



**ACEROS  
AREQUIPA**

**Building a better  
world together**

**Integrated  
Annual Report 2023**



# The strength of steel for the people and the planet



**Steel has become essential in our daily lives thanks to its extraordinary properties and wide range of applications.** It is a sustainable material: it retains its quality after recycling. Its production has evolved remarkably with technology, and has demonstrated unlimited potential for the future.



Approximately

**93%**

**of steel can be recycled**, which implies that steel is not exhausted, since it can be reused continuously without experiencing loss of quality or strength.



# Declaration of responsibility



This document contains accurate and sufficient information regarding the business activities of Corporación Aceros Arequipa S.A. during fiscal year 2023. The responsibility of the issuer notwithstanding, the undersigned assume responsibility for the contents hereof in accordance with applicable legislation.



22nd March 2024

**Ricardo Cillóniz Champín**  
Executive Chairman

**Tulio Silgado Consiglieri**  
General Manager

**Ricardo Guzmán Valenzuela**  
Administration  
and Finance Manager

**Diego Hernández Sigvas**  
Chief Accountant



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# Letter to stakeholders (GRI 2-22)

Dear stakeholders,  
We are pleased to present our Integrated Report 2023; this document consolidates the achievements of our environmental, social and governance efforts and is our main communication and reporting tool for stakeholders.

In 2023 our Company focused on consolidating its market position and management as a leading company in sustainability. This is reflected in the establishment of our corporate purpose, which we are proud to emphasize: **Building a better world together**. We focused mainly on ensuring the health and safety of our employees, increasing productivity, the availability of raw materials for N° 2 Melt Shop, process automation and innovation, care for the environment and generating shared value for society.

our Company focused on consolidating its market position and management as a leading company in sustainability. This is reflected in the establishment of our corporate purpose, which we are proud to emphasize: **Building a better world together**.

During the second year of operation of N° 2 Melt Shop we increased local billet production, thus eliminating dependence on imported billets and providing flexibility in the quantity of GOALL used. We continued to make operational improvements in 2023 as a result of the learning curve at this melt shop and complementary investments. At the Pisco plant, significant investments were made in state-of-the-art Austrian, German, Danish and Italian technology, enabling a 50% increase in the production capacity of annealed wire and nails for export throughout the region. In addition, construction began on rolling mill number three to increase our low-carbon-footprint merchant bar and rebar capacity with a view to future exports to markets such as Europe.

The following investments have now been completed to strengthen our presence and production capacity:

- Non-ferrous material recovery facility in the Pisco plant: this allows us to recover aluminum from waste.
- New N° 2 Tube Plant at the Distribution and Steel Center in Lurín and relocation of N° 1 Tube Plant and Slitter from Callao to Lurín
- Tube and merchant bar plant at the new Steel Center in Santa Cruz, Bolivia.
- New high speed nail plant in Callao

In 2023 we also implemented the following new investments, which we will be commissioning in 2024:

- Rolling Mill No. 3 for merchant bar and rebar in Pisco
- Nail and annealed wire plant in Pisco
- Scrap cleaning plant in Pisco
- Lime plant in Pisco
- Coil to plate slitting line in Callao

Our subsidiaries also reached notable milestones: Aceros Arequipa S.A.S. (Colombia) achieved an increase in sales and client num-

bers. Aceros Arequipa AA S.A.S. (Ecuador) started producing during the second quarter. Aceros América SPA (Chile) recorded increased turnover due to exports shipped by sea. At Aceros Arequipa (Bolivia) we consolidated our new tube and forming plants. Tecnología y Soluciones Constructivas (Peru) saw an increase in sales in line with the growth of the company and its international clients. Finally, Transportes Barcino (Peru) focused on optimizing its processes and providing a specialized service to meet the company's growing needs.

## OUR PERFORMANCE ON SUSTAINABILITY

This period has witnessed significant progress and achievements regarding the three fundamental premises of our sustainability strategy: environmental commitment, shared value and a solid business. Our commitment to sustainability is reflected in our specific actions to bolster not only our operations but also our positive impact on society and the environment, through innovative practices and strategic collaboration.

## ENVIRONMENTAL COMMITMENT

2023 marked a period of significant environmental achievements and progress. We began to use desalinated water provided by a specialist company; enabling us to inject water into the aquifer and thus contribute to responsible management of water resources. In addition, we renewed our electricity contract with Electroperú, ensuring a 100% renewable supply until 2031 with a very low carbon footprint. It is worth noting that our in 2023, 99% of our production used recycled material, mainly scrap, thus confirming CAASA as a benchmark for sustainable waste management on the Pacific coast of America. Furthermore, in collaboration with the Information Technology (IT) team, we have developed a bot that automates the monthly scope 1 calculation of the carbon footprint of the company's steel complex. This tool enables us to track our

goals more frequently and implement timely corrective action to continuously improve our environmental management. Finally, seeking efficiencies in our processes we invested US\$ 24 million in a lime plant using the latest Italian technology, with the aim of consuming 30% less natural gas, freeing up the rotary kiln and enhancing the recovery of zinc oxide from melting shop dust.

### SHARED VALUE

Our main achievement in 2023 was the "Aceros Arequipa Mathematic Competition" in alliance with Concytec, the Peruvian Mathematics Society and Businessmen for Education; the aim of this program is to enhance mathematical skills in students of regular basic education (EBR) and to emphasize the development of a scientific culture. Thus we are seeking to help strengthen the education and integral development of students in science clubs nationwide. More than 5000 students from 6th grade of elementary school to 5th of high school in regular basic education nationwide took part in the contest. We had 44 finalists from 22 regions of Peru.

In addition we awarded university scholarships to high-achieving students at the Universidad de Ingeniería y Tecnología (UTEC), as part of the Avanzando Juntos (forward together) program. We have participated in this program since 2019 and aim to provide quality education to more students with an annual investment of US\$ 19,387.

We would also highlight our agreement with Fundación Lima for the "Emergency Water" pilot project, making us the first private company to join this initiative, which benefited approximately 12,000 people or 3,000 families in Santa Rosita marginal settlement in the district of San Juan de Lurigancho. The project will distribute potable water from SEDAPAL's RP4-A reservoir through a system that will pump the water to standpipes. US\$ 44,000 was donated to the foundation to set up the pumping system and accessory installations.

At Aceros Arequipa, we seek to maximize human potential and trust in our employees and this is reflected in our Great Place to Work (GPTW) certification for the second consecutive year, which recognizes the company as a place offering world-class experiences to its employees by providing them with a pleasant working environment and opportunities for growth.

### SOLID BUSINESS

Over the course of 2023 we sold 1.36 million metric tons of products, an increase of 1.5% compared with the previous fiscal year, primarily in export sales. These accounted for 17% of total turnover, with the Bolivian market as the main destination. Net sales for the year totaled S/ 4,505 million, a decrease of 13.6% compared with the previous year, mainly due to lower prices in local and international markets.

Throughout the year we strengthened and implemented new controls, integrating them into the anti-bribery management system. As a result, our system for combating bribery and other crimes achieved the



international ISO 37001 standard from the certifier, Asociación Civil BASC PERÚ, in order to strengthen prevention at all levels of the company.

In addition, we have obtained certification as an Authorized Economic Operator (AEO) for imports and exports. This certificate accredits us as a secure link in the global logistics chain, providing us with benefits in terms of customs control and simplification, backed by Sunat; it also reinforces our commitment to international standards and ensures the efficiency and safety of our business operations.

#### **BUILDING A BETTER WORLD**

Our management has enabled us to be included in the Dow Jones Sustainability Index - MILA Pacific Alliance for the fourth consecutive year, ranking among the top 5 in the steel industry and placing us in the 98% percentile according to Standard & Poor's (S&P) 2023 Global Corporate Sustainability Assessment. We were also included in S&P Global's Sustainability Yearbook 2024 for the fourth year running.

These awards, together with other achievements detailed in the report, consolidate our position as a benchmark for sustainable management in the steel industry in Peru and Latin America. At Aceros Arequipa, sustainability is not only a strategy, but also a way of doing things and a commitment embedded in every aspect of our operation. It motivates us to continue striving for excellence and making a significant contribution to sustainable development, building a better world together.

<sup>1</sup>The figure of 1.36 million metric tons includes 30,000 metric tons of rolled steel shim.



**Ricardo Cillóniz Champín**  
Executive Chairman



**Tulio Silgado Consiglieri**  
General Manager





## CAASA in figures

**S/ 4,505**

MILLION IN NET SALES



**1.240**

MILLION MT OF FINISHED  
PRODUCTS

**S/ 454**

MILLION OF EBITDA

**S/ 486**

MILLION GROSS PROFIT

**4,286**

TONS OF ZINC OXIDE  
FROM MELT SHOP  
DUST

**1.141**

MILLION TONS OF FERROUS  
SCRAP PER YEAR USED  
IN OUR PRODUCTION  
PROCESS



## CAASA in figures

# S/ 22

MILLION IN ENVIRONMENTAL  
INVESTMENT PROJECTS

MEMBERS OF THE **DJSI**  
**MILA PACIFIC ALLIANCE**  
FOR 4 CONSECUTIVE  
YEARS AND A MEMBER  
OF THE **SUSTAINABILITY**  
**YEARBOOK**

AWARD FROM PERU  
SOSTENIBLE (DEGS)  
AS A **SUSTAINABLY**  
**MANAGED COMPANY**  
FOR THE SIXTH YEAR



WE REDUCED WATER  
CONSUMPTION PER TON  
OF STEEL BY 2%, NOT  
INCLUDING WATER USED  
FOR IRRIGATION

EXPANSION OF OUR TRUCK FLEET  
POWERED BY COMPRESSED NATURAL  
GAS, WE EXPECT THESE VEHICLES TO  
MAKE UP 50% OF OUR FLEET IN 2024

# S/ 1,309,153

INVESTED IN PHILANTHROPIC  
CONTRIBUTIONS



## CAASA in figures

# 51.7

AVERAGE TRAINING  
HOURS PER EMPLOYEE

# US\$ 224.21

MILLION IN PURCHASES FROM DOMESTIC SUPPLIERS

IN MARCH WE  
INAUGURATED A NEW  
TUBE AND MERCHANT  
BAR PLANT IN BOLIVIA



ACEROS AREQUIPA IS AMONG  
THE 27 COMPANIES WITH  
THE BEST ESG REPUTATION  
ACCORDING TO MERCO PERU



ZERO SOCIAL  
CONFLICTS IN OUR  
AREA OF INFLUENCE

# Our awards

## S&P/BVL Peru General ESG Index

We remain one of the best-in-class companies in the S&P/BVL Peru General ESG Index, which measures companies' compliance with environmental, social and governance guidelines.



For the sixth consecutive year, we obtained the Sustainably Managed Company award from Peru Sostenible, achieving a score of 90/100, with special acknowledgement in the "Value Chain" category.



We have been recognized as a Great Place to Work-Certified™ company for the period December 2023 - December 2024, because we offer a world-class working experience to our employees.



During the First Business Encounter "Business Leaders for Sustainability and Environmental Empathy", organized by MINAM, we obtained the "Peru Limpio" (clean Peru) award".



We are ranked among the top 100 companies by Merco Empresas, Merco Talento, Merco Responsabilidad ESG and Merco Consumo, thus consolidating our position as the company with the leading reputation in the steel sector. Merco Empresas acknowledges those companies with the best corporate reputation; Merco Talento, those that best attract and retain talent, and Merco Responsabilidad ESG, the most responsible companies.



Since 2020, we have taken part in MINAM's Peru Carbon Footprint Program with the 2019 inventory. In 2023 we were one of the top 10 companies in the manufacturing

# Leadership in the steel industry: CSA Performance

Member of  
**Dow Jones Sustainability Indices**

Powered by the S&S Global CSA


Corporación Aceros Arequipa  
Steel

**Sustainability Yearbook Member**

S&P Global Corporate Sustainability Assessment (CSA) Score 2023

S&P Global CSA Score 2023: 70/100  
Score date: February 7, 2024  
The S&P Global Corporate Sustainability Assessment (CSA) Score is the S&P Global ESG Score without the inclusion of any modelling approaches. Position and scores are industry specific and reflect exclusion screening criteria. Learn more at <https://www.spglobal.com/esg/csa/yearbook/methodology/>

**S&P Global**

 **Sustainable1**

**Fourth consecutive year in the Dow Jones Sustainability Index – MILA!**

For the fourth year running we have been included in the Dow Jones Sustainability Index – MILA Pacific Alliance, a stock market index that recognizes and groups together companies with the highest environmental, social and governance performance in each industry.

This time more than 9,400 companies from 62 different industries were evaluated and we were placed among the top 5 in the steel industry and the 98th percentile, according to Standard & Poor's (S&P) 2023 Global Corporate Sustainability Assessment.

In a similar vein we have been honoured with inclusion in the S&P Global 2024 Sustainability Yearbook for the fourth consecutive year. These awards consolidate our position as a benchmark for sustainable management in the steel industry in Peru and Latin America, demonstrating our commitment to the highest standards of sustainability to contribute positively to the development of the region.



# 01

## ACEROS AREQUIPA: FORGING A FUTURE AS STRONG AS STEEL



## 1.1. Get to know us

### WHO ARE WE? (GRI 2-1, 2-23, 2-24)

We are Corporación Aceros Arequipa S.A. (CAASA), a leading Peruvian-owned steel company in Peru, engaged in the manufacture, processing, marketing, distribution and sale of iron, steel and other GOALLs and their derivatives. For the last 59 years we have maintained a strong relationship and close communications with our customers, positioning ourselves as the leading company in the Peruvian market.

Our company is distinguished by a clear business vision, rigorous corporate governance, the continual development of our human resources and a constant search for technological innovation through an integral approach that prioritizes total quality, respect for the en-

vironment and contribution to the community. These principles are fundamental for meeting the demands of the domestic and international markets, offering a broad portfolio of products and services for the construction, automotive, industrial and mining sectors.

At CAASA, we generate long-term value for our shareholders and stakeholders. To this end we work upon a solid foundation of good corporate governance, ensuring integrity, competitiveness, profitability and transparency at all levels of our organization. Our corporate mission and vision are aligned with the context of our organization and the constant growth of our operations, guided by responsible resource management and positive contributions to society.



### OUR IDENTITY:

# Responsibility and commitment

## MISSION

To offer steel solutions to our customers through sustainability, innovation, continual improvement and human development, contributing to the growth of the countries in which we operate and increasing value for our shareholders and stakeholders.

## VISION

To be the leaders in the Peruvian steel market, among the most profitable in the region and with an active presence in the international market.

## VALUES

Our corporate values allow us to operate in a responsible manner, achieving our business objectives and having a positive relationship with our employees, customers, shareholders, suppliers and other stakeholders, adopting an ethical and transparent approach in each of our operations.



**PASSION FOR WORK**  
We contribute with passion to the development of the company and society.



**FOCUS ON WHAT IS**  
We drive the business, prioritizing activities that add value.



**WE WORK AS A TEAM**  
We work in a safe and integral manner towards a common goal.



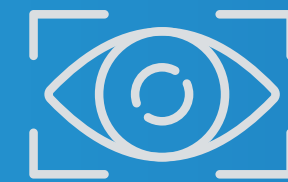


## STRATEGIC PRIORITIES



### PEOPLE

The lives and safety of our employees are our top priority. We rely on them and take part in their development to meet increasingly demanding challenges.



### MARKET

We seek to lead all the markets in which we participate, and to be the best solution for our customers.



### INTERNATIONAL GROWTH

We identify and take advantage of profitable opportunities for business growth and sourcing.



### EXCELLENCE

We achieve high process efficiency and productivity through simplification, automation and cost optimization.



### SUSTAINABILITY

We promote sustainable growth through the creation of shared value, adopting good environmental, social and governance practices.

# 1.2. Sustainable as steel

## SUSTAINABILITY STRATEGY TO 2030 (GRI 2-14, 2-22)

In order to place ourselves at the forefront of international best practice and the current needs of society, the planet and the organization, we established and formalized our Sustainability Strategy in 2021.

## Sustainable steel as the foundation for a better future



# SUSTAINABLE DEVELOPMENT GOALS

## SUSTAINABILITY STRATEGY TO 2030

Our sustainability strategy is based on the integration of aspects that are critical for the company and our stakeholders, addressing material issues, global industry trends and, in addition, our contribution to the Sustainable Development Goals. Through proactive risk management, we seek to prevent potential negative impacts and enhance positive impacts based on ESG (environmental, social and governance) guidelines.

The strategy is built around three pillars: solid business, environmental commitment and shared value. These, in turn, incorporate key issues, long-term objectives, targets and indicators.



- The circular economy
- Climate change
- Eco-efficiency

**GMA**  
Gestión Medioambiental



- Ethics and integrity
- Corporate Governance
- Risk management
- Innovation and competitiveness

**GE** Gestión Ética  
**GR** Gestión de Riesgos  
**GE** Gestión Estratégica  
**GC** Gestión de Calidad



- Extraordinary talent
- Health and safety
- Community development
- Responsible supply chain
- Human rights

**GS** Gestión Sostenible  
**GD** Gestión de Desempeño  
**GSSO** Gestión de Seguridad y Salud Ocupacional


### OUR PILLARS

Each ESG pillar of our strategy reflects our working methodology for achieving the established objectives. Our goal is to generate sustainable profitability for shareholders, promote employee development, contribute to the growth of the community and safeguard the environment. By doing so we seek not only to comply with standards and regulations, but also to exceed expectations and actively contribute to sustainable development in all our operations. Each of the pillars of our strategy is described in detail below:



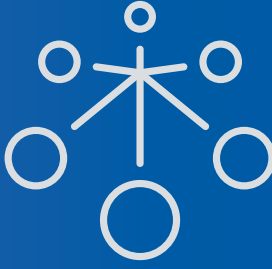
**SOLID BUSINESS**

We work ethically and transparently, guided always by our corporate values. We offer the best quality to our customers, using technological innovation that puts us in the vanguard.



**ENVIRONMENTAL COMMITMENT**

We promote a circular economy and innovation, which allow us to make more efficient use of resources, generate less waste and help to take care of our environment.



**SHARED VALUE**

We help to improve the quality of life of the different groups with which we interact.

### MAIN SUSTAINABILITY POLICIES (GRI 2-23)

Using our management tools to implement our sustainability strategy, our processes are guided by the following policies:

Name of document	
Code of Ethics	
Code of Ethics for Suppliers and Contractors	
Code for the Prevention of Fraud and Corruption	
Corporate Social Responsibility Policy	
Corporate Human Resources Policy	
Corporate Occupational Health and Safety Policy	
Environmental Policy	
Human Rights and Diversity Policy	

### SUSTAINABILITY COMMITTEE

Our Sustainability Committee celebrated its third year of operation in 2023; it plays a fundamental role in integrating the 2030 sustainability strategy into the management of the corporation's different departments.

During this period, the Committee held two meetings, in which critical aspects of sustainability in the company were addressed and spaces for dialogue were promoted to review, update and consolidate our sustainable goals and initiatives. Due to the Committee's

good performance during the year, CAASA has been recognized for our sustainable management in different indexes and rankings at national and international level.

The significant achievements made by CAASA include our entry, for the fourth consecutive year, to the Dow Jones Sustainability Index Sustainability MILA Pacific Alliance and the Sustainability Yearbook 2024, thus placing us among the most sustainable companies in the steel industry worldwide.

#### Among the Committee's main achievements are:

- Support for updating the double materiality process and stakeholder interviews 2023
- Closing gaps in our sustainability management in 2023
- Strengthening the company's culture of sustainability

## Members of the Sustainability Committee



**Ricardo Cillóniz Rey**  
Mining, Social Responsibility and Innovation Projects Manager<sup>(\*)</sup>



**Tulio Silgado Consiglieri**  
General Manager



**Augusto Cornejo Cañedo**  
Central Production Manager



**Mariana Talavera Rubina**  
Supply Chain Manager



**Fernando Bustamante Cillóniz**  
Strategic Control Manager



**Ricardo Guzmán Valenzuela**  
Administration and Finance Manager



**Juan Manuel Otoya Wherrens**  
Human Resources Manager

<sup>(\*)</sup>Chairman of the Committee

### DOUBLE MATERIALITY (GRI 3-2)

During 2023, we undertook a double materiality review, a crucial initiative that examines the impact of our operations externally and internally, as reflected in our own performance. This process involves the identification and prioritization of environmental, social and governance issues, considered from the perspective of impact on stakeholders (impact materiality) and from a business point of view (financial materiality).

This exhaustive analysis included a review of the main sustainability standards and global commitments, an evaluation of the organizational context, collection of information on the industry's impacts (potential or real), and the of the expectations and interests of our employees, customers, suppliers, the communities with which we interact and the State.

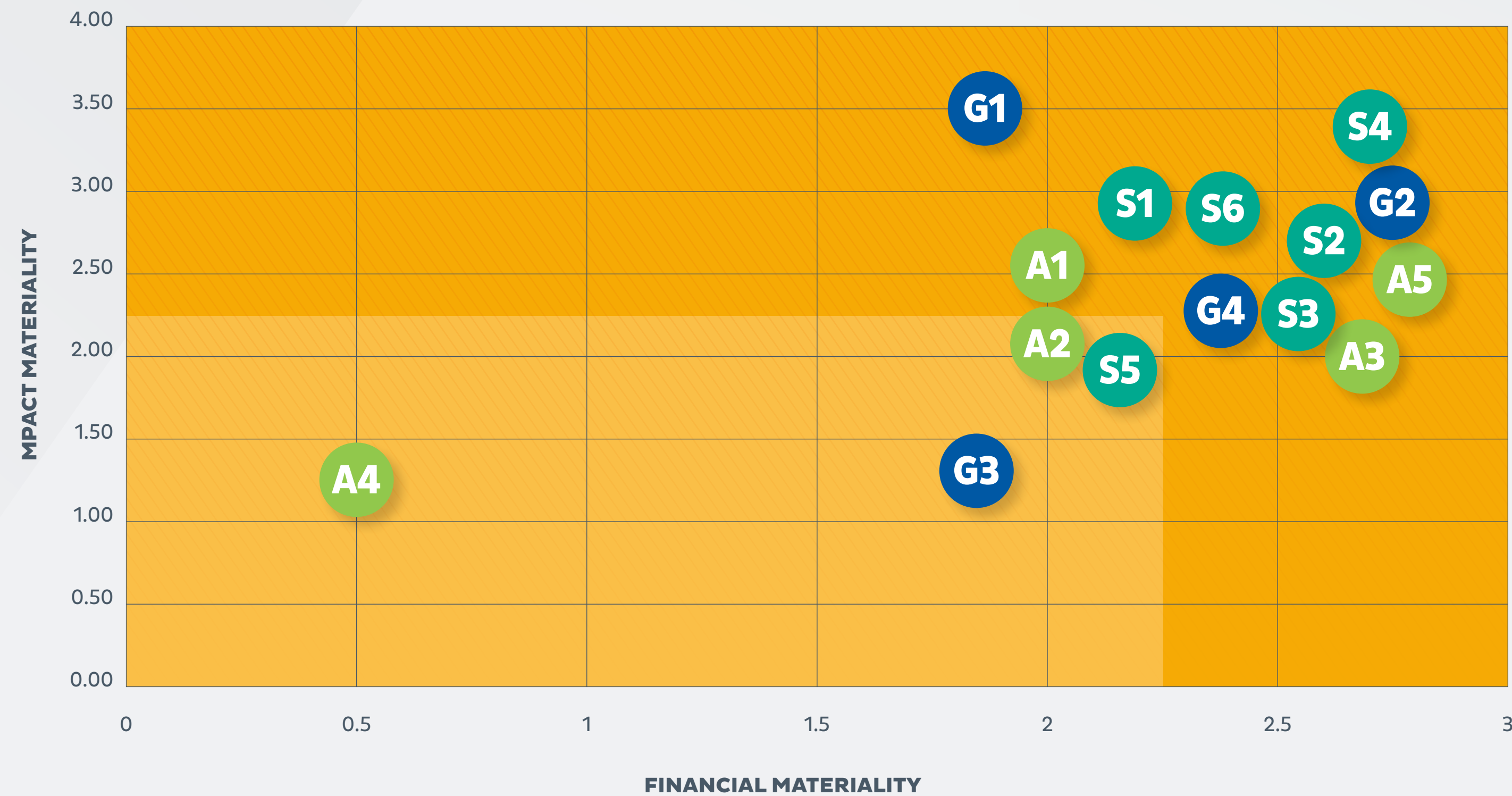
The priority issues identified during 2023 are actively managed, integrating them into our sustainability strategy and reporting mechanisms. This practice not only allows us to perform effective internal monitoring, but also provides us with the opportunity to report progress and challenges to our stakeholders in a transparent manner. The commitment to double materiality reflects our proactive approach to addressing critical concerns, ensuring that our actions and decisions are aligned with both community expectations and the organization's financial objectives. For additional details on the materiality process, please see the "List of material issues 2023" annex.

### DOUBLE MATERIALITY PROCESS (GRI 3-1)

Context analysis		Impact assessment		Impact validation and reporting	
<b>Analysis of the macro and micro environment</b>	<p><b>Macroenvironment:</b></p> <ul style="list-style-type: none"> <li>Analysis of issues of importance to the industry both locally and globally in terms of sustainability</li> <li>Analysis of industry ESG policies and regulations</li> </ul> <p><b>Microenvironment:</b></p> <ul style="list-style-type: none"> <li>Review of internal documentation and the organization's direct environment.</li> </ul>	<b>External relevance</b>	<ul style="list-style-type: none"> <li>Analysis of the priority issues of the main sustainability standards: Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), Dow Jones Sustainability Indexes (DJSI), the Sustainable Development Goals (SDGs), sector indicators for Socially Responsible Companies (SRC) and the principles of the Global Compact.</li> <li>Collecting stakeholder perceptions: 2022 stakeholder mapping and 11 stakeholder surveys that included members of adjacent communities, suppliers, customers, civil society and the government.</li> </ul>	<b>Validation of prioritized material issues</b>	<p>Impacts were grouped into environmental, social and governance issues, resulting in two prioritized lists: based on their positive and negative impacts.</p> <ul style="list-style-type: none"> <li>Both lists were weighted.</li> <li>A final list of 10 topics was obtained.</li> </ul>
<b>Pre-selection of material topics</b>	A preliminary list of ESG issues was generated from the analysis, in which positive and negative impacts were identified.	<b>Internal Relevance</b>	<ul style="list-style-type: none"> <li>Employee survey, using a sample of 123 people.</li> <li>Interview with the CEO</li> <li>Leaders panel</li> <li>Workshop with managers</li> </ul>		

During the process 15 ESG issues were identified, of which eleven (11) were determined to be material issues and the following four (4) priority issues.

## Double materiality matrix





**ENVIRONMENTAL**

- A1 Climate change response and energy management
- A2 Air quality management
- A3 Adoption of circular economy, waste management and product life cycle
- A4 Protection of biodiversity
- A5 Water management



**SOCIAL**

- S1 Strengthening occupational health and safety
- S2 Relationships with clients
- S3 Talent management
- S4 Protection of human rights
- S5 Managing relations with the surrounding population
- S6 Promoting diversity and equal opportunity



**ECONOMIC AND GOVERNANCE**

- G1 Research, development and innovation
- G2 Corporate governance and risk management
- G3 Creation of shareholder value
- G4 ESG supply chain management

**LIST OF MATERIAL ISSUES 2023** (GRI 3-2)

Prioritization of ESG issues		
1	S4	Protection of human rights
2	G2	Corporate governance and risk management
3	A5	Water management
4	S2	Relationships with clients
5	S6	Promoting diversity and equal opportunity
6	S3	Talent management
7	G4	ESG supply chain management
8	A3	Adoption of circular economy, waste management and product life cycle
9	S1	Strengthening of occupational health and safety
10	A1	Climate change response and energy management
11	G1	Research, development and innovation



## Sustainability milestones of the year

2023 was a period of significant achievements and progress for Corporación Aceros Arequipa S.A. (CAASA), we consolidated our position as a leader in the steel industry and reaffirmed our commitment to sustainability and innovation. The following are the most important milestones within the framework of our sustainability strategy:



### ENVIRONMENTAL MANAGEMENT

- **Air:** we achieved an average reduction of 12.44% in scope 1, 2 and 3 greenhouse gas emissions compared with 2022.
- **Water:** we introduced the innovative practice of injecting water into the aquifer, contributing to responsible water resources management. We also implemented the first water footprint calculation, which allows us to analyze a product's life cycle.
- **Energy:** renewal of our energy contract to ensure 100% renewable energy until 2031.
- **Waste:** production in 2023 was remarkable for using 99% recycled material, mainly scrap, consolidating CAASA as a benchmark for sustainable waste management.

### INNOVATIONS IN SUSTAINABILITY

- **Integral water footprint calculation:** The water footprint calculation was carried out both at the organizational level for the Steel Complex and at product level for our half-inch rebar. These analyzes provide us with a comprehensive view of our water impact, allowing us not only to understand the current situation, but also to establish a reliable baseline for future measurements. We will continue to expand this approach to include new

products, setting medium- and long-term goals.

- **Automation of the GHG inventory (Scope 1):** together with the Information Technology (IT) team, we have developed a bot that automates the monthly scope 1 calculation for the carbon footprint of the Steel Complex. This tool enables us to track our goals more frequently and implement timely corrective action to continuously improve our environmental management.
- **Industrial By-products Exchange:** launch of the IB Exchange on the company's website, aimed at providing technical information on the IBs available for sale. This public information is provided for marketing and research purposes, allowing us to reinsert our IBs into new production chains to replace virgin raw materials.

### CIRCULAR ECONOMY

- We launched valuable circular economy initiatives such as the recovery of steel mill dust and the extraction of stainless aluminum from waste, promoting the reuse of materials and reducing environmental impacts.
- We invested US\$ 23.5 million in a lime plant using Italian technology, which should burn 30% less natural gas, thus freeing up the rotary kiln and enhancing the recovery of zinc oxide from steel mill dust.





### STRATEGIC ALLIANCES

- The Aceros Arequipa National Mathematics Contest was held in collaboration with Concytec, the Peruvian Mathematical Society and Entrepreneurs for Education, in which more than 5,000 students participated, producing 44 finalists from 22 regions of the country.
- A pioneering agreement was established with the Municipality of Lima for a project entitled "Emergency Water", making us the first private company to join this initiative to benefit approximately 12,000 people in the Santa Rosita marginal settlement in the district of San Juan de Lurigancho.
- Other alliances were established to implement programs that directly impact our area of influence:
  - Educational development: We promote access to quality education through alliances with UTEC, SENATI, UGEL in Pisco and schools in the area.
  - Health prevention: we contribute to improving health and quality of life in alliance with the NGO Vida Peru.
  - The environment: We promote social awareness by working together with the local water authority, the Municipality of Pisco and other district municipalities and local schools.





### COMMERCIAL PERFORMANCE

- We have diversified our product range with the introduction of high quality springs for the automotive industry.
- Exports increased by 20%, highlighting our competitive performance at the international level.

### PLANT UPGRADES

- Strengthening our presence and production capacity in the region with the construction and commissioning of the following plants: :
  - Non-Ferrous Material Recovery Plant at the Pisco facility: this enables us to recover aluminum from waste.
  - New Tube Plant N° 2 at the Distribution and Steel Center in Lurín and relocation of Tube Plant N° 1 and Slitter from Callao to Lurín
  - Tube and merchant bar plant at the New Steel Center in Santa Cruz, Bolivia.
  - New high-speed nail plant in Callao
- Our truck fleet underwent a transition to greater sustainability, our goal is to have 50% of the vehicles running on gas by 2024.
- At the Pisco plant, significant investments were made in sta-

- te-of-the-art German, Austrian, Danish and Italian technology, enabling a 50% increase in the production capacity of annealed wire and nails for export to the entire region.
- A third rolling mill is under construction, which will produce low-carbon-footprint merchant bar.
- A new vertical lime kiln is also under construction, which will reduce natural gas consumption by 30%.

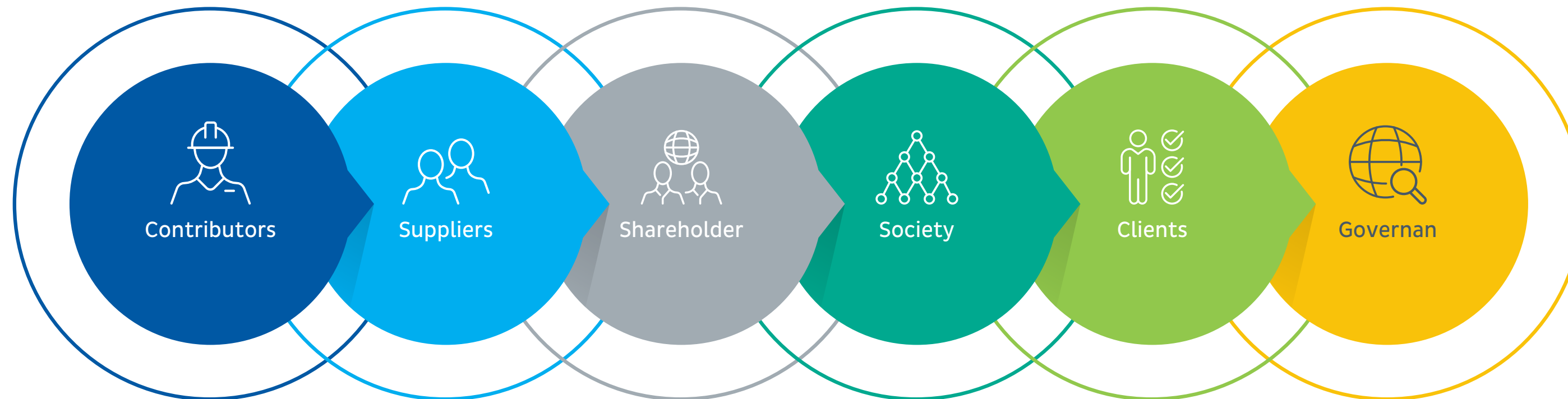


**RELATIONSHIP WITH OUR STAKEHOLDERS** (GRI 2-23, 2-29)

It is important for us to maintain a close, cordial and trusting relationship with our stakeholders, following the communication guidelines established by the company in our Communications Matrix (to learn more about relationship and communication mechanisms, see the annex entitled "Stakeholder Communication Matrix" appendix"). To bolster this relationship we carry out periodic updates of our stakeholder mapping in order to garner our stakeholders expectations, establish strategies to keep them up to date with our management and suggest improvements to our means of communication. We will do this again in 2024.

The last stakeholder update and mapping took place in 2022, addressing six categories of stakeholders linked to our productive, commercial and sustainable development activities. This process involves consultations and interviews with each group, giving them the opportunity to express their expectations and share their perspectives on relevant issues. The participation of our stakeholders was essential for us to address material issues and evaluate the positive and negative impacts they experience in relation to our organization.

## Our stakeholders



# 1.3. International presence

(GRI 2-1, 2-2)

## Building GLOBAL LINKS

### OUR SITES

Initially established in the city of Arequipa in 1964, we were founded with the aim of providing Peru with the best steel. Today we have consolidated our position as a leading company in the Peruvian steel market and, thanks to our broad product portfolio, we have an increasingly important international presence. We have operations in different cities in Peru and Latin America to serve different market segments. In so doing we not only achieve a greater regional presence, but also take an important step towards reinforcing the supply of recycled inputs for our new melt shop in Pisco.

