND, AS APPROPRIATE, COMMUNICATES THEM TO THE SHAREHOLDERS.

If so, indicate the area and/or person in charge of following up on the resolutions adopted by the Shareholders' Meeting. If a person is in charge, include additionally his/her position and work area.

Area in charge	GENERAL MANAGEMENT

PERSON IN CHARGE		
FULL NAME	**POSITION**	**AREA**
TULIO ALEJANDRO SILGADO CONSIGLIERI	GENERAL MANAGER	GENERAL MANAGER

PILLAR III - Board of Directors and Senior Management

PRINCIPLE 15: ESTABLISHMENT OF THE BOARD OF DIRECTORS

Question III.1	YES	NO	Explanation:
Is the Board of Directors composed of people with different specialties and competencies, with prestige, ethics, economic independence, sufficient availability and other qualities relevant to the company, so that there is a plurality of approaches and opinions?	X		

a. Provide the following information corresponding to the members of the company's Board of Directors during the fiscal year.

		DATE		SHAREHOLDING (****)	
FULL NAME	PROFESSIONAL TRAINING (*)	STAR (**)	END (***)	Nº OF SHARES	SHARES (%)
DIRECTORS (EXCLUDING INDEPENDENT DIRECTORS)					
RICARDO CILLÓNIZ CHAMPÍN	CIVIL ENGINEER WITH A MASTER'S DEGREE IN BUSINESS ADMINISTRATION.	13/03/98			
	He is also Director of Rímac-Internacional Cía. de Seguros y Reaseguros, Compañía Eléctrica El Platanal S.A. (Celepsa) and Intradevco Industrial S.A., companies that are not part of the Economic Group. He is Director of Transportes Barcino S.A., Inmobiliaria Comercial del Acero Arequipa S.A. and Inmobiliaria Comercial del Acero Cajamarquilla S.A., companies that are part of the Economic Group.				

PILLAR III

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

FULL NAME	PROFESSIONAL TRAINING (*)	DATE		SHAREHOLDING (****)	
		STAR (**)	END (***)	Nº OF SHARES	SHARES (%)
DIRECTORS (EXCLUDING INDEPENDENT DIRECTORS)					
JOSE ANTONIO BAERTL MONTORI	"BACHELOR IN AGRICULTURAL SCIENCES"	13/03/98		45,199,161	5.07
	He is also Director at Agrícola La Venta S.A.C., a company that is not part of the Economic Group. He is Director at Transportes Barcino S.A., a company that is part of the Economic Group.				
ANDREAS VON WEDEMEYER KNIGGE	BUSINESS ADMINISTRATOR	24/03/10			
	He is also Director at Corporacion Cervesur S.A.A., Euromotors S.A., Altos Andes S.A., Euro Camiones, Euroinmuebles, Renting SAC, La Positiva Seguros y Reaseguros, La Positiva Vida Seguros y Reaseguros, La Positiva Entidad Prestadora de Salud- EPS, Corporación Financiera de Inversiones (CFI), Ferreycorp S.A.A., Ferreyros S.A., Alianza Vida Seguros y Reaseguros (Bolivia), SNI, Comex Perú and the Peruvian-German Chamber of Commerce and Industry, organizations thet are not part of the Economic Group. He is Director at Transportes Barcino S.A., a company that is part of the Economic Group.				
RENEE CILLÓNIZ DE BUSTAMANTE	Merchant	22/07/05		141,971,334	15.94

PILLAR III

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

FULL NAME	PROFESSIONAL TRAINING (*)	DATE		SHAREHOLDING (****)	
		STAR (**)	END (***)	Nº OF SHARES	SHARES (%)
DIRECTORS (EXCLUDING INDEPENDENT DIRECTORS)					
	"She is also Director at Agrícola La Joya SAC., Fundo San Fernando S.A., companies that are not part of the Economic Group. She is Director at Transportes Barcino S.A., a company that is part of the Economic Group."				
PABLO PESCHIERA ALFARO	MECHANICAL ENGINEER, HOLDS A MBA AND IS BUSINESS CONSULTANT.	28/02/08			
	He is also Director at Transportes Barcino S.A., Inmobiliaria Comercial del Acero Arequipa S.A., and Inmobiliaria Comercial del Acero Cajamarquilla S.A., companies that are part of the Economic Group.				
PEDRO BLAY HIDALGO	INDUSTRIAL ENGINEER, HOLDS A MBA AND A MASTER'S DEGREE IN INTERNATIONAL BUSINESS	28/03/16			
	"He is also Director at Comfer S.A., a company that is not part of the Economic Group. He is Director at Transportes Barcino S.A., Inmobiliaria Comercial del Acero Arequipa S.A. and Inmobiliaria Comercial del Acero Cajamarquilla S.A., companies that are part of the Economic Group. "				
RICARDO BUSTAMANTE CILLÓNIZ	AGRICULTURAL ENGINEER	22/12/11			
	"He is also Director at Fundo San Fernando S.A. and Rethink Peru S.A.C., companies that are not part of the Economic Group. He is Director at Transportes Barcino S.A.,a company that is part of the Economic Group."				

PILLAR III

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

FULL NAME	PROFESSIONAL TRAINING (*)	DATE		SHAREHOLDING (****)	
		STAR (**)	END (***)	Nº OF SHARES	SHARES (%)
DIRECTORS (EXCLUDING INDEPENDENT DIRECTORS)					
MANUEL MONTORI BURBANK	LAWYER AND HOLDS A MBA	23/03/17			
	He is also Director at Altozano Desarrollo y Construcción, a company that is not part of the Economic Group. He is Director at Transportes Barcino S.A., a company that is part of the Economic Group.				
FERNANDO CARBAJAL FERRAND	BUSINESS ADMINISTRATOR	13/03/98			
	He is also Director at Plásticos Nacionales S.A., a company that is not part of the Economic Group. He is Director at Transportes Barcino S.A., a company that is part of the Economic Group.				
ENRIQUE OLAZÁBAL BRACESCO	LAWYER	13/03/98			
	He is also Director at Transportes Barcino S.A., a company that is part of the Economic Group.				
DIEGO URQUIAGA HEINEBERG	ZOOTECHNICIAN AND BUSINESS ADMINISTRATOR, BACHELOR OF ANIMAL SCIENCE and MASTER OF BUSINESS ADMINISTRATION.	27/11/03			
	He is also Director at Transportes Barcino S.A., a company that is part of the Economic Group.				

PILLAR III

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

FULL NAME	PROFESSIONAL TRAINING (*)	DATE		SHAREHOLDING (****)	
		STAR (**)	END (***)	Nº OF SHARES	SHARES (%)
DIRECTORS (EXCLUDING INDEPENDENT DIRECTORS)					
GISELLE FERRAND RUBINI	BUSINESS ADMINISTRATOR	25/04/19			
	She is also Director at Transportes Barcino S.A., a company that is part of the Economic Group.				

(*) State in addition whether the Director participates simultaneously in other Boards of Directors, specify the number and whether these are part of the economic group of the reporting company. To this end, the definition of economic group contained in the Regulations on Indirect Ownership, Relationship and Economic Groups must be considered.
(**) Corresponds to the first appointment in the reporting company.
(***) Complete only if the person has left the position of Director during the fiscal year.
(****) Mandatory only for Directors with an equity interest equal to or higher than 5% of the shares of the reporting company.

% OF TOTAL SHARES HELD BY DIRECTORS	24.83

PILLAR III
BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Indicate the number of Directors of the company in each of the following age ranges:

UNDER 35	BETWEEN 35 AND 55	BETWEEN 55 AND 65	OLDER THAN 65
0	4	2	6

b. Indicate if there are any specific requirements to be appointed Chairman of the Board of Directors in addition to those required to be appointed Director.

YES		NO	X

If yes, indicate such requirements.

c. Does the Chairman of the Board of Directors have a casting vote?

YES	X	NO	

PILLAR III

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Question III.2	YES	NO	Explanation:
Does the company avoid the appointment of Alternate Directors, especially for quorum reasons?	X		

If there are Alternate Directors, specify the following:

FULL NAME OF ALTERNATE DIRECTOR	START (*)	END (**)

(*) Corresponds to the first appointment as Alternate Director in the reporting company.

(**) Complete only if the person has left the position of Alternate Director during the fiscal year.

PILLAR III
BOARD OF DIRECTORS AND SENIOR MANAGEMENT

PRINCIPLE 16: FUNCTIONS OF THE BOARD OF DIRECTORS

Question III.4	YES	NO	Explanation:
Are the functions of the Board of Directors the following? a. To approve and direct the company's corporate strategy.	X		
b. To set objectives, goals and action plans including annual budgets and business plans.	X		
c. To control and supervise the management and be in charge of the governance and administration of the company.	X		
d. To supervise good corporate governance practices and establish the necessary policies and measures for their better application.	X		

a. Detail what other relevant powers fall on the Board of Directors of the company.

PILLAR III

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

MONITOR THE WHOLE COMPANY'S BUSINESSES; EVALUATE, APPROVE, DEFINE AND DIRECT THE STRATEGIC PLAN; ANALYZE AND MONITOR THE MARKET SITUATION; ESTABLISH THE INFORMATION POLICY BOTH INSIDE AND OUTSIDE THE COMPANY IN ORDER TO ENSURE TRANSPARENCY AND TIMELINESS WITH RESPECT TO THE INFORMATION PROVIDED TO THE MARKET WHILE SAFEGUARDING CONFIDENTIALITY WITH RESPECT TO THE COMPANY'S STRATEGIC OR SENSITIVE DATA OR INFORMATION; ENSURE COMPLIANCE WITH THE COMPANY'S CODE OF ETHICS AND APPROVE ITS CHANGES OR MODIFICATIONS, ETC.

b. Does the Board of Directors delegate any of its functions?

YES		NO	X

Indicate, if applicable, which are the main functions of the Board of Directors that have been delegated, and the body that exercises them by delegation.

FUNCTIONS	BODY / AREA TO WHICH FUNTIONS HAVE BEEN

PILLAR III

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

PRINCIPLE 17: DUTIES AND RIGHTS OF THE MEMBERS OF THE BOARD OF DIRECTORS

Question III.5	YES	NO	Explanation:
Do the members of the Board of Directors have the right to? a. Ask the Board of Directors for expert support or input.	X		
b. Participate in induction programs on their powers and responsibilities and to be informed in a timely manner about the organizational structure of the company.	X		
c. Receive remuneration for the work carried out, which combines recognition of professional experience and commitment to the company with a criterion of rationality.		X	EL ESTATUTO DE LA SOCIEDAD ESTABLECE QUE LA REMUNERACIÓN DEL DIRECTORIO ES EL SEIS (6) POR CIENTO DE LA UTILIDAD LIQUIDA ANTES DE IMPUESTOS Y DESPUES DE LA DETRACCIÓN DE LA RESERVA LEGAL CALCULADA CONFORME A LEY, SI FUERA EL CASO.

a. If specialized advisors were hired during the fiscal year, indicate whether the list of specialized advisors of the Board of Directors who provided services during the fiscal year for the decision-making of the company was communicated to the shareholders.

YES		NO	X

If so, state whether any of the specialized advisors had any connection with any member of the Board of Directors and/or Senior Management (*).

YES		NO	X

(*) For the purposes of relationship, the relationship criteria contained in the Regulations on Indirect Ownership, Relationship and Economic Groups will be applied.

b. If so, state whether any of the specialized advisors had any connection with any member of the Board of Directors and/or Senior Management (*).

YES ☐ NO ☐

c. Indicate the percentage represented by the total amount of remuneration and annual bonuses of Directors in relation to gross income, according to the financial statements of the company.

REMUNERATION	(%) GROSS INCOME	BONUSES	(%) GROSS INCOME
Directors (excluding Independent Directors)	0.36	Delivery of shares	
Independent Directors	0.22	Delivery of options	
		Delivery of money	
		Other (detail)	NOT APPLICABLE.

PRINCIPLE 18: REGULATIONS OF THE BOARD OF DIRECTORS

Question III.6	YES	NO	Explanation:
Does the company have binding Regulations of the Board of Directors which non-compliance entails liability?	X		

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BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Indicate if the Regulations of the Board of Directors contain:

	YES	NO
Policies and procedures for its operation	X	
Organizational structure of the Board of Directors	X	
Functions and responsibilities of the Chairman of the Board of Directors	X	
Procedures for the identification, evaluation and nomination of candidates for membership in the Board of Directors, who are proposed to the Shareholders' Meeting	X	
Procedures for vacancy, resignation and succession of Directors	X	
Other / Detail		

PRINCIPLE 19: INDEPENDENT DIRECTORS

Question III.7	YES	NO	Explanation:
Is at least one-third of the Board of Directors made up of Independent Directors?	X		

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BOARD OF DIRECTORS AND SENIOR MANAGEMENT

In addition to those established in the “Guidelines for the Classification of Independent Directors,” the Company has set forth the following criteria for classifying its directors as independent:

THE COMPANY IS USING THE SAME CRITERIA IN FORCE AS OF 2020.
IN ADDITION TO THOSE SET FORTH IN THE GCG FORM FOR 2020: STAKE OF LESS THAN 5% OF CAPITAL STOCK

Question III.8	YES	NO	Explanation:
a. Does the Board of Directors state that the candidate it proposes is independent on the basis of its inquiries and the candidate’s statement?	X		
b. Do the candidates for Independent Directors state that they are independent before the company, its shareholders and directors?	X		

Please indicate whether, at least once a year, the Board of Directors verifies that the Independent Directors meet the prerequisites and conditions to be classified as such.

YES		NO	X

PRINCIPLE 20: EFFICIENCY OF THE BOARD OF DIRECTORS

Question III.9	YES	NO	Explanation:
Does the Board of Directors have a work plan that contributes to the efficiency of its functions?	X		

Question III.10	YES	NO	Explanation:
Does the company provide its Directors with the necessary channels and procedures to enable them to participate effectively in the Board meetings, including in remote mode?	X		

a. Indicate the following in relation to the meetings of the Board of Directors held during the fiscal year:

Number of meetings held	14
Number of meetings in which a notice of meeting has not been made (*)	0
Number of meetings not attended by the Chairman of the Board of Directors	0
Number of meetings in which one or more Directors were represented by Alternate Directors	2
Number of Regular Directors who were represented at least once	1

(*) In this field, the number of meetings held under the last paragraph of Article 167 of the General Law of Companies must be reported.

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BOARD OF DIRECTORS AND SENIOR MANAGEMENT

b. Indicate the Board meetings attendance percentage of each Director during the fiscal year.

NAME	% OF ATTENDANCE
RICARDO CILLÓNIZ CHAMPÍN	100
FERNANDO CARBAJAL FERRAND	100
PEDRO BLAY HIDALGO	100
JOSE ANTONIO BAERTL MONTORI	85.7
RICARDO BUSTAMANTE CILLÓNIZ	100
RENEE CILLÓNIZ CHAMPÍN	100
ENRIQUE OLAZÁBAL BRACESCO	100
PABLO PESCHIERA ALFARO	100
BELISARIO ROSAS RAZZETO	100
DIEGO URQUIAGA HEINEBERG	100
GISELLE FERRAND RUBINI	100
ANDREAS VON WEDEMEYER KNIGGE	100
MANUEL MONTORI BURBANK	100

c. Indicate how far in advance to the Board meeting, all the information referring to the matters to be discussed in a meeting is available to the Directors.

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	Less tha 3 days	From 3 to 5 days	More than 5 days
Non-confidential information		X	
Confidential information		X	

Question III.11	YES	NO	Explanation:
a. Does the Board of Directors evaluate, at least once a year, objectively, its performance as a collegiate body and that of its members?	X		
b. Does the self-evaluation methodology alternate with the evaluation carried out by external advisors?	X		ESTABLISHED IN THE BOARD OF DIRECTORS' REGULATIONS APPROVED IN NOVEMBER 2020

a. Indicate whether any performance evaluations of the Board of Directors have been conducted during the fiscal year.

	YES	NO
As collegiate body	X	
To its members		X

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If the answer to the previous question in any of the fields is yes, indicate the following information for each evaluation:

EVALUATION	SELF-EVALUATION		EXTERNAL EVALUATION		
	DATE	DISSEMINATION (*)	DATE	ENTITY IN CHARGE	DISSEMINATION (*)
SELF-EVALUATION	22/1/21	SI			

(*) Indicate Yes or No, if the evaluation was informed to the shareholders.

PRINCIPLE 21: SPECIAL COMMITTEES

Question III.12	YES	NO	Explanation:
a. Does the Board of Directors of the company form special committees focused on the analysis of those aspects most relevant to the company's performance?	X		
b. Does the Board of Directors approve the regulations that govern each of the special committees that it forms?	X		
c. Are the special committees chaired by Independent Directors??	X		YES, APPOINTMENTS AND REMUNERATION COMMITTEE. NO, AUDIT AND RISK COMMITTEE (ARC).
d. Are the special committees allocated a budget?		X	ONLY IN THE CASE OF THE SPECIAL COMMITTEE (NILO)

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Question III.13	YES	NO	Explanation:
Does the company have an Appointments and Remuneration Committee responsible for nominating candidates to member of the Board of Directors, who are proposed to the Shareholders' Meeting by the Board of Directors, as well as for approving the system of remuneration and incentives for Senior Management?	X		

Question III.14	YES	NO	Explanation:
Does the company have an Audit Committee that supervises the effectiveness and suitability of the company's internal and external control system, the work of the audit company or the independent auditor, as well as compliance with the rules of legal and professional independence?	X		

a. Indicate whether the company also has the following Special Committees:

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	YES	NO
Risk Committee	X	
Corporate Governance Committee		X

b. If the company has Special Committees, indicate the following information for each committee:

COMMITTEE 1	
Name of Committee:	AUDIT AND RISK COMMITTEE
Date of creation:	11/9/12
Main duties:	**"External Audit** Assess the integrity of accounting systems through external audit. Propose the external auditor to the Board of Directors. Review and approve the external auditor's work plan. Review and confirm the independence of the external auditor, obtain its statements regarding the relationship between auditor and company and non-audit services. Meet with the external auditor when appropriate If necessary, facilitate the obtaining of relevant information required by the auditors. Assess the work of the external auditor appointed by the Board of Directors and hired by the company. Review progress reports from the external auditor. Review the results of the audit of financial statements with management and the external auditor and approve the final report of the latter for submission to the Board of Directors and the Shareholders' Meeting. Review the letter of recommendation.

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COMMITTEE 1	
Name of Committee:	AUDIT AND RISK COMMITTEE
Date of creation:	11/9/12
	“Internal Audit and Risk Management Promote the creation of the Internal Audit and Risk Control area and approve its bylaws. Select, hire and, if necessary, separate the Internal Audit Manager, reporting to the Board of Directors. Assess compliance with and update the internal audit bylaws. Review the way in which the code of conduct is communicated to company personnel and how its compliance is verified. Supervise and assess the work of the Internal Audit area and approve its budget. Assess the effectiveness and efficiency of the internal control system of the company, including information technology. Ensure the consistency of the Financial Statements submitted to the Board of Directors. Ensure the clarity of the company’s transactions with related companies. Summon company officials when necessary. Resolve any type of disagreement between management and the Internal Audit Manager. Assess and promote the independence of the internal auditors and non-existence of restrictions or limitations to their work. Approve and request the hiring of advisors, accountants, lawyers, or other external services to advise the committee or assist it in the performance of its duties, either on its own initiative or by proposal of the Internal Audit Manager. Approve their fees and expenses with the knowledge of the Board of Directors. Implement a confidential complaints and suggestions system accessible to the entire organization. Authorize and supervise investigations into matters within its scope of responsibility. Assess the results, and supervise the implementation of the recommendations of the Internal Audit and external auditors. Assess the effectiveness and efficiency of the audit, in compliance with the standards for the professional exercise of the internal audit. Define risk management and control policies. Promote the implementation of the corporate risk management model. Participate in the analysis and definition of the comprehensive risk management model, including the comprehensive risk map. Assess and approve contingency plans for the most relevant risks. Review risk reports and report regularly to the Board of Directors.