### PERU

- Piura**
  - Client distribution
- Trujillo**
  - Client distribution
  - Metal stockyards
- Lima / Callao**
  - Head office
  - Distribution centers
  - tube plant
  - Nail, wire and welded wire mesh plants
  - Metal stockyards
- Pisco**
  - Steel complex
  - Client distribution
- Arequipa**
  - Client distribution
  - Metal stockyards

### USA

- Florida**
  - 02 metal stockyards

### COLOMBIA

- Cali**
  - Offices
  - Distribution centers

### ECUADOR

- Guayaquil**
  - Offices
  - Client distribution

### BOLIVIA

- La Paz**
  - Offices
  - Distribution centers
  - Metal stockyards

### Cochabamba

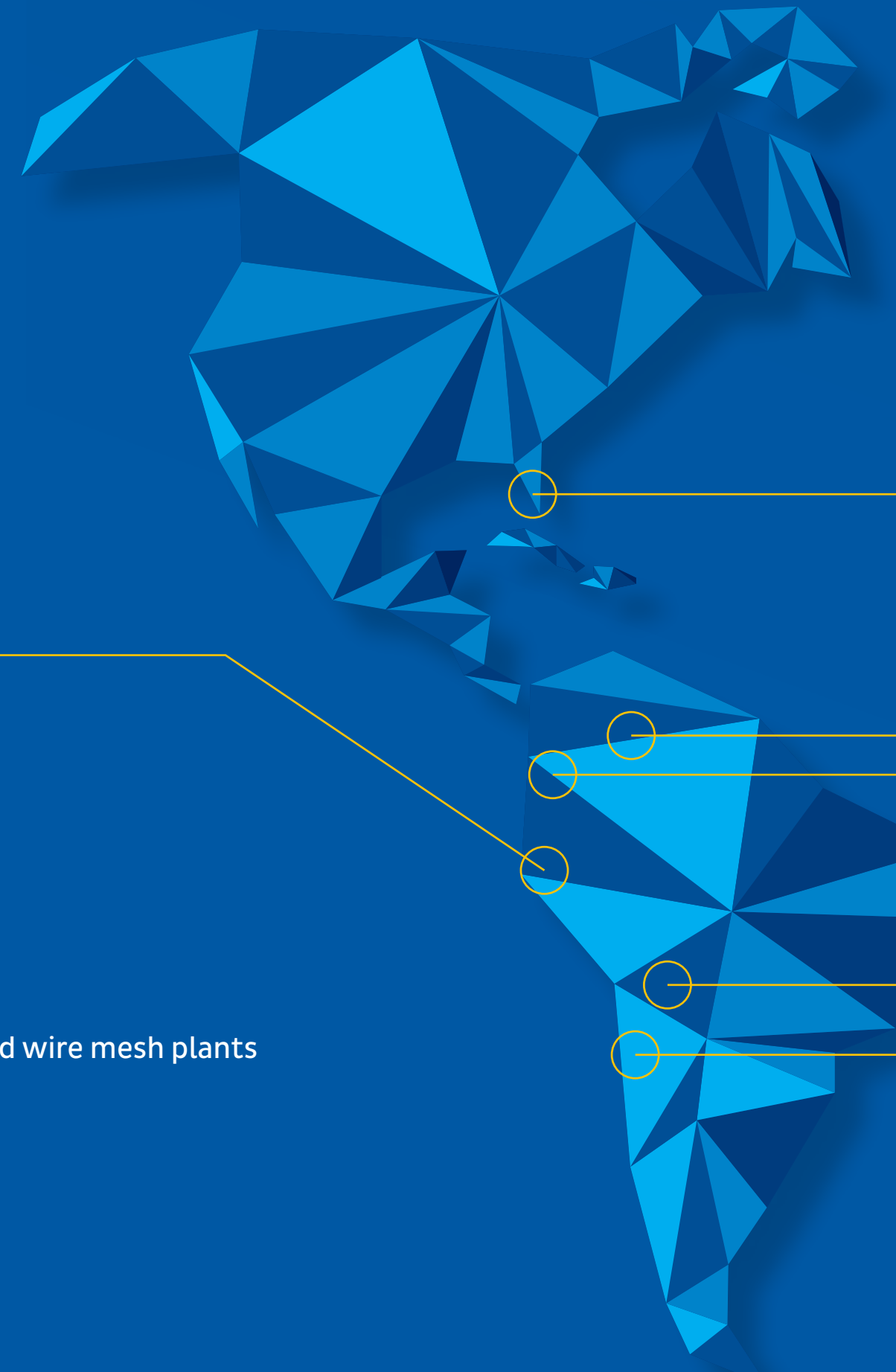
- Offices
- Distribution centers
- Metal stockyards

### Santa Cruz

- Offices
- Distribution centers
- Metal stockyards

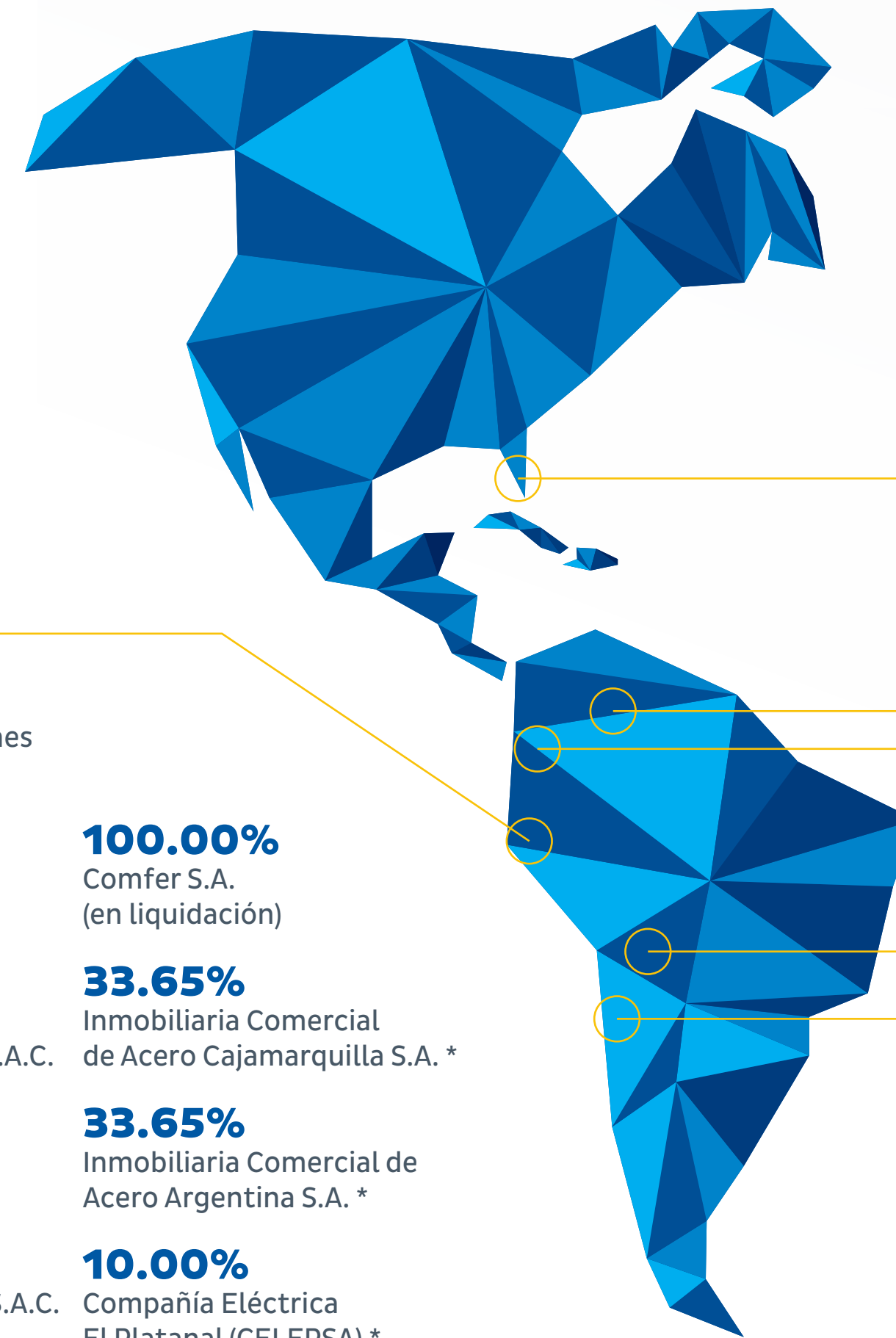
### CHILE

- Antofagasta**
  - Offices
  - Metal stockyard



### SUBSIDIARIES AND AFFILIATES

As part of our growth and development, Corporación Aceros Arequipa S.A. (hereinafter the company) invests in companies that strengthen the value chain (supply, production processes, marketing, services) both locally and internationally; we also invest in companies that are not part of or related to our business. The company's investments are given below:



## USA

**100.00%**

Aceros America Corporation

**100.00%**

Aceros America Port Manatee LLC

**100.00%**

Aceros America St. Pete LLC

## COLOMBIA

**100.00%**

Aceros Arequipa S.A.S.

## ECUADOR

**100.00%**

Corp. Aceros Arequipa AA S.A.S.

## BOLIVIA

**99.97%**

Corp. Aceros Arequipa S.R.L.

## CHILE

**100.00%**

Aceros America SpA

## PERU

**99.99%**

Tecnología y Soluciones Constructivas S.A.C.

**99.99%**

Transportes Barcino

**99.90%**

Corporación Aceros Arequipa de Iquitos S.A.C.

**99.90%**

Acero Instalado S.A.C.

**99.99%**

Comercial del Acero S.A.C. (en liquidación)

**100.00%**

Comfer S.A. (en liquidación)

**33.65%**

Inmobiliaria Comercial de Acero Cajamarquilla S.A. \*

**33.65%**

Inmobiliaria Comercial de Acero Argentina S.A. \*

**10.00%**

Compañía Eléctrica El Platanal (CELEPSA) \*

(\*) Not part of the value chain

Information on the principal companies is shown below:



**99.97%**  
**Corporación Aceros Arequipa S.R.L.:** A company incorporated in Bolivia (Santa Cruz) in 2016, in order to market bar and sheet products and, after investments made in 2023, to produce shaped tubes and profiles. The company also collects and exports scrap to Peru as raw material for Corporación Aceros Arequipa S.A.



**100%**  
**Aceros Arequipa S.A.S.:** A company incorporated in Colombia in March 2020, in order to market bar and sheet products.



**100%**  
**Corporación Aceros Arequipa AA S.A.S.:** A company incorporated in Ecuador in July 2022, in order to market bar and sheet products.



**100%**  
**Aceros America SPA:** incorporated in Chile in November 2019 to stockpile and export scrap to Peru as raw material for Corporación Aceros Arequipa S.A.



**100%**  
**Aceros America Corporation:** A holding company incorporated in Delaware, United States of America in July 2021 in which the Company holds 100% of the shares. This firm was incorporated to acquire the operating assets of two companies operating scrap facilities: Aceros America Port Manatee LLC and Aceros America St. Pete LLC, both in the state of Florida, USA, to secure part of the company's growing need for scrap for its new electric arc furnace and to sell non-ferrous products to other customers.



**99.99%**  
**Tecnología y Soluciones Constructivas S.A.C. (TSC Innovation):** This company was incorporated in November 2018, to provide value-added services to the construction industry through detail engineering and virtual design services, and BIM (Building Information Modelling).



**100%**  
**Transportes Barcino S.A.:** A company with several years of experience in the freight transport industry, which provides services to the company.



### 10%

**Compañía Eléctrica El Platanal S.A. (Celepsa):** Our company has a 10% equity interest in CELEPSA, which operates the 227 MW El Platanal hydroelectric power plant in the Cañete river basin, the 19.92 MW Marañon hydroelectric power plant and a 300 MW thermal power plant in Chilca. In 2023, Celepsa's hydroelectric power plants (El Platanal and Marañon) contributed 2.2% of the production of Peru's national grid system (SEIN) and 4.5% of hydroelectric power generation. Celepsa's thermal power plant contributed 2.7% of the production of Peru's national grid system (SEIN) and 8.8% of thermoelectric power generation.

The company currently has four subsidiaries: i) CELEPSA Renovables SRL, owner of the Marañon Hydroelectric Power Station on the Marañon River; ii) Ambiental Andina S.A.C., a company that provides meteorological and hydrological services, in which the company has a 50% shareholding, iii) Ecorer S.A.C., a company that generates and sells energy from non-conventional renewable sources (solar, wind, geothermal and/or hydro) and iv) Termochilca, a thermal power plant located in Chilca.

Celepsa is also the promoter of the first private trust to be recognized by SERNANP, for the conservation of a protected natural area.

### 99.99%

(En liquidación)

**Comercial del Acero S.A. (Comasa):** in September 2018, the company acquired 66.35% of Comasa for the sum of S/. 84.6 million. With this purchase, the company increased its shareholding to 99.99%. The acquisition was made with the company's own funds. As a result of this transaction, the company increased its market share in the sheet, plate and tube market and entered the market for structural beams and plates. In January 2021, the liquidation of Comasa was approved, thus centralizing the marketing of these products with the company.

### 100%

(En liquidación)

**Comfer S.A.:** During 2021, the company acquired 100% of the shares for US\$ 17.5 million. The purchase was made in two tranches: one in February and one in September. This acquisition increased the company's market share in nails and wire. The transaction was carried out with the Company's own funds. In August 2021 the liquidation of Comfer was approved, thus centralizing the marketing of these with the company.



### INTERNATIONAL PRESENCE

Our ability to offer customized solutions and specialized products has been the key to consolidating alliances with companies in different countries and industry sectors, allowing us to diversify our portfolio and adapt to the specific needs of each client. Thus we stand out as an integral supplier at a national and international level, including specialized products for the automotive industry and solutions for companies in the mining sector. This integrated approach has made us the second largest steel company on the Pacific coast and the fourth largest in Europe.

Although we are facing a 5% contraction in the domestic market, we have experienced a remarkable 20% increase in our exports. This international growth not only demonstrates CAASA's resilience and competitiveness, but also our ability to meet the demands of global markets, with operations in Bolivia, Colombia and Ecuador as well as customers in countries such as Canada, Brazil, Chile, Argentina and the Dominican Republic, where we provide raw materials and finished products, thus supporting strategic industry sectors. In addition, we have expanded our presence in Asian countries such as Malaysia and Indonesia where we supply industrial by-products.

This performance in global markets not only reinforces our position as a leader in the steel industry, but also underscores the confidence that international companies place in the quality of our products and services.

We stand out as an **integral supplier** at a national and international level, including specialized products for the automotive industry and solutions for companies in the mining sector.



## 1.4. Leaders in steel production and integrated solutions

### DESCRIPTION OF CAASA'S PRESENCE IN THE SECTOR

The steel sector stands out for its focus on advanced technologies for the production of high-quality, high-strength products adapted to market requirements. For this reason, CAASA works with the latest technology available in the sector, seeking to optimize production ratios and reduce any negative impact on our area of influence. This commitment not only translates into the delivery of first-class products, but also into environmentally responsible management.

At the domestic level, the steel industry has two key companies that, together with importers, supply the local market with steel products. These products include rebar, wire rod, smooth bars, merchant bar, beams, sheets and plates, corrugated steel sheets, tubes, steel mesh, nails and wire.

This sector is characterized by the use of high technology to achieve high-quality, high-strength products for infrastructure cons-



### Leading transformation with innovation and responsibility

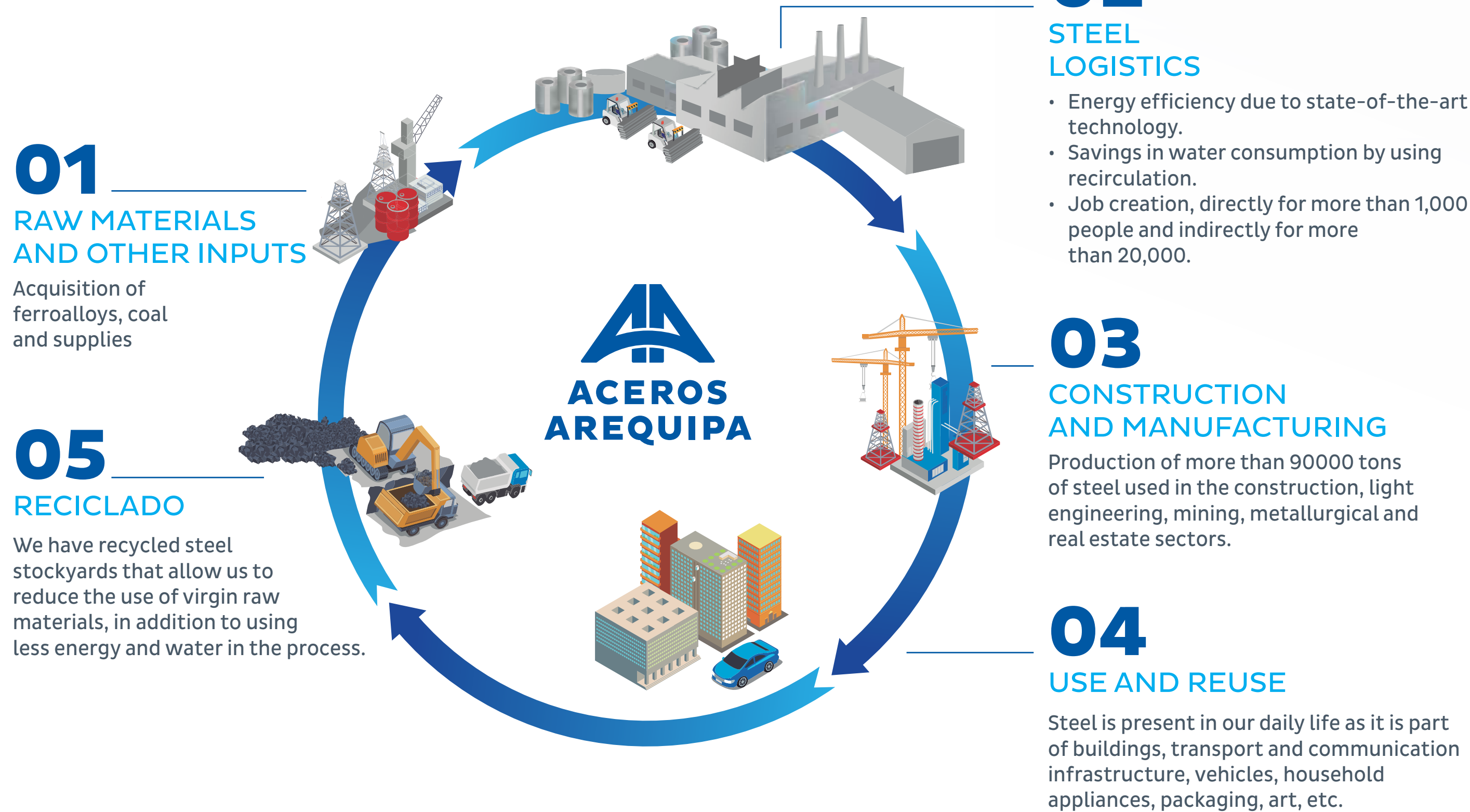
truction, adapted to meet the needs of the market. For this reason, we focus on working with the latest technology in the industry: optimizing production ratios and reducing negative impacts on our area of influence.

Similar trends in the evolution of international steel prices were observed this year. In the case of rebar, the average FOB Turkey export price for 2023 fell by 15% compared with the average price in 2022. On the other hand, the 2023 average export price of hot-rolled coil FOB China also fell by 15% compared with the average price in 2022.

During 2023, the apparent demand for long products in the domestic market fell by 5% with respect to the previous year, and in the case of sheets and tubes, the market grew by 11% compared with the same year due to an increase in imports.



## The steel cycle (GRI 2-6)



In our commitment to sustainability, we actively promote the responsible consumption of resources, adopting technologies and processes that prioritize the use of renewable or more efficient resources wherever feasible. Thus our production uses a circular economy approach to the steel life cycle, aimed at reducing the use of virgin raw materials and significantly reducing energy and water consumption in our plants.



**We optimize** the use of resources in the organization; This involves designing processes for remanufacturing, reconditioning and recycling in order to increase the efficiency of resource use.



**We implement** environmental criteria in the procurement of supplies and materials in order to reduce the environmental impact of their use to a minimum.



The properties of the steel we produce make it **100% recyclable**. In fact, most of the steel we use today is recycled and retains its original quality. Steel recycling saves raw materials and manufacturing resources.

OUR PLANTS AND TECHNOLOGY



Melt shops

**DESCRIPTION**

The fundamental purpose of the melt shop is the manufacture of steel billets through continuous process development aligned with care for the environment and the prioritization of our employees' safety, while meeting our organization's exacting standards of efficiency and operational effectiveness.

During 2023, we implemented a series of innovations and operational improvements to further strengthen our commitment to excellence and sustainability:

- Implementación del sistema de posicionamiento de grúas puente del horno eléctrico para el carguío de chatarra, reduciendo el riesgo de accidentes y mejorando la productividad de acería.
- The introduction of a positioning system for electric arc furnace gantry cranes used to charge the furnace with scrap, reduces the risk of accidents and improves melt shop productivity.
- Commissioning and development of a vacuum degasser (VD) designed for high carbon grades of steel improves the versatility and quality of our billets.

- Implementation of an advanced on-line temperature control system, together with liquid temperature measurement, to raise billet quality.
- Integral process optimization, focusing on the efficient management of electrical energy, electrode consumption and the use of slagging agents, thus contributing to a more sustainable and efficient operation.
- The commissioning of a state-of-the-art non-ferrous scrap recovery plant improves our recycling standards and also increases the value of the organization.

Since February 2022 we have concentrated our entire billet production in Melt Shop N° 2. However, we plan to implement significant improvements at Melt Shop N° 1, which will allow us to reach a total production capacity of 2.1 million tons of billets. This effort to increase our production capacity is part of our vision of sustainable growth and strengthening our presence in the market, while maintaining our commitment to quality, safety and respect for the environment.

YIELD  
**90.43%**

**1.28**  
million t/year (installed capacity of the plant)

**1,054,935**  
metric tons of billets produced in 2023

**21,000**  
annual tons of billets for export

**190.4 t/h**  
Production rate **Melt Shop 2**



## Rolling mills

### DESCRIPTION

The primary purpose of our rolling mill is the manufacture of rolled steel products, including bars, merchant bar and wire rod, to meet the demands of the domestic and international markets.

In order to meet market requirements and take on new challenges in developing innovative processes and products, we pursue a constant search for excellence. During 2023 we made significant changes that underscore our commitment to cutting edge technology and efficiency:

- We adopted new technologies, such as artificial intelligence and equipment automation, to optimize plant operation and costs. For example, the use of artificial intelligence in the wire rod coil packing area to help minimize accidents.
- On-line printing of the new logo on merchant bar from rolling mill 1, including angles and U-channels, to improve the traceability and identification of our products.
- Refurbishing of mechanical equipment, such as reducer gearboxes and drive shafts, in order to increase the reliability of the rebar rolling processes in rolling mill 2, thus ensuring optimum and consistent performance.

CAASA is committed to continually increasing its operating capacity, which is why we will be commissioning a new rolling mill in 2024, specifically for the production of merchant bar and rebar, which will strengthen our presence in the market and diversify our product range.

YIELD

**96.35%**

Yield **Rolling mill 1**

**96.95%**

Yield **Rolling mill 2**

**1,097,000**

tons of finished product in 2023

**123 t/h**

Production rate **Rolling mill 2**

**51.7 t/h**

Production rate **Rolling mill 1**

**1.2**

million t/year (plant capacity)



## Dimensioned steel plant

### DESCRIPTION

This is an integral system that designs, produces and delivers cut and bent construction steel, according to the needs of each project, such as stirrups, dimensioned bars, piles and pre-assembled structures.

Over the course of 2023, we have significantly improved our operation: the adoption of RTDP (Real Time Data Processing). This has been specially designed to enhance the traceability of dimensioned steel from the moment it leaves our plant until it is loaded onto trucks for transport. The use of this technology not only improves the efficiency of our supply chain management, but also ensures detailed and accurate tracking of each piece of steel throughout its journey, providing greater transparency and reliability to our customers.

### GOALL YIELD

**96.75%**

**47,283**  
tons per year in 2023



## Tube plants

### DESCRIPTION

Our tube plants manufacture steel tubes in different shapes and cross sections. After the tube plant was moved from Callao to Lurin, we now have three plants nationwide, one in Cajamarquilla and two in Lurín.

The process consists of cutting steel coils to obtain strips (steel strips) that form the raw material; this then goes through a mill where it is preformed and the edges of the strip are welded together.

**Lurín Plant (formerly Callao):** produces hot rolled galvanised tubes in round, square and rectangular sections.

GOALL YIELD

**98.47%** / **28,211**  
tons per year in 2023

**Cajamarquilla Plant:** produces cold rolled tubes in round, square and rectangular sections.

GOALL YIELD

**98.45%** / **20,199**  
tons per year in 2023



# New tube plant: Lurin

### DESCRIPTION

As part of our strategy to expand and modernise our facilities, during the second half of 2023 we commissioned a third tube plant located in Lurin. Like our other plants, this new facility manufactures steel tubes in different shapes and sections to suit specific customer needs.

An important innovation in this new plant is the installation of an oil spraying system, which applies the final coating (anti-corrosion oil) onto the manufactured tubes. This process is designed to improve the oxidation resistance of the tubes significantly, thus ensuring the durability and quality of our products.

### GOALL YIELD

**97.79%**

**14,137**  
tons per year in 2023



## Wire, nails and electrowel- ded wire mesh plant

YIELD  
**100%**  
Wire plant  
**28,532**  
tons of finished product  
Wire plant

YIELD  
**97.37%**  
Nail plant  
**4,806**  
tons of finished product  
Nail plant

### DESCRIPTION

This plant manufactures products such as nails, wire and electrowelded mesh. With this acquisition, Aceros Arequipa has strengthened its market presence and expanded its product range.

#### Nail line:

We offer our customers nails of the highest quality, meeting the appropriate standard. They are made in sizes from 1 inch to 7 inches. During 2023 we experienced sustained growth in our nail production capacity, thanks to the incorporation of high-speed, high technology nail making machines from Denmark. We also installed a fully automatic bagging machine, which has increased our bagging capacity from 100 tons to 400 tons per month. In terms of technology, the design of a new fully automated (with no operator) nail production process was completed in 2023. This process is scheduled to start production in the 2nd quarter of 2024.

#### Annealed wire line:

We have automated furnaces in which the annealing process is carried out to close tolerances and to established quality standards. This wire is manufactured from SAE 1008 lo-carbon wire rod, drawn and annealed so that its ductility is in accordance with the standard.

#### Electrowelded mesh line:

This product is designed for use as structural reinforcement. In mining it is used as a reinforcement for tunnels, galleries, etc. The mesh is manufactured in 25 metre coils and 6-metre long panels.

It is made to the highest quality and safety standards and during 2023 we obtained ISO certifications in recognition of our efforts and commitments:

- ISO 9001 Quality Management Certification
- ISO 14,001 Environmental Management Certification
- ISO 45,001 Occupational Health and Safety Management Certification



## Advances in metallurgy



### DESCRIPTION

In addition to our production plants, we have also made important strides in new product development. These advances include the creation of spring leaves and wire rods for spring manufacturing, thus extending our portfolio of specialist solutions. We have also developed new high-carbon bars specifically designed for making grinding balls and satisfying the most demanding mechanical requirements of the mining industry.

As far as quality control is concerned, our laboratory has proved itself by successfully passing rigorous audits by evaluating agencies from Brazil, Colombia and Chile, reaffirming our commitment to the highest international standards.

In a further drive for process efficiency and accuracy, we have implemented machine learning models to estimate the mechanical properties of the end products, based on their chemical composition.

In addition, we have modernised our operating systems by successfully implementing an electronic transfer system that directly links mechanical and dimensional test results to our SAP ERP. This integration significantly streamlines the processes and improves information traceability, supporting more efficient management.

## Production

(installed capacity, utilization, etc.) (GRI 2-6)

The continuous improvement of our processes and activities has enabled us to develop a broad portfolio of services and products that satisfy the demanding domestic and international markets. We serve the construction, automotive, industrial and mining sectors. Similarly, our spring leaves will be available to the automotive sector in Bolivia, Mexico and Ecuador in 2024.

## Our product portfolio

Our product portfolio is made to the highest quality standards to satisfy the needs of our customers; we provide products of great value:



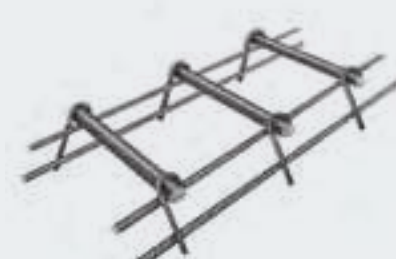
REBAR



CORRUGATED STIRRUPS



MECHANICAL CONNECTORS



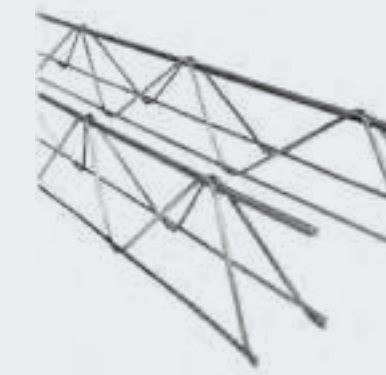
TRANSFER VOUSOIRS AND BASKETS



NAILS AND WIRES



MESH AND ELECTROWELDED PANELS



WELDED TRUSSES



ROD FOR WIRE DRAWING



PROFILES



BEAMS



SHEETS AND PLATES



CALAMINE



TUBES



ROD FOR GRINDING MILL BALLS



ROCK SUPPORT BOLTS AND ADAPTERS



TOOLS AND HARDWARE

### OUR MAIN SERVICES

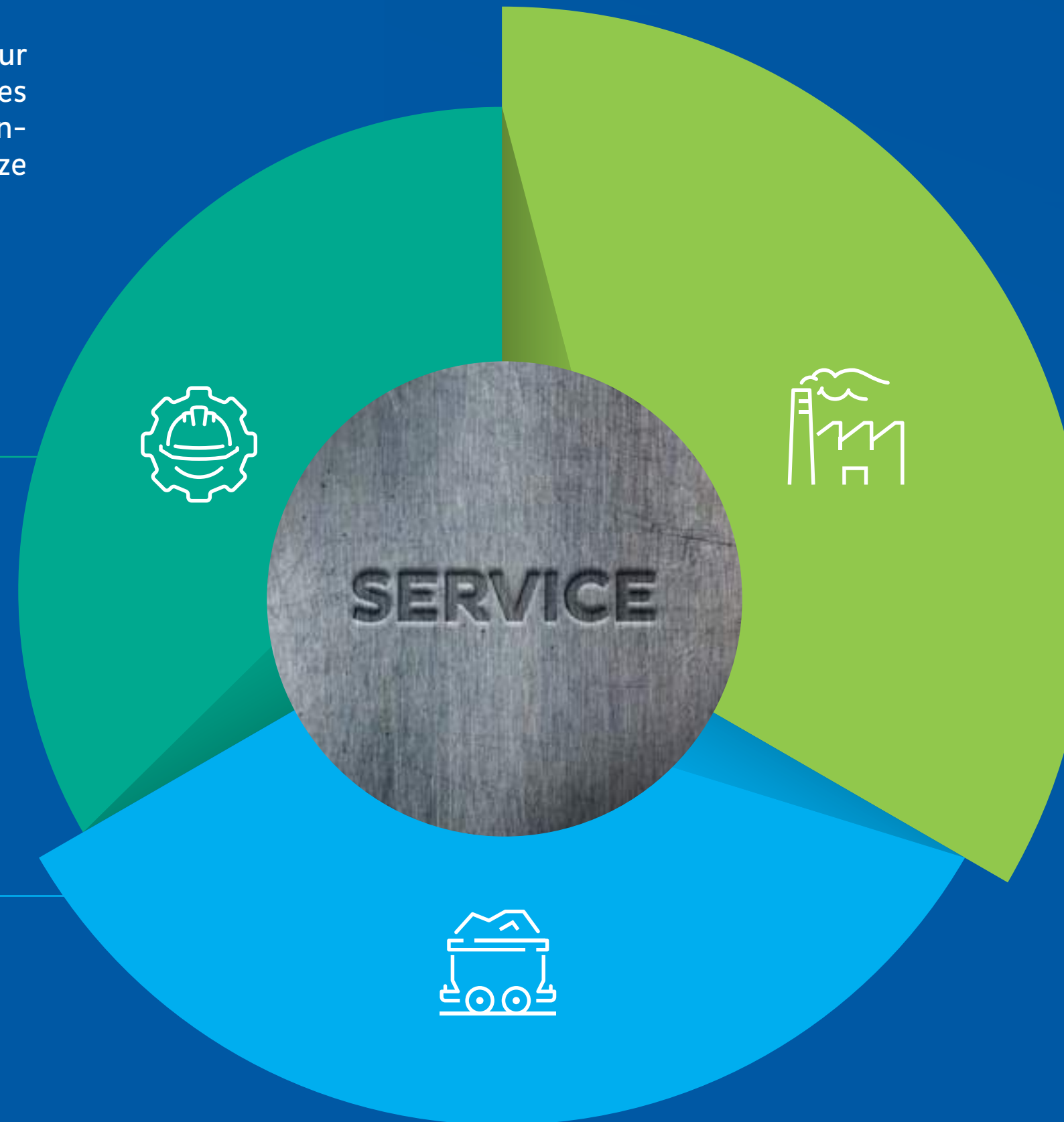
We are constantly innovating to provide solutions that meet our customers' needs and expectations. We have developed services with cutting-edge technology that complement our product range and allow our customers to optimize, streamline and monetize their projects.

## Construction

**ACEDIM:** a comprehensive dimensioned steel solution that designs and produces pre-assembled steel structures, and installs them on site for faster and more productive steel project delivery.

## Mining

**Geosorpote:** geomechanical consultancy for the control of underground and surface instability. This service is based on training and field evaluations, and helps to ensure good practices in the installation of our products.



WE ARE CONSTANTLY INNOVATING  
to provide solutions

## Manufacturing

**STEEL Center:** a service solution that offers a wide range of machinery and equipment and allows us to provide our customers with greater process efficiency, reducing their costs and optimizing time.

Services:

- Coil to strip slitting
- Plate cutting and bending
- Plate corrugation
- CNC pantograph service
- Oxyacetylene and plasma cutting service
- Tube grooving

### DIMENSIONED STEEL

Through **ACEDIM Solución Integral**, we provide a highly efficient service. From the initial stage of a project, the cost of steel is minimized, activities that do not generate value are removed thus achieving the desired effectiveness. We design, manufacture and install construction steel, using BIM technology, Lean Construction processes and VDC (Virtual Design Construction) methodology for the development of digital prototypes in concrete, reinforcing steel and inserts and management of industrial reinforcing processes.

We achieve this quality service in three stages:

## 01.

**ACEDIM BIM.** In this stage we used BIM technology, Lean Construction processes and VDC (Virtual Design Construction) methodology for the development of digital prototypes in concrete, reinforcing steel and inserts and the management of industrial reinforcing processes.

We also use our virtual platform "Steel Track" to integrate our process chain: engineering, commercial, planning, plant, supply, customer, installation or assembly associated with ACEDIM products, pre-assembled and installed.

## 02.

**Pre-assembly.** This stage of the service is the fastest and most industrialized way to provide steel reinforcement for any type of project. Reinforcement types include: roll-up mesh, piles, beams, columns, girders, pedestals, voussoirs, mesh. Pre-assembled reinforcement is manufactured in our factories using standardized procedures and permanent monitoring.

## 03.

**Installation.** Finally, in this stage we have a specialist team for installing dimensioned steel. This team works closely with the engineering and planning staff to meet project schedules. Progress is monitored through our "Trimble Connect" platform".



#### Benefits:

- Integral service allowing efficient control of on-site operations.
- Reduction of waste and labor during preparation and installation.
- Faster, reducing the time needed for our clients' projects.
- Increased productivity, as a result of better project planning and control.
- Higher quality, thanks to our specialized engineering service.



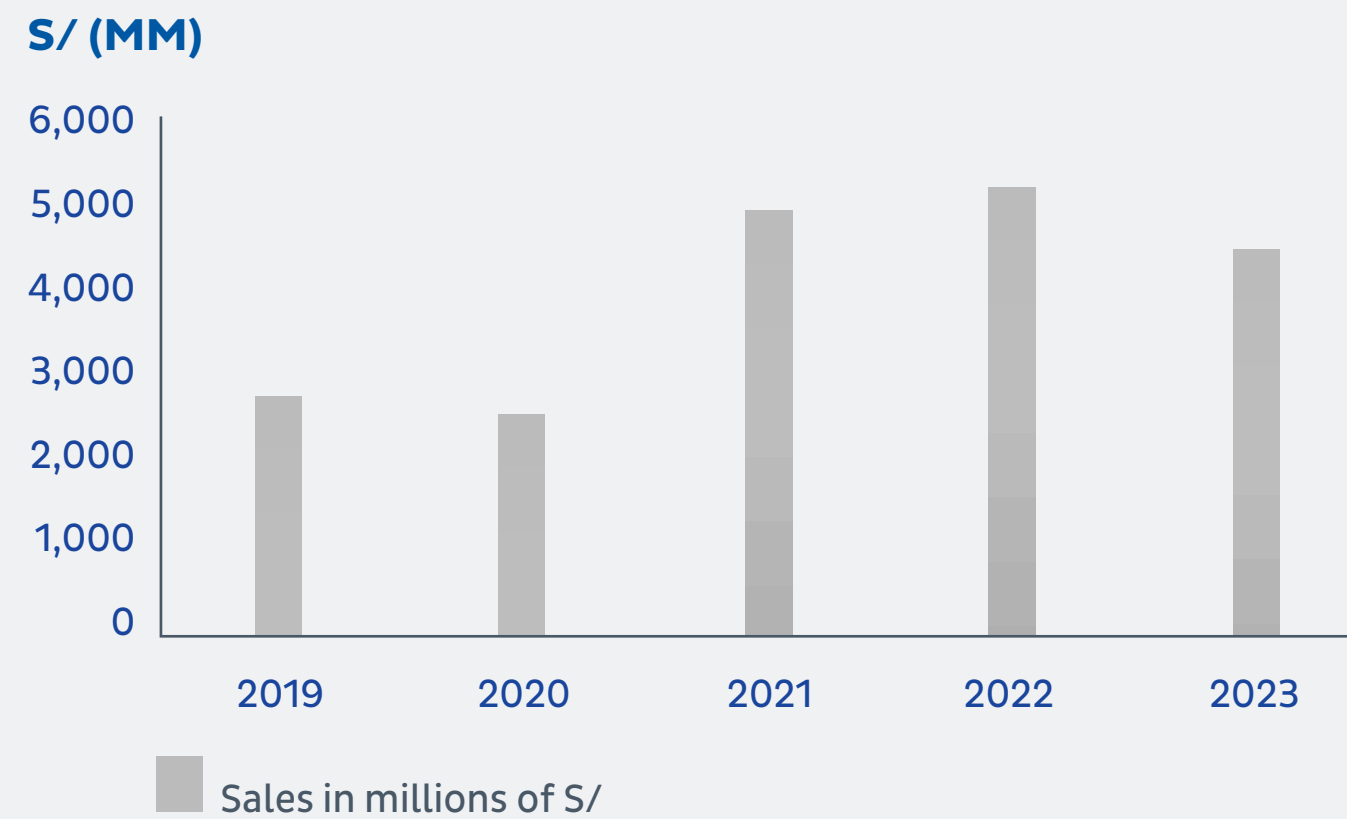
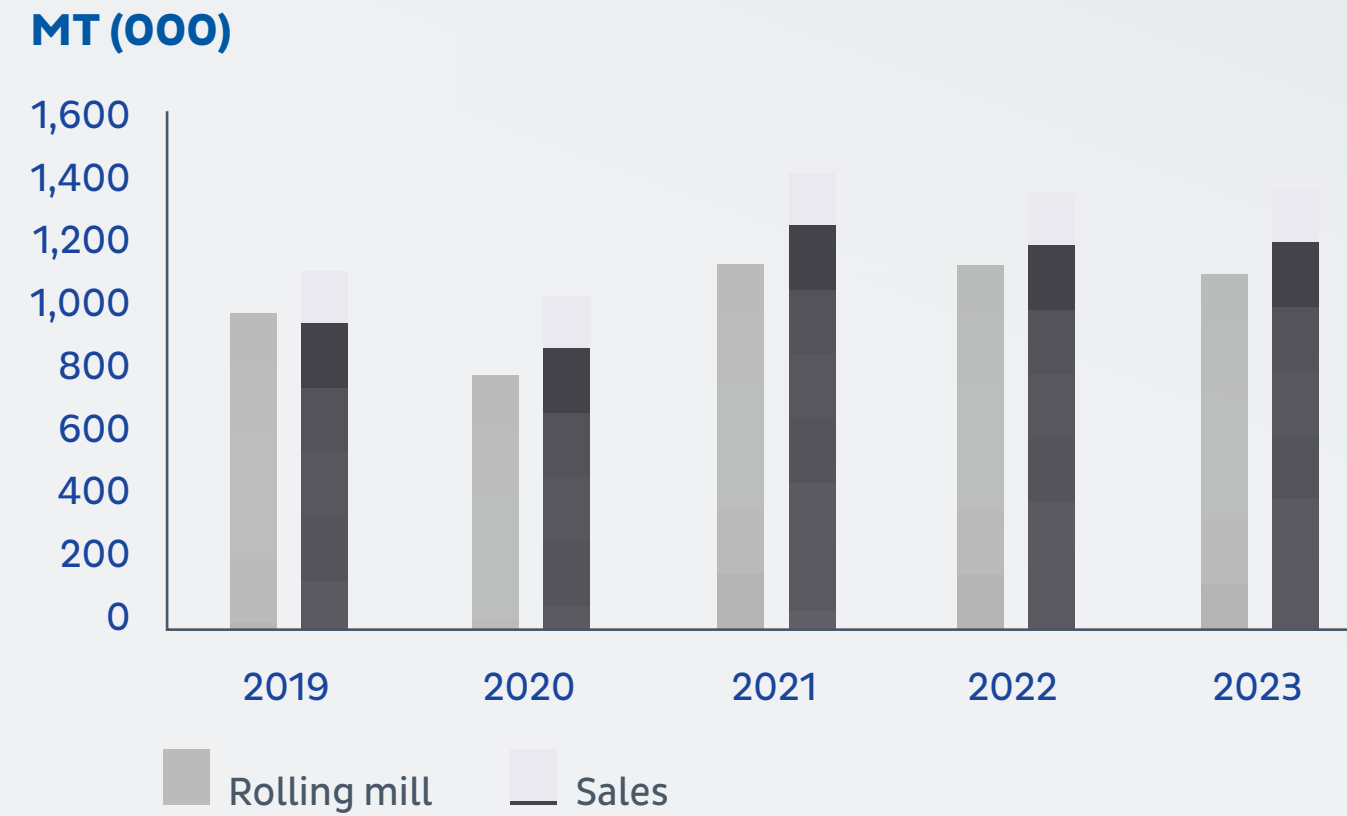
# 1.5. Financial results

## PRODUCTIVITY AND GROWTH

During 2023 we sold 1.36 million MT of products. Turnover was 1.5% higher than that of the previous year. This result is mainly explained by an increase in exports.

## SUSTAINABLE GROWTH

# for a lasting impact



The company's exports represented 17% of total sales, with the Bolivian market being the main export destination.

As far as sales by product family are concerned, rebar and wire rod accounted for 69% of sales, the balance being shared by merchant bars, smooth bars, plates and coils, among others.

# S/ 4,505,013

Total value (in thousands)



### Exports

**17%**  
Domestic Sales

**83%**  
Foreign Sales

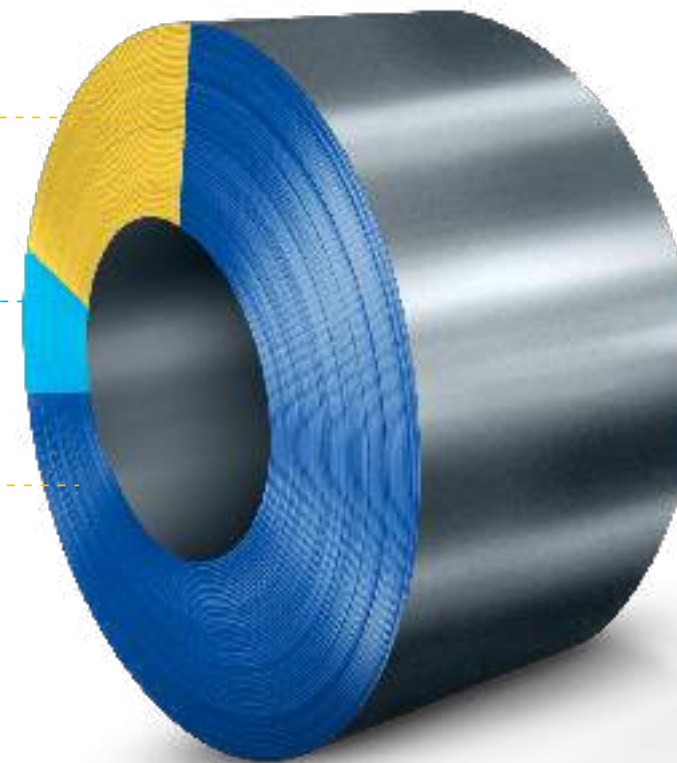


### sales by product family

**21%**  
Rebar and wire rod

**9%**  
Merchant bars

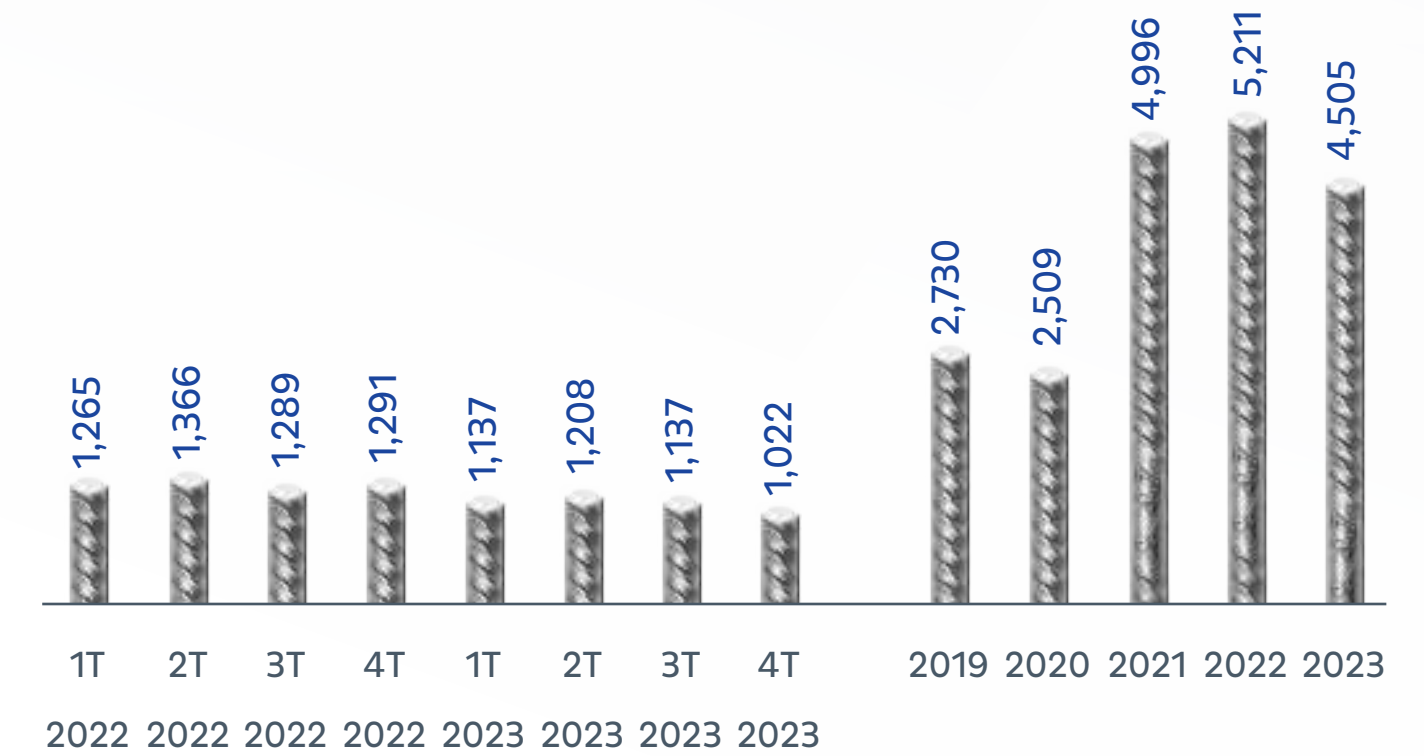
**69%**  
Plates, coils and others



### FINANCIAL ASPECTS

Net sales for the year totaled S/ 4,505 million, a 13.6% reduction compared with the previous year, mainly explained by lower volumes and prices in the local market, Bolivia and Colombia, partially offset by exports to Ecuador and other destinations.

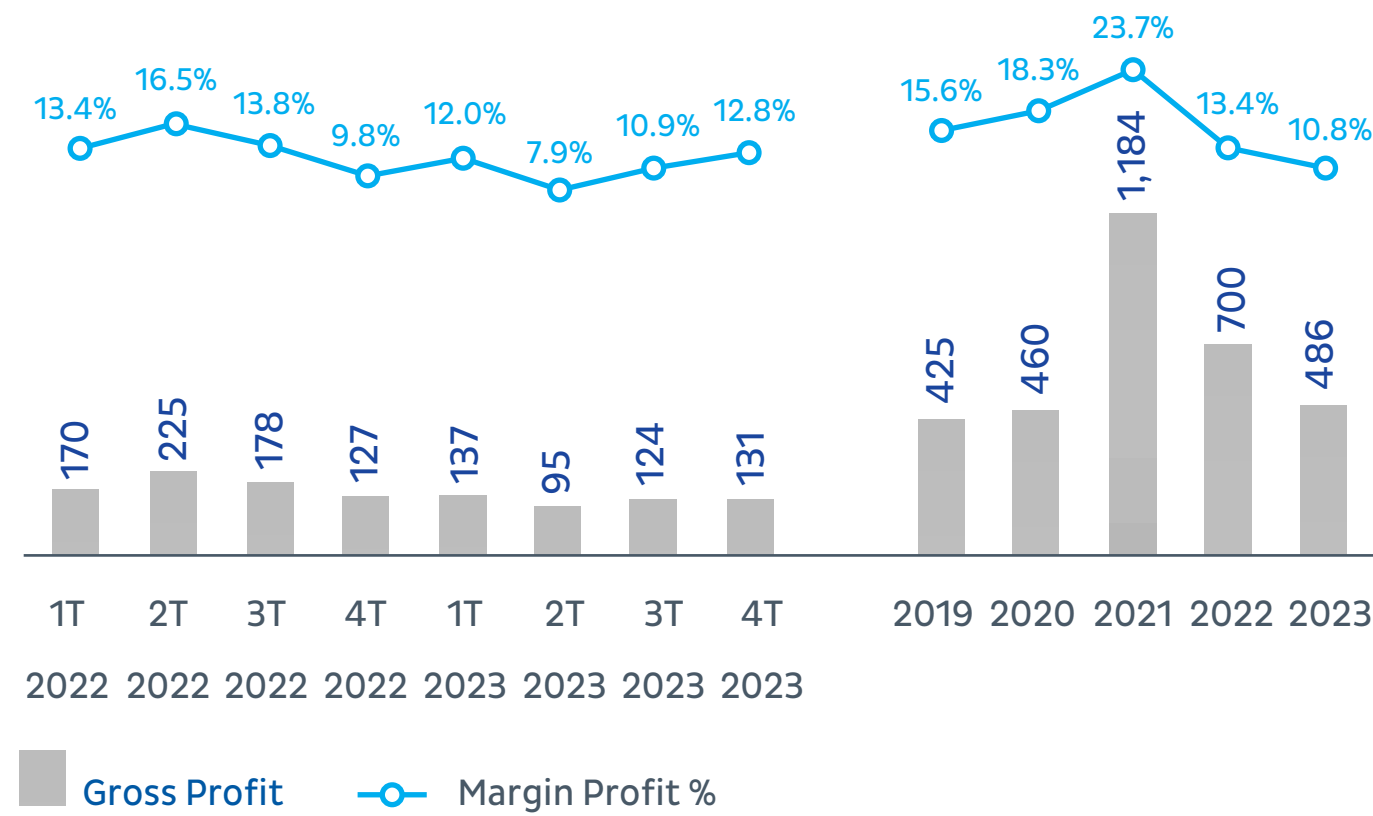
### Net Sales (S/ million)



Gross earnings in 2023 (S/ 486 million) were 30% lower than gross earnings in fiscal year 2022 (S/ 700 million). This was mainly due to sale prices falling more than costs, and lower local sales offset by exports to non-recurring markets, including sales of lower-margin semi-finished products.

The company's gross margin was 10.8%, lower than that recorded in fiscal year 2022 (13.4%).

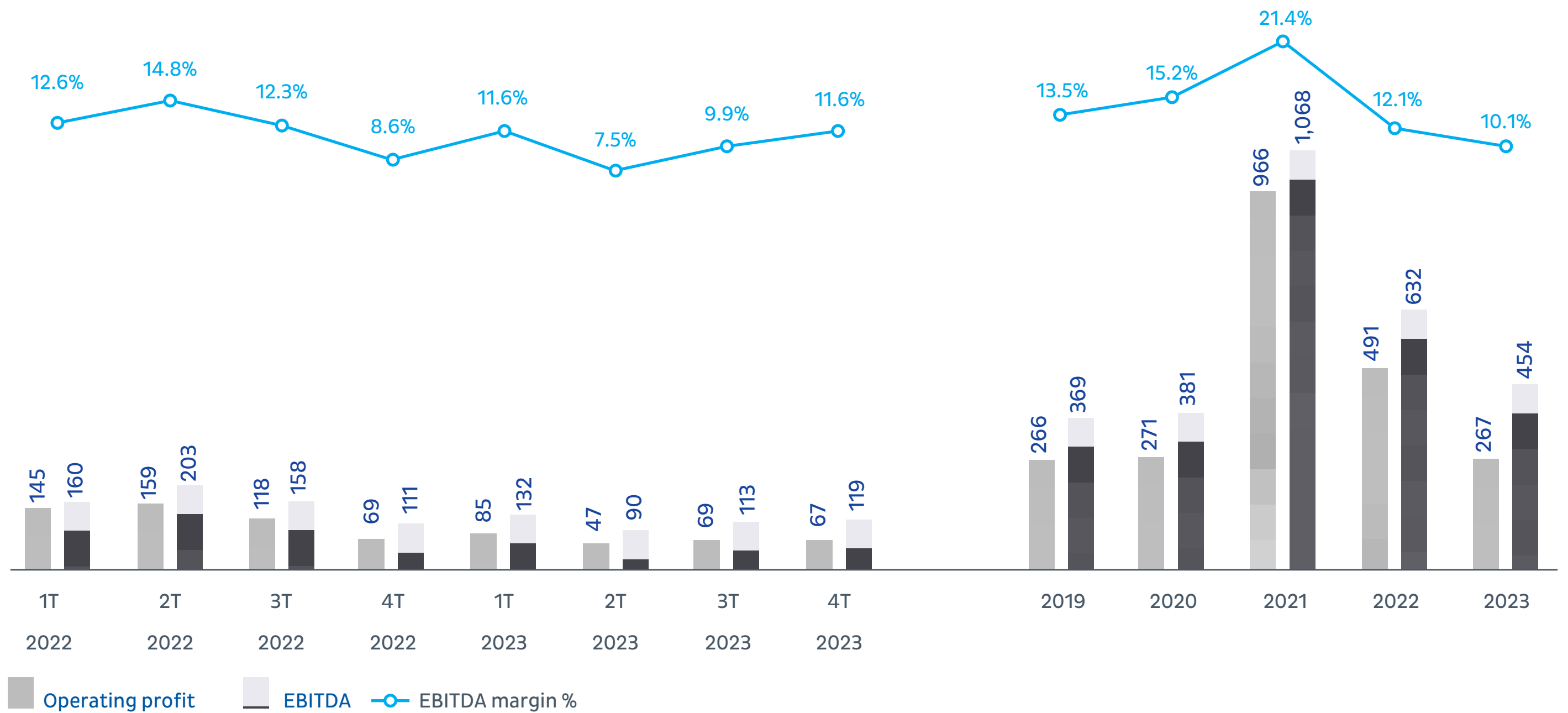
### Gross Profit (S/ million)



Operating income and EBITDA recorded during 2023, were S/ 267 million and S/ 454 million, respectively. While EBITDA 2023 was lower than 2022, it still represents significant growth compared to the figures for 2019 and 2020.

The EBITDA margin obtained during fiscal year 2023 was 10.1%, compared with 12.1% for the previous year, which was affected by high-cost inventories that have been consumed throughout the year, higher sales to other markets with lower margins, and a downward trend in international prices.

### Operating Income and EBITDA (S/ million)





Financial costs in 2023 were higher than in the previous year due to higher interest rates. It is worth mentioning that part of this increase was partially offset by higher financial income due to higher interest rates on our deposits.

As of December 2023, the leverage indicator, defined as Net Financial Debt / EBITDA, was 3.48x, higher than the figure achieved in December 2022, due to a reduction in EBITDA. The evolution of financial liabilities (excluding operating leases) is shown below.

### Financial Liabilities (S/ million)



Note: operating leases are not included

At the end of 2023 the Company made a profit of S/ 83 million, which was lower than the profit recorded in the previous year (S/

246 million). This fall is explained by lower operating income, higher financial costs and higher losses by associates. These costs were partially offset by positive exchange rate differences (versus negative ones obtained in 2022) and higher financial income. It is important to note that the company has a debt policy that minimizes the gap between its US dollar-denominated assets and liabilities, thus partially mitigating the impact of exchange rate fluctuations.

As at December 2023, current assets had fallen by 25% (S/ 854 million) compared with December 2022, totaling S/ 2,513 million. This reduction was mainly due to a S/. 732 million reduction in inventories and, to a lesser extent, in accounts receivable.

Current liabilities fell by 27% (S/ 668 million) compared to those at the end of 2022, amounting to S/ 1,771 million. This variation is mainly explained by lower bank financing for working capital, in line with the decrease in inventory.

The company's working capital was reduced by 20% with respect to the end of 2022, amounting to S/ 742 million; this was mainly due to a reduced inventory. The liquidity indicator (current assets divided by current liabilities) had increased as of December 2023 to 1.42 compared to 1.38 at the end of 2022.

Likewise, net assets in property, plant and equipment amounted to S/ 2,932 million, higher than the figure for December 2022 (S/ 2,653 million), which is explained by the investment in rolling mill 3, the new distribution center in Lurin and the nail and wire plant, among others. As at the same date, intangible assets totaled S/. 5.5 million.

The book value of investments in subsidiaries and associates amounted to S/ 228 million, higher than the S/ 219 million figure for the end of 2022.

As far as the debt ratio (total liabilities minus deferred taxes divided by equity) was concerned this figure was 1.06, a reduction compared with that recorded in December 2022 (1.30); this was mainly due to lower borrowings for working capital.

The company's equity (S/ 24 million) grew as a result of profit for the year after taxes, minus dividends.

It is worth mentioning that, as at the 31st December 2023, Banco de Crédito del Perú, BBVA and Interbank held more than 10% of the company's equity, with aggregate figures of S/ 1,348 million, S/ 455 million and S/ 410 million, representing 50%, 17% and 15% of equity, respectively. This exposure includes promissory notes, capital leases, medium-term financing and letters of credit.

The company has also created a trust fund consisting of the Pisco plant's machinery and real estate, to support loans granted by Banco de Crédito del Perú S.A., Banco Santander Perú and Banco Internacional del Perú S.A.A. – Interbank. As at December, the realizable value of assets in the trust amounted to US\$ 399 million (excluding the value of the land), which represents 55% of the company's equity.

Finally, Messrs. Tanaka, Valdivia & Asociados Sociedad Civil de R.L., representatives of EY International, was appointed by the board of directors as the company's external auditors for fiscal year 2023.

### ECONOMIC VALUE GENERATED AND DISTRIBUTED

Our economic performance during the year helped to generate value for our various stakeholders. This positive impact can be seen in the following table:

	2022 (thousands of soles)	2023 (thousands of soles)
<b>Direct Economic Value Generated (EVG)</b>	5,294,263	4,531,980
<b>Direct Economic Value Distributed (EVD)</b>	5,185,093	4,482,065
Operating costs	4,555,196	4,062,621
Employee salaries and benefits	232,269	191,712
Payments to capital providers	131,237	147,322
Payment to the government (income tax + other taxes)	101,045	35,420
Investments in our area of influence	452	1,033
Shareholders (Dividends)	164,894	43,957
<b>Retained Economic Value (VEG - VED)</b>	109,170	49,915

### Direct Economic Value Distributed (EVD)

**90.64%**  
Operating Costs

**4.28%**  
Employees

**3.29%**  
Capital providers

**0.98%**  
Shareholders

**0.79%**  
Government

**0.02%**  
Community



**S/ 4,482,065**  
(Thousands)

### TAX (GRI 207-1)

Our tax strategy is to comply with tax regulations issued by the corresponding agencies in the countries where we operate. We thus minimize tax risks and protect the corporation's reputation, based on a reasonable interpretation of the tax regulations applicable in each country.

Our accounting and tax departments are responsible for the implementation and execution of our tax strategy.

Effective tax rate in S/ (in millions)	2022	2023
Income before taxation	362	129
Taxes reported	116	46
Actual taxes paid	127.5	42



# 02

## BUILDING SOLID FOUNDATIONS FOR TOMORROW



## 2.1. Environmental management

### MANAGEMENT APPROACH

At CAASA, we consider environmental management to be an essential pillar of our operations. We strive to foster a culture that supports the sustainable development of our country, always seeking a balance that meets the needs of society, optimizes responsible use of resources and ensures our profitability. We demonstrate that it is possible for the steel industry and related sectors to operate in harmony with the environment.

Our actions are guided by an environmental policy ratified by our board of directors, which registers the environmental commitments of our organization. These include environmental protection and conservation, waste reduction, compliance with applicable regulations and the promotion of continual improvement.

We are continuously searching for alternatives to make use of by-products derived from our production process and reduce the consumption of natural resources. Our management system is based on the prevention, control and mitigation of environmental impacts in all operations throughout the value chain, care for biodiversity and compliance with current regulations. We also seek to encourage our contractors and suppliers to use our standards.

# OUR green commitment

S/5,432,434

capital investment in  
environmental projects





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## We have obtained the second star of the Carbon Footprint Peru program

The Peru Carbon Footprint Program, an official tool of the Peruvian government, rewards public and private organizations that successfully manage their greenhouse gas (GHG) emissions).

Since 2020, we have actively participated in the Peru Carbon Footprint Program run by the Ministry of the Environment (MINAM), and submitted our GHG inventory for 2019. In 2023 we stand out as one of the 10 companies in the manufacturing sector that managed to obtain the Second Star award for the calculation and verification of our inventory for 2022.

## GOOD ENVIRONMENTAL MANAGEMENT PRACTICES

### The Industrial By-Products Exchange

In line with our strong environmental commitment, we are pleased to introduce CAASA's Industrial By-Products Exchange. This innovative tool promotes a circular economy by introducing industrial by-products generated in our production process to the market. These materials can be used as alternative raw materials or inputs by other industrial sectors, thus helping to reduce the consumption of virgin raw materials.

We have dedicated a special section of Aceros Arequipa's website ([www.acerosarequipa.com/pe/es/bolsa-de-subproductos](http://www.acerosarequipa.com/pe/es/bolsa-de-subproductos)), to detailed catalogues of 19 industrial by-products, their respective technical data sheets and possible applications.

### Water footprint calculation

By 2030, the UN predicts that water demand will outstrip supply by 40 percent and according to the World Economic Forum corporations are the world's largest consumers of water, with nearly two-thirds of all freshwater resources used in the manufacture of products for corporate supply chains, from food to chemicals. In times of scarcity, governments will always prioritize human consumption and food supplies.

Aceros Arequipa's main operations are located in Pisco, a region that has only one thirty-fourth of the world average remaining available water.

Water footprint is a key environmental indicator that uses various factors to assess the volume of freshwater used throughout the entire product life cycle, from raw material sourcing and transport to processing, under a "cradle-to-gate" approach.

In the third quarter we made our first calculation of the organization's water footprint at the Pisco Plant (based on the 2022 period), using ISO 14046-2014 standard. This analysis allows us to continue taking action to improve water management and mitigate our impact in a zone with water deficit, such as the use of desalinated water in our operations.

## Environmental management priorities

We have established eight important aspects of our management system and business relating to the environment, so that our operations respect and protect the environment and its components. These are based on a comprehensive approach to those environmental components that may be affected by our operations. A detailed description is given below:

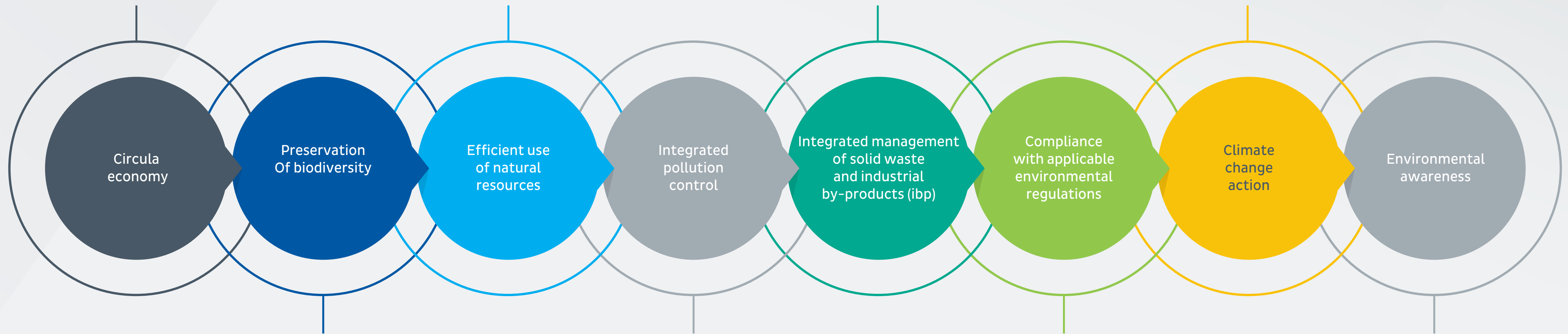


We are active participants in the recycling value chain. Our products are 100% recyclable and our electric furnace technology allows us to consume large quantities of scrap, which can be as much as 100% of the GOALL load in the melting process.

We are aware of the importance of efficient use of natural resources. We employ technological innovations that allow us to reduce electricity and water use per ton of product, thus generating energy and water efficiency.

We minimize the generation of solid waste and prioritize its value during final disposal; in addition we are continually looking for opportunities in different industries and/or the acquisition of new technologies that will allow us to increase the use of our IBPs and solid waste.

We are aware of the environmental problems related to climate change and the consequences it may cause in Peru. Our main energy matrix is natural gas. We promote improvement projects related to energy efficiency and the replacement of fossil fuels.



We comply with national and international regulations on conservation of biodiversity and we apply the hierarchy of mitigation measures focused on avoidance, minimization, restoration and offsetting our impacts to assess our activities and the location of our projects.

We have fume and water treatment systems that enable us to ensure compliance with the maximum permissible limits (MPL). We have environmental emergency response plans through which we can act swiftly and comprehensively in such situations.

We rely on external advice that allows us to keep up to date with changes in applicable legislation. We are also audited by external experts and have an internal program for monitoring environmental obligations in each of our processes.

We carry out environmental awareness-raising activities for our employees in order to maintain a culture and lifestyles compatible with the principles of sustainability. We also work with schools in the city of Pisco, conducting education and campaigns related to waste management and standards of order and cleanliness.



### STRATEGIC ENVIRONMENTAL COMPLIANCE PROGRAM (ECP)

As part of the ECP program, during the year we conducted virtual environmental training and awareness-raising for our employees, outsourced suppliers and contractors working at our facilities. Each module of the ECP program has three stages: awareness-raising, reinforcement and verification, which seek to internalize employees' knowledge and reinforce their learning by putting it into practice.

During the year we addressed four topics:

1. Environmental Policy
2. Biodiversity Conservation
3. Integrated Solid Waste Management
4. Efficient Use of Natural Resources

Over the course of the project, we have achieved the following:



**800**

employees trained in the ECP program



**346**

third parties trained in the ECP program

### CLIMATE-RELATED MANAGEMENT INCENTIVES

Our climate-related management incentive strategy focuses on recognizing and rewarding our team's exceptional performance in implementing environment-related projects. Executives, from managers to individual employees, have an incentive system to improve climate management at Corporación Aceros Arequipa. These incentives are classified as follows:

#### Monetary incentives

we have established performance objectives related to indicators, projects and initiatives that have an impact on climate management and are classified into those that reduce emissions, reduce energy use and create more efficient use of resources such as fuel and water, among others. These objectives influence employee bonus calculations and performance evaluations, including managers and those whose responsibilities relate to processes that have an impact on climate management..

#### Non-monetary incentives

The Projects Program, which is part of the corporation's continual improvements system, encourages employees to develop projects that increase profitability, efficiency and process simplification, including those that reduce the use of electricity, gas and water, as well as reducing machine and equipment failures and help to mitigate potential environmental impacts. This program recognizes and rewards employees' creativity and outstanding participation in such projects.

### FINES OR PENALTIES (GRI 2-27)

One of the priorities of the organization's environmental management is compliance with applicable environmental regulations. To do so we identify environmental requirements with legal advice, establish plans of action and periodically monitor compliance using the environment department and third-party experts.

In 2023 our supervisory body, the Environmental Evaluation and Oversight Agency (OEFA), has opened an administrative sanctioning procedure (ASP) as a result of its regular supervision of the steel complex in 2021; we have submitted our defense but the process had still not been resolved by the end of the year.

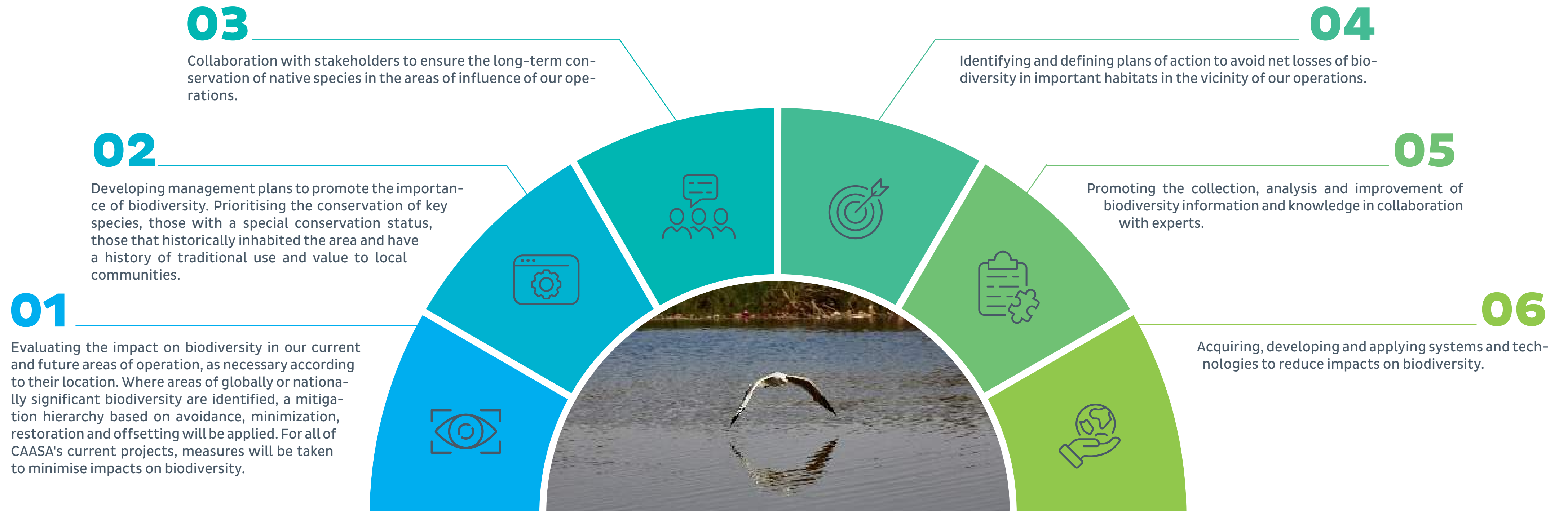
#### Significant fines or penalties related to the environment

	2020	2021	2022	2023
Number of legal violations	0	0	0	0
Amount of fine/penalty related to the infringement	0	0	0	0
Accumulated environmental liabilities at the end of the year	0	0	0	0

Note 1. "Significant" fines or penalties are considered to be fines/penalties greater than \$10,000 (or local currency equivalents). Note 2. During 2022, we received an environmental sanction for administrative liability. The accusation was as follows: "The party submitted the Final Environmental Emergency Report relating to an event occurring on the 27th October 2019 at the Pisco Plant, later than ten (10) working days after the emergency occurred, despite the existence of potential environmental damage, in breach of the provisions of current environmental regulations". The fine was 0.652 UIT (S/ 2,699.29), which was paid on the 20th May 2022.

# Biodiversity

At CAASA, we are committed to complying with legal requirements relating to land management and the protection of biodiversity. We will also never operate in areas considered world heritage sites or in protected areas that fall into categories I-IV of the International Union for Conservation of Nature (IUCN). Our commitment to biodiversity can be summarized in 6 points:



### APPLICATION OF OUR MITIGATION HIERARCHY

All our operations are carried out in areas considered compatible with our activities, and the Steel Complex is the only site that is close to a Protected Natural Area (PNA). We have therefore applied the following mitigation hierarchy:

## PREVENTIVE MEASURES

## CORRECTIVE MEASURES



### AVOID

**By site selection:** our operation is located outside of the Paracas National Reserve, approximately 2.16 km away.



### Minimize

**Por controles operativos y de reducción:** We prohibit hunting and train our suppliers and collaborators. Our stationary emission sources have fume treatment systems that comply with legislation as well as more stringent standards. We have a treatment system that allows us to use domestic waste water to irrigate our green areas.



### RESTORE

Because of our preventive measures, we do not need to apply this corrective measure



### OFFSET

Because of our preventive measures, we do not need to apply this corrective measure.

### BIODIVERSITY ASSESSMENT

In collaboration with technical experts, we have been carrying out biological monitoring at our Steel Complex every six months since 2019, using a methodology that includes field and post-field stages for classification of the species identified.

As far as the evaluation of flora at the monitoring points is concerned, we have carried out detailed examinations, qualitatively recording all the species identified, as well as their morphological characteristics. In addition, a quantitative record was created to determine the quantities of species within a 30-metre radius, using the methodology of Mateucci, S. & Colma.

When quantitatively evaluating fauna we used the point count method for birds. At each station, 10 counting points were established, 100 meters apart to prevent recounting, and bird censuses were conducted for 10 minutes. In the case of amphibians, the assessment was carried out using the Visual Encounter Screening (VES) method. In this process, searches were conducted by free walking within a single type of plant formation during a defined time interval.

In the last evaluation of the area, which covers a total of 322.2 hectares, 13 species of flora and 16 species of fauna were identified. None of the species identified are at risk of extinction.

#### Biodiversity Assessment Area

Action	Number of sites	Hectares
Total number of sites and total area used for operational activities	1	322.20
Biodiversity impact assessments conducted in operational areas in the last five years	1	322.20
Number of sites owned by the company in protected and/or key areas for biodiversity	0	0

**13**  
species  
of flora

**16**  
species  
of fauna

### NET IMPROVEMENT IN BIODIVERSITY

We seek to generate positive impacts on our environment. To achieve this, we have planted a living fence (eucalyptus and mimosa) around the perimeter of the Steel Complex in Pisco, which serves as a habitat for 16 species of animals in the area (including birds and reptiles) and a resting place for migratory birds. Although our main production center is located in an area considered to be a desert, thanks to the living fence we have been able to successfully introduce eucalyptus and mimosa, while other plant species have grown naturally through pollination.

We started to expand our living perimeter fence in 2018, increasing it from 5.8 km to 10 km of eucalyptus and mimosa trees. By the end of 2023, these extra trees had already reached an average height of 10 m and serve as habitat for a number of species. We have continued with our net improvement and since 2021 we have been planting eucalyptus trees as perimeter fencing in the storage area for industrial by-products, which in approximately 5 years will add an additional 0.95 km to our perimeter fencing.



**Increased net improvement** in the biodiversity of the area through the implementation of living fences in the storage area for industrial by-products .

Duration: **5 years from 2021**

Progress: **50% of our goal achieved**

## 2.2. Climate change strategy

### CLIMATE CHANGE STRATEGY

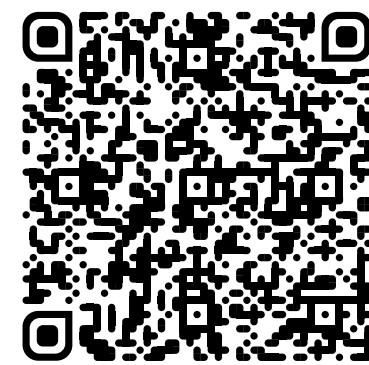
Being aware of the characteristics of our industry, the country's vulnerability and the consequences that may arise from climate change worldwide, we have undertaken activities and commitments for action on this issue.

The amount of CO<sub>2</sub>e generated is directly related to our production capacity; However, we can achieve GHG reduction in the environment with energy efficiency, lower carbon processes and electric vehicles through the use of cleaner technologies by the company.

Our actions are guided by our environmental policy, approved by the board of directors, which contains our commitments as an organization to climate change and the environment. In addition, management and the board use our strategic management cycle to monitor the main trends and risks relating to climate change.



**Climate change risk report 2023-2024**



Transforming challenges into sustainable opportunities

We have one of the lowest carbon footprints of any steel mill in the world.

**(<0.45tCO<sub>2</sub>e/t liquid steel)**

Our N° 2 melt shop will use

**100%** renewable energy.

## Our main commitments

### 01.

Identify, evaluate and manage risks related to climate change based on Aceros Arequipa's GIRO methodology.

### 02.

Reduce our energy consumption and GHG emissions produced by our activities.

### 03.

Establish goals and objectives for energy consumption, water and emissions; as well as action needed to comply with them.

### 04.

Identify and take advantage of opportunities to promote eco-friendly goods and services.

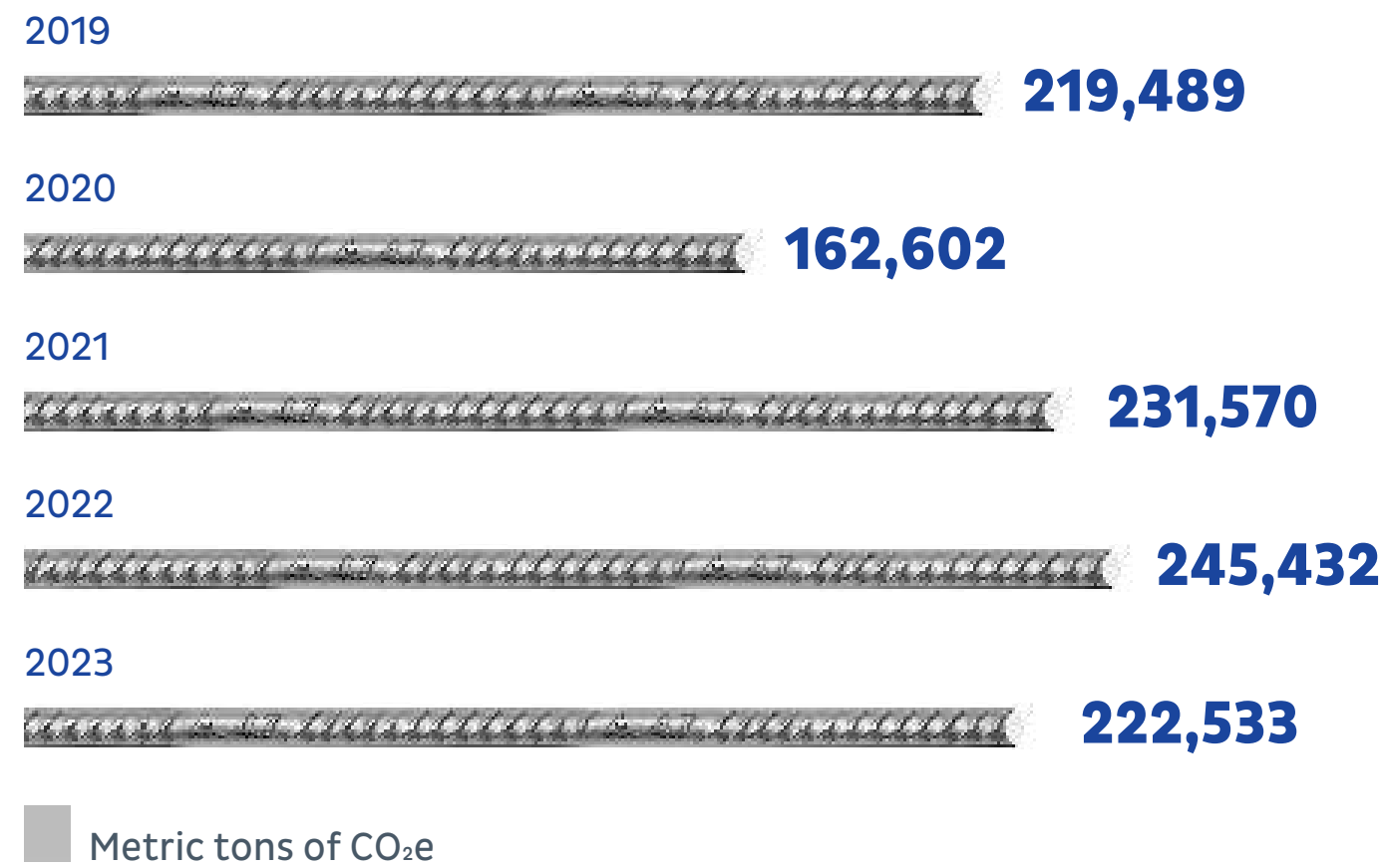


### EMISSIONS

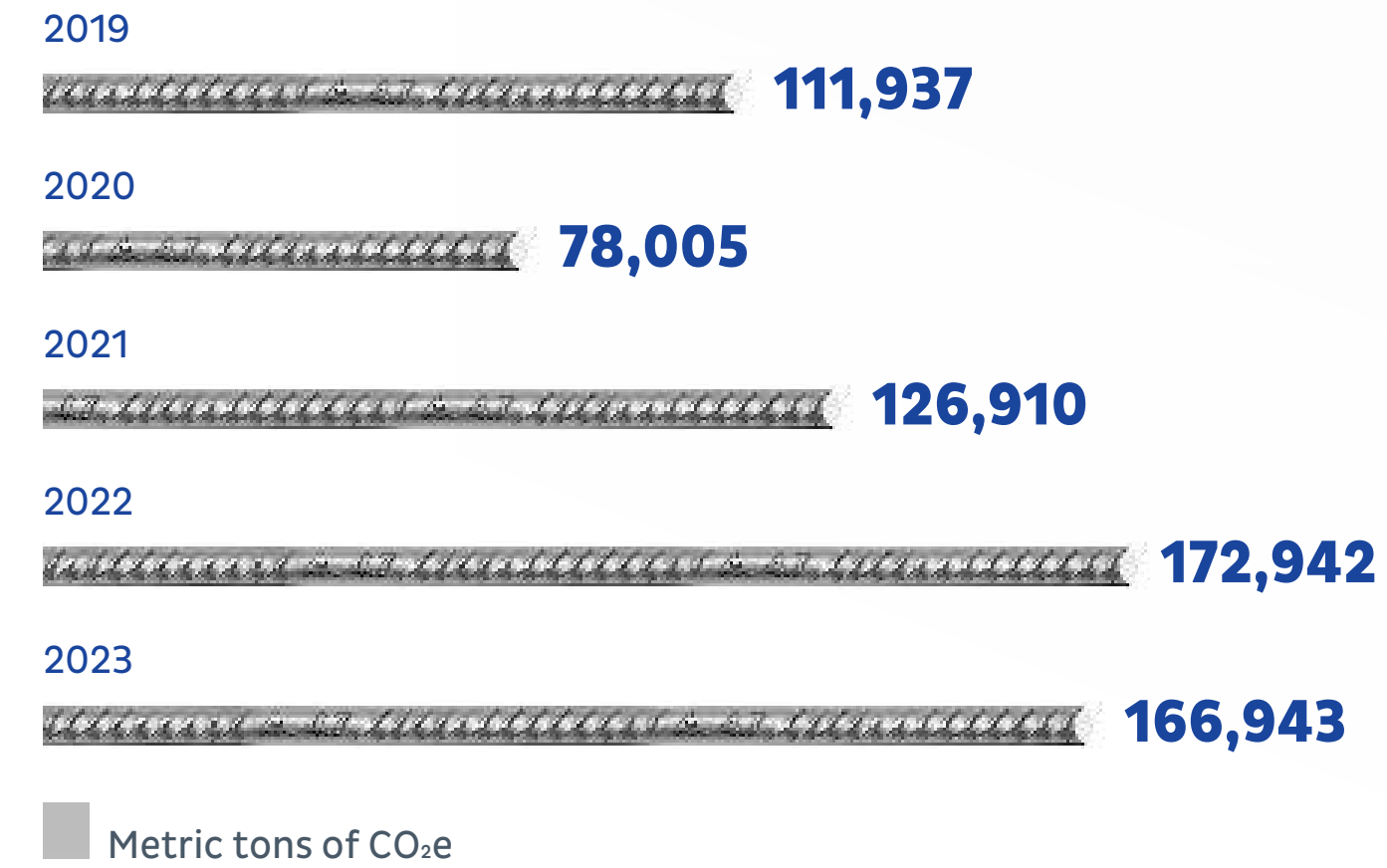
We used the ISO 14064 standard as a reference to calculate our GHG emissions inventory (carbon footprint). We identify direct and indirect sources for each site, emission factors and the activity for each source, and obtain figures in units of tCO<sub>2</sub>e.