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COMMITTEE MEMBERS (*): FULL NAME	Date		POSITION HELD IN THE COMMITTEE
	START (**)	END (***)	
ANDREAS VON WEDEMEYER KNIGGE	11/9/12		CHAIRMAN
PABLO PESCHIERA ALFARO	11/9/12		
DIEGO URQUIAGA HEINEBERG	11/9/12		
RICARDO BUSTAMANTE CILLÓNIZ	28/4/16		
% of Independent Directors with respect to the total of the Committee			25
Number of meetings held during the fiscal year:			5
It has delegated powers in accordance with Article 174 of the General Law of Companies:			YES [ ] NO [X]
The committee or its chairman participates in the Shareholders' Meeting			YES [X] NO [ ]

(*) Information will be provided regarding the persons who are or were members of the Committee during the reporting fiscal year.

(**) Corresponds to the first appointment as a member of the Committee in the reporting company.

(***) Complete only if the person has ceased to be part of the Committee during the fiscal year.

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BOARD OF DIRECTORS AND SENIOR MANAGEMENT

b. If the company has Special Committees, indicate the following information for each committee:

COMMITTEE 2	
Name of Committee:	Appointments, Remuneration and Human Resources Committee
Date of creation:	23/7/13
Main duties:	Guarantee that human management at the executive level of CAASA is framed within the corporate guidelines and modern practices of Human Development. Furthermore, maintain an equitable and competitive compensation system that allows the fulfillment of the mission and strategic objectives of the organization.

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BOARD OF DIRECTORS AND SENIOR MANAGEMENT

COMMITTEE MEMBERS (*): FULL NAME	Date		POSITION HELD IN THE COMMITTEE
	INICIO (**)	END (***)	
FERNANDO CARBAJAL FERRAND	23/7/13		CHAIRMAN
ENRIQUE OLAZÁBAL BRACESCO	23/7/13		
PABLO PESCHIERA ALFARO	23/7/13		
JOSE ANTONIO BAERTL MONTORI	25/4/19		

% Directores Independientes respecto del total del Comité	50
Number of meetings held during the fiscal year:	4
It has delegated powers in accordance with Article 174 of the General Law of Companies:	YES [ ] NO [X]
The committee or its chairman participates in the Shareholders' Meeting	YES [X] NO [ ]

(*) Information will be provided regarding the persons who are or were members of the Committee during the reporting fiscal year.

(**) Corresponds to the first appointment as a member of the Committee in the reporting company.

(***) Complete only if the person has ceased to be part of the Committee during the fiscal year.

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COMMITTEE 3

Name of Committee:	Special Commitee (NILO)
Date of creation:	21/2/17
Main duties:	Conduct negotiations for the possible acquisition of a significant percentage of a group of companies and carry out possible legal and financial audits of such companies.

COMMITTEE MEMBERS (*): FULL NAME	Date		POSITION HELD IN THE COMMITTEE
	START (**)	END (***)	
JOSE ANTONIO BAERTL MONTORI	21/2/17		
FERNANDO CARBAJAL FERRAND	21/2/17		
DIEGO URQUIAGA HEINEBERG	21/2/17		
ANDREAS VON WEDEMEYER KNIGGE	21/2/17		
ENRIQUE OLAZÁBAL BRACESCO	21/2/17		
MANUEL MONTORI BURBANK	22/6/17		

% of Independent Directors with respect to the total of the Committee				66.7
Number of meetings held during the fiscal year:				9
It has delegated powers in accordance with Article 174 of the General Law of Companies:	YES	X	NO	
The committee or its chairman participates in the Shareholders' Meeting	YES	X	NO	

(*)Se brindará información respecto a las personas que integran o integraron el Comité durante el ejercicio que se reporta.
(**) Corresponde al primer nombramiento como miembro del Comité en la sociedad que reporta.
(***)Completar sólo en caso hubiera dejado de ser parte del Comité durante el ejercicio.

PRINCIPLE 22: CODE OF ETHICS AND CONFLICTS OF INTEREST

Question III.15	YES	NO	Explanation:
Does the company take measures to prevent, detect, manage and disclose conflicts of interest that may arise?	X		

Indicate, if applicable, which area and/or person is responsible for monitoring and controlling possible conflicts of interest. If a person is in charge, include additionally his/her position and work area.

Area in charge	Ethics Committee (collaborators and Senior Management)

PERSON IN CHARGE		
FULL NAME	POSITION	AREA
FERNANDO BUSTAMANTE CILLÓNIZ (Presidente)	MANAGER	Strategic Management Control
JUAN MANUEL OTOYA WHERREMS	MANAGER	Human Management
RICARDO GUZMAN VALENZUELA	MANAGER	Administration & Finance
HUMBERTO BARRAGAN HERRERA	MANAGER	Internal Audit

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Question III.16 / Compliance	YES	NO	Explanation:
a. Does the company have a Code of Ethics (*), compliance with which is required of its Directors, managers, officials and other collaborators (**) of the company, which includes ethical and professional responsibility criteria, including the handling of potential cases of conflicts of interest?	X		
b. Do the Board of Directors or General Management approve training programs for compliance with the Code of Ethics?	X		

(*) The Code of Ethics may be part of the Internal Standards of Conduct.

(**) The term collaborators embraces all persons who have certain type of labor relationship with the company, regardless of the labor regime or modality.

If the company has a Code of Ethics, indicate the following:

a. It is available to:

	YES	NO
Sharehlders	X	
Other persons to whom it applies	X	
The general public	X	

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BOARD OF DIRECTORS AND SENIOR MANAGEMENT

b. Indicate the area and/or person responsible for monitoring and complying with the Code of Ethics. If a person is in charge, include additionally his/her position, work area, and to whom he/her reports.

Area in charge	General Management through the Ethics Committee

PERSON IN CHARGE			
FULL NAME	**POSITION**	**AREA**	**REPORTS TO**
FERNANDO BUSTAMANTE CILLÓNIZ (Presidente)	MANAGER	Strategic Management Control	GENERAL MANAGER
JUAN MANUEL OTOYA WHERREMS	MANAGER	Human Management	GENERAL MANAGER
RICARDO GUZMAN VALENZUELA	MANAGER	Administration & Finance	GENERAL MANAGER
HUMBERTO BARRAGAN HERRERA	MANAGER	Internal Audit	AUDIT AND RISK COMMITTEE

c. Is there a record of cases of breaches of the Code?

YES	X	NO	

d. Indicate the number of breaches of the provisions of the Code that were detected or reported during the fiscal year.

Number of breaches	0

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Question III.17	YES	NO	Explanation:
a. Does the company have mechanisms for reporting any illegal or unethical behavior, guaranteeing the confidentiality of the complainant?	X		THERE IS A COMPLAINTS CHANNEL MANAGED BY A SPECIALIZED COMPANY.
b. Are complaints filed directly to the Audit Committee when they relate to accounting issues or when General Management or Financial Management is involved?	X		A COMMUNICATION PROTOCOL HAS BEEN DEFINED TO REPORT COMPLAINTS RECEIVED THROUGH THE ETHICAL LINE, WHICH GUARANTEES THE CONFIDENTIALITY OF THE COMPLAINANT AND WITHOUT INCURRING A CONFLICT OF INTEREST.

Question III.18	YES	NO	Explanation:
a. Is the Board of Directors responsible for monitoring and controlling possible conflicts of interest that may arise in the Board of Directors?	X		
b. If the company is not a financial institution, does it have an established policy indicating that Board members are prohibited from receiving loans from the company or any company in their economic group, unless they have prior authorization from the Board?	X		
c. If the company is not a financial institution, does it have an established policy indicating that members of Senior Management are prohibited from receiving loans from the company or any company in their economic group, unless they have prior authorization from the Director?	X		

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BOARD OF DIRECTORS AND SENIOR MANAGEMENT

a. Indicate the following information on members of Senior Management who are shareholders in a percentage equal to or higher than 5% of the company.

FULL NAME	POSITION	NUMBER OF SHARES	% OF TOTAL SHARES
RICARDO CILLONIZ REY	Project and Mining Manager	76,017,839	8.53

% of total shares held by Senior Management	8.68

b. Indicate whether any of the members of the Board of Directors or Senior Management of the company are spouses, relatives in the first or second degree by consanguinity, or relatives in the first degree by affinity:

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BOARD OF DIRECTORS AND SENIOR MANAGEMENT

FULL NAME	RELATIONSHIP WITH: SHAREHOLDER (*)	DIRECTOR	SENIOR MANAGEMENT	FULL NAME OF SHAREHOLDER / DIRECTOR / MANAGER	TYPE OF RELATIONSHIP (**)	ADDITIONAL INFORMATION (***)
RICARDO CILLÓNIZ CHAMPÍN	X	X		RENEE CILLÓNIZ DE BUSTAMANTE	2ND DEGREE BY CONSANGUINITY	
RENEE CILLÓNIZ DE BUSTAMANTE		X		RICARDO BUSTAMANTE CILLÓNIZ	1ST DEGREE BY CONSANGUINITY	
RICARDO BUSTAMANTE CILLÓNIZ			X	FERNANDO BUSTAMANTE CILLÓNIZ (1)	2ND DEGREE BY CONSANGUINITY	(1) STRATEGIC CONTROL MANAGER
RICARDO CILLÓNIZ CHAMPÍN	X		X	RICARDO CILLÓNIZ REY (2)	1ST DEGREE BY CONSANGUINITY	(2) PROJECT AND MINING MANAGER
RICARDO CILLÓNIZ CHAMPÍN		X		RICARDO BUSTAMANTE CILLÓNIZ	3RD DEGREE BY CONSANGUINITY	

(*) Shareholders holding 5% or more of the capital stock.

(** For the purposes of the relationship, the relationship criteria contained in the Regulations on Indirect Ownership, Relationship and Economic Groups will be applied.

(***) In the event that there is a relationship with a shareholder, include its shareholding. In the event that the relationship is with a member of the senior management, include his/her position.

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c. In the event that any member of the Board of Directors occupies or has occupied during the period covered by this report any managerial position in the company, indicate the following information:

FULL NAME	MANAGERIAL POSITION CURRENTLY OR PREVIOUSLY HELD	PERIOD IN THE MANAGERIAL POSITION	
		START (*)	END (**)
RICARDO CILLÓNIZ CHAMPÍN	CHAIRMAN	1/1/07	

(*) Corresponds to the first appointment in the reporting company in the managerial position.

(**) Complete only in the event that the person left the managerial position during the fiscal year

d. In the event that any member of the Board of Directors or Senior Management of the company has maintained during the fiscal year any commercial or contractual relationship with the company that has been important due to its amount or subject matter, indicate the following information.

FULL NAME	TYPE OF RELATIONSHIP	BRIEF DESCRIPTION

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PRINCIPLE 23: RELATED PARTY OPERATIONS

Question III.19	YES	NO	Explanation:
a. Does the Board of Directors have policies and procedures for the valuation, approval and disclosure of certain operations between the company and related parties, as well as for knowing the commercial or personal, direct or indirect relationships that the Directors maintain among themselves, with the company, with their suppliers or clients, and other stakeholders?	X		
b. In the case of operations of special relevance or complexity, is the intervention of independent external advisors considered for valuation?	X		

a. If you comply with subparagraph a) of question III.19, indicate the area(s) of the company in charge of dealing with related party operations in the following aspects:

ASPECTS	AREA IN CHARGE
Valuation	AUDIT COMMITEE
Approval	BOARD OF DIRECTORS
Disclosure	ADMINISTRATION AND FINANCE MANAGEMENT

b. Indicate the procedures for approving related party operations:

> The procedures are established in Section 8: Framework of Conduct contained in the Corporate Policy for Transactions between Related Parties

c. Give details of any operations carried out between the company and its related parties during the fiscal year that were significant in terms of their amount or subject matter.

COMPANY NAME OR BUSINESS NAME OF THE RELATED PARTY	NATURE OF THE RELATIONSHIP (*)	TYPE OF OPERATION	AMOUNT (S/.)
Tradi S.A.	Related	Sale of rebar, wire rod, etc.	107,749,000
Corporación Aceros del Altiplano S.R.L.	Subsidiary	Sale of rebar, wire rod, etc.	132,391,000
Comercial del Acero S.A.	Subsidiary	Sale of rebar, wire rod, etc.	93,490,000
Comfer S.A.	Related	Sale of rebar, wire rod, etc.	2,182,000
Corporación Aceros del Altiplano S.R.L.	Subsidiary	Sale of rebar, wire rod, etc.	31,042,000
Transportes Barcino S.A.	Subsidiary	Sale of rebar, wire rod, etc.	15,099,000
Comercial del Acero S.A.	Subsidiary	Sale of rebar, wire rod, etc.	44,685,000
Tecnología y Soluciones Constructivas S.A.	Subsidiary	Sale of rebar, wire rod, etc.	7,191,000

(*) The relationship shall be determined using the Provisions established for the application of Section 51, Point c) of the Stock Market Act, approved by Resolution 029-2018-SMV/01, as substituted.

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d. Specify whether the company sets limits for carrying out operations with related parties:

YES [ ] **NO** [X]

PRINCIPLE 24: FUNCTIONS OF SENIOR MANAGEMENT

Question III.20 / Compliance	YES	NO	Explanation:
a. Does the company have a clear policy of definition of functions between the administration or governance exercised by the Board of Directors, the ordinary management carried out by the Senior Management and the leadership of the General Manager? Does the company have a clear policy of definition of functions between the administration or governance exercised by the Board of Directors, the ordinary management carried out by the Senior Management and the leadership of the General Manager?	X		
b. Do the appointments of General Manager and Chairman of the Board of Directors of the company fall on different persons?	X		
c. Does Senior Management have sufficient autonomy to carry out the assigned functions, within the framework of policies and guidelines defined by the Board of Directors, and under its control?	X		
d. Is the General Management responsible for complying with and enforcing the policy of providing information to the Board of Directors and its Directors?	X		
e. Does the Board of Directors annually assess the performance of the General Management based on well-defined standards?	X		

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f. Does the remuneration of the Senior Management have a fixed and a variable component, which takes into consideration the results of the company, based on prudent and responsible assumption of risks, and compliance with the goals set forth in the respective plans?	X		

a. Indicate the following information regarding the remuneration received by the General Manager and senior management (including bonuses).

POSITION	REMUNERATION (*)	
	FIXED	VARIABLE
GENERAL MANAGEMENT	0.06	0.02
SENIOR MANAGEMENT	0.29	0.08

(*) Indicate the percentage represented by the total amount of the annual remuneration of the members of Senior Management, with respect to the level of gross income, according to the financial statements of the company.financieros de la sociedad.

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BOARD OF DIRECTORS AND SENIOR MANAGEMENT

b. In the event that the company pays bonuses or indemnities other than those determined by legal mandate, to Senior Management, indicate the form(s) in which these are paid.

	GENERAL MANAGER	MANAGERS
Delivery of shares		
Delivery of options		
Delivery of money	X	X
Other / Detail		

c. If there is a variable component in the remuneration, specify which are the main aspects taken into account for its determination.

EBITDA, INVENTORY COVERAGE, ROA, ETC.

d. Indicate whether the Board of Directors assessed the performance of the General Management during the fiscal year.

YES [X] NO [ ]

PILLAR IV – Risk and Compliance

PRINCIPLE 25: RISK MANAGEMENT SYSTEM ENVIRONMENT

Question IV.1	YES	NO	Explanation:
a. Does the Board of Directors approve a comprehensive risk management policy according to its size and complexity, promoting a risk management culture within the company, from the Board of Directors and Senior Management to the collaborators themselves?	X		
b. Does the comprehensive risk management policy cover all the companies that are part of the group and allow an overview of critical risks?		X	FOR THE TIME BEING, THE SUBSIDIARIES ARE NOT WITHIN THE SCOPE OF THE COMPREHENSIVE RISK MANAGEMENT POLICY.

Does the Company have a risk delegation policy that establishes the risk limits that may be managed by each level of the Company?

SI [X] NO [ ]

Question IV.2	YES	NO	Explanation:
a. Does the General Management manage the risks to which the company is exposed and communicate them to the Board of Directors?	X		
b. Is the General Management responsible for the risk management system, if there is no Risk Committee or Risk Management?	X		There is a Risk Committee

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RISK AND COMPLIANCE

Does the company have a Risk Manager?

SI [X] NO [ ]

If yes, please provide the following information:

FULL NAME	DATE OF EXERCISE OF THE POSITION		REPOST TO
	START (*)	END (**)	
FERNANDO BUSTAMANTE CILLÓNIZ			GENERAL MANAGER

(*) Corresponds to the first appointment in the reporting company.
(**) Complete only in the event that the person has ceased to hold the position during the fiscal year.

Question IV.3	YES	NO	Explanation:
Does the company have an internal and external control system, the effectiveness and suitability of which is supervised by the Board of Directors of the company?	X		

PRINCIPLE 26: INTERNAL AUDIT

Question IV.4	YES	NO	Explanation:
a. Does the internal auditor carry out audit work exclusively, does he/she have autonomy, experience and specialization in the matters under evaluation, and independence for monitoring and assessing the effectiveness of the risk management system?	X		
b. Are the duties of the internal auditor the permanent assessment of the validity and reliability of all the financial information generated or registered by the company, as well as the verification of the effectiveness of regulatory compliance?	X		
c. Does the internal auditor report directly to the Audit Committee on its plans, budget, activities, progress, results obtained and actions taken?	X		

a. Indicate whether the company has an independent area in charge of internal audit.

YES [X] NO [ ]

If the answer to the previous question is yes, within the organizational structure of the company indicate, hierarchically, who is responsible for the audit.

It depends on:	AUDIT AND RISK COMMITTEE (ARC)

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RISK AND COMPLIANCE

b. Indicate whether the company has a Corporate Internal Auditor.

YES	X	NO	

Indicate the main responsibilities of the person in charge of the internal audit and whether he/she performs other duties than internal audit.

a) Prepares and executes the Annual Audit Plan based on the identification and analysis of risks, previously approved by the ARC.
b) Regularly reports the execution status of the audit plan to the ARC.
c) Provides advice on Internal Control, Risks and Corporate Governance to the company's Management and to the ARC.
d) Timely issues internal audit reports with results of control evaluation.
e) Regularly monitors action plans arising from internal and external audit observations and recommendations.
f) Supports the Chairman of the ARC in the organization of the agendas of the audit committee, acting as Technical Secretary of the Committee.
g) Supports the ARC in the Selection, Contracting, Supervision and Evaluation of the work of the external auditor of the Financial statements of the company.
h) Collaborates in the investigation of ethical complaints filed through the Complaints Channel of the company

Question IV.5	YES	NO	Explanation:
Does the appointment and resignation of the Internal Auditor correspond to the Board of Directors at the proposal of the Audit Committee?	X		

PRINCIPLE 27: EXTERNAL AUDITORS

Question IV.6	YES	NO	Explanation:
Does the Shareholders' Meeting, at the proposal of the Board of Directors, appoint the audit company or the independent auditor, who maintain a clear independence from the company?	X		UNLESS EXPRESSLY DELEGATED BY THE BOARD OF DIRECTORS.

a. Does the company have a policy for the appointment of an External Auditor?

SI	X	NO	

If yes, describe the procedure for hiring the audit company responsible for auditing the annual financial statements (including identification of the body of the company responsible for selecting the audit company).

THE POLICY FOR THE CONTRACTING OF THE EXTERNAL AUDITOR was approved by the Audit and Risk Committee in March 2014.
The Policy considers the following activities:

1. Preparation of the terms and conditions of the service to be contracted.
2. Evaluation of the offers considering legal, technical and economic aspects of the bidders.
3. The Audit and Risk Committee selects the best offer, which includes value-added services and suggests its hiring to the Board of Directors and the Shareholders' Meeting.

b. In the event that the audit company has provided services other than the audit of accounts, indicate whether such hiring was reported to the Shareholders' Meeting, including the percentage of invoicing that such services represent over the total invoicing of the audit company to the company.

YES [ ] NO [X]

c. Do the persons or entities related to the audit company provide services to the company, other than those of the audit of accounts?

YES [X] NO [ ]

If the answer to the previous question is yes, indicate the following information regarding the additional services provided by persons or entities related to the audit company in the reporting year.

CORPORATE NAME OR BUSINESS NAME	ADDITIONAL SERVICES	% OF REMUNERATION (*)
ERNST & YOUNG ASESORES S.C.R.L.	SAP Consultancy and Tax Consultancy	11.5

(*) Invoicing of additional services over invoicing of audit services.

d. Indicate whether the audit company has used different employees, if it has provided additional services to the audit of accounts.