We have the following GHG inventory results for Scope 1 (222,761 tCO<sub>2</sub>e), Scope 2 (166,943 tCO<sub>2</sub>e) and Scope 3 (218,622 tCO<sub>2</sub>e) for 100% of our operations.

#### Total direct GHG emissions (Scope 1) in metric tons of CO<sub>2</sub>e (GRI 305-1)



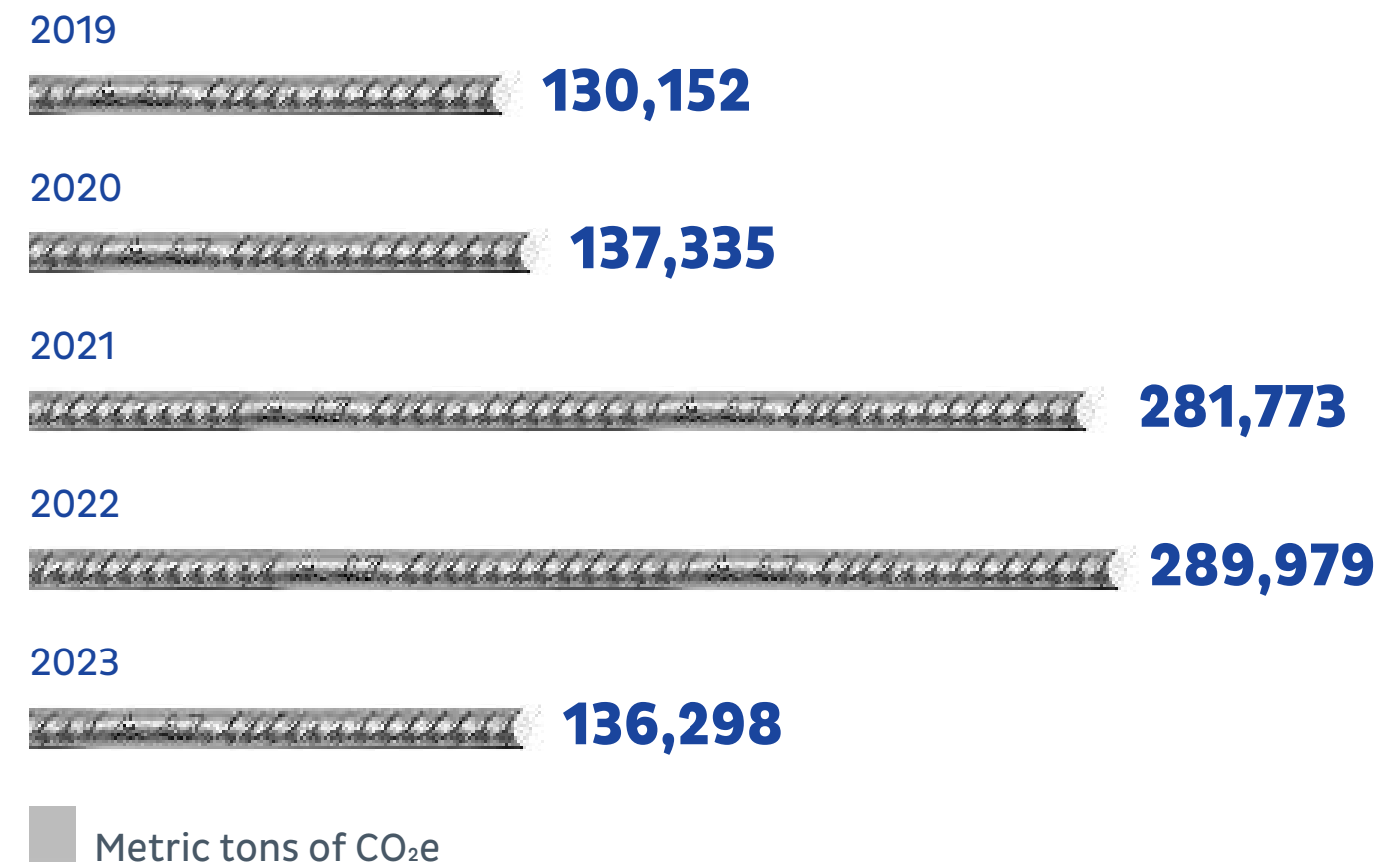
#### Total indirect GHG emissions (Scope 2) in metric tons of CO<sub>2</sub>e (GRI 305-2)



- A 15% decrease in corporate GHG emissions by 2030 (base year: 2019).
- Emissions: compliance with applicable legal requirements.



**Total direct GHG emissions (Scope 3) in metric tons of CO<sub>2</sub>e**  
(GRI 305-3, 305-4)



Our efforts to achieve the emissions reduction target are also monitored by observing the emissions ratio, calculated using the Worldsteel Association methodology as indicated below:

**Worldsteel Association methodology** (GRI 305-4)

Year	Emissions ratio (tCO <sub>2</sub> /t liquid steel)
2019	0.68
2020	0.63
2021	0.66
2022	0.47
2023	0.45

**UPDATING EMISSIONS DATA**

(GRI 2-4)

As part of our continual improvement effort and considering ISO 14064 criteria, we have recalculated our baseline and previous inventories (scopes 1, 2 and 3), taking into account the same number of sites for the 4 years reported and the identification of new sources of GHG emissions, from new bibliographic sources.

**Note 1.** Our 2019 and 2020 inventories were verified by Lloyd's Register on the 20th January and 2nd June 2021, respectively. For the 2021 inventory, we migrated our calculation methodology to the latest version of the ISO 14064 standard, and it was verified on the 9th June 2022 by SGS del Peru.

**Note 2.** For the 2021 and 2022 inventories, the values reported are for categories 1 and 2. Scope 3 includes the sum of categories 3 and 4 of the GHG inventory.

**Note 3.** We have performed a recalculation of the base year using the new version of ISO 14064-1 and the scope of the inventory relating to the number of sites. We continue to use operational control to consolidate the data. The data reported were drawn up using the calculation tool of the Ministry of Environment - MINAM (Peru Carbon Footprint), as well as the source of emission factors and global warming potential (GWP) rates. The types of gases included in the calculation of category 1 (scope 1), category 2 (scope 2) and categories 3 and 4 (scope 3) emissions were CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O and HFCs, as appropriate.







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## Carbon footprint reduction initiative

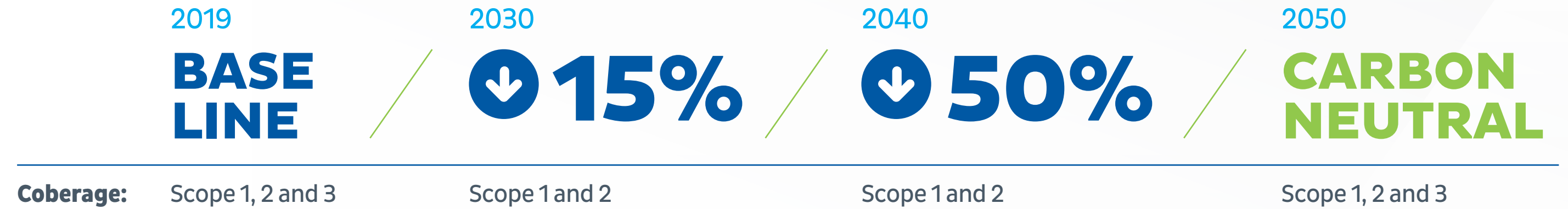
(GRI 305-5, 302-1, 302-4)

01. We have been using **natural gas** to replace diesel oil and R500 since 2004. .
02. In 2017 and 2018, we installed **regulators in the taps** of our finished product warehouses (Callao and Trapiche), offices and meeting rooms.
03. In 2022, the state-of-the-art technology used in our N° 2 Melt Shop enabled us to **move from an intensity of 415kWh/t to 400kWh/t** of liquid steel.
04. The electricity we consume is generated by the **Mantaro hydroelectric** power plant and not by burning fossil fuels. .
05. CAASA uses computer equipment (laptops and PCs) that comply with the **Energy Star certification** (energy efficiency) and are renewed every 3 and 4 years, respectively. .
06. By the end of 2023, **6 electric cranes** had been installed to replace diesel-driven ones scrap handling in the stock yards and Steel Complex, causing an approximate reduction of 150 tCO<sub>2</sub>e/year for each piece of equipment. 2 additional electric cranes will be arriving by the first quarter of 2024. .
07. We have a solid waste minimization and management plan, which **focuses on minimizing the generation of waste** sent for final disposal.
08. In 2023, **31 internal auditors** have been trained at energy management, with a view to implementing an energy management system based on the **ISO 50001 standard**.
09. **We make use of waste generated**, such as wood, for road signage; We take part in the recycling programs run by NGOs Ciudad Saludable (in Pisco) and ANIQUEM (in Lima), and we market waste such as used oil, copper, stainless steel and waste wood.
10. We have trained **17 internal carbon footprint auditors** to ISO 14064-1 standard, in order to ensure the quality of GHG inventories and further reduce emissions.
11. The project entitled "**electric arc furnace operating voltage improvement**" has been implemented to increase efficiency in electricity consumption and the use of slagging agents in the melt shop..
12. We are evaluating **the optimization of the hot charging in the rolling mill**, which will allow us to save on natural gas consumption per billet.
13. We continue to make progress with the "**vertical lime kiln**" project, which will make us more efficient by reducing natural gas consumption per ton of lime producedo.
06. We have **LED lighting** in the operating areas of all our finished product warehouses .

## Carbon neutrality by 2050

At CAASA we understand the effects of carbon emissions on the environment and how the results of this interaction can affect operations. That is why we set out to become carbon neutral by 2050, focusing on three main lines of action:

### TARGETS FOR ACHIEVING CARBON NEUTRALITY



#### ENERGY EFFICIENCY

- Energy efficiency in the reheating furnaces.
- Energy efficiency in the electric arc furnace and ladle.
- Energy efficiency in the vertical lime kiln.
- Efficient electrode consumption.
- Scrap cleaning and industrialization.
- Renewal of equipment whose electrical efficiency is obsolete.
- Evaluation of generation using solar panels.
- Evaluation of replacing natural gas with green hydrogen.

#### LOWER-CARBON PROCESSES

- Minimization of dolomite lime production versus calcium lime.
- Maintain the ferrous scrap portion of the GOALL charge.

#### ELECTRIC VEHICLES

- Electrification of diesel-fuelled equipment.

Our 3 main lines of action will be supported by an energy management system based on ISO 50001 standard. Our GHG inventory is calculated using ISO 14064 standard and our CO2 ratio is calculated using the World Steel methodology. Our decarbonization pathway is being aligned with the Science-Based Targets Initiative (SBTi).





**AIR QUALITY** (GRI 3-3, 305-7)

Regarding air quality management, we identify the impacts associated with our operations, such as possible changes to the environment due to particulate emissions, and for this we have various controls such as our fume plant in N° 2 Melt Shop and electrostatic precipitators on our rotary kilns that enable us to reduce concentrations of particulate matter that are well below the maximum permissible limits.

At CAASA we evaluate atmospheric emissions, air quality, noise levels, liquid effluents and non-ionizing radiation, as described in our Environmental Monitoring Program. The frequency and measurement parameters depend on each of the activities carried out at our sites and are in accordance with the Environmental Management Instrument (EMI) approved by the competent authority (Peru's Ministry of Production - PRODUCE)<sup>2</sup>.

SO<sub>x</sub>, NO<sub>x</sub> and particulate matter measurements are only carried out at the Pisco steel complex, using an ISO 17025 accredited laboratory. The results are processed and presented according to the methodologies established by USEPA; emissions are expressed in units of mg/Nm<sup>3</sup>, and compared with the environmental reference standard.

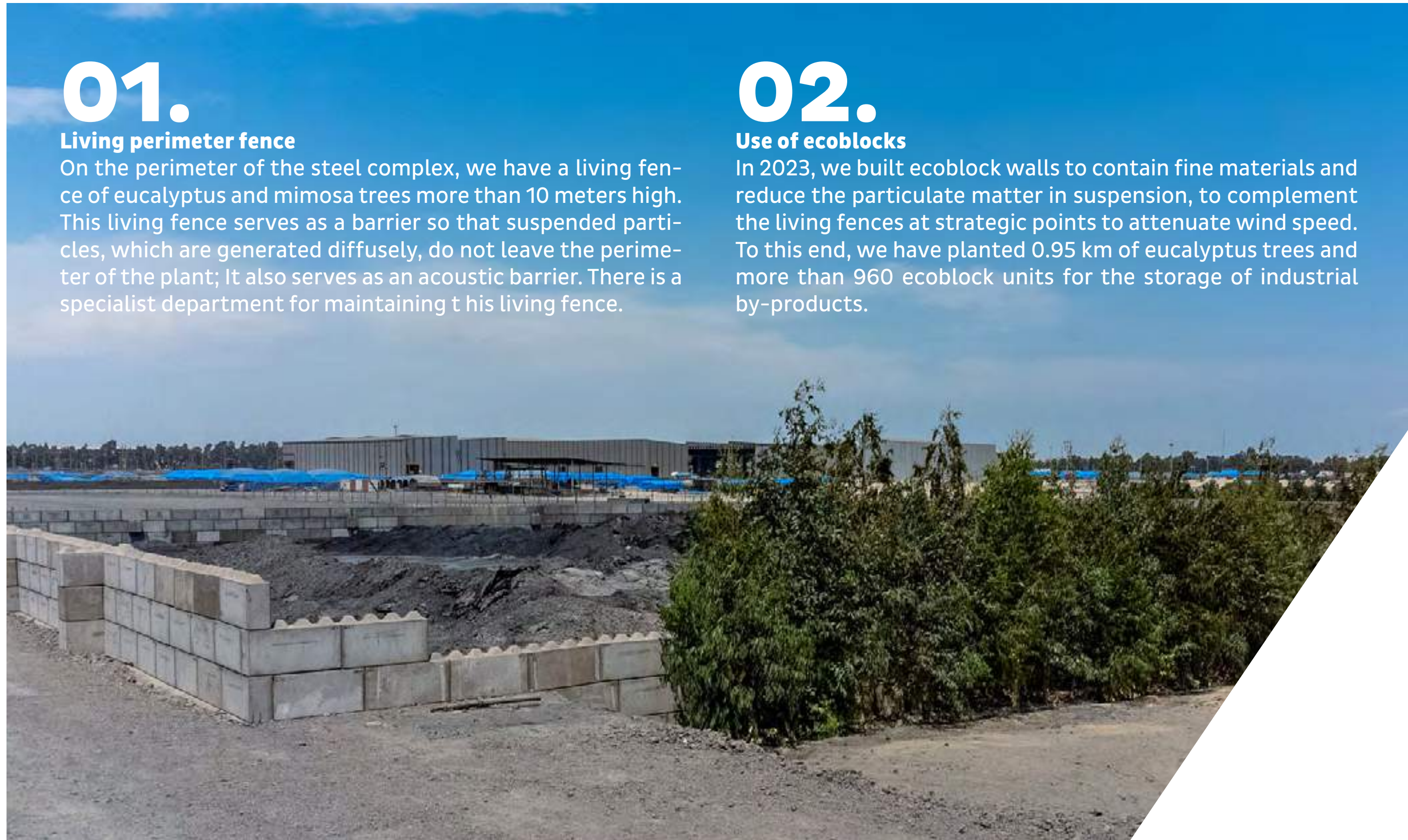
In the case of greenhouse gas (GHG) emissions, we use the ISO 14064 standard, identify direct and indirect sources, emission factors and the activity for each source, and present the calculations in tons of CO<sub>2</sub> equivalent. In addition, we use World Steel methodology to calculate the CO<sub>2</sub> ratio.



- NO<sub>x</sub>: < 138 t/year
- SO<sub>x</sub>: < 20 t/year
- Particulate matter: < 30 t/year
- For emissions: ensure compliance with applicable legal requirements.
- For carbon footprint: reduce corporate greenhouse gas (GHG) emissions by 15% by 2030.

<sup>2</sup> The sampling and analysis methodology, as well as comparison of results, is based on SD N° 003-2017-MINAM, which describes sampling methods to be used and the environmental quality standards (EQS), against which the results are to be compared

To avoid generating a negative impact on air quality, we have introduced the following initiatives:



# 01.

## Living perimeter fence

On the perimeter of the steel complex, we have a living fence of eucalyptus and mimosa trees more than 10 meters high. This living fence serves as a barrier so that suspended particles, which are generated diffusely, do not leave the perimeter of the plant; It also serves as an acoustic barrier. There is a specialist department for maintaining this living fence.

# 02.

## Use of ecoblocks

In 2023, we built ecoblock walls to contain fine materials and reduce the particulate matter in suspension, to complement the living fences at strategic points to attenuate wind speed. To this end, we have planted 0.95 km of eucalyptus trees and more than 960 ecoblock units for the storage of industrial by-products.

# 03.

## Nº 2 Melt Shop Improvement

The new fume plant at Nº 2 Melt Shop has increased capacity and treatment from 780 k Nm<sup>3</sup>/h to 1795 k Nm<sup>3</sup>/h, thus complying with national and international standards.

# 04.

## Energy matrix

Our main energy matrix is natural gas, which replaces other fossil fuels containing sulphur. In doing so we have substantially decreased emissions of SO<sub>2</sub> from our furnaces.

# 05.

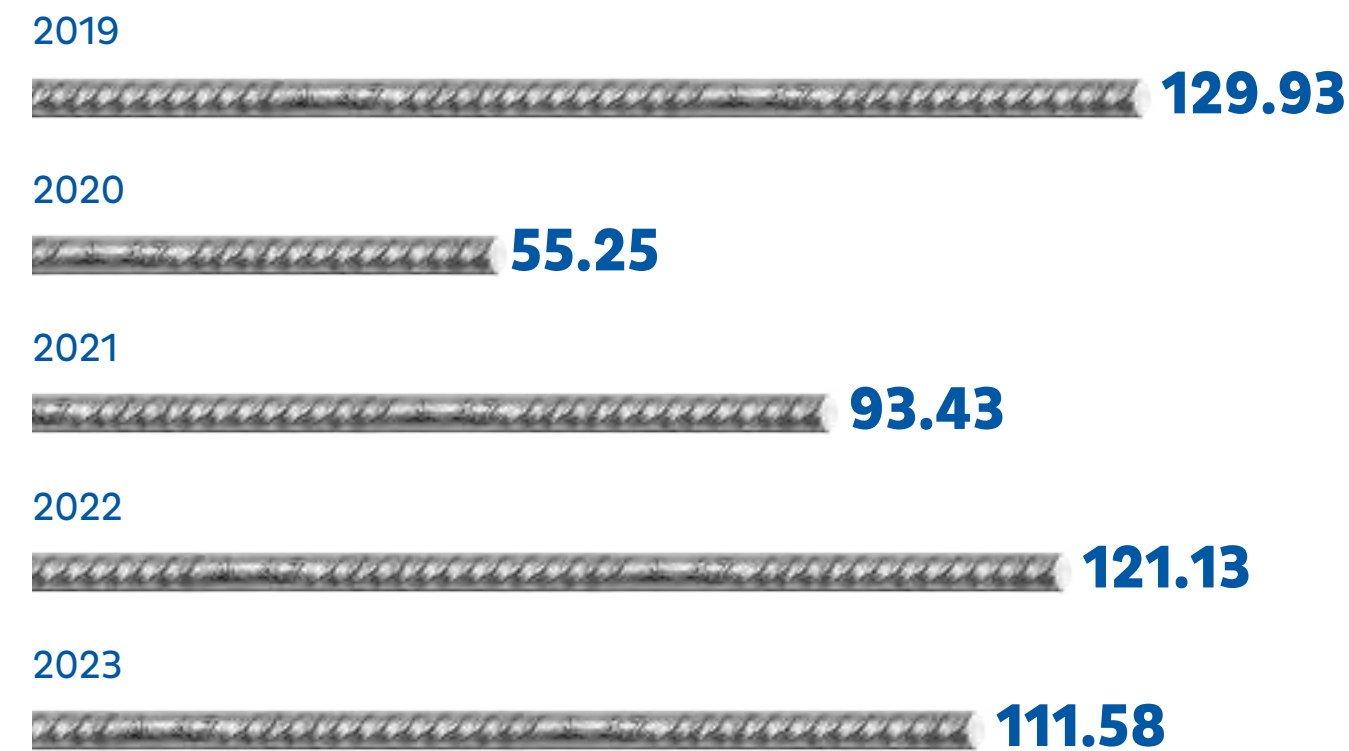
## Irrigation of unpaved areas and road paving

We have an irrigation program for unpaved areas that uses treated water from the domestic waste water treatment system. There are also maximum speed signs on the roads of the Steel Complex.

Since 2020, we have been implementing a road paving plan for completion in 2030, to reduce the generation of particulate matter by trucks, and approximately 20% of this plan has already been completed.

**AIR MONITORING RESULTS** (GRI 305-7)

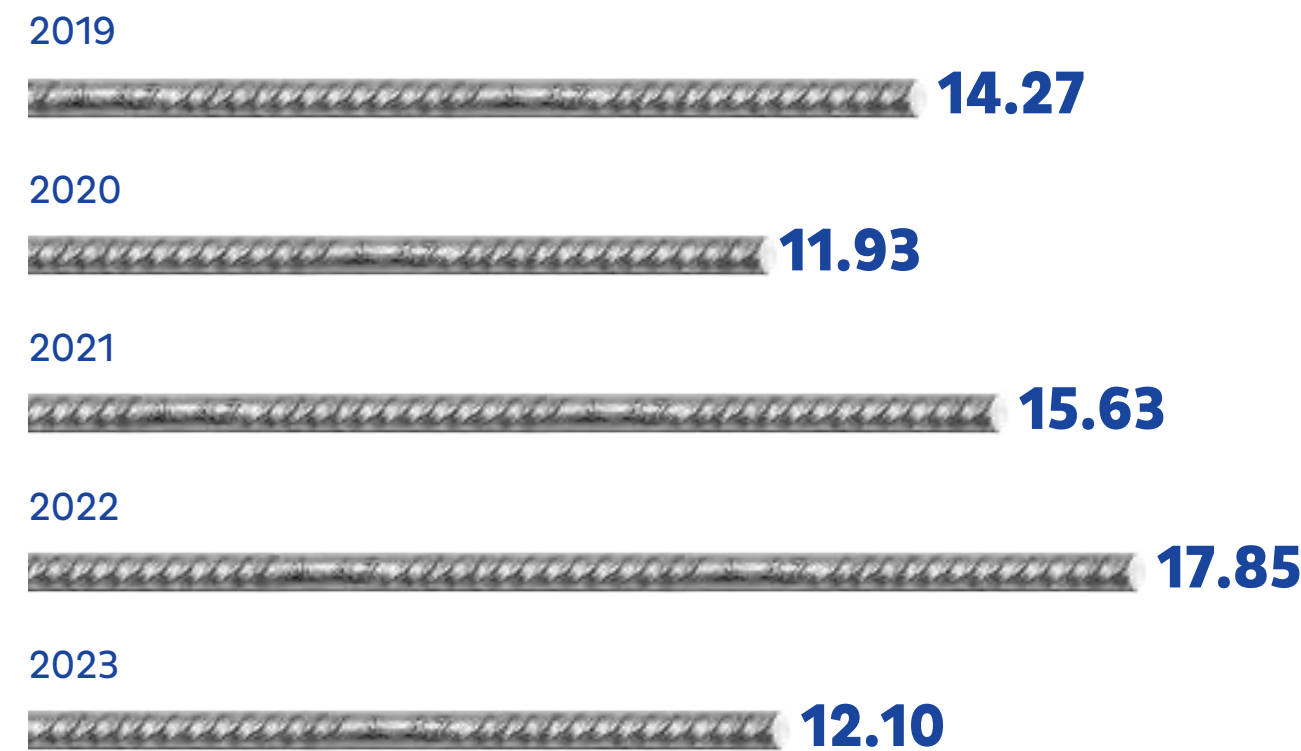
**NOx emissions in metric tons**



Note. Our goal for 2023 was not to exceed 138 tons of NOx emissions.

**111.58**  
in 2023

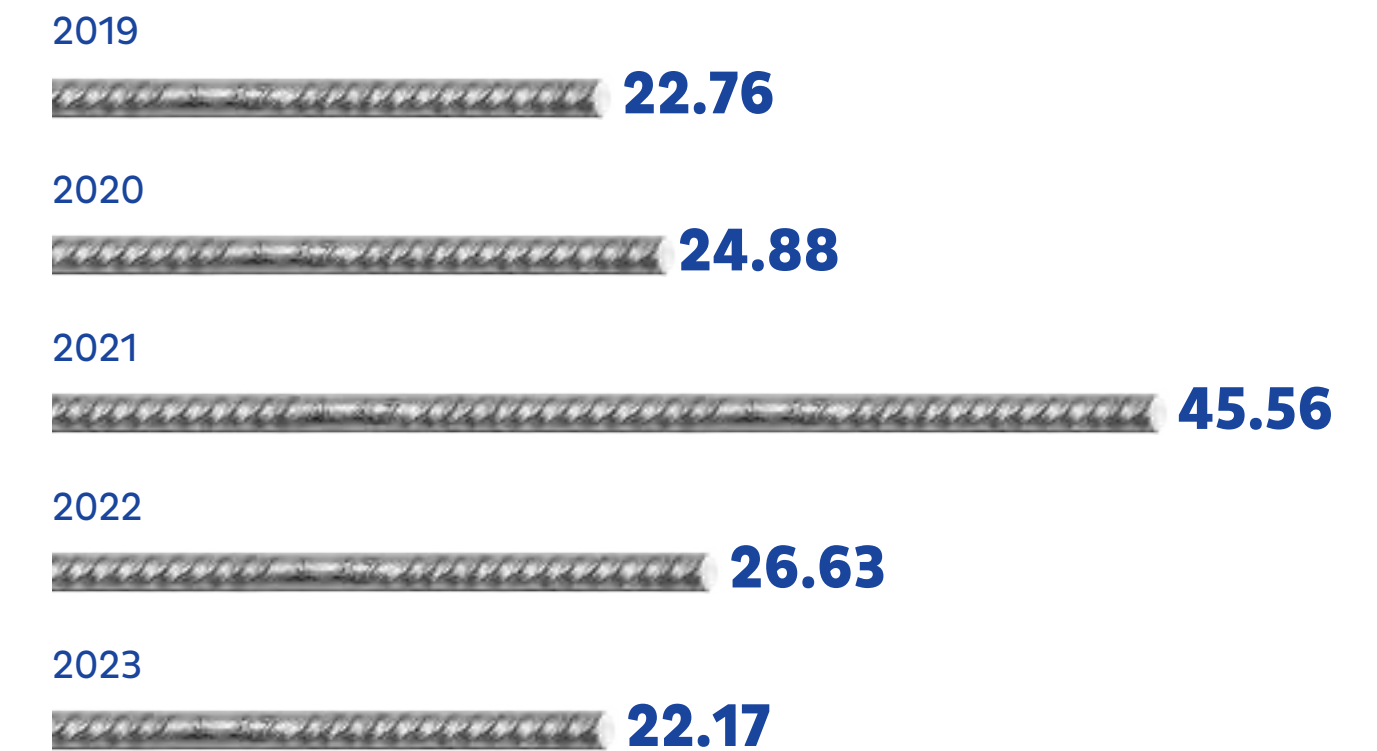
**SOx emissions in metric tons**



Note. Our goal for 2023 was not to exceed 20 tons of SOx emissions.

**12.10**  
in 2023

**Dust emissions in metric tons**



Note. Our goal for 2022 was not to exceed 54 tons of dust (or particulate matter) emissions. The decrease in 2022 is due to the commissioning of the new flue gas plant, which has a much higher treatment capacity than the previous one. Our target for 2023 was 30 tons of dust emissions.

**22.17**  
in 2023

## 2.3. Operational eco-efficiency (GRI 3-3, 302-1)

### ENERGY MANAGEMENT

Our management is guided by the principles of eco-efficiency, so that we can produce goods and services with a lower environmental impact.

Investment in our steel complex keeps us at the technological front line, giving us efficient energy consumption that has a positive impact on production costs by reducing our energy consumption and carbon footprint. Our other sites have LED lighting with

Since 2004, **our main energy matrix in the steel complex has been natural gas**, to replace diesel oil and R500.

photocells and our administrative office is equipped with movement sensors, allowing us to save energy in lighting.

During 2023 our average oil consumption was 43,766.64 gallons per month. Electricity consumption was 769 kWh/t at the Pisco site, and the combined energy consumption (electricity, gas and oil) of the Pisco and Lima sites was 779 kWh/t. Our 2023 goal was to reduce energy consumption to 734 kWh/t of finished product.



AIM

- To reduce energy consumption (electricity, gas and oil) to 915 kWh/t of finished product by 2030, in Pisco and other Peruvian sites, without using imported billets.



# EFFICIENCY THAT transforms

## Main milestones (GRI 302-4, 302-3)

### 01.

#### 100% renewable energy contract

As part of our commitment to sustainability and the reduction of our environmental footprint, we have renewed our contract with Electroperu to supply 100% renewable electricity. The new contract, effective from the 1st September 2025, ensures that all of our energy demand is covered by renewable sources, thus strengthening our commitment to responsible and environmentally friendly business practices.

### 03.

#### Consumption of cleaner energies to replace other fossil fuels

During 2023 we continued to add sustainable vehicles to our truck fleet, fuelled by compressed natural gas. We plan to have 50% of our truck fleet running on VNG by 2024. A new electric mobile crane was also installed this year in Lima.

### 02.

#### Electric energy consumption system of the "Melt Shop Modernization" project

Nº 2 Melt Shop is the main consumer of electricity at the Pisco plant. The current consumption of the electric arc furnace is 400.1 kWh/t, which is more efficient than the old electric furnace that was shut down in March 2022. In 2024 we expect to reach 390 kWh/t after commissioning of the scrap cleaning machine.

### 04.

#### Standardization of energy-efficient light fittings

During 2023 we continued to install new technology for motors, LED lighting and other electrical equipment, in order to improve the energy efficiency of the plants.



## MAIN INDICATORS

### Energy consumption in MWh (GRI 302-1, 302-4)

	2019	2020	2021	2022	2023
Non-renewable fuels (nuclear fuel, coal, oil, natural gas, etc.) purchased and consumed (MWh)	506,324.24	372,283.06	581,656.25	631,267.63	629,919.83
Non-renewable electricity purchased	0.00	0.00	38,236.99	138,629.26	116,216.04
Steam/heat/cooling and other types of non-renewable energy purchased	0.00	0.00	0.00	0.00	0.00
Total renewable energy (wind, solar, biomass, hydroelectric, geothermal, etc.) purchased or generated (MWh)	654,788.47	493,339.51	686,455.20	717,750.20	663,738.6
Total non-renewable energy (electricity and heat/cooling) sold	0.00	0.00	0.00	0.00	0.00
Total non-renewable energy consumption (A+B+C-E)	506,324.24	372,283.06	619,893.24	769,896.89	746,135.87
Total non-renewable energy consumption target	-	494,443.87	643,950.67	724,044.46	855,900.7

### Total energy consumption (KWh)

2022	2023
1,487,647,090	1,409,874,470

### Total energy consumption costs in soles

2019	2020	2021	2022	2023
140,911,727	91,437,062	165,146,933	216,179,748	202,087,785

### Energy intensity

2022	2023
1,209.56	1,161.37



**Specific parameter (denominator) for calculating the ratio**

**Pisco:**

Rolling mill 1 production = 293, 6961 t  
 Rolling mill 2 production = 802,829 t

**Callao:**

Coil slitting (Callao plates) = 12,846 MT  
 Tube manufacturing Callao = 28,211 MT  
 SPLITBOLT-PT tube manufacturing = 675 TM

**Comasa:**

**Cajamarquilla:**

Coil slitting (Cajamarquilla plates) = 7,028 MT  
 Cajamarquilla tube manufacturing = 20,199 MT

**Comfer:**

Wire manufacturing process = 28,531 MT  
 Nail manufacturing process = 2,620 MT  
 Rod manufacturing process = 12 MT  
 Mesh manufacturing process Lima = 975 MT  
 Lubricant manufacturing process = 36 MT  
 Nail plant 2 = 2,186 MT

**Lurín:**

Manufacture of tubes Lurin: 14,137 MT

**TOTAL = 1,213,979t**

**Types of energy included in the intensity ratio**

Electricity, natural gas, oil

**If the ratio encompasses energy consumption within the organization**

Within the organization (Peru)





**WATER MANAGEMENT** (GRI 3-3, 303-1, 303-2, 303-3, 303-4)

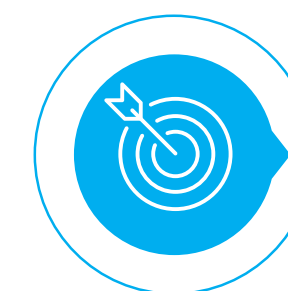
We are committed to the efficient use of water and responsible consumption of resources in line with the principles of the circular economy. We are aware of the accelerated depletion of water resources and have implemented a comprehensive strategy focused on the proper management of domestic and industrial effluents, as well as their reuse in our operations. Our strategy is therefore based on the optimization of water consumption through water reuse, reduction and substitution initiatives and projects.

As part of our sustainability strategy, a contract for the supply of desalinated seawater for our steel complex took effect in 2023. We are in the test phase with a supply of 2500 m<sup>3</sup>/day which, by 2024, will reach 3000 m<sup>3</sup>/day.

We have reduced water consumption per ton by 2% - not including water used for irrigation.

We have mechanisms in place to ensure compliance with applicable national requirements. Our goal by 2023, was to achieve a water consumption of 2.07 m<sup>3</sup>/t in areas with a water deficit.

We have use and exploitation licenses issued by the National Water Authority (ANA). Effluent monitoring is performed every six months by a third party laboratory (SGS del Peru); Daily monitoring of the PTARD's operating parameters (pH, T°, turbidity, flow rate) is also carried out by Messrs. Resiter and these data are recorded on



**AIMS**

Reducing the water consumption ratio by 1% per year to 1.30 m<sup>3</sup>/t of finished product not including water used irrigate green areas by 2030.

the monitoring form. During 2023 we received no fines or environmental sanctions associated with water management, effluents or potential spills.

Our steel complex is located in the city of Pisco in an overexploited aquifer. Committed to the efficient use of water, we have been using state-of-the-art technology. We have reverse osmosis plants in order to further recirculate process water with adequate management of concentration cycles; we also use domestic effluent treatment plants with moving bed biofilm reactor (MBBR) technology to treat water, which is then used to irrigate green areas. We also use filters and separators in the production processes in order to recover more water, and in N° 2 Melt Shop we have made technological changes to the cooling system for the electric arc furnaces and fume plant. We have acquired air coolers that allow us to eliminate water losses due to evaporation and save water for the process.

Given regulatory changes concerning water management, we keep a constant eye on the applicable legal basis. We continue to hold extraction licenses, as our consumption is within authorized limits. Our water treatment systems allow us to make efficient use of this resource, and we also explore alternative sources such as desalinated seawater. CAASA does not discharge effluents into any receiving body (sea, lake or river).

The price structure is reviewed annually by the Ministry of Agriculture and Irrigation (MIDAGRI), but adjustments do not pose a significant risk to our operations. Risks related to regulatory changes and price fluctuations are identified in our risk management matrix. We continually monitor prices and the state of the aquifers, as established by MIDAGRI, on an annual basis. If required, the com-

### Water plant air cooler system

Air coolers now replace traditional cooling towers, which in operation lose water through evaporation to the environment, which cannot be recovered. The air coolers perform the same function, but without generating evaporative losses, thus helping to reduce water consumption.

### Water recovery system for washing gravel filters

The recovery system for water used to wash gravel filters, installed in 2021 at the rolling mills 1 and 2, and N° 2 Melt Shop, uses advanced technology to separate suspended solids from the water through controlled thickening, without the need for chemicals. This clarified water is recovered in a reservoir to be reused repeatedly as wash water in each washing cycle, so no water is lost at any time.

The system allows us to avoid water consumption in a water deficit area; with an estimated total of 297,475 m<sup>3</sup>/year of water no longer used.

**Rolling mill 1 : 87,600 m<sup>3</sup> / Rolling mill 2 : 91,250 m<sup>3</sup> / N° 2 Melt Shop: 118,625 m<sup>3</sup>**

### Injection of water into the aquifer

In 2023, we started using desalinated water supplied by a third party. It is used in our operations and enables us to re-inject water into the aquifer.

pany has specific strategies and other water sources that are not in a water stress zone (Chongos) and desalinated water from the sea, which can supply the plant's requirements.

Water from the Pisco aquifer, classified as "aquifer in equilibrium", amounted to 24.3% of our consumption in 2023. From December 2023 onwards, the key project to mitigate risks is the progressive incorporation of desalinated sea water, which initially provides 1% of the plant's total consumption. This marine source is expected to increase to more than 50% by 2024, thus reducing our dependence on wells in water deficit or overexploited areas.



**Water consumption in millions of cubic meters** (GRI 303-5)

	2019	2020	2021	2022	2023
Total taken from municipal water supplies (or from other utility sources)	0.000000	0.000000	0.000000	0.000000	0.000000
Fresh surface water used (from lakes, rivers, etc.)	0.000000	0.000000	0.000000	0.000000	0.000000
Fresh groundwater drawn off	1.390034	1.072467	1.5042470	1.671989	1.682076
Water returned to its initial source at a quality similar to or better than the water withdrawn	0.000000	0.000000	0.000000	0.000000	0.000000
Total fresh water used	1.390034	1.072467	1.5042470	1.671989	1.682076
Total fresh water consumption target	-	1.38	1.621789	1.618555	2.073479

**REUSE OF TREATED DOMESTIC WASTE WATER - PISCO PLANT**

We have two domestic waste water treatment plants (WWTP) in strategic locations within the plant, used to treat domestic waste water, which after treatment is fully certified and sanitized and has a low environmental impact. These two plants use the MBBR treatment system, they process 330125 and 205 m<sup>3</sup>/day, respectively. We also comply with environmental quality standards (EQS) for water - category 3 (plant irrigation) and maximum permissible limits (MPL) of the applicable environmental regulations.

During 2023, water produced from the WWTPs was used to irrigate the living perimeter fence and unpaved areas of the steel complex. Reused industrial water is used in slag cooling processes where water is vaporized, and for scrap washing and dust control.

**WATER EXTRACTION (GRI 303-3)**

In line with our policy of reuse through the use of clean technologies to optimize resources, during 2023 we explored alternative water sources, such as seawater, which now provides 1.05% of total water used.

**EFFLUENT QUALITY CONTROL AND SPILL PREVENTION (GRI 303-2)**

We have a treatment system for domestic liquid effluent (WWTPs)..

No effluent is discharged into receiving bodies, as it is treated and used to irrigate green areas. With respect to process purge water and rejected reverse osmosis water, some is used for dust suppression on unpaved roads and the remainder is reused in hot slag cooling and production of pure water through a second stage of reverse osmosis.

Even so, liquid effluents from domestic waste water are monitored and compared with the maximum permissible limits (MPLs) included in the Updated Environmental Management Plan (EMP) of the Pisco plant's Environmental Management and Adjustment Program (PAMA). For these measurements to be valid, we use a laboratory accredited by INACAL for sampling and analysis.

At CAASA we are aware of the adverse effects that spills can have on the environment, so we have an environmental emergency response plan, in which spills have been identified as an emergency. This plan identifies the activities to be carried out before, during and after the emergency. We have a mobile spill response station that enables us to provide immediate attention in the event of a spillage. We also conduct training and drills in emergency response and in the use of the anti-spill kit, keeping personnel alert and equipped with the appropriate tools in the event of a spillage.

**Reused water in millions of cubic meters**

	2019	2020	2021	2022	2023
Domestic water treated and reused	0.063332	0.047276	0.073615	0.12775	0.033092
Reused industrial waste water	0.339068	0.259800	0.371249	0.438279	0.194400

**Water extraction in Megaliters**

	Desalinated water	Water from Cháparra	Water from water-stressed areas
Surface water	0.000000	0.000000	0.000000
Groundwater	0.000000	0.409298	1.255136
Sea water	0.017641	0.000000	0.000000
Water produced	0.000000	0.000000	0.000000
Third-party water	0.000000	0.000000	0.000000
Percentage of water withdrawn in regions with high or extremely high water stress (%)	-	-	0.746183



## 2.4. Circular economy and waste management

(GRI 3-3, 306-1, 306-2, 306-3, 306-4, 306-5)

### THE CIRCULAR ECONOMY

GOALL scrap is one of the principal raw materials for our company, which is why we focus on a circular economy. We make use of the industrial by-products we generate and technology enables us to use them as raw material in our process or for other industries, thus reducing the consumption of resources and virgin raw materials in the production processes. Our 2023 goal was to achieve 35% IBPs utilization.

## REDEFINING WASTE as a resource

We promote greater scrap collection and use in the value chain, seek to reduce water and energy consumption in operations, and care for the environment. In recent years, we have been developing the following initiatives:

- N° 2 Melt Shop (electric arc furnace) allows us to use larger quantities of scrap, which can theoretically reach 100% of the furnace charge. Due to the use of state-of-the-art technology, we have a better ratio for electricity and water consumption.
- Implementation of a process for obtaining zinc oxide from steel mill dust.
- We continue to manufacture ecoblocks from ecogravel.
- Char concentrate and dolochar to replace anthracite coal in the melt shop
- Recovery of GOALLic iron from slag.
- Services related to the collection of domestic scrap GOALL (dismantling of structures and components, oxyacetylene cutting, loading and transport and container pick-up service).
- External sale of shim amounting to more than 20150,000 tons between 2021 and 2023.
- Creation of scrap facilities (Oquendo, Cajamarquilla, Villa el Salvador, Arequipa and Trujillo).

**WE USE APPROXIMATELY 1,141 MILLION TONS OF FERROUS SCRAP ANNUALLY IN OUR PRODUCTION PROCESS, MAKING US THE MAIN STEEL RECYCLER FROM THE SOUTH WEST PACIFIC COAST TO CENTRAL AMERICA.**



**GOAL**

- Achieving 35% use of IBPs generated by 2030

# Industrial by-products (IBP)

## 01.

### Human waste

Part of this IBP is recovered because it contains a percentage of magnetic iron and can be reused in the melt shop. The non-magnetic part is called ecogavel and is used to manufacture Lego-like ecoblocks and road paving, among other products.



## 02.

### Steel mill dust

Since 2021, we have successfully adapted our rotary kiln and other components to recover zinc oxide from steel mill dust for sale. We are currently recovering zinc oxide from what we generate and plan to increase capacity in 2024.



## 03.

### Lamella

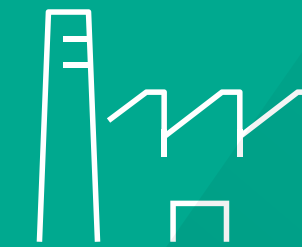
It is sold to Peruvian companies and since 2021, we have sold 200,000 tons to Asia continent to be used in iron and steel making.



## 04.

### Char/dolochar

This IBP was produced in the direct reduction process. Currently, this is used in the melt shop, partly replacing anthracite.



**INDUSTRIAL BY-PRODUCTS (EN TONELADAS MÉTRICAS)**

	2019	2020	2021	2022	2023
IBP generated	173,852.48	127,917.00	162,830.34	212,043.72	273,848.08
IBP used	49,076.00	124,828.39	252,434.34	58,715.63	125,746.26
Ecogravel	27,069.00	110,607.00	85,939.00	41,058.41	70,908.76
Limestone fines	1,550.00	984.00	1,210.00	307.88	1,421.28
Bag House RD Powder	1,156.00	0.00	1,194.00	471.00	0.00
Husk and flake	118.00	54.00	147,634.37	166.29	26,000
Char concentrate used as a replacement for coal in the melt shop	5,164.00	2,482.00	225.97	4,212.50	4,704.70
GOALLlic iron recovered in the slag crushing process	11,061.00	7,255.00	3,607.00	8,144.16	9,808.83
Used refractory concrete	0.00	372.39	9,626.00	0.00	0.00
AC briquettes processed from "non-GOALLlic material"	3,087.00	3,074.00	2,322.00	0.00	0.00
Steel pepa	0.00	0.00	0.00	137.29	134.53
Zinc fume	0.00	0.00	676.00	4,218.10	3,601.21

	2019	2020	2021	2022	2023
Large zorba	0.00	0.00	0.00	0.00	673.04
Medium zorba	0.00	0.00	0.00	0.00	531.16
Pellet fines	0.00	0.00	0.00	0.00	2,050
Low concentration ore	0.00	0.00	0.00	0.00	3,458.75
Ore fines	0.00	0.00	0.00	0.00	2,454





## 01.

### Recovery of GOALLlic iron from slag for use as raw material in the melt shop

The steel melting and refining process generates a by-product called slag, which still contains between 10% and 15% magnetic iron. Currently, between 10,000 and 11,000 tons of slag are generated; the GOALLlic iron recovery process uses physical separation via crushing and magnets.

The recovered material returns to the GOALLs yard for processing as raw material, replacing some of the domestic light and heavy scrap. The non-magnetic part is called ecogravel and is crushed until it can be separated into 3 different sizes; this then replaces crushed stone, sand and, to a certain extent, cement. These wastes are mixed and poured into suitable moulds to make ecoblocks that are used in the steel complex.

In addition, the use of ecogravel is being investigated for use as an input in the cement and concrete industry.

## 02.

### Use of char and dolochar

The separation of partially burned coal, called dolochar blend, is intended to improve the coal quality so that it can replace the anthracite used as an input in the melt shop.

We thus take advantage of the properties of an industrial by-product to replace an input, reducing costs and prioritizing use over final disposal, in addition to reducing the impact generated by coal mining.

## 03.

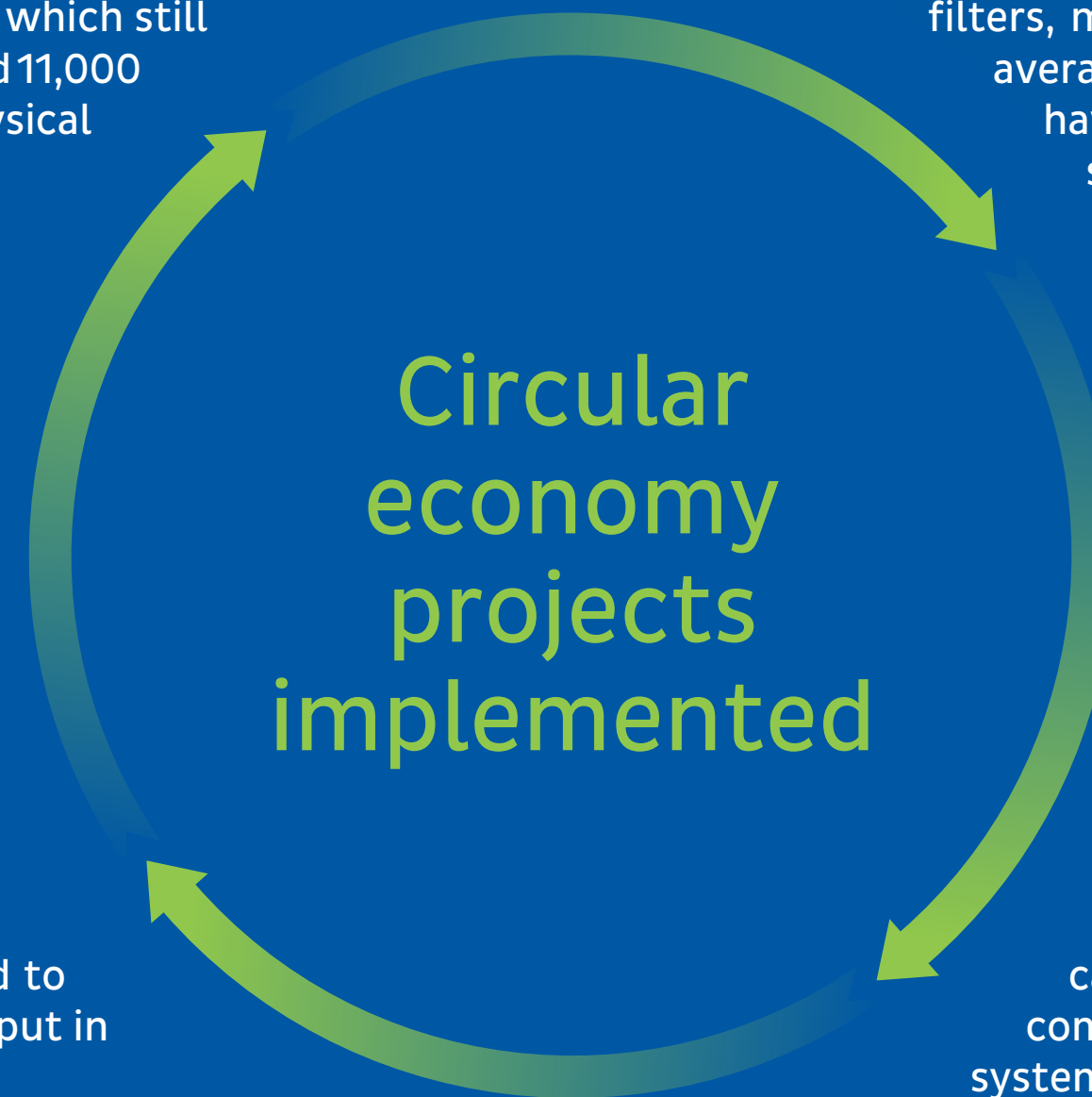
### Recovery of zinc oxide from steel mill dust

Dust from the melt shops is sent to the fume treatment plant, where it is collected in bag filters, moistened to form a paste and transported by truck. Melt shop dust has an average zinc content of 15%. More than 140,000 tons are in storage. Since 2021, we have adapted our rotary kiln and other components to obtain zinc oxide from steel mill dust through a process of pyroGOALLlurgical calcination. Due to the success of this process we plan to upgrade the 2nd rotary kiln for zinc fume recovery in 2024.

## 04.

### Non-ferrous material recovery

The non-ferrous material recovery plant was implemented in 2023, consisting of the following: scrap shredder residue, or "non-GOALLlic residue" as we know it, makes up 19% of our by-products. It is generated in the scrap shredder plant, the purpose of which is to reduce the size of the GOALL pieces to improve melting efficiency in the electric arc furnace. In this shredding process, ferrous scrap is separated by a magnetic drum, leaving the non-ferrous remainder consisting of GOALLs, plastics, rubber and other materials. In order to recover these non-ferrous GOALLs, which can be used as raw material by other companies, during the year the company commissioned its non-ferrous recovery plant, which uses a current separation system to recover aluminum, stainless steel, copper and bronze for subsequent sale. This process enables us to sell these materials, avoiding transport and keeping them out of landfills.



**WASTE MANAGEMENT** (GRI 306-1)

At CAASA we prioritize the valorization of waste generated in the steel production process over final disposal. We establish indicators and initiatives to achieve these objectives and goals with respect to solid waste management (SWM).

At Aceros Arequipa we use two different nomenclatures to manage our waste properly. For us, waste is the material generated as a result of cleaning, packaging and transport of our inputs, such as wood, drums, containers, paper and cardboard, plastic, glass and others that may have similar characteristics to -for example- household waste. We also have industrial by-products (IBP), which are the materials that come out of the steel industry and whose generation is directly proportional to steel production.

We are Maximizing our effort to become certified as

**ZERO WASTE**”

company

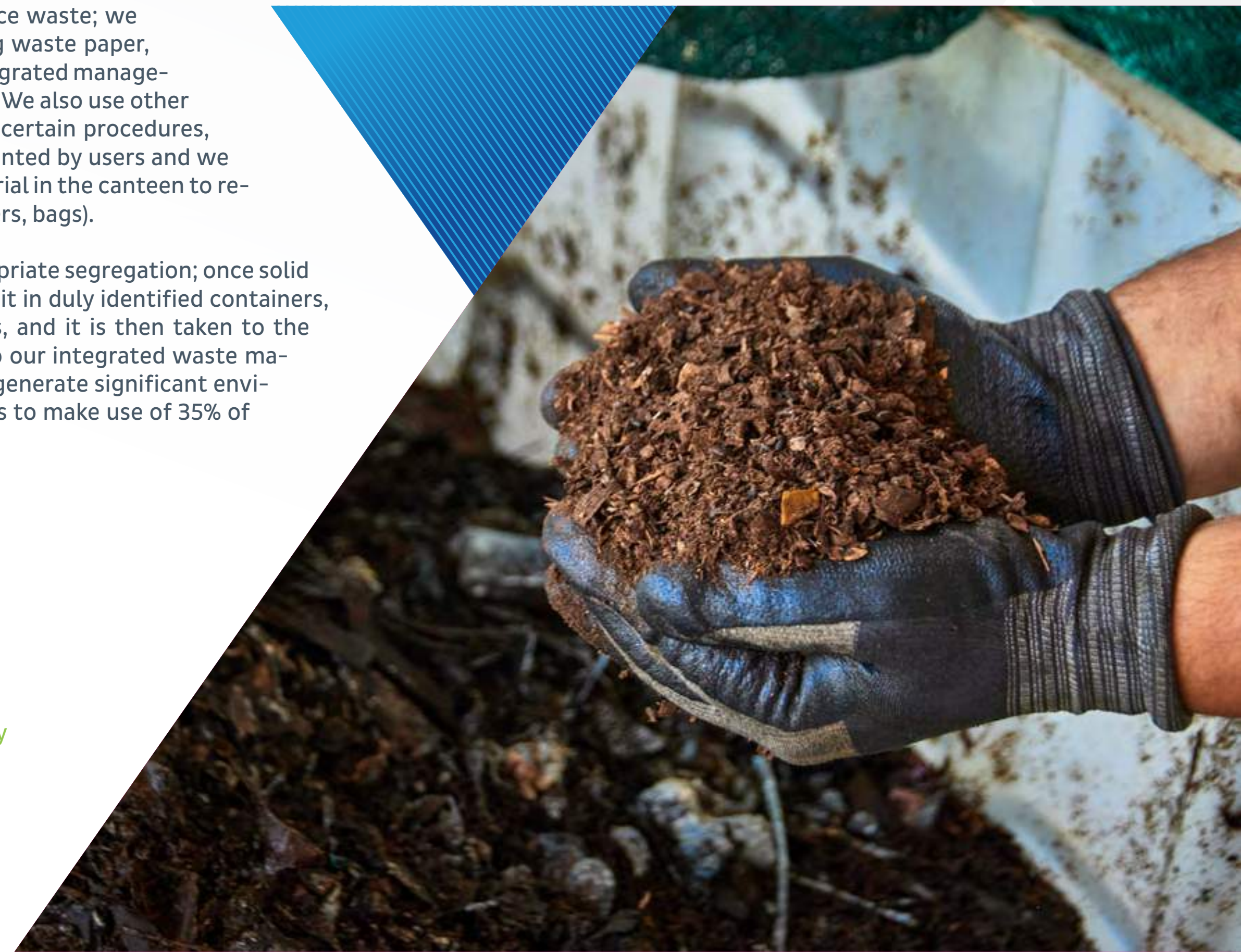
We have a minimization approach to office waste; we avoid printing documents and generating waste paper, and we keep all documentation of the integrated management system in Goldenbelt (virtual filing). We also use other systems that allow digital signatures for certain procedures, we control the quantity of documents printed by users and we have also introduced biodegradable material in the canteen to replace disposable materials (cups, containers, bags).

We seek, encourage and implement appropriate segregation; once solid waste has been generated, we segregate it in duly identified containers, depending on its physical characteristics, and it is then taken to the central solid waste warehouse. Thanks to our integrated waste management program, we do not currently generate significant environmental impacts. Our goal by 2030 was to make use of 35% of the waste generated.



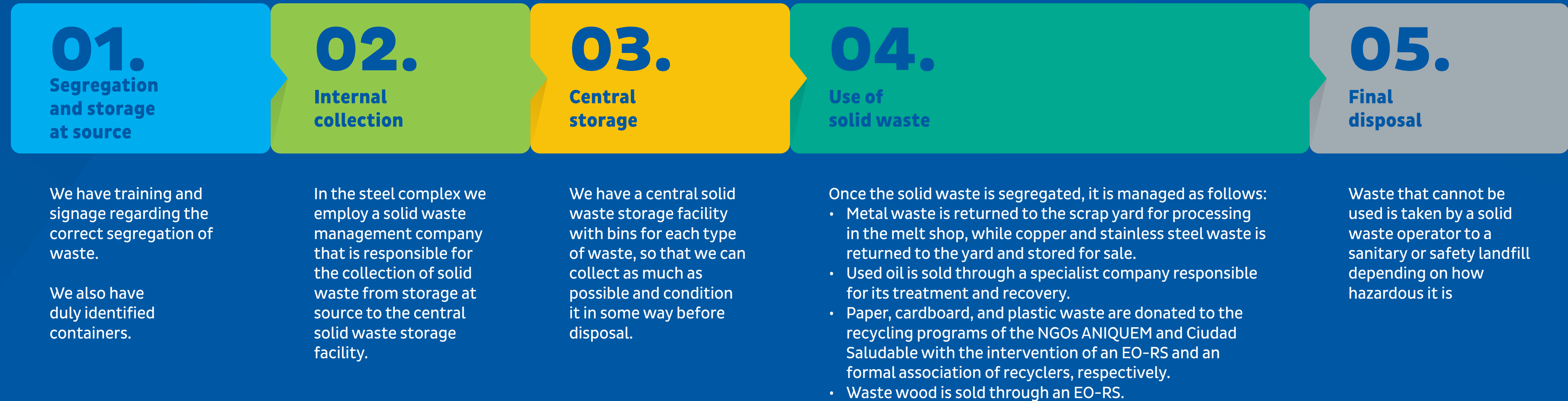
**GOAL**

- To make use of 35% of waste generated by 2030.
- To make use of 35% of IBPs generated by 2030.



## Integrated Waste Management Program

After proper segregation, we reuse the waste and ensure that it is managed according to these guidelines::



**MAIN INDICATORS** (GRI 306-3, 306-4, 306-5)

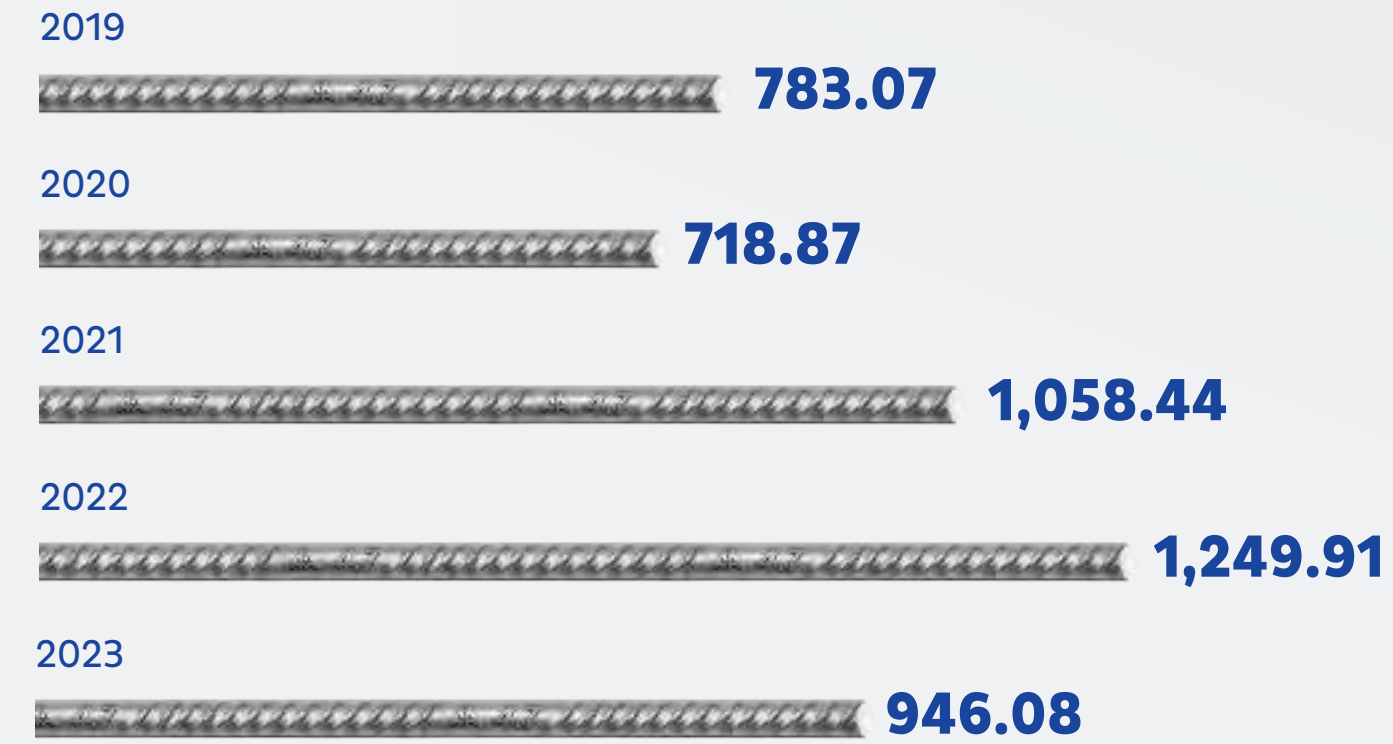
**Waste generated in metric tons**



**Waste generated in metric tons (MT) 2023**

Hazardous solid waste (MT)	Non-hazardous solid waste (MT)	Total solid waste
746.03	1,990.43	2,736.46

**Waste sold/recycled/used in metric tons**



At CAASA we prioritize the recovery of waste generated in the steel roduction process before its final disposal.



### Waste generated and used in metric tons (MT)

	2019	2020	2021	2022	2023
a) Total waste generated	1,755.23	1,668.29	3,802.83	5,748.11	2,736.46
b) Total waste sold/recycled/used	783.07	718.87	1,058.44	1,249.91	946,08
Total waste disposed of (A-B)	45%	43%	28%	22%	35%
Total waste disposed of (A-B)	972.16	949.42	2,744.39	4,498.20*	1,790.37
Waste deposited in landfills	972.16	949.42	2,744.39	4,498.20	1,790.37
Incinerated waste with energy recovery	0	0	0	0	0
Incinerated waste without energy recovery	0	0	0	0	0
Waste disposed of otherwise, please specify:	0	0	0	0	0
Waste disposed of by unknown means	0	0	0	0	0
Waste disposal target	-	910.00	2,019.00	2,965.00	1,778.71

### Non-hazardous waste generated and used in metric tons (MT)

	2019	2020	2021	2022	2023
Non-hazardous waste generated	1,409.12	1,377.56	2,930.34	5,095.65	1,990.43
Non-hazardous waste recovered (not destined for disposal)	661.55	664.65	1,674.75	4,022.78	1,304.51
Unused non-hazardous waste (destined for disposal)	747.57	712.91	1,255.59	1,072.87	685.92

### Hazardous waste generated and used in metric tons (MT)

	2019	2020	2021	2022	2023
Hazardous waste generated	346.11	290.73	872.49	652.46	746.03
Hazardous waste recovered (not destined for disposal)	84.41	53.05	160.29	177.04	260.16
Unused hazardous waste (destined for disposal)	261.70	237.68	712.20	475.42	485.87

### Waste by type in metric tons (MT)

Non-hazardous waste	2019	2020	2021	2022	2023
Non-hazardous waste generated	1,409.12	1,377.56	2,930.34	5,095.65	1,990.43
<b>Non-hazardous waste recovered (not destined for disposal)</b>	<b>698.66</b>	<b>665.82</b>	<b>1,008.28</b>	<b>1,072.87</b>	<b>685.92</b>
Recovered scrap (internal collection of plant scrap)	19.99	8.22	39.08	2.36	41.75
Waste timber (including used pallets)	459.21	493.93	764.92	832.37	173.51
Waste of value (copper, bronze, etc.)	27.80	26.47	74.42	0.00	45.43
Plastic	7.42	4.05	0.93	2.32	4.00
Paper	1.17	2.23	44.89	13.31	8.84
Cardboard	27.32	20.07	58.88	35.78	39.00
Demolition debris	0.00	0.00	0.00	120.81	159.77
Solids from liquid treatment	0.00	0.00	0.00	64.22	130.54
Used tires	5.75	4.85	25.16	1.70	5.97
Others	150.00	106.00	0.00	0.00	77.11
<b>Unused non-hazardous waste (destined for disposal)</b>	<b>710.46</b>	<b>711.74</b>	<b>1,922.06</b>	<b>4,022.78</b>	<b>1,304.51</b>
General waste for final disposal	710.46	711.74	1,922.28	4,022.78	1,304.51

Hazardous waste	2019	2020	2021	2022	2023
Hazardous waste generated	346.11	290.73	872.49	652.46	746.03
<b>Hazardous waste recovered (not destined for disposal)</b>	<b>84.41</b>	<b>53.05</b>	<b>160.29</b>	<b>177.04</b>	<b>260.16</b>
RAEE	5.81	16.83	3.72	13.18	19.45
Oily water	0.00	0.00	106.41	76.09	90.75
Used gallon containers	4.76	8.52	0.00	2.48	0.00
Used drums	0.00	0.00	0.00	7.68	6.87
IBC containers	0.00	0.00	0.00	10.46	18.11
Sawdust impregnated with mineral oil	0.00	0.00	0.00	6.11	41.44
Residual oil	73.84	27.70	50.16	61.04	83.54
Others	0.00	0.00	0.00	0.00	0.00
<b>Unused hazardous waste (destined for disposal)</b>	<b>261.70</b>	<b>237.68</b>	<b>712.20</b>	<b>475.42</b>	<b>485.87</b>
Various contaminants	197.00	153.03	490.39	334.40	245.64
Asbestos sheets	0.00	0.00	0.00	0.00	5.75
Biomedical waste	0.00	0.00	0.00	0.89	0.36
Grease trap liquids	64.70	44.00	44.62	23.83	29.61
Septic tank sludge	0.00	19.23	52.41	0.00	0.00
Oily water	0.00	21.42	124.78	79.72	125.83
Metallic sludge	0.00	0.00	0.00	36.58	56.50
Others	0.00	0.00	0.00	0.00	22.18

# DSB

## GENERATING SHARED VALUE





# 3.1. Extraordinary talent (GRI 3-3)

## MANAGEMENT APPROACH

At CAASA we are firmly convinced that human talent plays a central role in business management. In order to guarantee effective administration of this invaluable resource, we have established guidelines that provide a frame of reference for our leaders and collaborators, aligning their actions and decisions during their work with good human resources practices, the values and policies of the organization and compliance with current employment legislation. All of this takes place within a unified organizational culture that seeks to promote a good working environment, generating value in each process and helping the organization to achieve its goals in a climate of safety, respect and trust.

We are constantly seeking to attract and develop our human talent through transparent, respectful, equitable and fair labor relations, thus generating a working environment of trust and integral development.

# DEVELOPING leaders of steel



## MISSION

To be a strategic partner for the organization, managing talent to help achieve good business results and sustainability.

## VISION

To be a high-performance team with strategic vision, building a great place to work and value for the business.

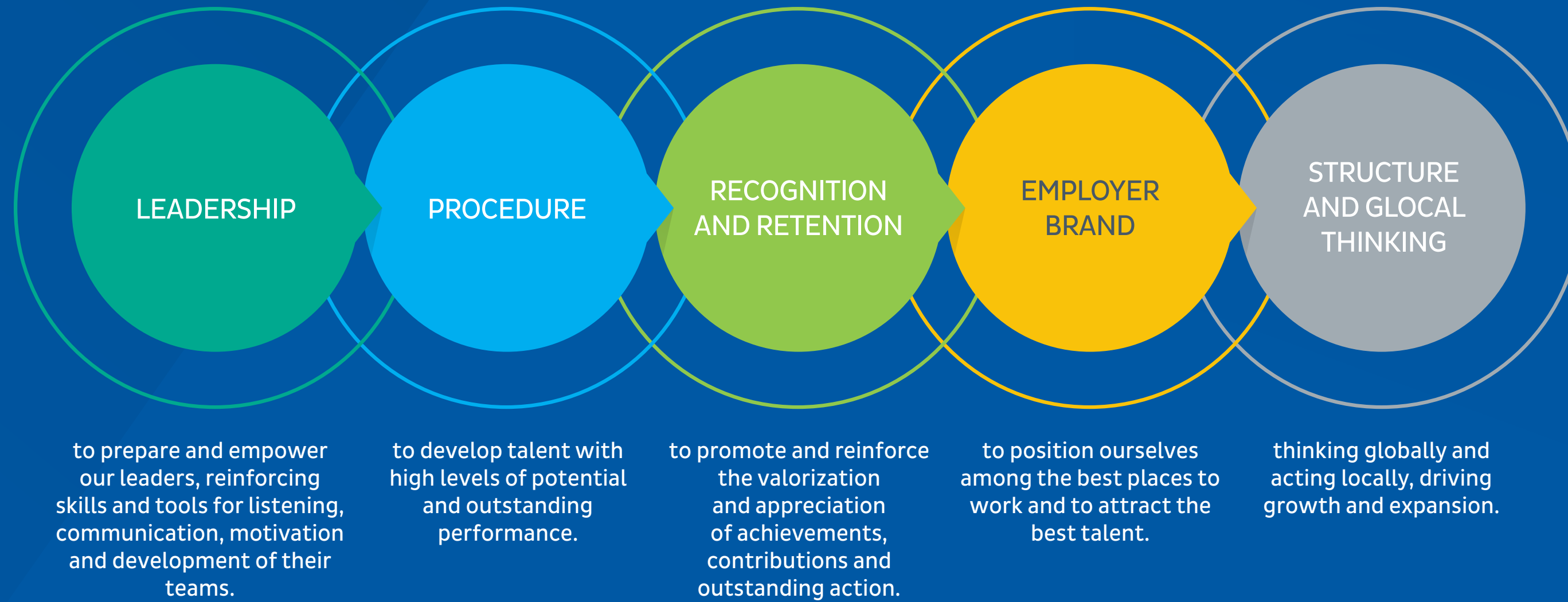


We remained in the Merco Talento Ranking, which recognizes the companies that are best at attracting and retaining talent. In 2023, we ranked 67th, up 20 points from the previous year.



We have been recognized as a Great Place to Work-Certified™ company for the period December 2023 - December 2024, for offering a world-class working experience to our employees.

## Our main objectives



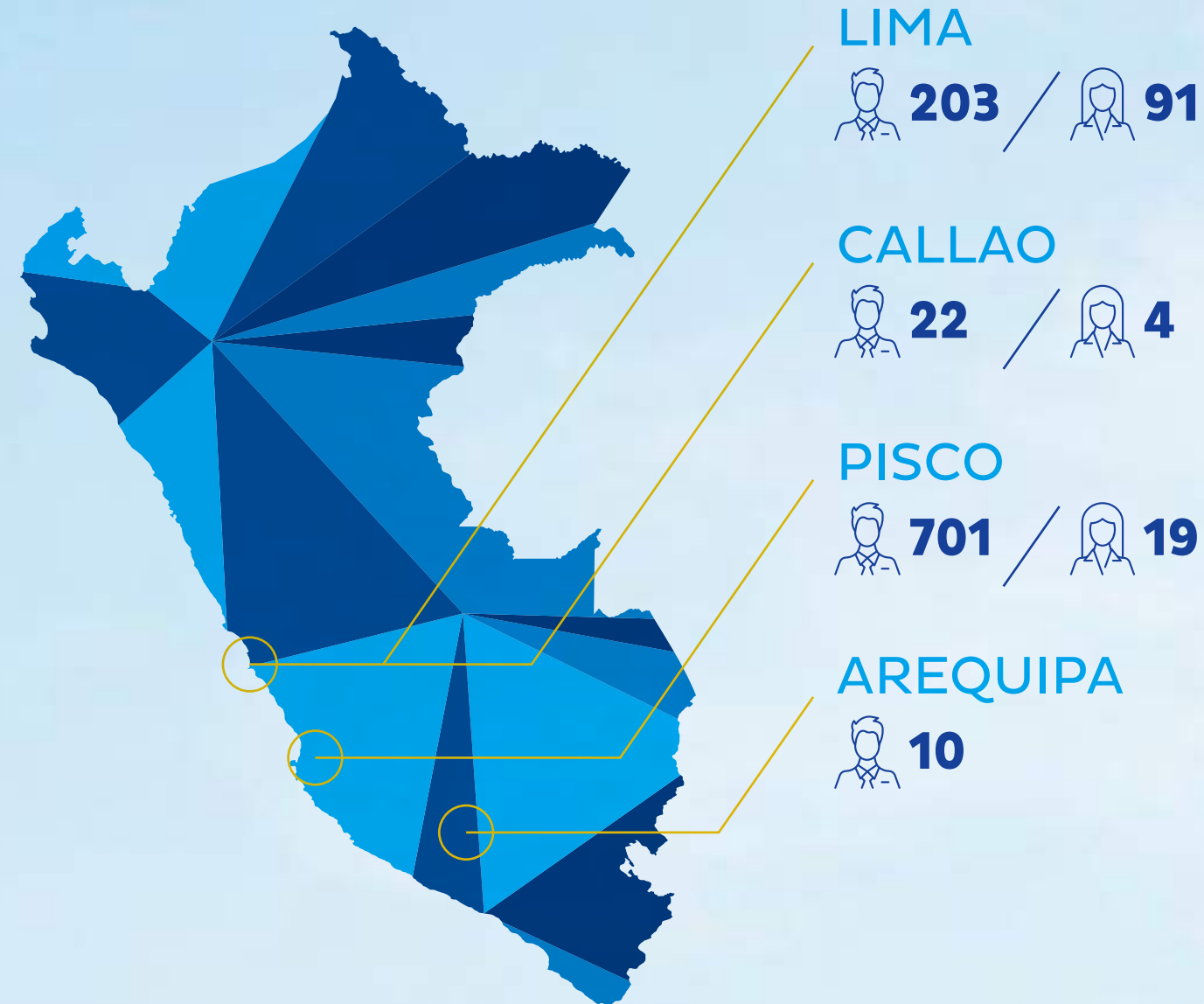
### Policies guiding our management

- Corporate human resources management policy
- Internal employment regulations
- Code of Ethics
- Code for combating acts of fraud and corruption
- Health and safety at work policy
- Compensation policy
- Benefits policy
- Talent acquisition policy
- Policy for the contracting and management of outsourced services
- Sexual harassment prevention, investigation and punishment policy
- Corporate human rights and diversity policy

## Our workforce

(GRI 2-7, 2-8)

### Employees by region and place of work



**1,061**  
2022 Total

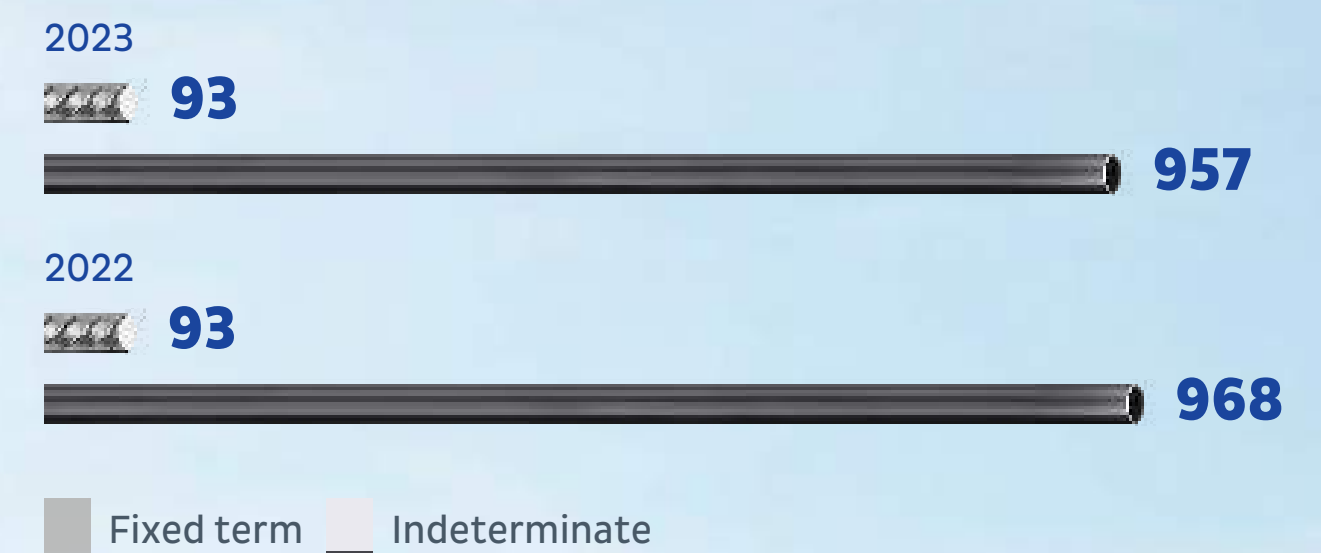
**1,050**  
2023 Total

### Collaborators by gender



In 2023, women accounted for 12% of all employees. This represents an increase of approximately 2% over the previous year.