YES [ ] NO [ ]

PILLAR IV
RISK AND COMPLIANCE

Question IV.7	YES	NO	Explanation:
a. Does the company have a policy of renewal of its independent auditor or audit company?	X		
b. If this policy establishes longer periods for renewal of the audit company, does the work team of the audit company rotate at most every five (5) years?	X		

Indicate the following information in relation to the audit companies that have provided audit services to the Company in the last five (5) years.

BUSINESS NAME OF THE AUDIT COMPANY	SERVICE (*)	PERIOD	REMUNERATION (**)	% OF REVENUES OF THE AUDIT COMPANY
PAREDES, BURGA & ASOCIADOS S.CIVIL DE R.L., REPRESENTANTES DE E Y INTERNATIONAL	EXTERNAL AUDIT ON FS	2020	87	
PAREDES, BURGA & ASOCIADOS S.CIVIL DE R.L., REPRESENTANTES DE E Y INTERNATIONAL	EXTERNAL AUDIT ON FS	2019	100	
PAREDES, BURGA & ASOCIADOS S.CIVIL DE R.L., REPRESENTANTES DE E Y INTERNATIONAL	EXTERNAL AUDIT ON FS	2018	87	
PAREDES, BURGA & ASOCIADOS S.CIVIL DE R.L., REPRESENTANTES DE E Y INTERNATIONAL	EXTERNAL AUDIT ON FS	2017	86	
PAREDES, BURGA & ASOCIADOS S.CIVIL DE R.L., REPRESENTANTES DE E Y INTERNATIONAL	EXTERNAL AUDIT ON FS	2016	100	
PAREDES, ZALDIVAR, BURGA & ASOCIADOS S.CIVIL DE R.L., REPRESENTANTES DE E Y INTERNATIONAL	EXTERNAL AUDIT ON FS	2015	88	

(*) Include all types of services, such as financial information reports, accounting expert evidence, operational audits, system audits, tax audits or other services.
(**) Of the total amount paid to the audit company for all items, indicate the percentage that corresponds to remuneration for financial audit services.

PILLAR IV

RISK AND COMPLIANCE

Question IV.8	YES	NO	Explanation:
In the case of economic groups, is the external auditor the same for the whole group, including off-shore subsidiaries?	X		EXCEPT INMOBILIARIA COMERCIAL DEL ACERO ARGENTINA SAC, INMOBILIARIA COMERCIAL DEL ACERO CAJAMARQUILLA SAC, CORP. ACEROS AREQUIPA DE IQUITOS SAC, AND ACEROS AMERICA SAS.

Indicate whether the audit company contracted to audit the financial statements of the company for the fiscal year subject matter of this report also audited the financial statements for the same fiscal year for other companies in its economic group.

YES	X	NO	

f your previous answer is yes, indicate the following:

CORPORATE NAME OR BUSINESS NAME OF THE COMPANY (IES) OF THE ECONOMIC GROUP
TRANSPORTES BARCINO S.A.
CORPORACIÓN ACEROS DEL ALTIPLANO S.R.L.
COMERCIAL DEL ACERO S.A.C.
TECNOLOGÍA Y SOLUCIONES CONSTRUCTIVAS S.A.C.
ACEROS AMERICA SPA
ACERO INSTALADO S.A.C.

PILLAR V – Transparency of Information

PRINCIPLE 28: INFORMATION POLICY

Question IV.1	YES	NO	Explanation:
Does the company have an information policy for shareholders, investors, other stakeholders and the market in general, with which it defines in a formal, orderly and comprehensive manner the guidelines, standards and criteria that will be applied to the management, collection, elaboration, classification, organization and/or distribution of the information generated or received by the company?	X		

a. If so, indicate whether, in accordance with its information policy, the company disseminates the following:

	YES	NO
Objectives of the company	X	
List of members of the Board of Directors and Senior Management	X	
Shareholding structure		X
Description of the economic group to which it belongs	X	
Financial Statements and Annual Report	X	
Other / Detail		

PILLAR V

TRANSPARENCY OF INFORMATION

b. Does the company have a corporate website?

YES	X	NO	

The corporate website includes:

	YES	NO
A special section on corporate governance or relations with shareholders and investors that includes a Corporate Governance Report	X	
Important facts	X	
Financial information	X	
Bylaws	X	
Regulations of the Shareholders' Meeting and information on Meetings (attendance, minutes, other)	X	
Composition of the Board of Directors and its Regulations	X	
Code of Ethics	X	
Risk policy	X	
Corporate Social Responsibility (community, environment, other)	X	
Other / Detail		

Question IV.2	YES	NO	Explanation:
Does the company have an investor relations office?	X		THE SECURITIES AREA, WHICH REPORTS TO THE ADMINISTRATION AND FINANCE MANAGEMENT, PERFORMS THIS FUNCTION. CONTACT MAIL: accionistas@aasa.com.pe

PILLAR V

TRANSPARENCY OF INFORMATION

If you have an investor relations office, please indicate who is responsible.

Responsible for the Investor Relations Office	DEPUTY MANAGER OF CORPORATE FINANCE AND INVESTOR RELATIONS

If you do not have an investor relations office, indicate the unit (department/area) or person in charge of receiving and processing requests for information from shareholders of the company and the general public. If a person, include additionally his/her position and work area.

Area in charge	

PERSON IN CHARGE		
FULL NAME	POSITION	AREA

PRINCIPLE 29: FINANCIAL STATEMENTS AND ANNUAL REPORT

If there are qualifications in the report by the external auditor, have these qualifications been explained and/or justified to the shareholders?

YES [X] NO [ ]

PRINCIPLE 30: INFORMATION ON SHAREHOLDING STRUCTURE AND RESOLUTIONS AMONG SHAREHOLDERS

Question IV.3	YES	NO	Explanation:
Does the company disclose the ownership structure, considering the different classes of shares and, if applicable, the joint equity interest of a particular economic group?	X		LIMITED TO DISCLOSURE OF OWNERSHIP.

Indicate the composition of the shareholding structure of the company at the fiscal year end.

HOLDING OF VOTING SHARES	NUMBER OF HOLDERS (AT THE FISCAL YEAR END)	% OF SHARES
Less than 1%	379	23.46
Between 1% and 5%	14	22.07
Between 5% and 10%	4	27.57
More than 10%	2	26.89
Total	399	100

PILLAR V
TRANSPARENCY OF INFORMATION

HOLDING OF VOTING SHARES	NUMBER OF HOLDERS (AT THE FISCAL YEAR END)	% OF SHARES
Less than 1%		
Between 1% and 5%		
Between 5% and 10%		
More than 10%		
Total		

HOLDING OF VOTING SHARES	NUMBER OF HOLDERS (AT THE FISCAL YEAR END)	% OF SHARES
Less than 1%	2293	65.23
Between 1% and 5%	9	19.23
Between 5% and 10%	2	15.54
More than 10%	0	0
Total	2304	100

Percentage of treasury shares over capital stock: 0

PILLAR V
TRANSPARENCY OF INFORMATION

Question IV.4	YES	NO	Explanation:
Does the company report on agreements or covenants among shareholders?	X		

a. Does the company have any covenants in force registered among shareholders?

SI		NO	X

b. If there has been any covenant or agreement among shareholders that has been reported to the company during the fiscal year, indicate the matters discussed by each of them.

Election of Board Members	
Exercise of voting rights in meetings	
Restriction on the free transfer of shares	
Changes in the company's internal or statutory rules	
Other /Detail	

PILLAR V
TRANSPARENCY OF INFORMATION

PRINCIPLE 31: CORPORATE GOVERNANCE REPORT

Question IV.5	YES	NO	Explanation:
Does the company disclose the standards adopted in corporate governance matters in an annual report, the content of which is the responsibility of the Board of Directors, following a report from the Audit Committee, the Corporate Governance Committee or an external consultant, if applicable?	X		FOR THE TIME BEING, THE COMPANY DOES NOT HAVE A REPORT ON GOOD CORPORATE GOVERNANCE.

a. Does the company have mechanisms for the internal and external dissemination of corporate governance practices?

YES [X] NO [ ]

If yes, specify the mechanisms used.

THE SELF-ASSESSMENT ON COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE IS INCLUDED IN THE QUESTIONNAIRE THAT IS PART OF THE ANNUAL REPORT. SUCH REPORT, INCLUDING THE SELF-ASSESSMENT, IS PUBLISHED ON OUR WEBSITE AND ON THE PORTAL OF THE STOCK MARKET SUPERINTENDENCY.

CORPORACIÓN ACEROS AREQUIPA S.A.

ANNEXES

REPORT ON COMPLIANCE WITH THE CODE OF GOOD CORPORATE GOVERNANCE FOR PERUVIAN COMPANIES (10150)

COMAPANY NAME:
CORPORACIÓN ACEROS AREQUIPA S.A.

FISCAL YEAR:	2020
PÁGINA WEB:	https://www.acerosarequipa.com/

SECTION **C** CONTENTS OF DOCUMENTS OF THE COMPANY

SECTION C – Contents of documents of the company

INDICATE IN WHICH OF THE FOLLOWING DOCUMENT(S) OF THE COMPANY, THE FOLLOWING MATTERS ARE REGULATED:

		PRINCIPLE	BYLAWS	INTERNAL REGULATIONS (*)	MANUAL	OTHER	NOT REGULATED	NOT APPLICABLE	NAME OF DOCUMENT (**)
1	Policy for the redemption or exchange of non-voting shares	1					X		
2	Method of registering the rights of ownership of shares and responsible for registration	2			X				INSTRUCTIONS ON THE CLOSING OF SECURITIES.
3	Procedures for the selection of an external advisor to issue an independent opinion on the proposals of the Board of Directors of corporate operations that may affect the right of non-dilution of the shareholders	3		X					
4	Procedure for receiving and responding to requests for information and shareholders' opinions	4				X			BUSINESS INFORMATION POLICY (PAGES 6 TO 9)

		PRINCIPLE	BYLAWS	INTERNAL REGULATIONS (*)	MANUAL	OTHER	NOT REGULATED	NOT APPLICABLE	NAME OF DOCUMENT (**)
5	Dividend policy	5				X			RESOLUTION OF SHAREHOLDERS' MEETING (03/23/2016)
6	Policies or resolutions not to adopt anti-absorption mechanisms	6					X		
7	Arbitration agreement	7	X						TITLE SEVEN, ART. 74
8	Policy for the selection of Directors of the company	8		X					
9	Policy for evaluating the remuneration of the company's Directors	8						X	
10	Mechanisms for making available to shareholders information on topics contained in the agenda of the Shareholders' Meeting and proposals for resolutions	10				X			BUSINESS INFORMATION POLICY

		PRINCIPLE	BYLAWS	INTERNAL REGULATIONS (*)	MANUAL	OTHER	NOT REGULATED	NOT APPLICABLE	NAME OF DOCUMENT (**)
11	Means additional to those established by law, used by the company to convene Meetings	10				X			BUSINESS INFORMATION POLICY
12	Additional mechanisms for shareholders to make proposals for agenda topics to be discussed at the Shareholders' Meeting	11		X					REGULATIONS OF THE SHAREHOLDERS' MEETING
13	Procedures for accepting or rejecting shareholders' proposals to include agenda topics to be discussed at the Shareholders' Meeting	11		X					REGULATIONS OF THE SHAREHOLDERS' MEETING, ART. 9°
14	Mechanisms that allow remote participation of shareholders	12	X						BYLAWS OF THE COMPANY, ART. 25°
15	Mechanisms for differential voting by shareholders	12		X					REGULATIONS OF THE SHAREHOLDERS' MEETING, ART. 20°
16	Procedures to be followed in proxy voting	13	X	X					

		PRINCIPLE	BYLAWS	INTERNAL REGULATIONS (*)	MANUAL	OTHER	NOT REGULATED	NOT APPLICABLE	NAME OF DOCUMENT (**)
17	Requirements and formalities for a shareholder to be represented at a Meeting	13	X						
18	Procedures for the proxy vote in favor of the Board members or of Senior Management	13		X					
19	Procedure for following up on the resolutions of the Shareholders' Meeting.	14					X		
20	The minimum and maximum number of Directors that make up the company's Board of Directors	15	X						
21	The duties, rights and functions of the company's Directors	17	X	X					
22	Types of bonuses received by the Board of Directors for the achievement of corporate goals	17						X	
23	Policy for the hiring of advisory services for Directors	17		X					REGULATIONS OF THE BOARD OF DIRECTORS

		PRINCIPLE	BYLAWS	INTERNAL REGULATIONS (*)	MANUAL	OTHER	NOT REGULATED	NOT APPLICABLE	NAME OF DOCUMENT (**)
24	Induction policy for new Directors	17		X					
25	Special requirements to be an Independent Director of the company	19		X					
26	Criteria for evaluating the performance of the Board of Directors and its members	20		X					
27	Policy of determination, monitoring and control of possible conflicts of interest	22				X			REGULATIONS OF THE SHAREHOLDERS' MEETING, ART. 20°
28	Policy defining the procedure for the valuation, approval and disclosure of related party operations	23				X			CORPORATE POLICY ON TRANSACTIONS BETWEEN RELATED PARTIES.
29	Responsibilities and functions of the Chairman of the Board of Directors, Chief Executive Officer, General Manager, and other senior managers	24	X	X					

		PRINCIPLE	BYLAWS	INTERNAL REGULATIONS (*)	MANUAL	OTHER	NOT REGULATED	NOT APPLICABLE	NAME OF DOCUMENT (**)
30	Criteria for the assessment of Senior Management performance	24				X			
31	Policy to set and evaluate the remunerations of Senior Management	24				X			
32	Comprehensive risk management policy	25				X			INTERNAL CONTROL POLICY AND COMPREHENSIVE RISK MANAGEMENT
33	Responsibilities of the person in charge of Internal Audit	26				X			BYLAWS OF THE INTERNAL AUDIT ACTIVITY
34	Policy for the appointment of the External Auditor, term of the contract and criteria for renewal	27				X			EXTERNAL AUDIT CONTRACTING POLICY
35	Policy for disclosure and communication of information to investors	28				X			INFORMATION POLICY

CORPORACIÓN ACEROS AREQUIPA S.A.

ANNEXES

REPORT ON COMPLIANCE WITH THE CODE OF GOOD CORPORATE GOVERNANCE FOR PERUVIAN COMPANIES (10150)

Company name:
CORPORACIÓN ACEROS AREQUIPA S.A.

FISCAL YEAR:	2020
WEB SITE:	https://www.acerosarequipa.com/

SECTION D OTRA INFORMACIÓN DE INTERÉS

SECTION D: Other Information of Interest

We have nothing further to add.

1. Includes other information of interest not addressed in previous sections that may provide investors and other stakeholders with a better picture of other good corporate governance practices implemented by the Company, as well as practices tied to corporate social responsibility, institutional investor relations, etc.

   The Company may also indicate whether it has voluntarily adhered to further international, sectorial, or other codes of ethical principles or good practices, indicating the code and the date of adhesion.

5

ANNEXES

CORPORACIÓN ACEROS AREQUIPA S.A.

CORPORATE SUSTAINABILITY REPORT (10180)

Name:
CORPORACIÓN ACEROS AREQUIPA S.A.

FISCAL YEAR: 2020

WEBSITE: https://www.acerosarequipa.com/

I. ENVIRONMENT AND CLIMATE CHANGE

ENVIRONMENTAL POLICY

QUESTION 1	YES	NO	Explanation:
Does the Company have an environmental policy or a management system that includes environmental commitments?	X		'The Company has an environmental policy and an ISO 14001:2015 certified environmental management system, the purpose of which is to promote and maintain an environmental culture that contributes to sustainable development, ensuring the prevention, control, and mitigation of environmental impacts in all of the Company's operations.

a. If the answer to question 1 is "Yes," indicate the name of the document containing the policy or management system adopted by the Company, the date of approval, and the year in which its was first applied:

DOCUMENT NAME	APPROVAL DATE	FIRST YEAR OF APPLICATION
'Environmental Policy	23/6/20	2020

I. ENVIRONMENT AND CLIMATE CHANGE

b. If the answer to question 1 is "Yes," please indicate:

	YES	NO	Explanation:
Has said environmental policy or management system been approved by the Board of Directors?	X		Approved on June 30, 2020.
Does said environmental policy or management system include risk management, identification and measurement of the environmental impacts of its operations with regard to climate change (*)?	X		Guideline 5.6 Climate Change Actions
Does the Company have an annual report that is provided to the Board of Directors that includes an evaluation of the results of its environmental policy?		X	In 2020, no report was submitted due to the fact that the policy was approved in June of that same year. The organization's strategic cycle includes a review of compliance with environmental targets.

(*) As part of its climate change management, the Company is expected to include "physical" aspects (floods, landslides, droughts, desertification, etc.) and/or aspects of "transition" to a new low-carbon economy (use of new technologies, decarbonization of investment portfolios, etc.).

I. ENVIRONMENT AND CLIMATE CHANGE

QUESTION 2	YES	NO	Explanation:
During the fiscal year, was the Company subject to any kind of investigation, community complaint, public controversy, or any corrective measures, preliminary injunctions, fines, or other sanctions involving the violation of environmental laws on its part? (*)		X	During 2020, no inspection actions were taken by the audit authorities, nor were any complaints received from stakeholders.

(*) In this point, the Company is expected to include those investigations, community complaints, public controversies, or corrective measures, preliminary injunctions, fines, or other sanctions tied to material impacts. According to the definition of the Global Reporting Initiative, material topics are those topics that reflect the organization's significant economic, environmental, and social impacts, or that substantively influence the assessments and decisions of stakeholders.

a. If the answer to question 2 is "Yes," indicate the type of investigation, community complaint, public controversy, corrective measure, preliminary injunction, fine, or other sanction, involved in the violation of environmental laws to which the Company was subject during the fiscal year, as well as the status or situation thereof as of the close of the fiscal year:

INVESTIGATION, COMMUNITY COMPLAINT, PUBLIC CONTROVERSY, CORRECTIVE MEASURE, PRELIMINARY INJUNCTION, FINE, OR OTHER SANCTION	STATUS OR SITUATION

I. ENVIRONMENT AND CLIMATE CHANGE

b. Specify whether the Company is involved in any ongoing investigation, community complaint, public controversy, corrective measure, preliminary injunction, fine, or other sanction that involves a violation of environmental laws begun in previous fiscal years, as well as the status or situation thereof as of the close of the fiscal year:

INVESTIGATION, COMMUNITY COMPLAINT, PUBLIC CONTROVERSY, CORRECTIVE MEASURE, PRELIMINARY INJUNCTION, FINE, OR OTHER SANCTION	STATUS OR SITUATION

GREENHOUSE GAS (GHG) EMISSIONS

QUESTION 3	YES	NO	Explanation:
Does the Company measure its GHG emissions (*)?	X		2019 is used as the GHG measurement baseline.

(*) Greenhouse Gases (GHG): Gases forming part of the atmosphere, whether of natural or human origin, that trap the sun's energy in the atmosphere, causing warming (Law 30754 – Framework Act on Climate Change, as substituted or amended from time to time).

I. ENVIRONMENT AND CLIMATE CHANGE

a. If the answer to question 3 is "Yes," specify:

DOCUMENT NAME	INFORMATION REQUIRED
If the Company has certification, its own reports, or third-party reports containing the measurement of total GHG emissions (*), give the name thereof, its issue date, and whether it remains valid as of the close of the fiscal year.	Yes. The calculation was performed by the consulting firm ALWA. Date of the Corporate Carbon Footprint Calculation Report for 2019: June 23, 2020. The calculations were verified by Lloyd's Register in accordance with ISO 14064-3:2006. Not valid for the measurement of GHG for the 2020 period.
If the Company has a platform, tool, or standard developed internally to measure total GHG emissions (*), give the name thereof, its implementation date, and, if applicable, the date on which it was last updated.	No.

(*) The total GHG emissions generated by a company are known as the corporate carbon footprint.

I. ENVIRONMENT AND CLIMATE CHANGE

b. If the answer to question 3 is "Yes," please provide the following information for the last three (3) fiscal years:

FISCAL YEAR	TOTAL GHG EMISSIONS (MT CO2E) SCOPE 1 (*)	SCOPE 2 (**)	SCOPE 3 (***)
2020	960.20	768.16	
2019	129,720.00	110,748.00	110,983.08
2018	60,194.13		

(*) Scope 1: GHG emissions that are directly generated by the Company, e.g., emissions from combustion processes in boilers, kilns, vehicles, etc.
(*) Scope 2: GHG emissions generated indirectly due to the Company's energy use.
(*) Scope 3: All other GHG emissions indirectly generated by the Company, e.g., air and land travel, paper consumption, transportation for collaborators, etc.