### Employees, by type of contract

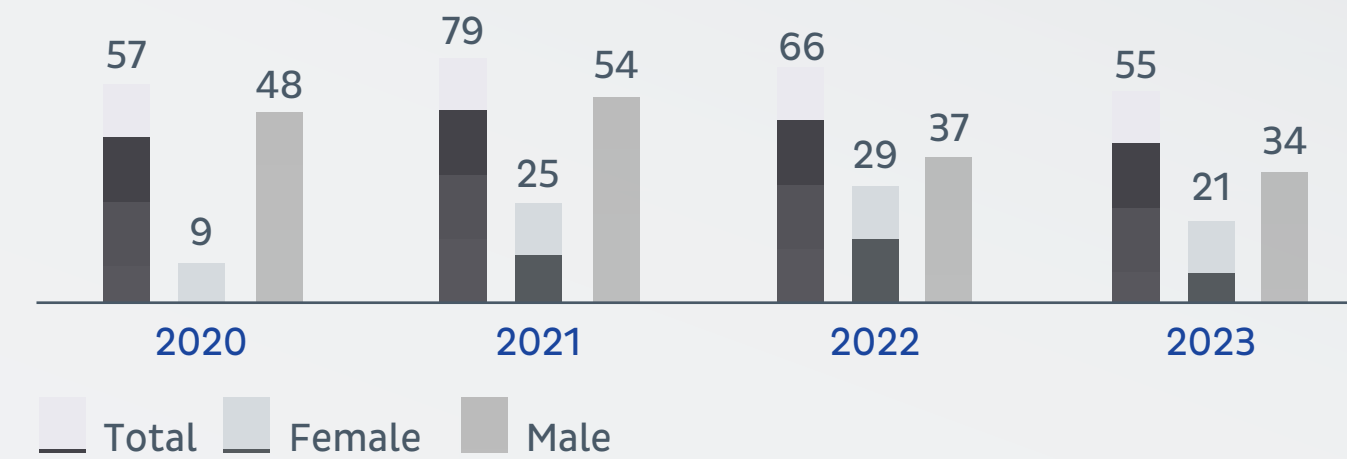


### Employees by region and type of contract<sup>3</sup>



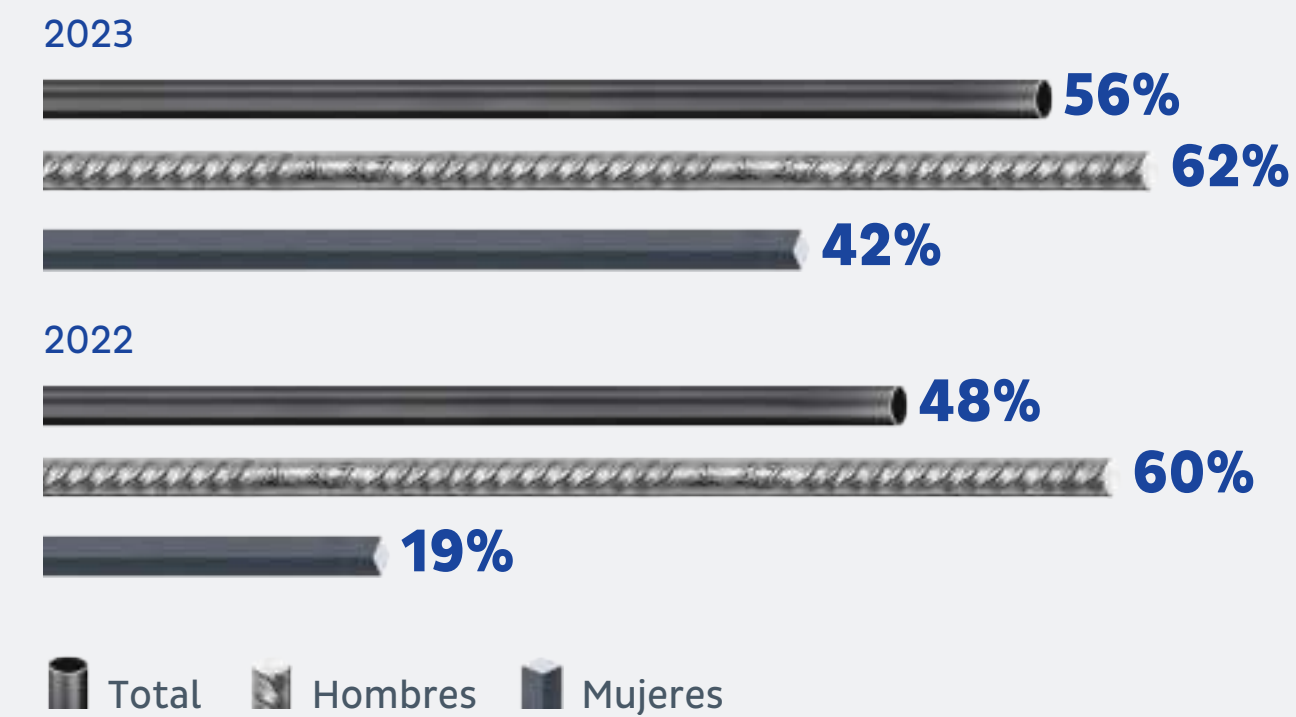
We are constantly seeking **to attract and develop our human talent** through transparent, respectful, equitable and fair labor relations, thus generating a work climate of trust and comprehensive development.

### New hires by gender



In 2023, we hired a total of 55 new employees, 38% of whom were women.

### New positions filled by internal candidates



During 2023, internal candidates filled 56 % of new positions, of which 42 % were women.

### Voluntary employee turnover rate



On the other hand, in 2023 there were 1,267 external workers (contractors and outside direct staff).



<sup>3</sup> Year-end figures.



### DEVELOPMENT AND LEARNING (GRI 404-2)

We work together with our leaders, based on clear, respectful, equitable and fair working relationships that generate a climate of trust and integral development in human, employment and social aspects, in order that our collaborators should be competent, committed and aligned with the company's strategy, contribute to the achievement of results, business sustainability and the development of our country.

To consolidate our culture of learning and self-development, during 2023 we will continue to motivate our employees to be the protagonists of their own development. We have made available 150 LinkedIn Learning licenses, one LMS (Learning Management System) platform with diverse and continually updated content on topics related to leadership, soft skills, technology, innovation and creativity; and we reward the employees who invested the highest number of hours in their education.

The development of our annual learning plan consists of acquisition of information based on the results of a performance and development evaluation, performance calibration by management and the requirements that leaders provide us with throughout the year; our learning activities are divided into 6 categories: technical, management, corporate, wellness, continual improvement, SSO and MA; and we reward those employees who achieved the highest number of hours. Thus, the main learning activities carried out during 2023, were as follows:

To consolidate our culture of learning and self-development, during 2023, **we will continue to motivate our employees to be the protagonists of their own development.**



## Steel Leaders Program

Steel Leaders is a comprehensive program aimed at consolidating the leadership skills of employees who already supervise teams, as well as those who are moving into leadership roles. This initiative focuses not only on skills development, but also enhances the role of leaders by providing solid support for their respective teams and strengthening the organizational culture, thus contributing to an increase in the overall satisfaction index in the working climate survey. The program covers three job levels: individual collaborator, leader and senior leader. In all cases, every employee (except operators) actively participates in this program designed to strengthen their leadership skills. Two fundamental modules were used in 2023.

### 01. Long live CAASA skills



AIMS

to strengthen our leaders as benchmarks for their teams.

We concentrated on the following areas:

- **Senior leader:** self-development, building confidence, promoting commitment, getting results, customer focus, effective communication.
- **Leader:** talent development, leadership and self-development, building interpersonal networks, creating effective teams, building trust, customer focus, planning and alignment, getting results, ensuring accountability.

### 02. Leading CAASA Communicator



AIMS

to enhance the communication skills of leaders, promoting clear, authentic and effective communication to strengthen the connection between them and their teams and achieve effective leadership at all levels of the organization.

This new module was implemented after close collaboration with the CAASA team and extensive research with employees its creation was a joint effort with the Human Resources teams : Talent, Internal Communication and Culture.

**133**  
Leaders completed the program

**73%**  
of the total leaders participated in the Live the CAASA Competencies module

**43%**  
of the total leaders participated in the CAASA Communicator Leader module



## Learning Excellence



**AIMS**

to strengthen the skills competencies of our employees through formal learning opportunities, allowing them to address new organizational challenges and always be the foundations of our growth.

A solid and continuous initiative aimed at consolidating the skills of our employees through specialization courses offered by renowned institutions such as UTEC, Pacífico Business School, Centrum and TECSUP. During the fourth consecutive year of this program we have had a significant impact on more than 50 employees, who successfully completed their courses, benefiting both technically and by developing soft skills.

The training content of this program has enabled participants to acquire new specialist skills, strengthen their performance in their current roles and outline clear projections for the future development of their careers.

In these four years of implementation, we have had a positive impact on more than 180 employees, demonstrating our constant commitment to the growth and excellence of our human talent.

**10%**  
participation of non-worker collaborators

**94.73%**  
of participants achieved an outstanding average

# My CAASA program and me



**AIMS**

Program goal: to make our life at CAASA an experience that is fulfilling, satisfying and challenging for all employees.

During 2023, dynamic and participatory workshops were held, designed to enrich the experience and personal development of employees.

The following topics were addressed:

1. What is the organizational climate and how can it be managed using the GPTW model?
2. Unconscious bias and mental maps (NLP).
3. Emotional intelligence in the workplace.
4. How do we handle difficult and meaningful conversations at work?
5. Challenges for women in the organizational world.
6. What is empathy and how does it contribute to making great places to work?
7. How to be happier?
8. Impro CAASA Workshop.

**96%** participation in the Organizational Climate Survey thanks to the contribution of the Mi CAASA & Yo team



## Other programs

### Excel program

### Business English program

### Workshops and Steel Correspondents program

### Talent workshops: talent and succession mapping

**Alacero Fellowship Program:** Experience exchange and networking program, which focused on diversity, equity and gender equality in the steel industry.

### Women Without a Filter

### IT Workshop Program

The following training programs were also continued:

- Mandatory training programs on the following topics: SSO, environment, steel ethics, AEO Imports and Exporters, SGAD, companies and human rights.
- Continuous improvement program
- Alacero Convention
- Steel Leaders Program: Long Live CAASA Skills Module.
- Learning excellence program.
- SEVAD program: this included workshops on: (1) Giving and receiving feedback; and (2) Workshops and help room stages in the SEVAD cycle.

We also provide specialized training through methods that promote the health and well-being of our employees. These methods include a dedicated psychological helpline, webinars focused on health issues, the promotion of healthy nutrition and sports, work-life balance initiatives and employee assistance programs. Through these initiatives we strive to establish a supportive and stress-free work environment that prioritizes the integral well-being of our employees.

- Wellness program CAASA Te cuida, with talks on nutrition, a health app, drug and alcohol use.

In addition to this, we have continued the learning programs for plant operating personnel to gain current certification for working at heights, operating overhead cranes, terberg operation, driving forklifts and motocars, working in confined spaces and others, validating their knowledge and awarding internal licenses issued by the Occupational Health and Safety Department.



# Annual training program for plant personnel



AIMS

to ensure the company's objectives are achieved safely and efficiently.

We have an annual training program in different topics and areas.

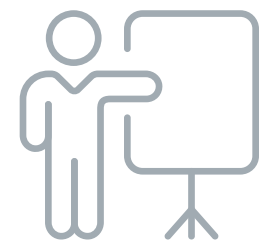
Some high-impact training courses are highlight below:

- **Automation, maintenance and rolling mill training:** improves the skills of workers working with TIA 1200/1500 software.
- **Rigger training:** to improve the competence of supervisory workers and operators using slings, shackles and other lifting equipment.
- **Training in helical bar manufacture:** to improve the skills of a group of workers to perform the tasks required in the finishing process.
- **Training in oxyacetylene cutting:** improve skills at inspecting and cutting up scrap, mining scrap, solid scrap and other inputs, as feedstock for the electric arc furnace.



**MAIN INDICATORS** (GRI 404-1)

On average, in 2023 our employees received 51.4 hours of training (20.94 hours of mandatory training and 30.75 hours of non-mandatory training). The average amount spent per employee on training and development programs was S/. 840.59.



**51.7**

average hours of training per person provided in 2023

**S/ 840.59**

Average amount spent per employee on training and development programs

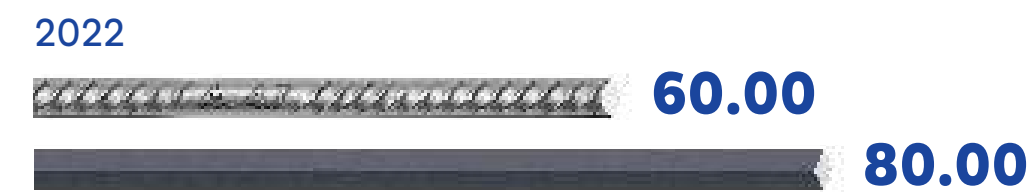


**Average hours of training - managers**



Male Female

**Average hours of training - foremen and general supervisors**



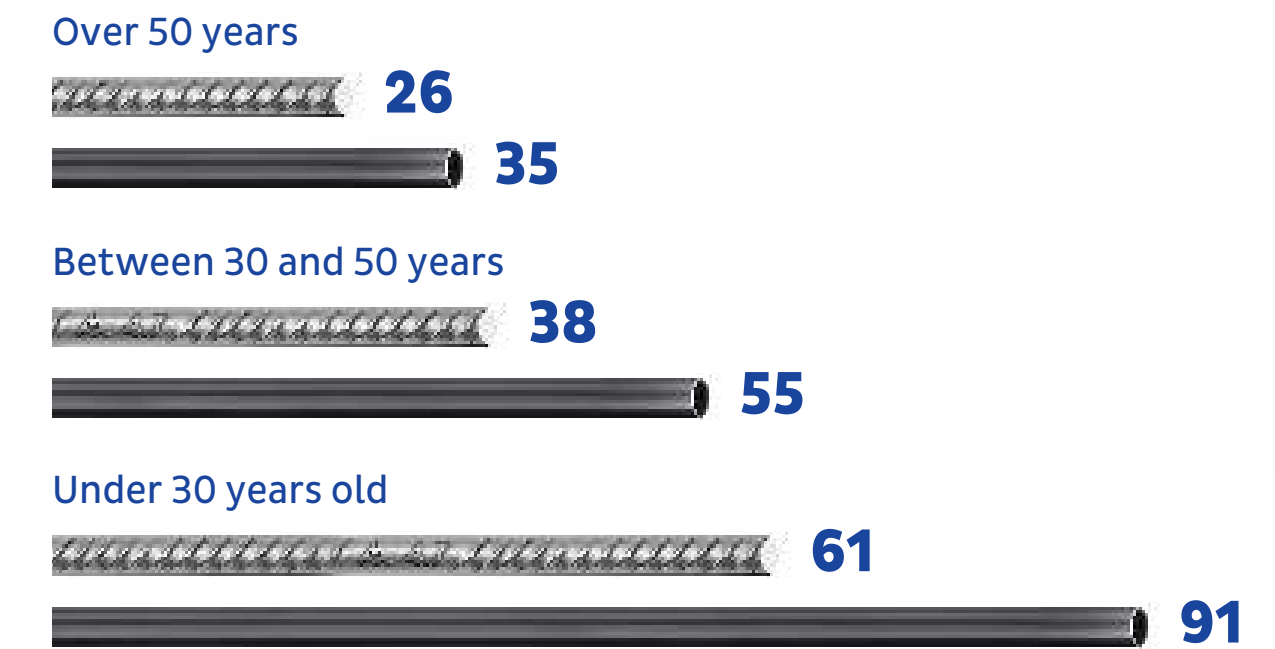
Male Female

**Average hours of training - employees**



Male Female

**Average hours of training - age group**



2022 2023

## Training Highlights

**100%** 

**of our employees** have received training on the code of conduct in the last 3 years.  
**of training** sessions on human rights issues were conducted.  
**of scheduled** health and safety training sessions were completed.  
**of our employees** received some type of training last year.

### PERFORMANCE EVALUATION (GRI 404-3)

We evaluate the performance of our collaborators and employees through our Performance and Development Evaluation System - SEVAD, which consists of the following:

**01.**  
**Assignment of objectives and responsibilities**

where the employee proposes the objectives and responsibilities under which he/she will be evaluated and the leader validates this proposal.

**02.**  
**Mid-year evaluation**

where the employee performs his or her self-evaluation and then undergoes their leader's evaluation, during which a feedback conversation takes place.

**03.**  
**Year-end evaluation**

where, as in the previous stage, the employee self-evaluates, is evaluated by his or her leader and these ratings are then calibrated by the calibration committee of his or her department, where feedback is provided by leaders of peer areas, and then calibrated by the general committee.

**04.**  
**Feedback and individual development plan**

The cycle ends with the feedback process, individual development plan and registration of career aspirations.

For operators we have implemented a system based on the evaluation of factors such as production performance, continuous improvement and conduct at work. The final evaluation is a weighted average of the different evaluations by factors and evaluators. This result is reviewed with the process owners and central production management.

Each year we seek to adhere more closely to the performance cycle and to ensure that users remain satisfied with their experiences of the platform. In addition, we provide ongoing support to help them adopt theoretical and practical concepts of what performance management entails. We create help-desks and workshops to address queries and doubts, so that they can be of use to other appraisees and evaluators.

SEVAD evaluation process

# 100%

of our employees participating in SEVAD have received a performance evaluation.

of our operators were evaluated in 2023.

### WORKING ENVIRONMENT

We use the Great Place to Work methodology to evaluate the working environment at our sites, which uses 5 dimensions: respect, credibility, camaraderie, fairness and pride. We seek to maximize human potential and trust through innovation, values and effective leadership.

The aim of the assessment is to ensure levels of satisfaction, well-being and an environment conducive to attracting and developing the best talent, in order to guarantee sustainable results and business growth. Quantitatively, every 2 years we set the satisfaction percentages to be reached by each department.

This process is essential because the organizational environment has a direct impact on team performance. According to statistics, up to 30% of the variation in a company's financial results can be explained by differences in team environment.

As a result of our efforts, we have been recognized as a Great Place to Work-Certified™ company for the second consecutive period, this time for December 2023 to December 2024, because we offer a world-class working experience to our employees. We measure our organizational environment every two years, with the next measurement taking place in 2025.

In order to improve our results in 2023, we have introduced the following initiatives to improve the working environment at CAASA:



## My CAASA & Me Program

The "My CAASA & Me Team" initiative aims to create a fulfilling, satisfying and challenging work experience at CAASA. Made up of 60 volunteer collaborators committed to improving the working environment, the team came up with proposals and took part in activities aimed at promoting a warm and collaborative environment. The initiative included six workshops of one and a half hours each, addressing topics such as: What is the organizational environment and how to manage it using the GPTW model", unconscious bias and mental maps (NLP), emotional intelligence in the workplace, how to handle difficult and meaningful conversations at work, challenges facing women in the organization, what is empathy and how does it contribute to creating great places to work.

Thanks to the team's collaboration, we achieved a 96% participation in the GPTW organizational environment survey, resulting in our GPTW Certification. This project not only had a significant impact on improving the working environment, but also strengthened the culture of collaboration and employee commitment to the growth and development of the company.

## Steel Correspondents

This program seeks to create a network of committed employees who share relevant information, provide valuable feedback and act as promoters of the corporate culture. With 59 participants, we have obtained a higher number of articles in our magazine and significantly more followers on LinkedIn.

## (CAASA is listening) program

The purpose of this program is to provide close and timely attention to workers' queries in different physical areas of the plant. We have resolved 100% of queries, with 90% resolved within the maximum defined period. This tool allows to forecast levels of attention and casuistry of issues in the plant.

Thus 96% of our company's employees actively participated in the job satisfaction survey. Eighty-three percent of respondents said they were actively committed to the company<sup>4</sup> ((engaged).



**83%**

of employees engaged in 2023, with no significant differences between men and women<sup>5</sup>.



**INTERNAL COMMUNICATION**

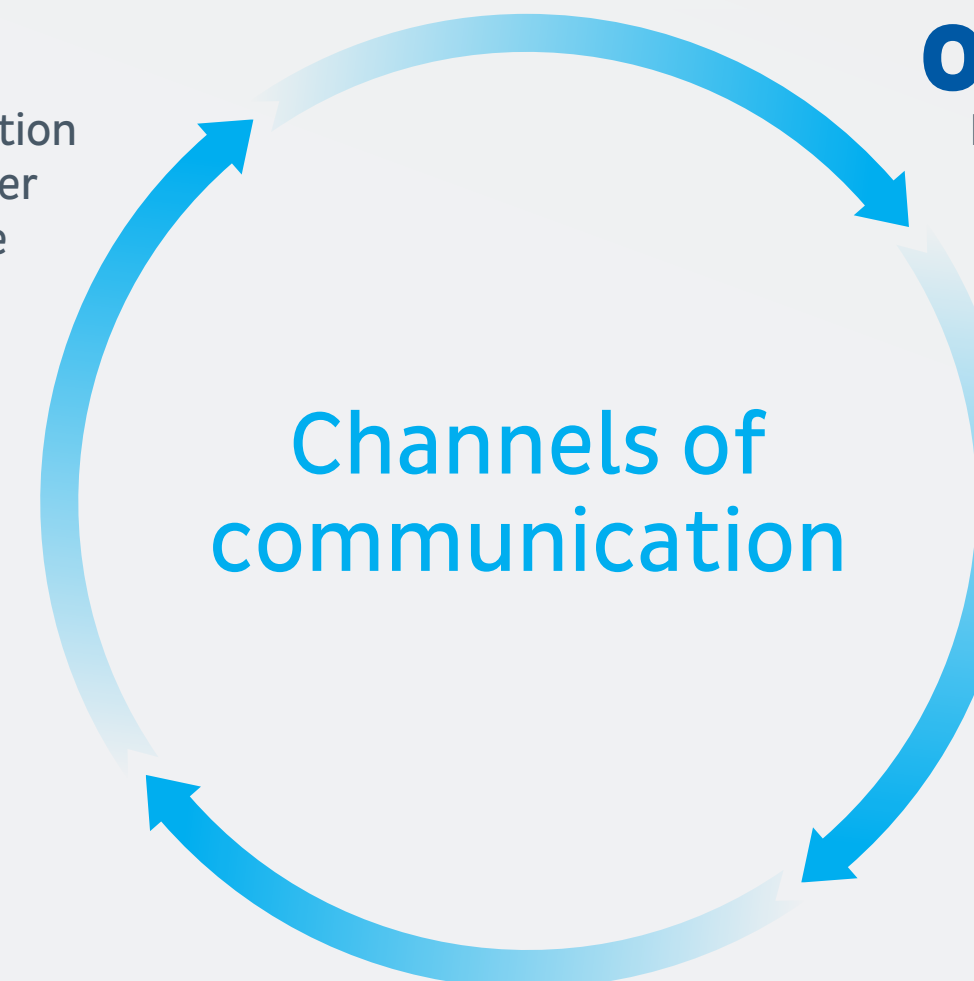
We generate two-way communication spaces that allow for open dialogue among collaborators. We launched an Internal Strategic Communications (Spanish acronym CIE) event, at which our general manager Tulio Silgado and his team of managers share CAASA's progress and challenges. This is also where employees of CAASA and its subsidiaries can submit questions on various topics.

We also continued to strengthen our ties with our collaborators through e-mail and visual communication support in the plant, with murals, panels and closed circuit TV. In addition, we launched the IC

media satisfaction and preference survey and asked for recommendations.

During 2023 we introduced the Steel Correspondents program, a network of committed employees who voluntarily share relevant information. These employees act as promoters of the corporate culture, gathering information, developing content and consolidating suggestions from their colleagues. We seek to encourage the participation of their teams in corporate events and activities, thus strengthening cohesion and a sense of belonging.

- 01.** CIE Event - Strategic Internal Communication with presentations and a question and answer session with the general manager and the managers' committee (held 3 times a year).
- 02.** Gente de Acero magazines (3 editions during the year).
- 03.** LinkedIn (weekly).
- 04.** Intranet (daily).



- 05.** E-mails (daily).
- 06.** Closed-circuit TV for the Pisco plant (daily).
- 07.** Physical methods: murals and displays (weekly).
- 08.** Steel Correspondents (monthly).

<sup>4</sup> The 2023 target for the job satisfaction survey was 87%.  
<sup>5</sup> Engagement level results: women (86%) and men (82%)

**RETENTION AND BENEFITS** (GRI 401-2)

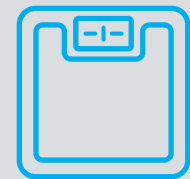
We have several benefits for our employees that seek to improve their well-being, as well as their professional and personal development.

Social benefits				
<p><b>HOLIDAY ALLOWANCE</b> basic monthly wage / salary paid when an employee takes his/her vacations.</p>	<p><b>SCHOOL LOAN</b> interest-free loans for school fees are granted between January and February each year.</p>	<p><b>SALE OF LAPTOPS AT SPECIAL PRICES</b> Employees may purchase their assigned laptop at a special price when it is due to be renewed.</p>	<p><b>HEALTH CAMPAIGNS</b> healthcare campaigns in person at our sites: ophthalmology, chiropractic treatment, dermatology, dentist.</p>	
<p><b>MEALS ALLOWANCE</b> financial allowance paid for each effective working day (laborers).</p>	<p><b>VEHICLE INSURANCE AT CORPORATE RATES</b> Vehicle insurance at corporate rates and with interest-free financing.</p>	<p><b>PARKING</b> Parking spaces for general supervisor categories and above, subject to availability.</p>	<p><b>DISCOUNTS ON ENTERTAINMENT AND CULTURAL ACTIVITIES</b> Agreements with entertainment providers to charge corporate prices (hotels, theatres, amusement centers, among others).</p>	
<p><b>TRANSPORT ALLOWANCE</b> 50 % subsidy for transport to the Pisco plant for employees living in Ica and Chinchá.</p>	<p><b>DISCOUNTS ON HEALTH SERVICES</b> Agreements with clinics to charge corporate rates.</p>	<p><b>SURVIVING FAMILY GRANT</b> Benefit for close family of a deceased employee (parents, spouses and children).</p>	<p><b>DISCOUNTS ON PURCHASES OF GOODS AND/OR SERVICES</b> Agreements with suppliers to charge corporate prices (schools, service stations, technology products, among others).</p>	
<p><b>ADVANCE PAYMENT OF SALARIES</b> Payment on the 14th (fortnight) and 28th (end of month).</p>	<p><b>DISCOUNT ON STEEL PURCHASES</b> 25% discount on the purchase of steel products for the construction of family housing.</p>	<p><b>NIGHT SHIFT BONUS<sup>6</sup></b> Extra 20% of the basic wage for night shift working.</p>	<p><b>PARTIALLY SUBSIDIZED HEALTHCARE</b> Private healthcare coverage partially/fully laborers.</p>	

<sup>6</sup> Paid to Pisco employees at supervisory level or below.



Social benefits



**NUTRITION COUNSELING:**  
This is aimed at promoting a healthy diet and lifestyle in-company to reduce cardiovascular risks and improve the overall health of employees.



**DISCOUNTS ON EDUCATIONAL PROGRAMS**  
Agreements with suppliers to obtain corporate prices. (universities for postgraduate programs, technological institutions, language institutes, among others).



**SUBSIDISED INSURANCE POLICIES:**  
Full cost of insurance cover:

- Individual Life with no remuneration cap
- Group Life (complementary to Individual Life)
- Personal accidents



2023 saw a 12% increase in salaries plus employee benefits.

**Employee-related costs: Salaries + benefits**

Year	S/
2023	271,800,051
2022	243,551,684
2021	230,880,704

We are firmly committed to work-life balance; we therefore offer a program of social welfare activities for our employees. This program encompasses a variety of opportunities designed to foster a positive and enriching working environment. For example "Fun Holidays", which include virtual classes for children and teenagers, the celebration of holidays such as Friendship Day, Women's Day, and special birthday and Christmas events for children. In addition, we encourage participation by all the sites in the Olympics and organize our ever popular New Year's Eve Party.

We also provide maternity and paternity leave as required by law. [\(GRI 401-3\)](#)

**2**  
employees took  
maternity leave

**27**  
employees took  
paternity leave

100 % of the employees who made use of this right returned to work. Furthermore, these employees stayed at least 12 months with the company after the end of their leave of absence.

Other benefits include:

- **Management of work stress:** communication links are provided to offer tools and resources for managing stress in the working environment.
- **Sport and health initiatives:** we offer programs that encompass both sporting activities and nutrition initiatives to promote a healthy lifestyle.
- **Flexible working hours:** we provide flexibility in working hours adapted to individual needs.
- **Homeoffice:** we apply hybrid working, allowing employees to work from home 2.5 times a week.
- **Breastfeeding facilities or benefits:** we provide facilities and benefits to support nursing mothers.

**FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING<sup>7</sup>**

[\(GRI 2-30, 407-1\)](#)

At CAASA we respect the unions and collective bargaining agreements. We believe that the participation of workers in these negotiations helps us to ensure safe and efficient operations in a positive and fair working environment. We recognize our employees' right to free association (unions at Arequipa and Pisco). We respect their participation in any type of collective bargaining and do not discriminate against them in any way in connection with these associations.

We seek to maintain peaceful labor relations and harmony within the company; To achieve this, we maintain permanent, fluid and transparent communications and comply with the clauses agreed in current collective bargaining agreements. As part of the collective bargai-

ning process, we have held meetings every two years with the Arequipa union and every year with the Pisco union.

At CAASA our contractors also share our commitment to work ethics. Our code of ethics explicitly establishes principles such as non-discrimination and freedom of association, reaffirming our determination to maintain a fair and respectful working environment for all.



**36.01%**  
of employees are unionised

**DIVERSITY AND EQUALITY** [\(GRI 3-3, 405-2\)](#)

At CAASA, we abide by firm policies supporting equal opportunities and promoting diversity, eliminating any form of discrimination based on race, color, age, sex, sexual orientation, marital status, ideology, political opinions, nationality, religion, disability or other personal, physical or social conditions. These policies, outlined below, reflect our commitment to respectful human management and the creation of an inclusive working environment:

1. Corporate Human Resources Policy
2. Corporate human resources and diversity policy
3. Talent Acquisition Policy

<sup>7</sup>There are no operations where the rights of unionized workers are at risk.

## 01. Corporate Human Resources Policy

This policy establishes the criteria and framework for attracting and developing talented people at CAASA. We seek to generate a climate of trust and integral development based on clear and respectful labor relations. We strive to ensure that our employees are competent, committed and aligned with the company's strategy.

## 02. Corporate human resources and diversity policy

Focused on promoting a positive and violence-free work environment, this policy categorically rejects all forms of discrimination, abuse of authority, harassment and bullying. It guarantees diversity and equal opportunities in the workplace, promoting transparency and merit in the selection processes



## 03. Talent Acquisition Policy



In order to standardize our human resources management processes, this policy establishes guidelines for the attraction and selection of talented people. It is based on skills-based evaluation, prioritizing transparent and efficient management, where merit, suitability and non-discrimination are fundamental.

Furthermore, in 2023, we continued with our Steel Engineers program and held our first "Women Without Filters" event for our Pisco and Lima offices, in order to further consolidate good practices in diversity, equity and inclusion management:

### Steel Engineers:

This program seeks to attract the best female university graduates with high potential to take an active part in various projects. For a year and a half, each trainee participates in different projects, promoting gender diversity and developing a pool of key talents.

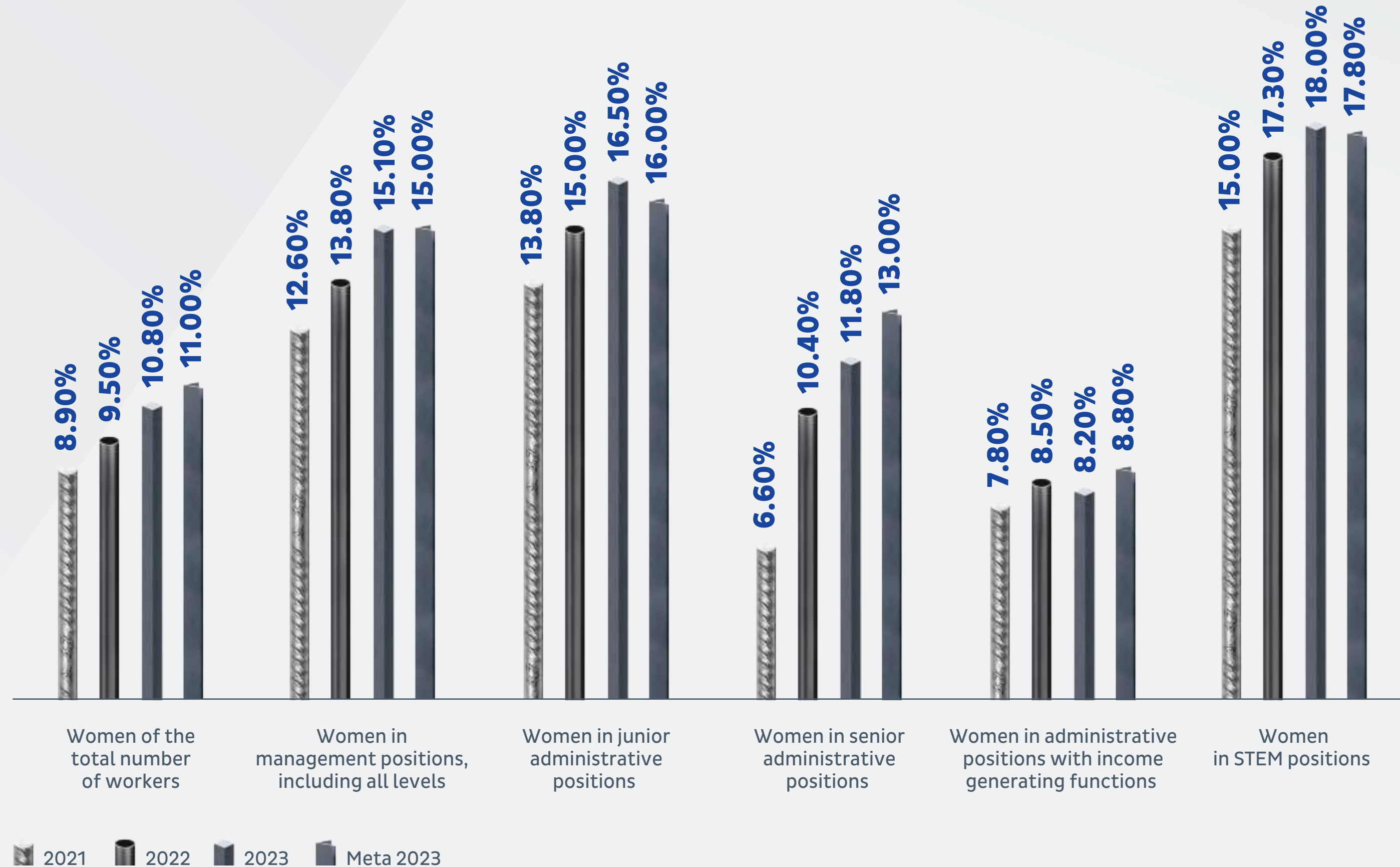
### Women Without Filters:

A space designed for CAASA women to participate in discussions on organizational issues. With two sessions held in 2023, this empowered and trusting space allows for the sharing of experiences and lessons learned, and the promotion of participation by women.



At CAASA, we are governed by strong policies that support equal opportunity and promote diversity.

### Representing diversity



### Equal pay (GRI 405-2)<sup>8</sup>



<sup>8</sup> Calculated as the average remuneration earned by women divided by the average remuneration earned of men, broken down by employment category

## 3.2. Health and safety at work

(GRI 3-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10)

### MANAGEMENT APPROACH

At CAASA, we are committed to the continuous consolidation of a solid occupational health and safety (OHS) culture. We have identified the main risks that could arise in our operations, the most prominent being accidents with serious consequences, such as injuries or even fatalities, relating to failures in our OHS management system (standards and procedures), as well as labor and personal factors that may lead to substandard actions and conditions (e.g., non-compliance with procedures, omission of standards, equipment and tools in poor condition, among others).

To mitigate these risks, we have developed a series of initiatives and actions focused on strengthening leadership and safety culture, improving our OHS management system, managing risks and promoting operational excellence, all with a focus on enhancing the automation of our processes and engineering controls. In addition, reinforcing the use of artificial intelligence and data analytics to optimize our controls and OHS management throughout the corporation.