QUESTION 4	YES	NO	Explanation:
Does the Company have targets or goals to reduce GHG emissions?	X		

I. ENVIRONMENT AND CLIMATE CHANGE

a. If the answer to question 4 is "Yes," indicate the name of the document on which the Company's GHG emissions reduction targets or goals are based, the approval date of the targets or goals, and the first year in which they were applied:

DOCUMENT NAME	APPROVAL DATE	FIRST YEAR OF APPLICATION
Balanced Score Card	1/1/20	2020

b. If the answer to question 4 is "Yes," please specify:

	YES	NO	Explanation:
Have said reduction targets or goals been approved by the Board of Directors?		X	However, the guidelines of our environmental policy have been approved by the Board of Directors. It should be noted that the Company has a strategic cycle in which the operating plans of each area are approved, before being sent to the General Manager for final approval.

I. ENVIRONMENT AND CLIMATE CHANGE

WATER:

QUESTION 5	YES	NO	Explanation:
Does the Company measure its water consumption (in m3) in all of its activities?	X		

If the answer to question 5 is "Yes," please provide the following information for the last three (3) fiscal years:

FISCAL YEAR	TOTAL WATER CONSUMPTION (M3)
2020	1,072,467
2019	1,390,034
2018	1,423,386

QUESTION 6	YES	NO	Explanation:
Does the Company measure its water footprint (*)?		X	The Company is currently in the middle of an evaluation process for the calculation of its water footprint, scheduled for subsequent periods.

(*) Water Footprint: Indicator that defines the total volume of water used and impacts caused by the production of goods and services. Includes direct and indirect water consumption throughout the entire production process, including different stages in the supply chain ("Standards Promoting the Measurement and Voluntary Reduction of Water Footprint and Shared Value in Hydrographic Basins" - Resolution of the Head Office 023-2020-ANA, as substituted or modified from time to time).

I. ENVIRONMENT AND CLIMATE CHANGE

If the answer to question 6 is "Yes," please specify:

WATER FOOTPRINT MEASUREMENT	INFORMATION REQUIRED
If the Company has certification, its own reports, or third-party reports containing the measurement of its water footprint, give the name thereof, its issue date, and whether it remains valid as of the close of the fiscal year.	
If the Company has a platform, tool, or standard developed internally to measure its water footprint, give the name thereof, its implementation date, and, if applicable, the date on which it was last updated.	

QUESTION 7	YES	NO	Explanation:
Does the Company have targets or goals to reduce its water consumption?	X		

a. If the answer to question 7 is "Yes," indicate the name of the document containing the targets or goals adopted for the reduction of the Company's water consumption, the approval date, and the first year in which they were applied:

I. ENVIRONMENT AND CLIMATE CHANGE

DOCUMENT NAME	APPROVAL DATE	FIRST YEAR APPLIED
Balance Score Card	1/1/20	2017

b. If the answer to question 7 is "Yes," please specify:

	YES	NO	Explanation:
Have said reduction targets or goals been approved by the Board of Directors?	X		

Question 8	YES	NO	Explanation:
Does the Company monitor the quality of its effluents (*)?	X		Effluent quality monitoring is performed on a quarterly basis at the Pisco Plant. This monitoring is performed by a laboratory accredited by INACAL (SGS del Perú).

(*) Effluent: Direct discharge of wastewater into the environment, whose concentration of polluting substances must comply with the Maximum Permissible Limits (MPLs) established by Peruvian law. Wastewater is considered to include all water whose characteristics have been modified by anthropogenic activities, and which requires prior treatment and may be dumped into a natural body of water or be reused (Glossary of Terms for Peruvian Environmental Management, General Directorate of Environmental Management Policies, Standards, and Instruments, 2012, Ministry of the Environment – MINAM).

I. ENVIRONMENT AND CLIMATE CHANGE

If the answer to question 8 is "Yes," indicate the name of the document with proof of effluent monitoring:

DOCUMENT NAME
Environmental Monitoring Report of the Updated PMA of PAMA (performed quarterly).

ENERGY:

Question 9	YES	NO	Explanation:
Does the Company measure its energy consumption (in kWh)?	X		

If the answer to question 9 is "Yes," please provide the following information for the last three (3) fiscal years:

FISCAL YEAR	TOTAL ENERGY CONSUMPTION (KWH)
2020	865,622,574.05
2019	1,161,112,709.00
2018	1,146,197,723.00

I. ENVIRONMENT AND CLIMATE CHANGE

QUESTION 10	YES	NO	Explanation:
Does the Company have targets or goals for the reduction of its energy consumption?	X		

a. If the answer to question 10 is "Yes," indicate the name of the document containing the reduction targets adopted by the Company, approval date, and the first year in which it was applied:

DOCUMENT NAME	APPROVAL DATE	FIRST YEAR OF APPLICATION
Balanced Score Card – Specific Energy Consumption	1/1/20	2011

b. If the answer to question 10 is "Yes," please specify:

	YES	NO	Explanation:
Have said reduction targets or goals been approved by the Board of Directors?	X		

I. ENVIRONMENT AND CLIMATE CHANGE

SOLID WASTE:

QUESTION 11	YES	NO	Explanation:
Does the Company measure the solid waste it generates (in tons)?	X		Solid waste is weighed on the scale at CAASA, as well as upon arrival at the landfill.

If the answer to question 11 is "Yes," please provide the following information for the last three (3) fiscal years:

FISCAL YEAR	HAZARDOUS SOLID WASTE (MT) (*)	NON-HAZARDOUS SOLID WASTE (MT) (**)	TOTAL SOLID WASTE '(MT)
2020	285.53	1,276.77	1,562.29
2019	281.41	1,473.82	1,755.23
2018	155.99	1,178.45	1,334.44

(*) Hazardous solid waste: Hazardous solid waste is considered to mean those wastes included in Annex III of the Regulations on Legislative Decree 1278 - the Legislative Decree approving the Comprehensive Solid Waste Management Act, approved by Supreme Decree 014– 2017–MINAM, as substituted or amended from time to time.
(**) Non-hazardous solid waste: Non-hazardous solid waste is considered to mean those wastes included in Annex V of the Regulations on Legislative Decree 1278 - the Legislative Decree approving the Comprehensive Solid Waste Management Act, approved by Supreme Decree 014– 2017–MINAM, as substituted or amended from time to time.

I. ENVIRONMENT AND CLIMATE CHANGE

QUESTION 12	YES	NO	Explanation:
Does the Company have targets or goals to manage (reduce, recycle, or reuse) its solid waste?	X		

a. If the answer to question 12 is "Yes," indicate the name of the document containing the reduction targets adopted by the Company, approval date, and the first year in which it was applied.

DOCUMENT NAME	APPROVAL DATE	FIRST YEAR OF APPLICATION
Balanced Score Card	1/1/20	2017

b. If the answer to question 12 is "Yes," please specify:

	SÍ	NO	Explicación:
Have said reduction targets or goals been approved by the Board of Directors?		X	

II. SOCIAL

STAKEHOLDERS:

QUESTION 13	YES	NO	Explanation:
Has the Company identified the risks and opportunities in relation to its stakeholders (e.g., team members, vendors, shareholders, investors, authorities, clients, community, etc.)?	X		Aceros Arequipa has an Internal Control and Risk Management Policy, as well as a Comprehensive Risk and Opportunity Management Methodology. One of the core tenets of these documents is the identification of risks and opportunities within the framework of its processes and all of the stakeholders involved in each one.

a. If the answer to question 13 is "Yes," indicate:

	SÍ	NO	Explicación:
Does the Company have an action plan to manage the risks and opportunities tied to its stakeholders?	X		This is included in the Comprehensive Risk and Opportunity Management Methodology, which identifies and manages opportunities for both risk mitigation and the improvement of the management of the process itself. Thus, each process has a risk and opportunity matrix that is updated annually by the process owners.

II. SOCIAL

Does the Company have a report in which it evaluates the results of the action plan, and has such report been made available to the Board of Directors?	X		The progress in the performance of Comprehensive Risk and Opportunity Management is presented at least once a year to the Audit and Risk Committee. The Committee was elected by the Board of Directors, and part of its management duties include the monitoring of risk management. The Committee members sit on the board of CAASA.
Does it publicly report its action plan and progress with regard to its stakeholders?		X	A summary of the Company's most relevant strategic risks is publicly presented. The management areas are responsible for the prompt implementation of actions to mitigate the strategic risks, and are supervised by the senior management and the Audit and Risk Committee.

b. If the answer to question 13 is "Yes," indicate the name of the document containing the Company's action plan in relation to its stakeholders:

DOCUMENT NAME
Comprehensive Risk and Opportunity Management (CROM) Matrixes

II. SOCIAL

QUESTION 14	YES	NO	Explanation:
During the fiscal year, did the Company have any material disputes or conflicts (*) with any of its stakeholders, including the social conflicts contained in the Social Conflict Report published by the Public Ombudsman's Office (**) and the Willaqniki Report on social conflicts issued by the Prime Minister's Office (***)?		X	Good relations with our stakeholders. Social programs organized along three lines: Education, Preventive Health Care, and the Environment. 0 social conflicts.

(*) According to the definition of the Global Reporting Initiative, material topics are those topics that reflect the organization's significant economic, environmental, and social impacts, or that substantively influence the assessments and decisions of stakeholders.
(**) A "social conflict" shall be understood as "a complex process in which sectors of society, the state, and enterprise view their objectives, interests, values, or needs as contradictory and such contradiction may lead to violence." Source: Social Conflict Prevention and Governability Division of the Peruvian Public Ombudsman's Office. Social Conflict Report 186 (August 2019), Lima, 2019, p. 3.
(***) "Social conflict" is defined as the "dynamic process in which two or more social actors view their interests as generally contradictory for the exercise of a fundamental right or access to goods and services, adopting actions that may constitute a risk or threat to governability and/or public order. As a social process, it may escalate to scenarios of violence between the parties involved, requiring the articulated intervention of the state, civil society, and business sectors. Social conflicts are addressed when the demands arising therein fall under government policies and their guidelines." Source: Secretariat of Social Management and Dialogue of the Prime Minister's Office. ABCs of the Secretariat of Social Management and Dialogue. Lima, 2018, p.3.