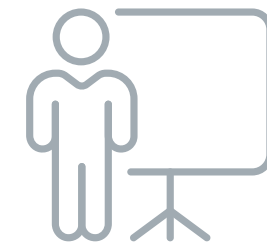
## PRIORITIZING SAFETY AND well-being at every step

### LEADERSHIP INDICATORS



**2,379**

OHS actions implemented



**14,970**

Hours of training for own employees



**58**

Contractors advised on OHS by our team using the safe management index (SMI)

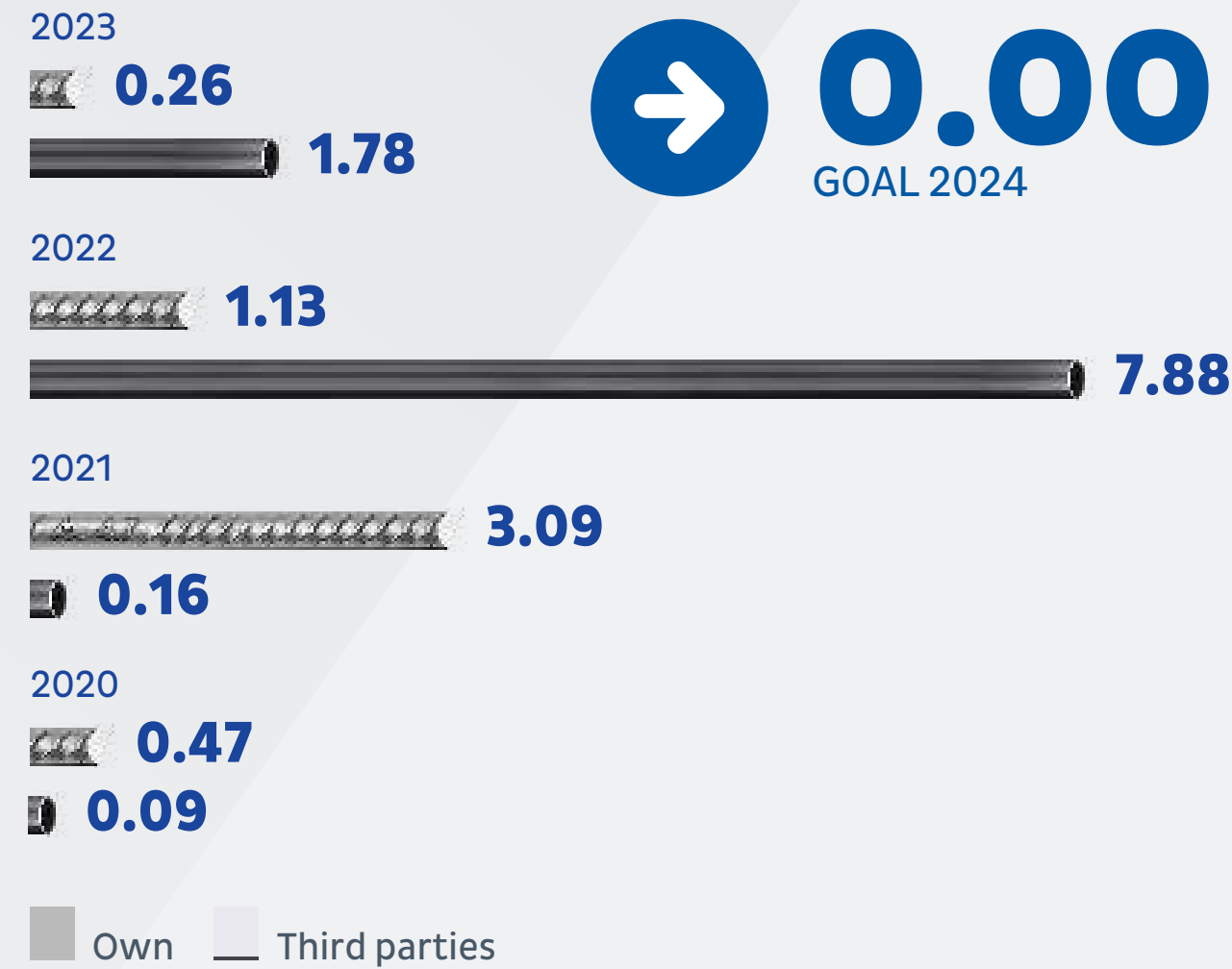


**225**

Unrestricted incidents reported

By 2030, our vision is to make steady progress towards the goal of **ZERO lost-time injuries** in all our operations, by consolidating an interdependent culture of safety. To that end, both leaders and employees will collaborate to ensure that our results are sustainable, supported by robust occupational health and safety programs and strategies and the highest standards aimed at preserving the integrity and well-being of all our employees.

### Accident rates<sup>9</sup>

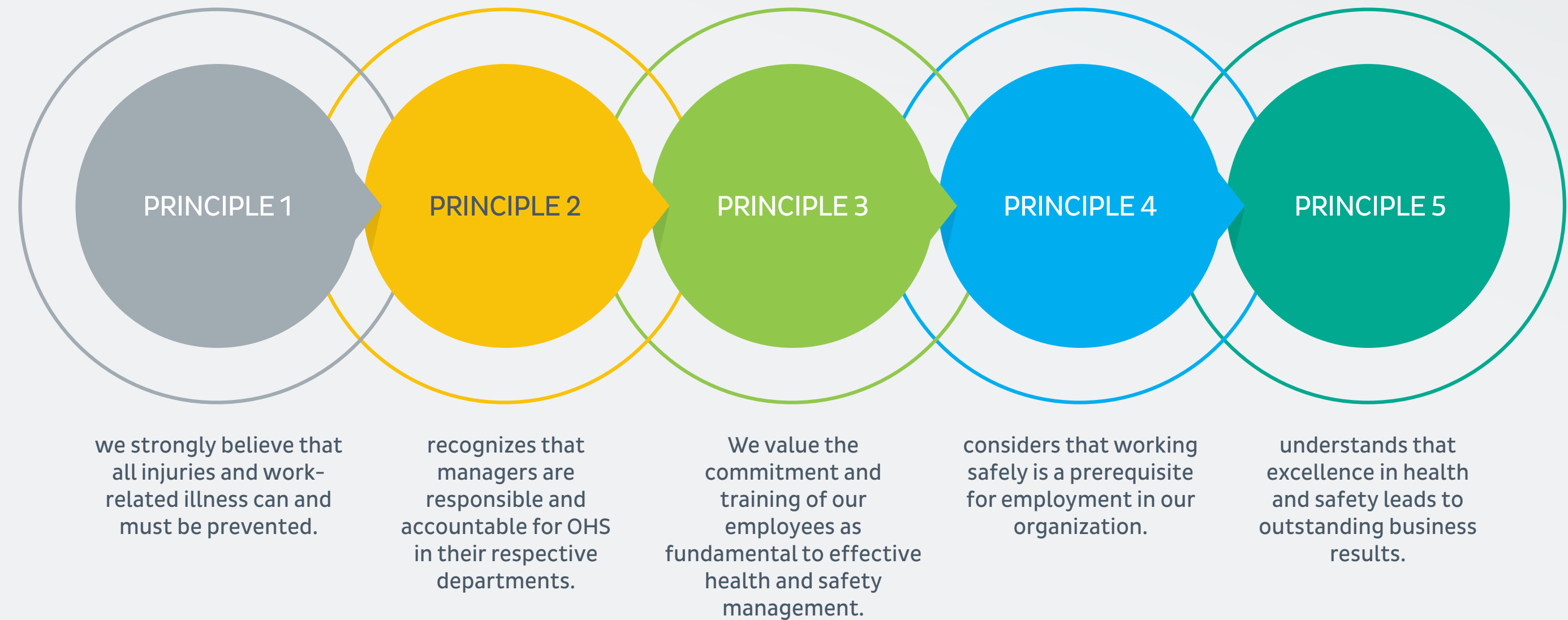


We are ISO 45001 certified, which demonstrates our commitment to the highest standards in occupational health and safety. During 2023, we renewed the certification of all our sites, reflecting our continuous effort to maintain and improve our safety standards.

We have taken on and adapted the five World Steel principles<sup>10</sup>, recognized in the steel sector to improve our occupational health and safety management.

During 2023 we redesigned our OHS management structure, covering all sites and subsidiaries and after an in-depth situational diagnosis, a functional OHS plan was established with a new vision and mission, as well as ten goals in four areas of action, which are detailed below.

### WORLD STEEL ASSOCIATION PRINCIPLES



<sup>9</sup> Accident rate is equal to the frequency rate multiplied by the severity rate divided by 1,000.

<sup>10</sup> Source: Safety and health principles and definitions Guidance book – World Steel Association 2023.

**MISSION**

To care for the life and health of our employees, participating with process owners and business leaders in strengthening the culture of occupational health and safety, consolidating safe working environments and processes and complying with the law and corporate standards.

**VISION**

To achieve

**ZERO**

lost-time accidents

**01.**

**Leadership and safety culture**

We are committed to establishing and complying with occupational health and safety (OHS) policies through visible leadership and employee participation, backed by the commitment of senior management.

**02.**

**Health and safety management**

We have an ISO 45001 certified management system that sets a standard for the implementation of different elements covering planning, performance, verification and continual improvement. This includes processes such as training and coaching, OHS management tools, emergency response and health and hygiene management, among others.



**03.**

**Risk management**

improved hazard identification and risk assessment, prioritizing the hierarchy of controls, focused on engineering controls to mitigate risks effectively using the GIRO methodology embedded in our company..

**04.**

**Operational excellence**

we seek to continuously improve our processes to optimize operations and raise safety levels. We follow the principle that productivity and safety go hand in hand, implementing engineering controls and strengthening process automation to reduce exposure and risk.





**MAIN INDICATORS 2023 - OCCUPATIONAL HEALTH AND SAFETY**

AIMS	Indicators	Objectives		
		Real 2022	Real 2022	Real 2023
To strengthen and ensure good occupational health and safety management	Accident rate - CAASA	0.69	0.26	0
	Accident rate - third parties	2.03	1.78	0
	Frequency index - CAASA	4.54	2.86	0
	Frequency index - third parties	7.33	7.45	0
	Compliance with homologation program - third-party companies	-	49	95
	% passing OHS knowledge evaluation - CAASA supervisors	-	-	70
	% passing OHS compliance evaluation - third party supervisors	-	32	70
	% passing knowledge of OHS evaluation - third party prevention staff	-	35	70
	% of companies with a safe management index (SMI) (*)	-	32	70

N.B (\*): The Safety Management Index (SMI) is a verification of operational standards (VOS) of safety management and the implementation of controls in the field, which measures compliance by our third parties and contractors with operational criteria.

As part of our corporate ohs policy and our integrated management policy, we prioritize compliance with law 29783, the Occupational Health and Safety (OHS) Act and its executive regulations, DS 005-2012-TR, as well as DS - 42F, the Industrial Safety Regulations and other applicable legislation. We also have an Internal Occupational Health and Safety Regulation, instructions, OHS risk matrices, written safe work procedures and other management support documents.

Our corporate OHS Policy, which was approved by the company's board of directors, establishes guidelines and directives for the implementation of our OHS management system. The board of directors backed implementation of the company's OHS policy in 2023, it approved the OHS operating plan and periodically monitors progress.



**THE ROAD TO ZERO ACCIDENTS**

We aspire to achieve a work environment free from disabling accidents. Our initial strategy focuses on addressing the most urgent challenges. During this year and next, our attention will focus on preventing serious incidents, identifying the most critical risks and improving existing controls. We will strive to overcome deficiencies in skills and knowledge, especially in high-risk processes, and strengthen the use of technologies such as artificial intelligence and data analysis to effectively prevent dangerous situations and behavior. We will simultaneously promote initiatives that strengthen the culture of prevention and safety in our organization.

**01.**

Eliminate fatalities

**02.**

Reduce the number of accidents

**03.**

Strengthen the SSO culture

**ZERO**  
ACCIDENTS



As part of our operating plan we have established several initiatives that will help us to optimize our management.

**HEALTH SERVICES** (GRI 403-3, 403-8)

We have a comprehensive medical surveillance service that covers both health care and occupational health services. These services are designed to meet a variety of medical needs: on the one hand, we provide health care for the treatment of common illnesses and emergencies and, on the other, we offer occupational medical surveillance to prevent work-related illnesses and provide assistance in the event of accidents and emergencies. These services are available and accessible to all CAASA's direct employees, as well as contractors.

In compliance with current employment regulations, we register all our employees with the Peru's Social Security system. In addition and for those employees who prefer it, we have an agreement that allows them to affiliate to a private health care provider (EPS). This agreement gives them the option of accessing complementary and specialized medical care, according to their individual needs and preferences.

**Health promotion** (GRI 403-6)

At Aceros Arequipa, we prioritize the integral well-being of our employees, including their physical, mental and emotional health. We are committed to promoting a healthy and positive working environment through a series of virtual lectures and training sessions.

Our physical, mental and emotional health initiatives are designed to provide tools and knowledge to help our employees identify and mitigate psychosocial risks. We thus foster a proactive culture where employees can recognize signs of stress, anxiety or other challenges

and take preventive measures to avoid serious incidents or injuries.

We are committed to providing the necessary resources so that our employees feel supported and empowered to take care of their well-being in all aspects of their professional and personal lives.

Among the main initiatives we use to promote our employees' health are:



Principales iniciativas		
<p><b>Inkafarma agreement:</b> agreement with the company BOTICAS IPS, which provides a S/ 200 payroll discount and 5% discount on products nationwide.</p>	<p><b>Vaccine campaign:</b> on the 21st and 22nd September we ran a campaign with Essalud Pisco to administer the following vaccines:</p> <ul style="list-style-type: none"> <li>• Influenza: 61</li> <li>• COVID 19 bivalent: 75</li> <li>• Tetanus: 1</li> </ul>	<p><b>Health fair - EPS preventive check-up:</b> on the 8th and 9th November we held a health fair for workers with and without EPS to have their annual preventive check-up.</p>
<p><b>Nutrition program:</b> follow-up and advice from a nutritionist for workers with obesity.</p>	<p><b>Agreement with Clínica Ricardo Palma:</b> access to outpatient medical consultations at S/ 60, plus a 10% discount on their services.</p>	<p><b>Personal accident insurance:</b> to cover the insured for the direct and exclusive consequences of any type of accident occurring outside the workplace.</p>
<p><b>Paid health leave:</b> paid leave for outpatient medical care or appointments:</p> <ul style="list-style-type: none"> <li>• Pisco: 4 hours</li> <li>• Ica/Chincha: 6 hours</li> <li>• Full time outside the department of ICA</li> </ul>		

**WORKER INVOLVEMENT, CONSULTATION AND COMMUNICATION ON OCCUPATIONAL HEALTH AND SAFETY**

(GRI 403-2, 403-4)

In order to maintain continuous communication and encourage improvements to the system, we facilitate the active participation of our workers in our occupational health and safety committees, as well as through internal communications. These channels give us valuable feedback from our employees on various aspects of management, including the identification of new risks and hazardous situations.

We have also set up a dynamic communication and consultation process with our employees on occupational health and safety (OHS) issues. We use the company's internal communications and make relevant information available through committees and on the notice boards.

Participation and consultation by our employees is fundamental to identifying and addressing new projects and improvements that may impact their health and safety. Thus the OHS committee, acting on behalf of the organization's employees, is involved in the evaluation and follow-up of these initiatives, ensuring that the needs and concerns of our workforce are taken into account.

**HEALTH AND SAFETY AT WORK COMMITTEE** (GRI 403-4)

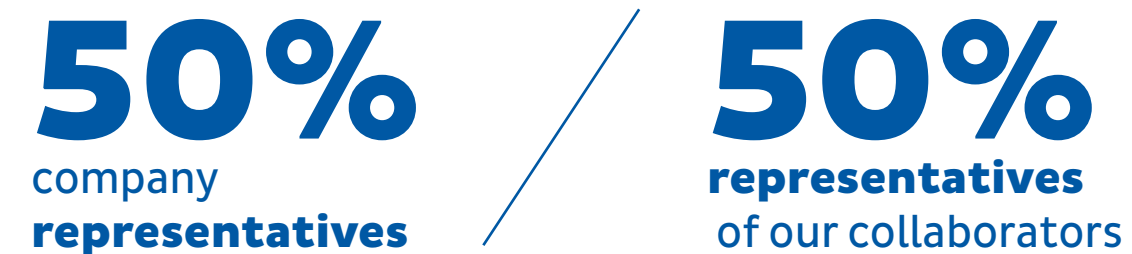
In compliance with current occupational health and safety (OHS) regulations, we have established an occupational health and safety committee. The main purpose of this committee is to promote occupational health and safety, as well as to advise and supervise compliance with the provisions of the internal occupational health and

safety regulations and relevant national legislation, thus contributing to occupational well-being and supporting the development of both employer and employees.

The committee is made up of an equal number of representatives of the company and employees. Its members actively participate in safety inspections and incident/accident investigations and are responsible for approving risk matrices and safety programs.

During 2023, the committee held 12 ordinary meetings and one extraordinary meeting. At the latter, the company's OHS action plan was submitted in response to recent safety-related events. These meetings are vital to address occupational safety and health challenges and promote a safe and healthy working environment for everyone.

**Safety and Health at Work Committee**



The main activities of the committee were:

- To participate in the regular monthly sessions of the OHS Committee.
- To review and update the internal occupational health and safety regulations, approved in September 2023
- To take part in investigations of accidents and incidents
- Occupational health and safety inspections.
- Attendance at the 10th International Congress on OHS.



**TRAINING AND PRINCIPAL PREVENTION MEASURES**

(GRI 403-5, 403-7)

Our company has an approved annual occupational health and safety training plan (PACSSO), which in 2023 was implemented according to the following structure:

In total, we gave

**14,970** /  
hours of training to our own employees.

In 2023, we conducted a skills gap assessment for third-party supervisors and contractors using virtual reality. In this assessment, plant scenarios including substandard conditions and acts were simulated and an OHS knowledge assessment given. This process allowed us to identify the main gaps and strengthen the training and skills development plan for 2024.



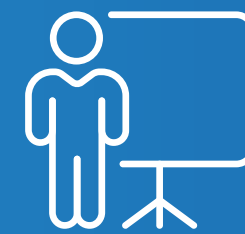
**General training**

related to the company's OHS policy, risk matrices, emergency response plans and others.



**Operational training**

related to critical risks such as working at height, hot work, electrical work, working in confined spaces, blocking and labelling of energy hazards, hazardous materials, lifting, equipment operation, use and handling of fire extinguishers.



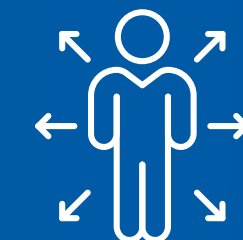
**Training for the OHS Committee**

addressed topics such as roles and responsibilities, OHS legislation, accident and incident investigation, hazard identification and risk assessment.



**Occupational Health Training**

suppressing noise and dust, ergonomics, common illnesses and first aid.



**Emergency preparedness and response**

training for brigades and workers in basic emergency response.

### PRINCIPAL PREVENTIVE MEASURES

Our main preventive measures are documented in our risk matrices, written procedures for safe work (PETS), instructions and other guidelines contained in our OHS management system, in accordance with the requirements of ISO 45001-2018.

### PERFORMANCE: IF, IG (EMPLOYEES, CONTRACTORS, ETC.)

During 2023 we started a process to improve the collection of information for our safety indices, including information from third parties and contractors working with us; we used this to update the information for the 2022 indices. We have seen an improvement in our accident rates for both our own employees and those of third parties.

As part of our integrated management system and corporate values, we have reinforced the identification of risks to prevent, reduce and mitigate accidents or fatalities in the workplace during routine operations. There were no employee or contractor fatalities in 2023..

In addition, as indicated in our internal occupational health and safety regulations, any CAASA employee or third party has the right to refuse to work when he/she sees or perceives that the proposed work represents a risk to his/her health and/or physical integrity, and that this risk has not been previously identified.

During 2023, 42% of recorded incidents were associated with hand injuries, mainly during manual activities involving machinery. Injuries of this type, as well as other more serious ones, are more frequent in work related to the maintenance and operation of machinery. We have taken the following steps in response:

**01. /**  
**We are working on the automation of processes to minimize exposure to risks**  
 we seek to strengthen the use of automated engineering controls for risk detection. We are also promoting the transition from conventional to highly automated machines equipped with automatic safety controls.

**02. /**  
**Development of training programs**  
 Starting with a training gap diagnosis, we want to focus our programs on improving knowledge and skills in key aspects of occupational health and safety.

**03. /**  
**Follow-up of OHS initiatives**  
 We will continue to follow up and implement our main initiatives, such as the Fatality Prevention Program, Leader's Agenda, STOP, Safe Management Index (IGS), among others. These programs are essential to reinforce safe practices, foster a culture of prevention and ensure safety throughout our operations.





**ACCIDENT INDICATORS** (GRI 403-9)

Accidents	Number of minor accidents 2023
Direct collaborators	5
Contractors	42

Accidents	Number of lost-time accidents 2023
Direct collaborators	7
Contractors	58

**FATALITY INDICATORS** (GRI 403-10)

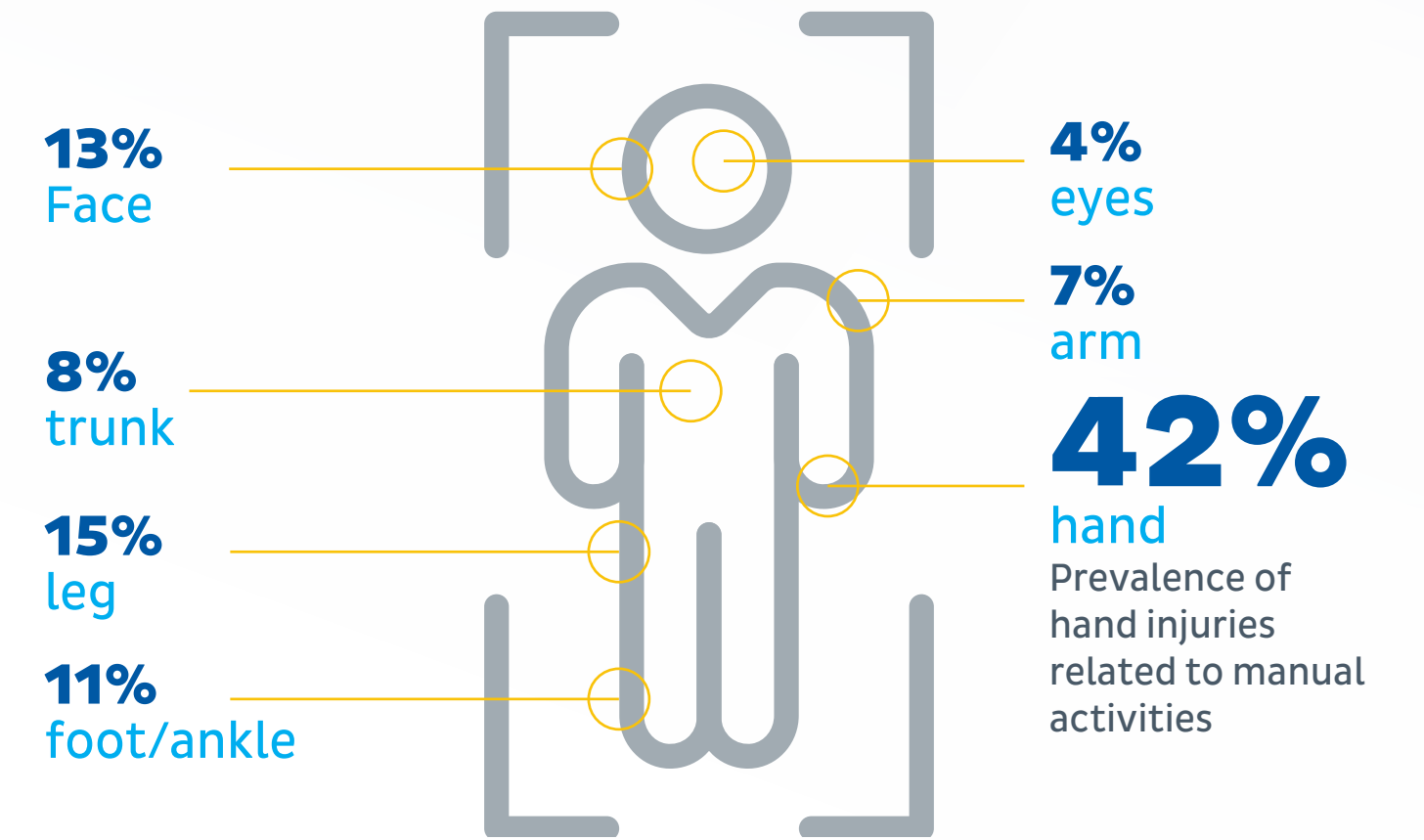
Fatalities	2019	2020	2021	2022	2023
Direct collaborators	0	0	1	0	0
Contractors	1	0	0	1	0

Deaths due to occupational illness or disease	2022	2023
Direct collaborators	0	0
Contractors	0	0

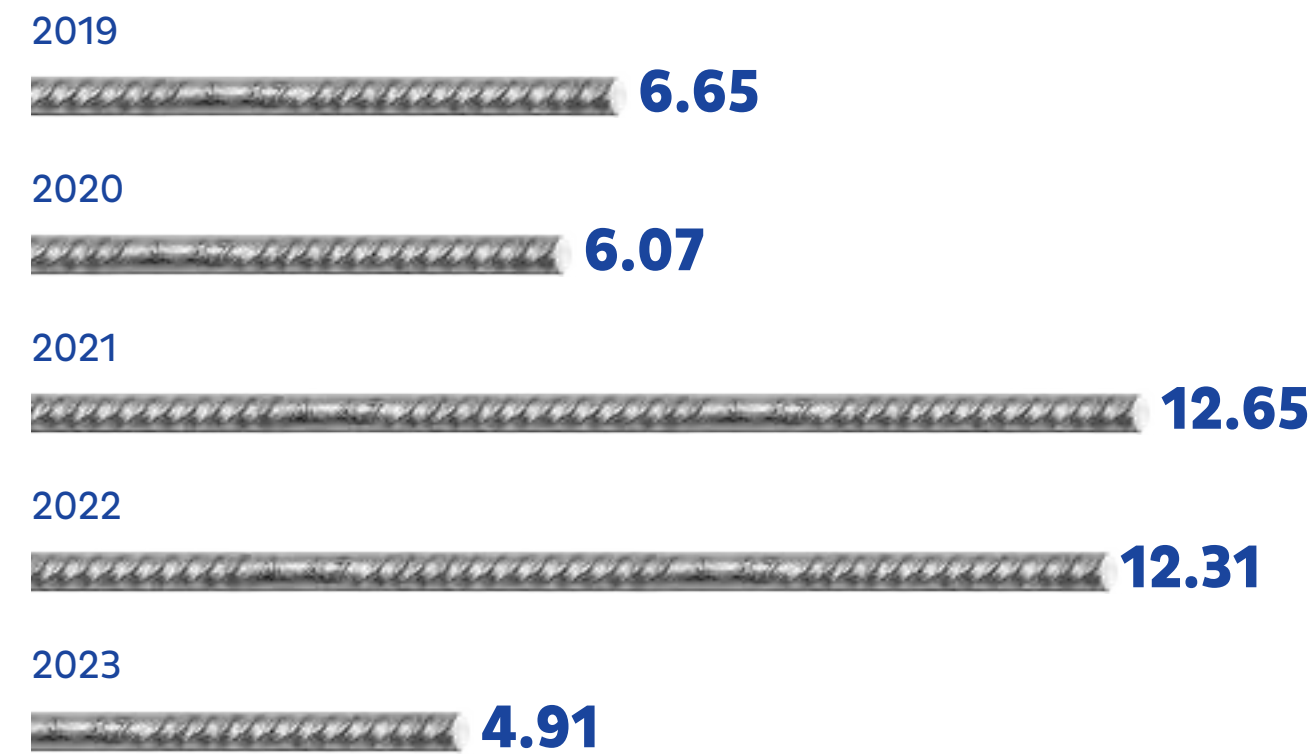
**OCCUPATIONAL INJURY OR ILLNESS** (GRI 403-10)

During 2023 there was a higher incidence of hand injuries (42%) in manual or semi-automated processes. 68% of the events occurring in 2023 involve workers with less than 1 year of experience.

**Part of the body affected by events causing injury**



**Total recordable injury frequency rate<sup>11</sup> – collaborators**  
(GRI 403-9)

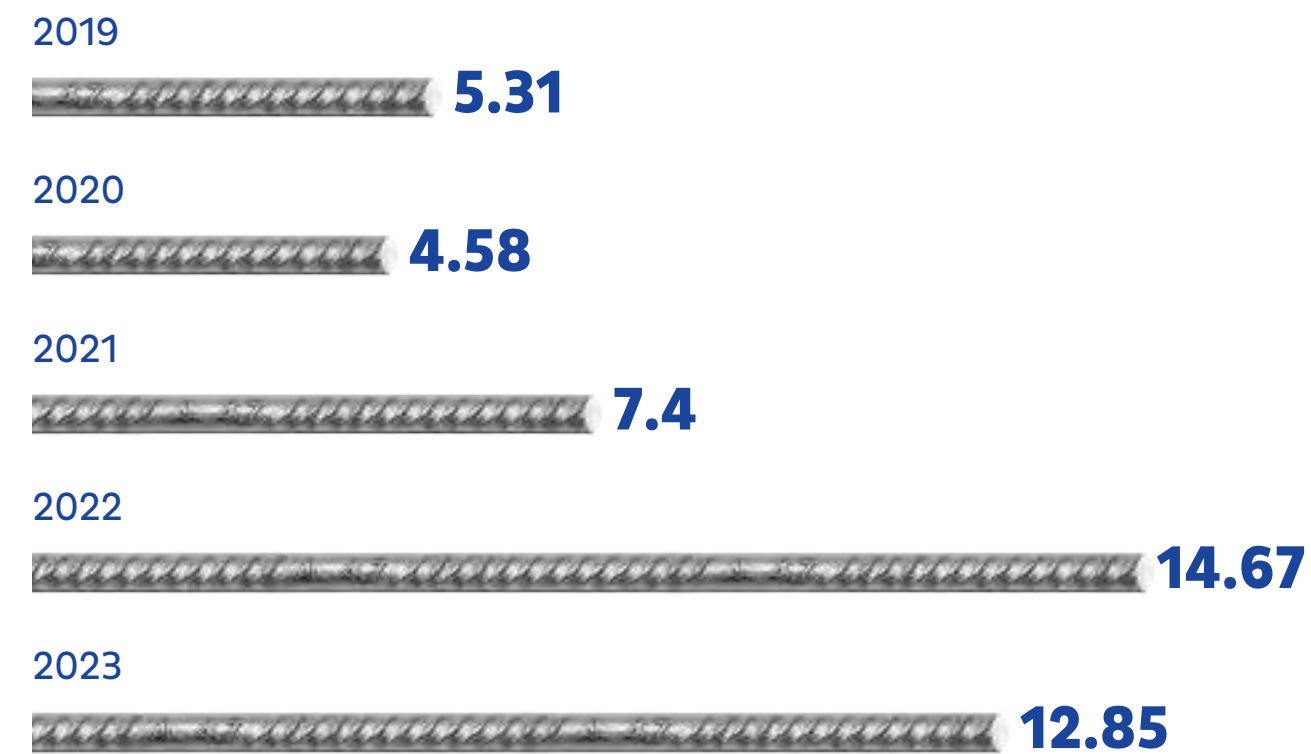


Note:

- Recordable injuries include minor and disabling accidents.
- Data for the period 2022 are corrected due to the inclusion of non-recorded events.

**4.91**  
in 2023

**Total recordable injury frequency rate – contractors** (GRI 403-9)

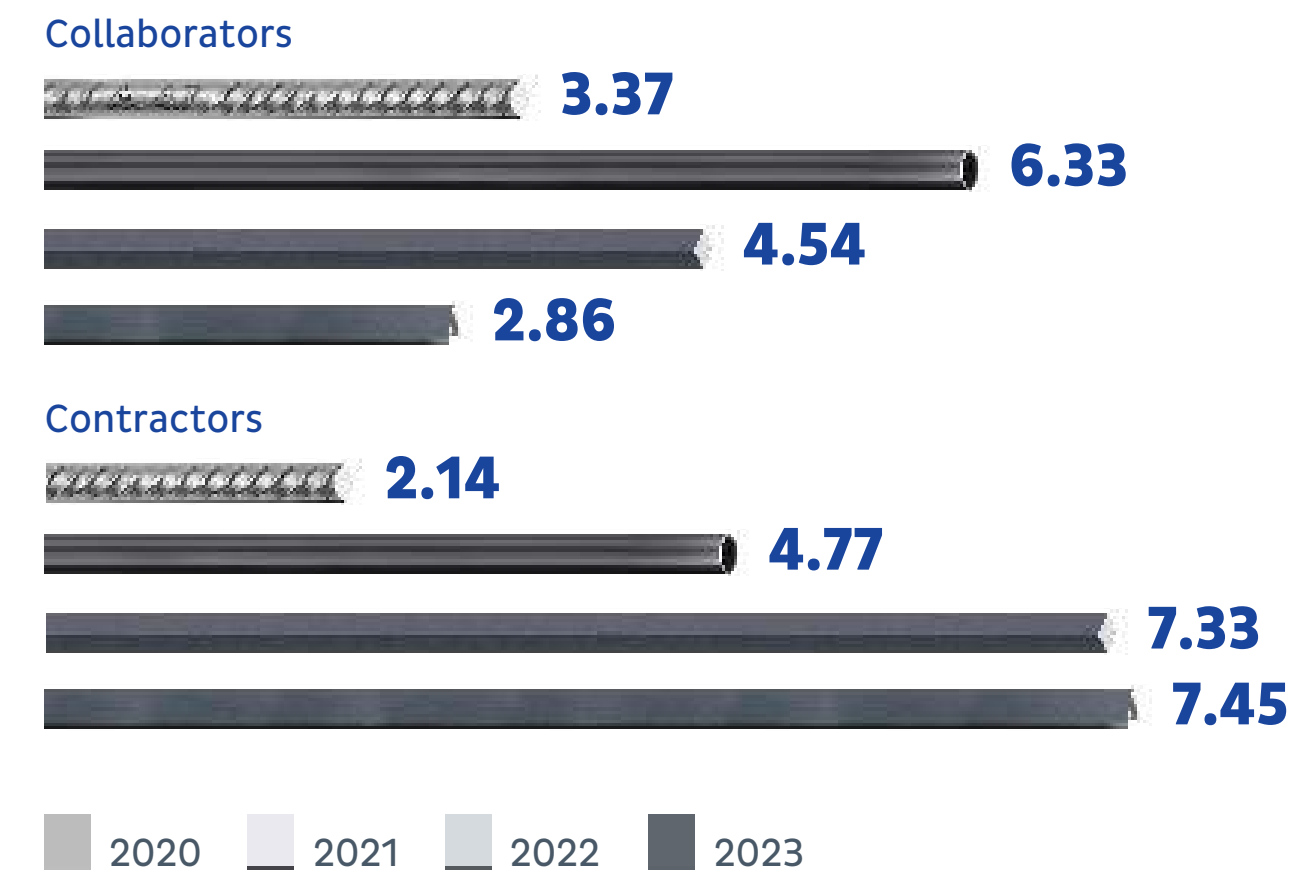


Note:

- Recordable injuries include minor and disabling accidents.
- Data for 2022 are corrected due to include unrecorded events.
- Rates and indices calculated per million hours worked.

**12.85**  
in 2023

**Accident frequency rate – employees and contractors<sup>12</sup>**  
(GRI 403-9)



Note:  
Data for 2022 are corrected due to include unrecorded events.

**2.86**  
collaborators in 2023

**7.45**  
contractors in 2023

<sup>11</sup>TRIFR, por sus siglas en inglés.

<sup>12</sup>The accident frequency rate is also the total lost time injury frequency rate (LTIFR) for employees and contractors



### Severity rate - employees and contractors (GRI 403-9)

Collaborators



Contractors



2020 2021 2022 2023

Note:  
Data for 2022 are corrected due to include unrecorded events

**90**  
collaborators in 2023

**239**  
contractors in 2023

### Accident rate - employees and contractors (GRI 403-9)

Collaborators



Contractors



2020 2021 2022 2023

**0.26**  
collaborators in 2023

**1.78**  
contractors in 2023

In general, our indicators for our own employees **fell significantly during 2023**, and for third parties the main difference compared with 2022, is that there was a fatal accident that year, which caused the rate to increase



**ADDITIONAL OHS INDICATORS** (GRI 403-9)

	Contributors	Contractors
Number of disabling accidents	7	58
Number of minor accidents	5	42
Number of first aid incidents	8	44
Number of non-injury incidents	61	112
Number of days lost	221	1,848
Man-hours worked x 1000	2,445	7,785

Our main strategy during 2023 focused on increasing incident and accident reporting; our aim is to analyze the causes of incidents in which there are no injuries and no first-aid is needed using the TASC methodology, thus preventing these events from recurring with more serious consequences.

This improved reporting is reflected by "Bird's Pyramid" showing better correlation between precursors (substandard acts and conditions), incidents and accidents, in accordance with World Steel's best practices.

**BIRD pyramid adapted to the steel industry**

Source: WorldSteel / CAASA



**Records**

Lost time accident and permanent disability	53	1	0
Incapacitating accident	1,830	35	65
Minor accident	18,448	348	45
Incidents	176,541	3,330	227
Precursors (actions and conditions)	2,939,655	55,465	474

**BIRD CAASA Pyramid and third parties Pyramid 2023**

Source: Security Event Reports



**Integration of risk prevention actions and response to emergency situations** (GRI 403-2, 403-7)

In our Occupational Health and Safety Policy, we adopt a comprehensive management approach that seeks to anticipate risk situations and emergencies. We establish clear priorities and plans of action aimed at fulfilling our commitments and defining quantitative objectives that drive the continual improvement of our occupational health and safety (OHS) performance metrics).

Before starting any task, we perform a safe work analysis (SWA) and, for high-risk activities, we obtain a high risk work permit (HRWP). These procedures enable us to identify hazards and assess risks in the field, correcting possible deviations prior to execution. Occupational safety and health (OSH) inspections are documented both in manual

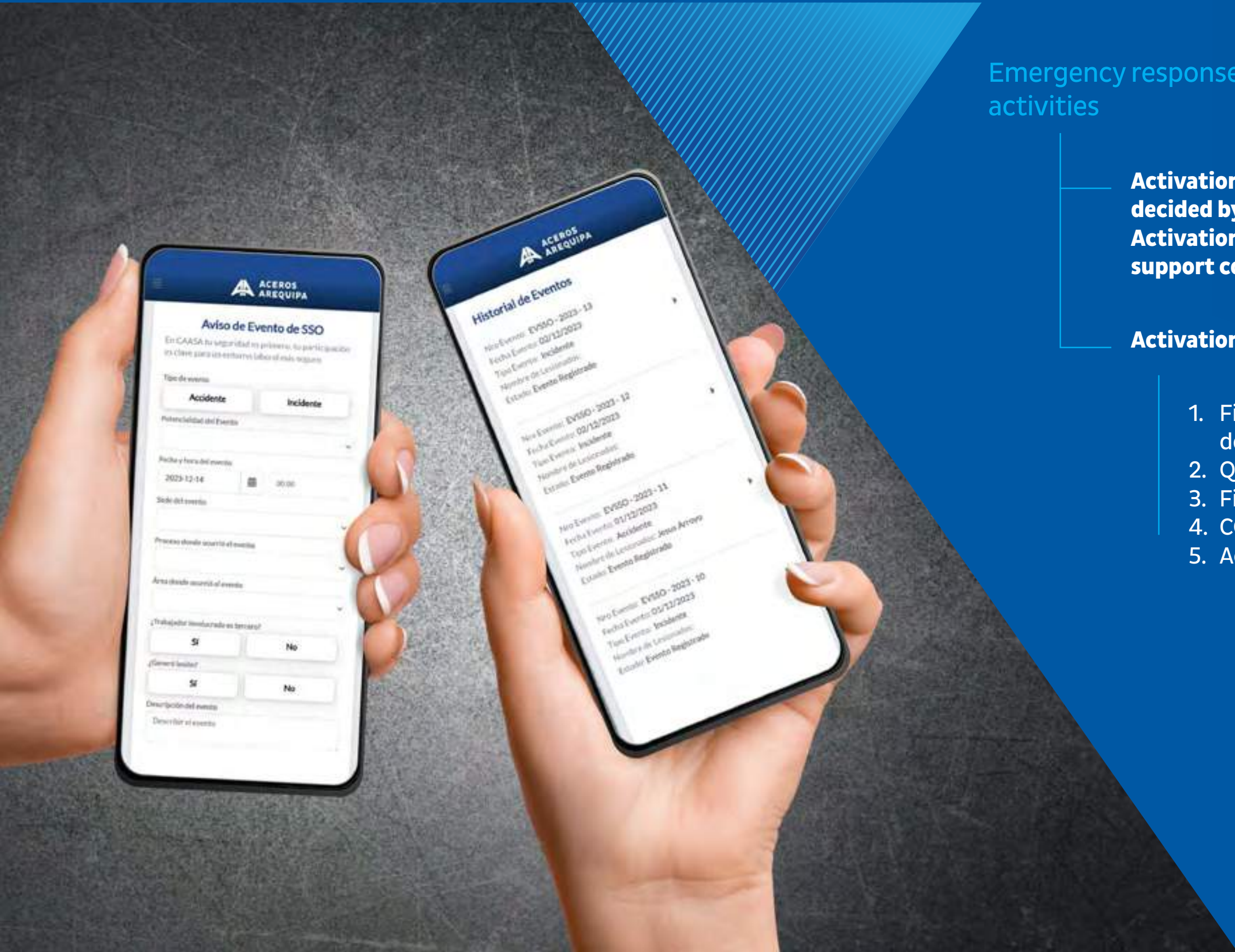
records and through an integrated inspections app, available for PCs and Android devices.