If the answer to question 14 is "Yes," indicate the material dispute or conflict with one of its stakeholders, the status thereof, and the year in which said dispute or conflict began:

DISPUTE OR CONFLICT	STATUS OR SITUATION	YEAR IT BEGAN

II. SOCIAL

QUESTION 15	YES	NO	Explanation:
Does the Company include environmental, social, and corporate governance (ESCG) aspects in its criteria for the purchase and/or selection of vendors of goods and/or services?	x		

If the answer to question 15 is "Yes," indicate the name of the document that includes ESCG aspects in the criteria for the purchase and/or selection of vendors of goods and/or services:

DOCUMENT NAME
Vendor Selection and Evaluation Instructions

II. SOCIAL

LABOR RIGHTS:

QUESTION 16	YES	NO	Explanation:
Does the Company have a labor policy?	X		

a. If the answer to question 16 is "Yes," please specify:

	YES	NO	Explanation:
Has said labor policy been approved by the Board of Directors?	X		
Does the Company have a report in which the results of its labor policy are evaluated, and has said report been provided to the Board of Directors?	X		

b. If the answer to question 16 is "Yes," indicate whether said labor policy includes and/or promotes, as applicable, the following matters, and specify the name of the document that records the adoption thereof, its approval date, and the first year in which it was applied:

II. SOCIAL

	YES	NO	DOCUMENT NAME	APPROVAL DATE	FIRST YEAR OF APPLICATION
a. Equality and non-discrimination	X		Code of Ethics	25/6/15	2015
b. Diversity	X		Corporate Human Rights Policy	7/8/20	2020
c. Sexual harassment prevention (*)	X		Policy for the Prevention, Investigation, and Punishment of Sexual Harassment	30/3/20	2020
d. Prevention of crimes of stalking and sexual harassment (**)	X		Code of Ethics	25/6/15	2015
e. Freedom of association and right to collective bargaining	X		Code of Ethics	25/6/15	2015
f. Eradication of forced labor	X		Corporate Human Rights Policy	7/8/20	2020
g. Eradication of forced labor	X		Corporate Human Rights Policy	7/8/20	2020

(*) Consider the scope of Law 27942.
(**) Consider the scope of Articles 151-A and 176-B of the Penal Code, respectively.

II. SOCIAL

c. Indicate the number of men and women in the organization and the percentage of the total number of collaborators they represent.

COLLABORATORS	NUMBER	PERCENTAGE OF TOTAL COLLABORATORS
Women	79	7.66
Men	952	92.34
Total	1031	100.00

QUESTION 17	YES	NO	Explanation:
During the fiscal year, was the Company subject to any investigations, or any corrective measures, preliminary injunctions, fines, or other punishments related to a failure to comply with labor, health and safety, forced labor, or child labor laws?		x	'No such cases arose during the fiscal year.

a. If the answer to question 17 is "Yes," indicate the type of investigation, corrective measure, preliminary injunction, fine, or other punishment to which the Company was subject during the fiscal year related to a failure to comply with labor, health and safety, forced labor, or child labor laws; as well as the status or situation thereof as of the close of the fiscal year:

II. SOCIAL

INVESTIGATION, CORRECTIVE MEASURE, PRELIMINARY INJUNCTION, FINE, OR OTHER PUNISHMENT	STATUS OR SITUATION

b. Specify whether the Company is subject to any ongoing investigations, corrective measures, preliminary injunctions, fines, or other punishments from previous fiscal years related to a failure to comply with labor, health and safety, forced labor, or child labor laws; as well as the status or situation thereof as of the close of the fiscal year:

INVESTIGATION, CORRECTIVE MEASURE, PRELIMINARY INJUNCTION, FINE, OR OTHER PUNISHMENT	STATUS OR SITUATION

QUESTION 18	YES	NO	Explanation:
Does the Company perform an annual evaluation of its compliance with or adherence to occupational health and safety laws and standards?		x	• As a requirement of the integrated management system, a legal audit is performed every two years on OHS matters. Any nonconformities identified are addressed via the organization's "Nonconformities" application. • As a legal requirement, every two years, the OHS management system is audited in accordance with Law 29783 by an expert accredited by SUNAFIL (audits were performed in 2016 and 2018, and one is being coordinated for 2020, despite the fact that an extension was granted).

II. SOCIAL

QUESTION 19	YES	NO	Explanation:
Does the Company keep a record of workplace accidents?	x		

If the answer to question 19 is "Yes," provide the following information on workplace accidents (*) involving the Company's own employees (**) and those of contractors (***) hired by the Company in the last three (3) fiscal years:

INDICATOR	FISCAL YEAR	(FISCAL YEAR - 1)	(FISCAL YEAR - 2)
Fiscal Year	2020	2019	2018
No. of Direct Employees	1,103	1,085	1,103
Total Hours Worked by All Direct Employees During the Fiscal Year	1,483,000	2,407,000	2,451,000
No. of Minor Accidents (Direct Employees)	15	10	14
No. of Incapacitating Accidents (Direct Employees)	5	10	7
No. of Fatal Accidents (Direct Employees)	0	0	0

II. SOCIAL

INDICATOR	FISCAL YEAR	(FISCAL YEAR - 1)	(FISCAL YEAR - 2)
Fiscal Year	2020	2019	2018
No. of Contractors' Employees	1,405	1,200	961
Total Hours Worked by All Contractors' Employees During the Fiscal Year	3,274,000	3,769,000	2,601,000
No. of Minor Accidents (Contractors' Employees)	76	25	15
No. of Incapacitating Accidents (Contractors' Employees)	7	12	17
No. of Fatal Accidents (Contractors' Employees)	0	1	0

(*) Minor Accidents: Event causing an injury that, after being evaluated by a medical professional, results in a brief leave with return to normal duties no later than the following day.
Incapacitating Accident: Event causing an injury that, after being evaluated by a medical professional, results in a medical leave, justified absence from work, and treatment.
Fatal Accident: Event causing injuries that result in the worker's death.
Source: Glossary of Terms of the Regulations on Law 29783 - the Occupational Health and Safety Act, Supreme Decree 005-2012-TR, as substituted or amended from time to time.
(**) Direct employees are all those who are directly tied to the company through any form of employment contract.
(***) Contractors' employees are all of those who perform outsourced activities.

II. SOCIAL

QUESTION 20	YES	NO	Explanation:
Does the Company measure its workplace climate?	x		This measurement is performed every two years. The next one is scheduled for 2021.

a. If the answer to question 20 is "Yes," indicate:

	YES	NO	Explanation:
Does the Company have targets or goals for improving its workplace climate?	x		The corporation and each management area have goals to improve on or maintain in relation to their workplace climate results from the most recent survey. These goals form part of the objectives of each first-line manager.

b. If the Company has targets or goals for improving its workplace climate, indicate the name of the document in which said objectives are contained, its approval date, and the year in which it was first applied:

DOCUMENT NAME	APPROVAL DATE	FIRST YEAR OF APPLICATION
BALSC System (compiles targets, indicators, goals, and initiatives)	22/1/21	2017

II. SOCIAL

QUESTION 21	YES	NO	Explanation:
Does the Company have a talent management policy for its team members?	x		

a. If the answer to question 21 is "Yes," indicate the name of the document containing the talent management policy for the Company's team members:

DOCUMENT NAME
Corporate Human Resources Management Policy

b. If the answer to question 21 is "Yes," please specify:

	YES	NO	Explanation:
Has said talent management policy been approved by the Board of Directors?	x		

II. SOCIAL

QUESTION 22	YES	NO	Explanation:
Does the Company have procedures to identify and punish sexual harassment or hostile work environments? (*)	x		

(*) Consider the scope established by Law 27942 regarding sexual harassment, and Supreme Decree 003-97-TR for hostile work environments, as substituted or amended from time to time.

If the answer to question 22 is "Yes," indicate the name of the Company's document that contains the procedures to prevent sexual harassment and a hostile work environment:

DOCUMENT NAME
For sexual harassment, we have a Sexual Harassment Prevention, Investigation, and Punishment Policy. This policy is implemented through the Sexual Harassment Intervention Committee. As for hostile work environment (employer harassment), we act in accordance with law (Supreme Decree 003-97-TR).

II. SOCIAL

HUMAN RIGHTS :

QUESTION 23	YES	NO	Explanation:
Does the Company have a policy or internal and external management system that includes a channel allowing complaints/grievances to be lodged concerning impacts on human rights?	X		
Does the Company keep records and respond, within a preestablished term, to the results of investigations into the complaints/grievances referred to in the preceding question?	X		

a. If the answer to question 23 is "Yes," indicate the name of the document containing the policy or internal and external management system adopted by the Company, its issue date, and the first year in which it was implemented:

DOCUMENT NAME	ISSUE DATE	YEAR OF IMPLEMENTATION
Corporate Human Rights and Diversity Policy	7/8/20	2020

II. SOCIAL

b. If the answer to question 23 is "Yes," indicate:

	YES	NO	Explanation:
Does the Company have a report in which the results of its policy or internal and external management system are evaluated to remedy any impacts on human rights?		X	In 2020, no report was issued given that the policy was only approved in June of that year.
Does the Company have a training plan for human rights issues that includes the entire organization?	X		Through the annual Occupational Health and Safety Program.

III. SUPPLEMENTARY INFORMATION

QUESTION 24	YES	NO	Explanation:
Does the Company have an international corporate sustainability certification?	X		

If the answer to question 24 is "Yes," indicate the certification obtained by the Company and the URL where this can be confirmed.

INTERNATIONAL CERTIFICATION	URL
Inclusion in the International Dow Jones Sustainability Index.	https://www.spglobal.com/esg/csa/yearbook/ranking/index.aspx

QUESTION 25	YES	NO	Explanation:
Does the Company have a Corporate Sustainability Report other than this report?	X		

III. SUPPLEMENTARY INFORMATION

If the answer to question 25 is "Yes," indicate the name of the document and the URL where the most recent available report can be found:

REPORT NAME	URL
2019 Sustainability Report	https://investors.acerosarequipa.com/informacion-financiera

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