Any hazardous situation is reported using our incident management procedure. The OSH risk management process encompasses the development of a baseline and OHS risk management matrices, the formulation of plans with opportunities for improvement identified in the matrix, internal occupational health and safety inspections and the evaluation of operational standards (IGS).

In the event of an emergency arising from a work-related accident, we follow specific protocols and guidelines designed to safeguard and protect our employees. We identify hazards, using risk management matrices, and plan the corresponding controls. We conduct monthly inspections, spot and cross-checks, recording the hazards and risks identified in order to plan our response.

The accident or incident reporting process takes place in accordance with our procedure. We have recently improved immediate communication through the Seguridad 360 application, which simultaneously reports any incident or accident via WhatsApp.





### Emergency response activities

**Activation of the Crisis Committee if necessary, decided by the Incident Commander. Activation of Emergency Brigades and support collaborators**

#### Activation of emergency response resources:

1. Fire extinguishers, alarm and detection
2. Quick response tank truck
3. Fire fighting system
4. CO<sub>2</sub> System
5. Activate site evacuation

### Integral training on Occupational Health and Safety issues

**People-based safety training**

**Training on occupational risks in offices**

1. Psychosocial risks
2. Stress management, among others

### Monthly and unannounced inspections

**We record the hazards and risks identified in the operation**

We also plan risk control using our inspection follow-up matrices and risk management matrices.

Any hazardous situation is reported using the incident management procedure.

### 3.3. Managing suppliers

(GRI 3-3, 2-6, 308-1, 308-2, 414-1, 414-2)

**MANAGEMENT APPROACH**

At CAASA we seek to guarantee an efficient supply of inputs, strategic raw materials and services, both local and international, to support the company's growth plan. We focus on ensuring quantity, quality and timely delivery at the lowest possible cost. We have a highly trained team, transparent processes and the necessary resources to guarantee production, generate savings and reduce costs.

We have had a Code of Ethics for Suppliers and Contractors since 2021, which aims to strengthen our business relationships and achieve joint growth with our suppliers in an ethical and responsible manner. This code establishes the ethical, social and environmental principles we expect, as well as employment and human rights practices to be fo-

**2,049**  
Suppliers

**247.94**  
million dollars in purchases  
from domestic suppliers

**GENERATING ALLIANCES**

# for a better tomorrow

llowed. We expect our suppliers to following these guidelines, which are at the forefront of international best practice.

**SUPPLIER SELECTION**

CAASA's supplier selection process is based on a comprehensive evaluation that includes economic, commercial and technical analyzes.

- Economic evaluation: the competitiveness of prices in the market is assessed and the associated potential risks are analyzed.
- Commercial and financial evaluation: the supplier's profile and financial situation is reviewed to ensure stability and soundness.
- Technical evaluation: this involves a detailed examination of relevant samples or certifications, depending on the type of materials or services offered



At CAASA we **seek to guarantee** an efficient supply of inputs, strategic raw materials and services, both local and international, to support the Company's growth plan.

The main risks associated with supplier evaluation relate to the following issues:

- Contingencies for money laundering or terrorist financing, or purchases from suppliers who have committed similar offences (bribery, collusion or any other unethical conduct)
- Non-compliance with OHS and environmental requirements and procedures (for service providers performing work on company premises).

This comprehensive process therefore includes an evaluation of the company's environmental, social, governance performance and business relevance, not only during the selection period, but also during delivery of the service. Additional checks are also performed, including the "Cumple 360 Report" to identify evidence of corruption and LAFT, as well as the "Sentinel Report" to evaluate credit history.

#### OUR SUPPLIERS

We are committed to the sustainable development of our suppliers (small and medium-sized companies) and we want them to adopt ESG criteria as part of their normal management; we want them to grow with us. For that reason we have proposed an ESG strategy based on the needs identified by our suppliers, to strengthen our commercial relationships and growth together with our suppliers in a sustainable, ethical and responsible manner; the strategy is divided into 3 thematic areas:





## 01. Carbon footprint reduction

At CAASA we seek to generate efficiencies throughout the production chain; We therefore invest in technology that allows us to be energy efficient and has an impact on reducing production costs and our carbon footprint.

- In corporate procurement, we prioritize purchases of environmentally friendly products.
- During 2023, workshops were organized in conjunction with the Ministry of the Environment for recyclers' associations in Tarapoto and Puno.
- We have worked closely with suppliers in Ica and surrounding areas and the area around Pisco, with the aim of ensuring the availability of products for sale, through integrated procurement planning and sustainable supplier management



## 02. Digitalization

As part of the Digitalization process, we seek to promote accessibility and transparency by facilitating communication with our current and potential suppliers.

- **Sourcing:** implementation of digital platforms such as Ariba and Wherex
  - Ariba: a web-based platform that provides an integrated solution for optimizing procurement and supply chain management. During 2023 it was used for 65 processes, which resulted in savings of 11%.
- **Supplier website:** an internal website where all suppliers can access important documents or information about their services or for internal management, for example:
  - invoicing records, payment schedules, etc.
  - During the year we introduced automatic follow-up of purchase orders.
  - Consulting mandatory documents: Code of Ethics.
  - Others: instructions for use of the platform, news, awareness-raising regarding ESG criteria, etc.

We train suppliers on the use of our site so that they can follow up on the status of invoices sent to CAASA's mailbox. They can also check the status of their purchase orders, whether they have been entered in the warehouse or whether their service acceptance forms (HES) have been approved.

- **Supplier evaluation:** supplier evaluation, taking into consideration business continuity risk and environmental and social risks of suppliers that may be detrimental to our operations. There are plans to recognize and award suppliers based on their annual evaluation.



## 03. Responsible financing

In order to facilitate our suppliers' access to short-term, secure liquidity, we have developed a program called "Factoring for Suppliers" in partnership with BCP, which allows them to continue growing without affecting the working capital of their operations.

## Factoring for suppliers

For the fourth year running we have used this program to facilitate our suppliers' access to short-term, secure liquidity. Hand in hand with Aceros Arequipa, and through a friendly and reliable process, our suppliers have access to better payment methods for their invoices. Our main objectives are:



### BENEFITS:

- Our suppliers obtain short-term financing at lower rates.
- The financial entity places new loans to various segments and to a limited risk to CAASA.
- CAASA obtains liquidity.

2021	2022	2023
+555 suppliers benefited	630	709

### Our process:



### PURCHASE VOLUME AND CLASSIFICATION

CAASA's supplier management falls into two broad categories:

#### STRATEGIC PROCUREMENT

Raw material purchases (scrap and pig iron), strategic inputs (limestone, lime and anthracite) and finished and semi-finished products that are a direct part of the company's value chain.

**Channels of communication:** e-mail, Ariba, telephone.

#### CORPORATE PROCUREMENT

Purchase of spare parts, supplies and other inputs (such as electrodes and ferroalloys), fixed assets and services for all of the company's operations.

**Channels of communication:** e-mail, Ariba, supplier website, telephone.



### Number of suppliers by category



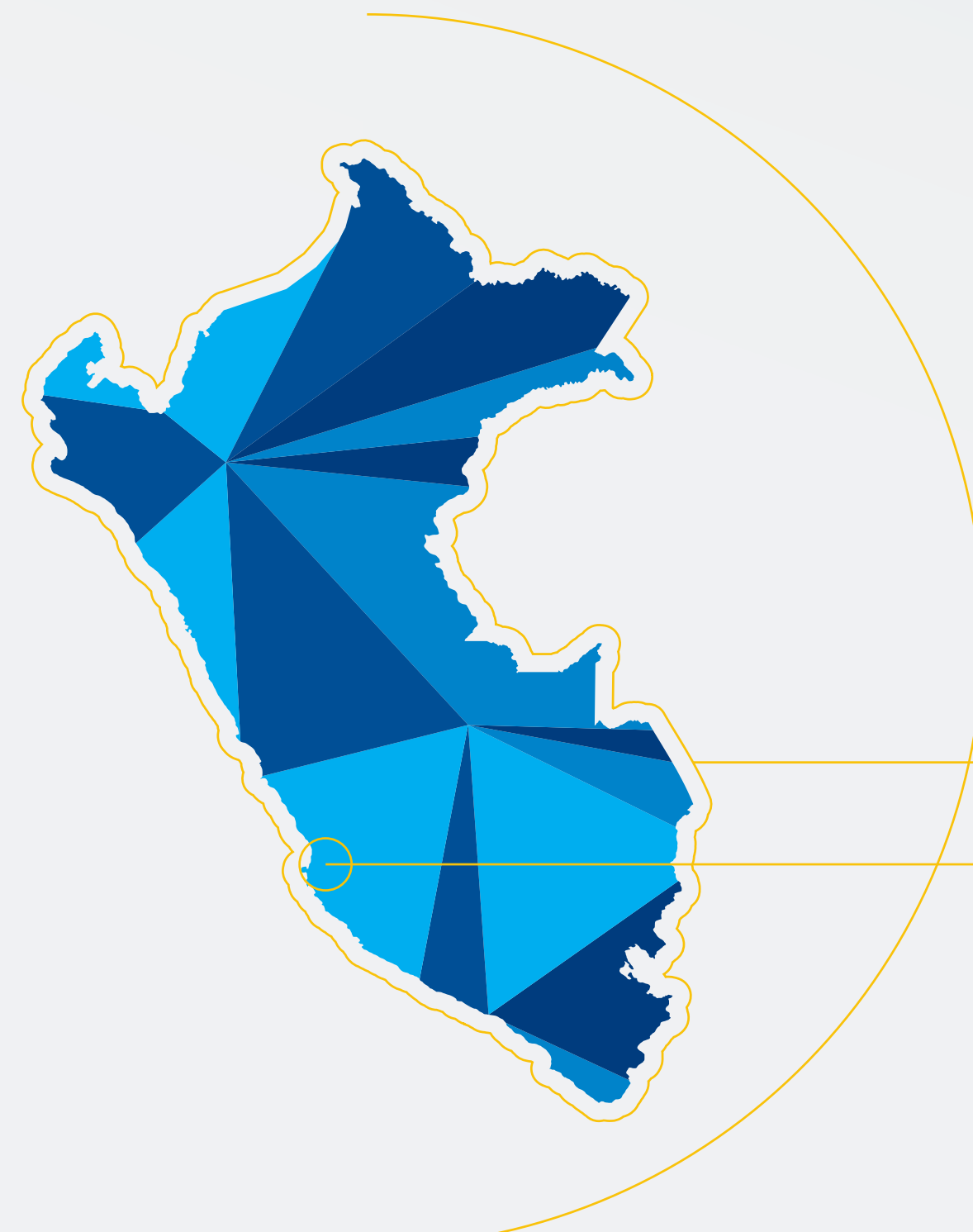
In addition, we define as **critical suppliers** those suppliers of goods or services whose failure to supply on time and at the right quality could create a high risk of interrupting production. (GRI 2-29)

### Number of tier 1 critical suppliers



During 2023 we had 800 tier 1 critical suppliers, which accounted for 37% of total procurement.

We also classify our suppliers based on their location.



### Number of suppliers by location



#### International procurement

Purchases from foreign suppliers.

#### Domestic procurement

Purchases from Peruvian suppliers, excluding local purchases

#### Local purchases

Purchases from suppliers in Ica, the province where the Pisco plant is located

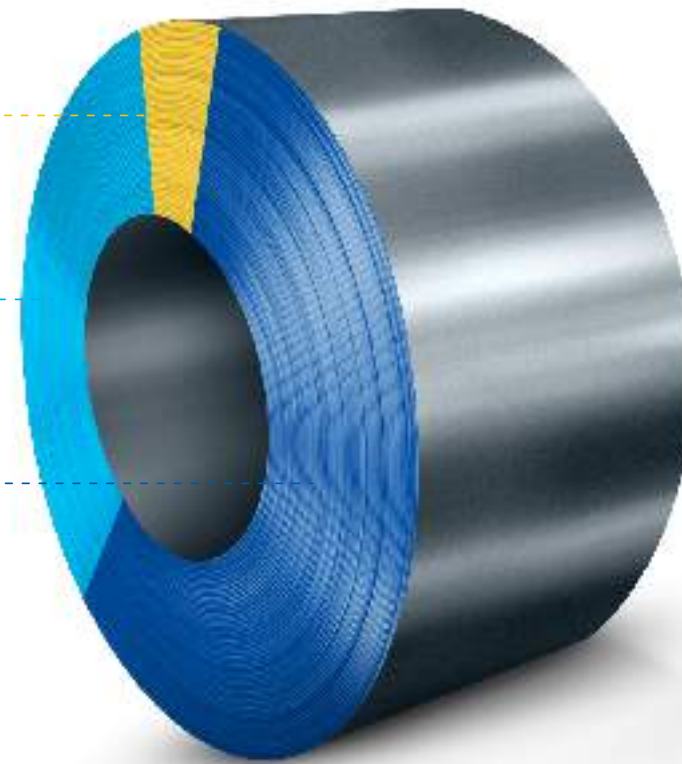
We are committed to generating shared value and the revitalization of the local economy. That is why at CAASA, we prioritize working with domestic and local suppliers. In 2023, purchases from local and domestic suppliers amounted to S/ 92.33 million and S/ 868.75 million respectively, representing 5.9% and 55.51% of total spending. It is worth noting that 12% of spending was on local corporate purchases, while the target was 11%.

**Value of purchases from suppliers by location, in millions of soles**

**6%**  
Local

**39%**  
International

**55%**  
Domestic



**EVALUATING SUPPLIERS** (GRI 308-1, 308-2, 414-1, 414-2)

We require suppliers of services and products to our operations to comply with occupational health and safety and environmental standards in their activities. This requirement is based on our purchasing and services policy, corporate purchasing instructions and the rigorous evaluation of suppliers of strategic inputs.

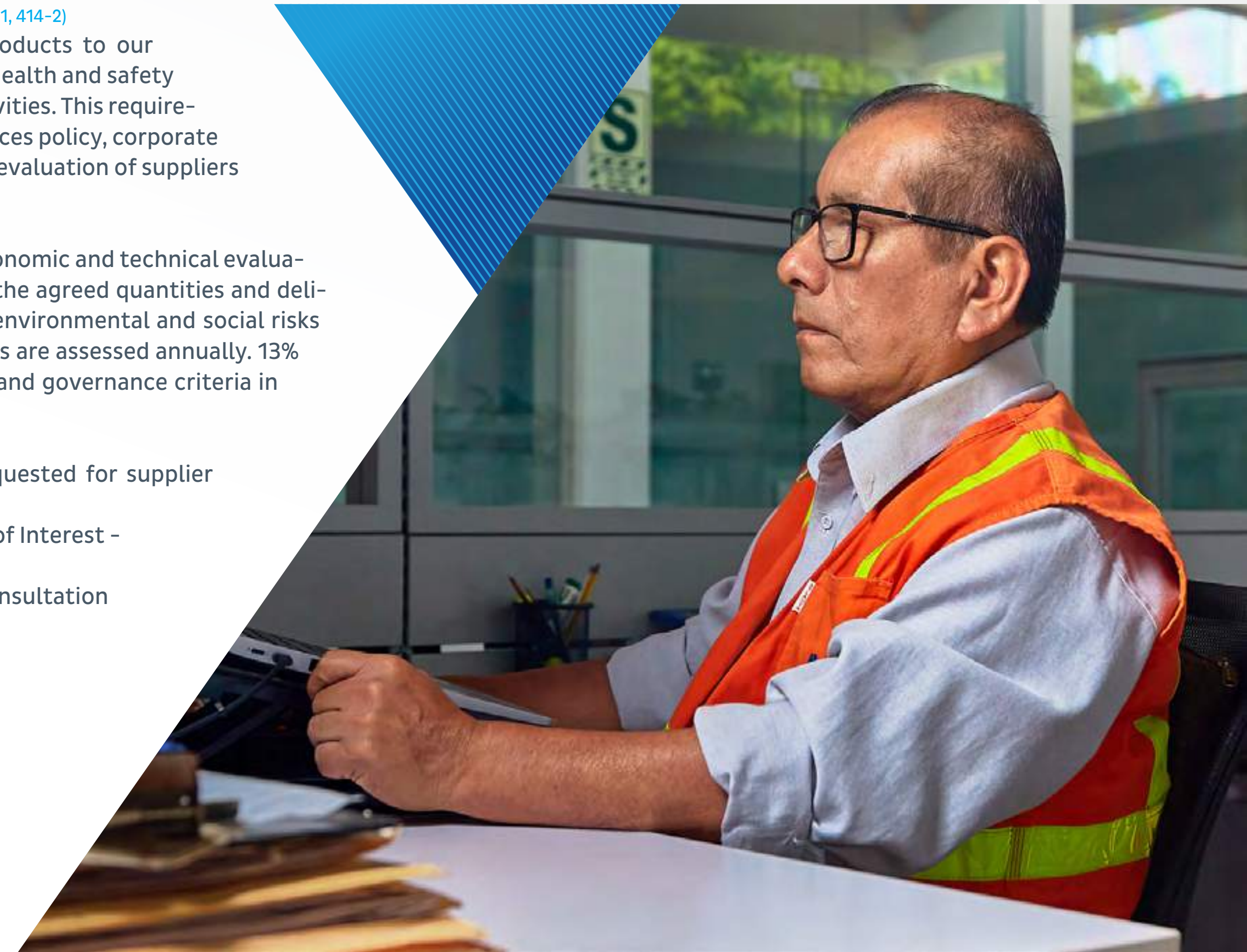
The monthly evaluation consists of an economic and technical evaluation, as well as level of compliance with the agreed quantities and delivery dates. Business continuity risk and environmental and social risks that may be detrimental to our operations are assessed annually. 13% weight is given to environmental, social and governance criteria in the evaluations.

Some of the criteria and documents requested for supplier approval:

- GIDM-E-011-2 - Statement of Conflict of Interest - Update
- GLAS02-E001 - Authorization for BD consultation and personal data protection V01
- Cumplo 360
- Sentinel Report

**Evaluation - strategic procurement**

National suppliers of strategic inputs must comply with the requirements of the Code of Conduct, including providing a sworn statement that they have no links with illegal activities such as money launde-



ring, terrorist financing, drug trafficking and illegal mining, among others.

**Evaluation - corporate procurement**

We conduct a monthly evaluation of material supplier performance based on quality and on-time delivery. For strategic service providers, we conduct an annual evaluation of their commercial conditions, service level, environmental impact and safety.



During 2023, 44 strategic suppliers were evaluated via documents or on-site, representing 2% of the critical suppliers evaluated. No actual or potential negative environmental or social impacts were identified in the supplier assessment. In addition, the terms and conditions of our purchase orders require suppliers to comply with the Code of Ethics and current legislation.

En el análisis del criterio ambiental, todos los proveedores superaron exitosamente los filtros ambientales, destacando su compromiso con prácticas amigables con el medio ambiente. Por su parte, en el criterio social, se identificaron áreas de mejora en 8 proveedores (18.18% del total), con quienes se ha desarrollado un plan de mejora que será implementado durante el año 2024.

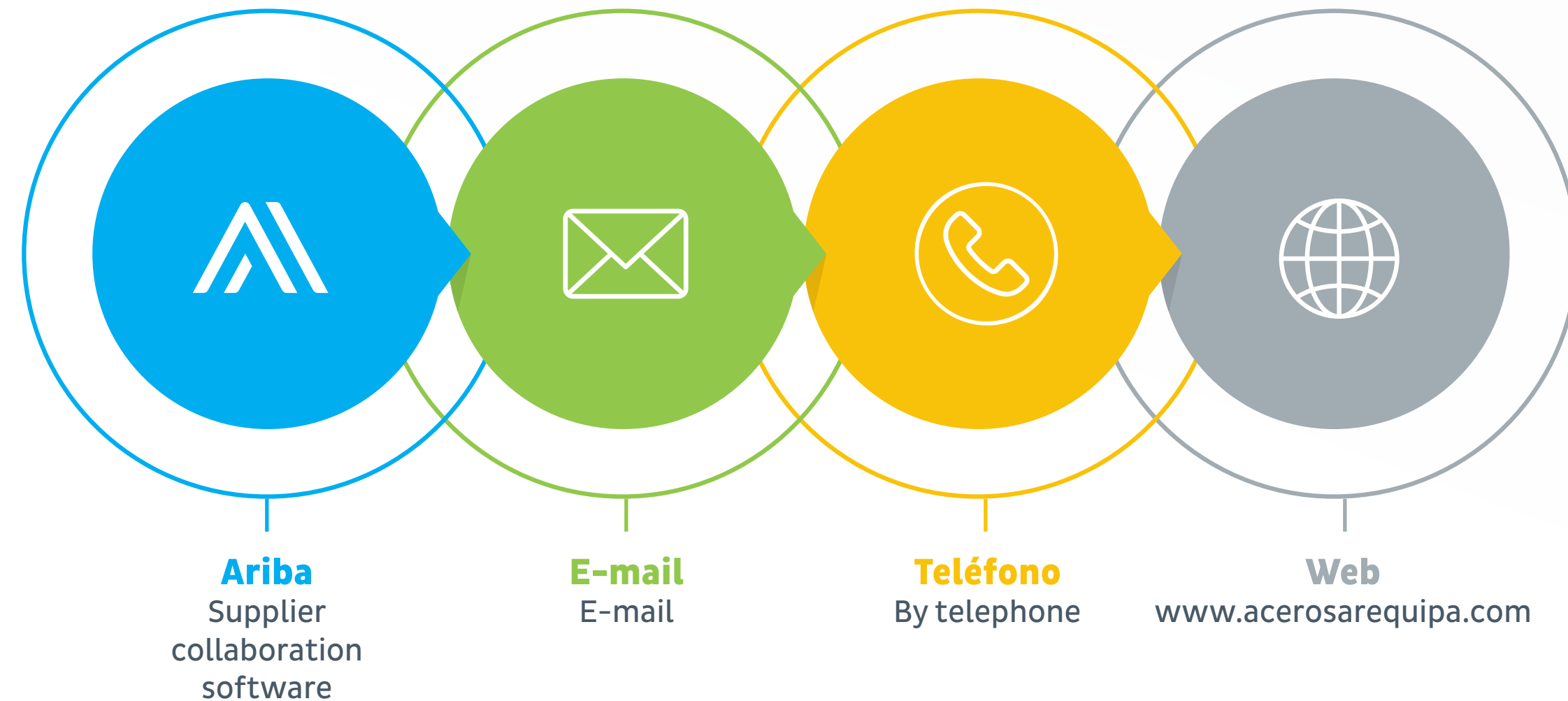
If a supplier does not comply with the minimum ESG requirements within 6-12 months, depending on the complexity of the service, it

will not be excluded from the process, but will enter a comprehensive evaluation stage, with continual follow-up, until the observations are corrected.

Además, como parte integral de este proceso, durante el año 2023, se llevó a cabo la visita a 7 talleres de fabricación de piezas para los equipos de laminación como parte de las auditorías de evaluación.

**CHANNELS OF COMMUNICATION**

We use the following channels to maintain continuous communication with our suppliers:



During 2023 we measured the satisfaction index of Peruvian scrap suppliers and found that 84% of suppliers were satisfied with the service provided by the company.



# 3.4. Commercial management

(GRI 3-3, 2-29)

## MANAGEMENT APPROACH

We are a leading steel company in the Peruvian market. Our clear vocation for customer service, our quality philosophy and continual improvement of our processes allow us to satisfy the demands of the Peruvian and international markets with a broad portfolio of products and services for the construction, industrial and mining sectors.

We have innovated by implementing tools to meet customers' expectations, offering new ways of interacting to satisfy their needs and thus reinforce loyalty and preference for our brand.

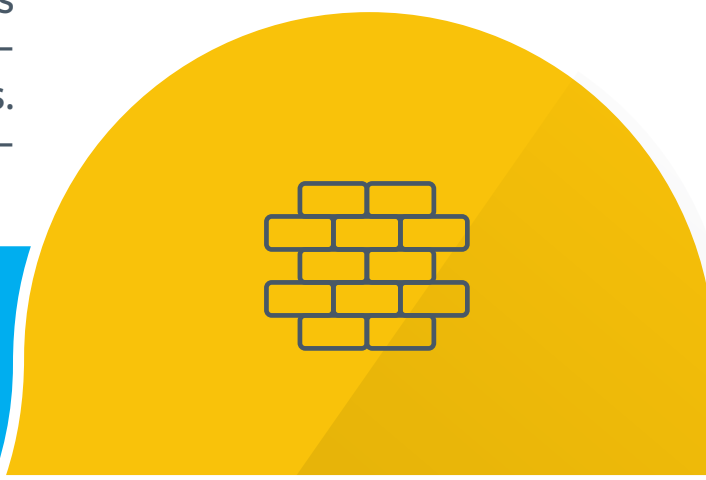
Our success is based on a clear vision, talented people, technological innovation, a focus on total quality, concern for the environment and contribution to the community.

## DOING BUSINESS WITH a purpose

### MARKETS SERVED

#### Traders

Hardware stores, building materials warehouses, light engineering materials suppliers and self-service stores. Traders purchase our products for resale.

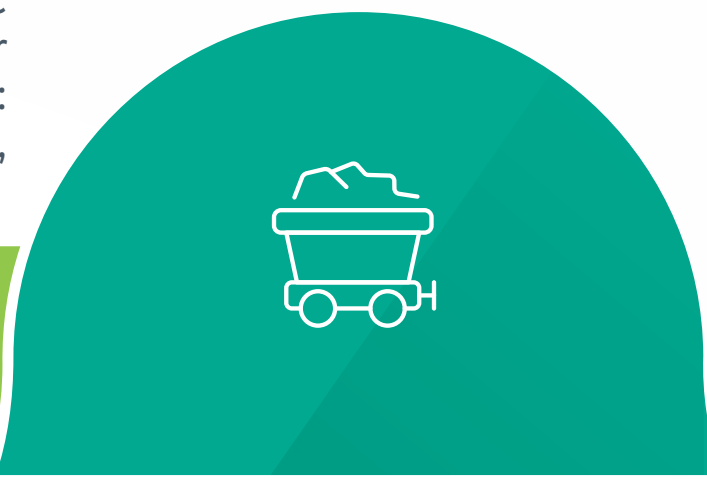


#### Construction

Infrastructure and the construction industry.

#### Industry

Companies from different economic sectors dedicated to the use and/or transformation of industrial products: merchant bar, plates, tubes, beams, etc



#### Mining

Clients in the exploration and mining industry.

### CHANNELS OF COMMUNICATION

We have several channels for communicating with our customers and building strong relationships.

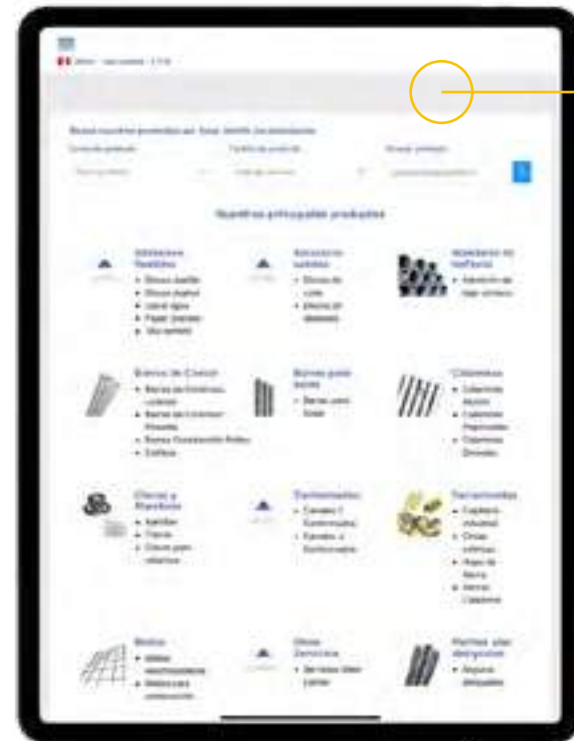
In 2023 we managed to address and/or resolve 84.33% of customer complaints and claims.

E-mail <a href="mailto:postvent@acerosarequipa.com">postvent@acerosarequipa.com</a>		
Website <a href="http://www.acerosarequipa.com">www.acerosarequipa.com</a>	Telephone <b>01-517 1800</b>	
Commercial systems	Social networks	Offices

### TECHNOLOGY AT THE SERVICE OF OUR CUSTOMERS

We also have different commercial systems that allow us to manage client services:

- Ordering system
- Current accounts and claims
- Dimensioned steel
- Order tracking
- Chatbot
- ACEROS PRO app: our new application that simplifies, digitizes and streamlines our customer service and associated commercial processes:



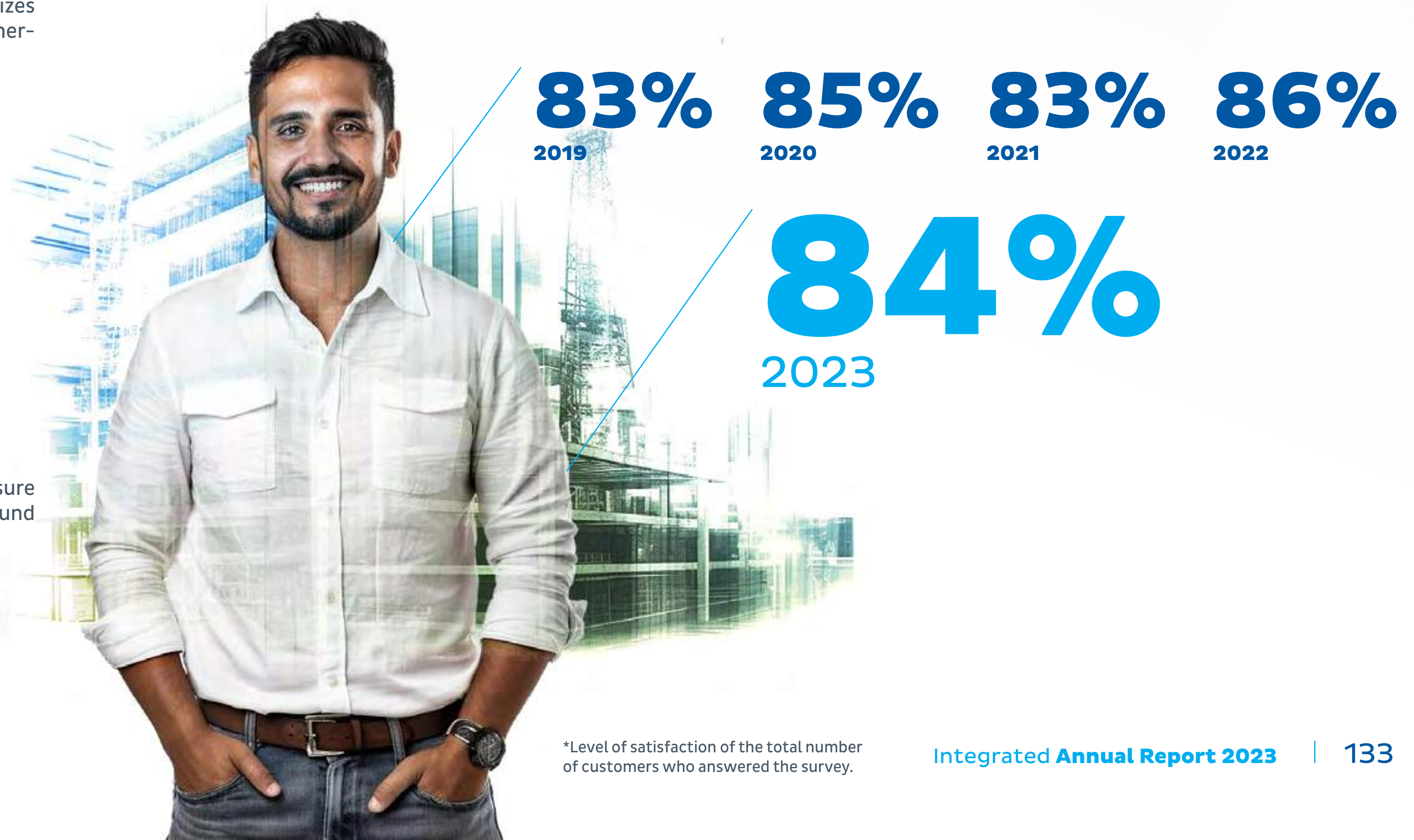
- Product information
- Order placement
- Order tracking
- Account statement
- Complaints

This allows us to improve contact with our customers and ensure that we meet our management metrics, such as order turnaround time and claim management, from receipt to attention.

### CLIENT SATISFACTION

Our goal is continual improvement in customer satisfaction and optimization of our service, which includes warehousing, sales, delivery, credit management, collection and after-sales service. We conduct a customer satisfaction survey every year, which in recent years has produced the following results:

#### Customer satisfaction level



\*Level of satisfaction of the total number of customers who answered the survey.

## 3.5. Social management

Our commitment to society goes beyond providing quality steel; we provide decent employment, boost the economy of the areas in which we operate and maintain a solid and responsible relationship with the people around us, strengthened through dialogue and the implementation of social initiatives and projects. It should be noted that we had no social conflicts during 2023. We are located in a purely industrial area; However, there are some marginal settlements in the surrounding areas, with whose residents we have maintained a positive relationship.

We promote a culture of social responsibility and ethical behavior in our organization through our cross-business management, thus helping to achieve sustainability in the corporation.



### POLICIES GUIDING OUR MANAGEMENT

- Aceros Arequipa's Code of Ethics
- Human Rights and Diversity Policy
- Corporate Social Responsibility Policy

### MISSION

To guarantee and promote a culture of ethics and social responsibility internally as a way to help achieve sustainability in the corporation, in addition to maintaining a harmonious relationship of respect and trust with our stakeholders.

### VISION

To be a leader in articulated social responsibility management focused on the sustainability of the corporation and creating value that is shared with our stakeholders.

### BUILDING

# resilient communities

- 01.** Strengthening social responsibility in the organizational culture.
- 02.** To strengthen relationships with our different stakeholders and establish strategic alliances with the public and private sectors and non-governmental organizations.
- 03.** To facilitate the implementation of different business projects, based on the social component.



### RELATIONS WITH THE SURROUNDING POPULATION

Our involvement with the surrounding population concentrates on good relations. To do so, every two years we update our map of relevant stakeholders, categorizing them according to their power and influence, and identifying their expectations. This tool makes it possible to define the direction in which relationship and communication management efforts should be channeled.

During 2022 we conducted 39 interviews with various stakeholders: society, government, suppliers, customers, shareholders and collaborators. This stakeholder mapping study is valid for 2 years; the next evaluation and stakeholder interviews will take place during 2024.

Since we are located in an industrial zone, the population with whom we interact are marginal settlements in the province of Pisco, through programs, community visits and working groups with representatives of associations, the "glass of milk" clubs and soup kitchens, among other organizations and interest groups in the area. To this end, we maintain a current and updated communication matrix which maps the different groups and means of communication with each one.

We design and implement social projects aimed at helping to improve quality of life, through three main lines of action:

- Contribution to educational development
- Design and development of preventive health programs
- The environment

Our balanced scorecard contains details of our initiatives and indicators, which are also linked to initiatives in other areas aligned with our corporate strategies.



## Contribution to the SDGs

Our three main lines of action enable us to ensure the fulfilment of our mission, make a positive impact on our area of influence and contribute to the SDGs:



	Educational development	Health prevention	The environment
<b>DESCRIPTION</b>	We promote access to quality education.	We help to improve the quality of health of neighbors in our area of influence.	We promote care for the environment.
<b>AIMS</b>	Contributing through strategic alliances, to improved access to quality education for residents and students.	We develop preventive health programs that benefit those living near us through strategic alliances with healthcare authorities.	Helping to create a better awareness and care for the environment through strategic alliances with local governments, other authorities and the population surrounding our plants.
<b>BUSINESS INDICATOR</b>	<b>ZERO</b> SOCIAL CONFLICTS	<b>ZERO</b> SOCIAL CONFLICTS	<b>ZERO</b> SOCIAL CONFLICTS
<b>SOCIAL/ENVIRONMENTAL INDICATORS</b>	Number of integral scholarships: university and technical colleges	Number of districts assisted	Number of participating schools



The following are the most important initiatives for each line of action carried out during 2023:  
(GRI 303-1)

## Education

Program or project	Goal 2023	Progress for the year
<b>UTEC Scholarship - Advancing Together</b>	We award a full university scholarship to a high-achieving, low-income student from our area of influence. We started this scholarship award in 2019; we also award 2 partial scholarships as part of the "Avanzando Juntos" (Advancing Together) program promoted by the university. In order to provide access to a quality education, this program has an annual social investment of US\$19,387. We also focus on strengthening students' soft skills.	3 active scholarships, (one full scholarship and 2 within the framework of the "Advancing Together" program".
<b>Aceros Arequipa National Mathematics Contest</b>	The aim is to improve mathematics skills in pupils in basic regular education, with an emphasis on developing a scientific culture. Thus we seek to strengthen education and the integral development of students in science clubs nationwide.	<ul style="list-style-type: none"> <li>+5,000 students from 6th grade of elementary school to 5th year of high school in regular basic education nationwide participated in the contest.</li> <li>22 participating UGELs.</li> <li>Participants from all regions.</li> <li>+200 registered science clubs.</li> <li>+50% of new science clubs created.</li> </ul>
<b>Agreement with UGEL Pisco</b>	Corporación Aceros Arequipa signed an institutional framework agreement with the Local Educational Management Unit (UGEL) to set up a strategic alliance to benefit the education of students in the province of Pisco. The mathematics competition takes place within the framework of this agreement and is aimed at schools in the province of Pisco.	+500 participating students.
<b>Alliance with SENATI</b>	This alliance enables us to train teachers from two emblematic schools in Pisco on the proper use of Excel. In 2023 we trained an average of 60 teachers.	<ul style="list-style-type: none"> <li>2 schools.</li> <li>60 teachers participating.</li> <li>2 modules delivered.</li> </ul>



## Healthcare and prevention

Program or project	Goal 2023	Progress for the year
<p><b>Medical campaign in Santa Cruz de Paracas</b></p>	<p>CAASA, in alliance with the NGO Vida Peru, carries out an annual preventive medical campaign for the inhabitants of the province of Pisco. It was held for two days in March and two days in November at Carlos Noriega Jiménez school in Pisco. A total of +812 patients were registered and +2,000 medical services were provided in different specialties and medicines were provided free of charge on both dates.</p>	<ul style="list-style-type: none"> <li>• 2 campaigns during 2023</li> <li>• +2,000 patients seen</li> <li>• +3,000 services provided</li> <li>• +15 medical disciplines</li> </ul>

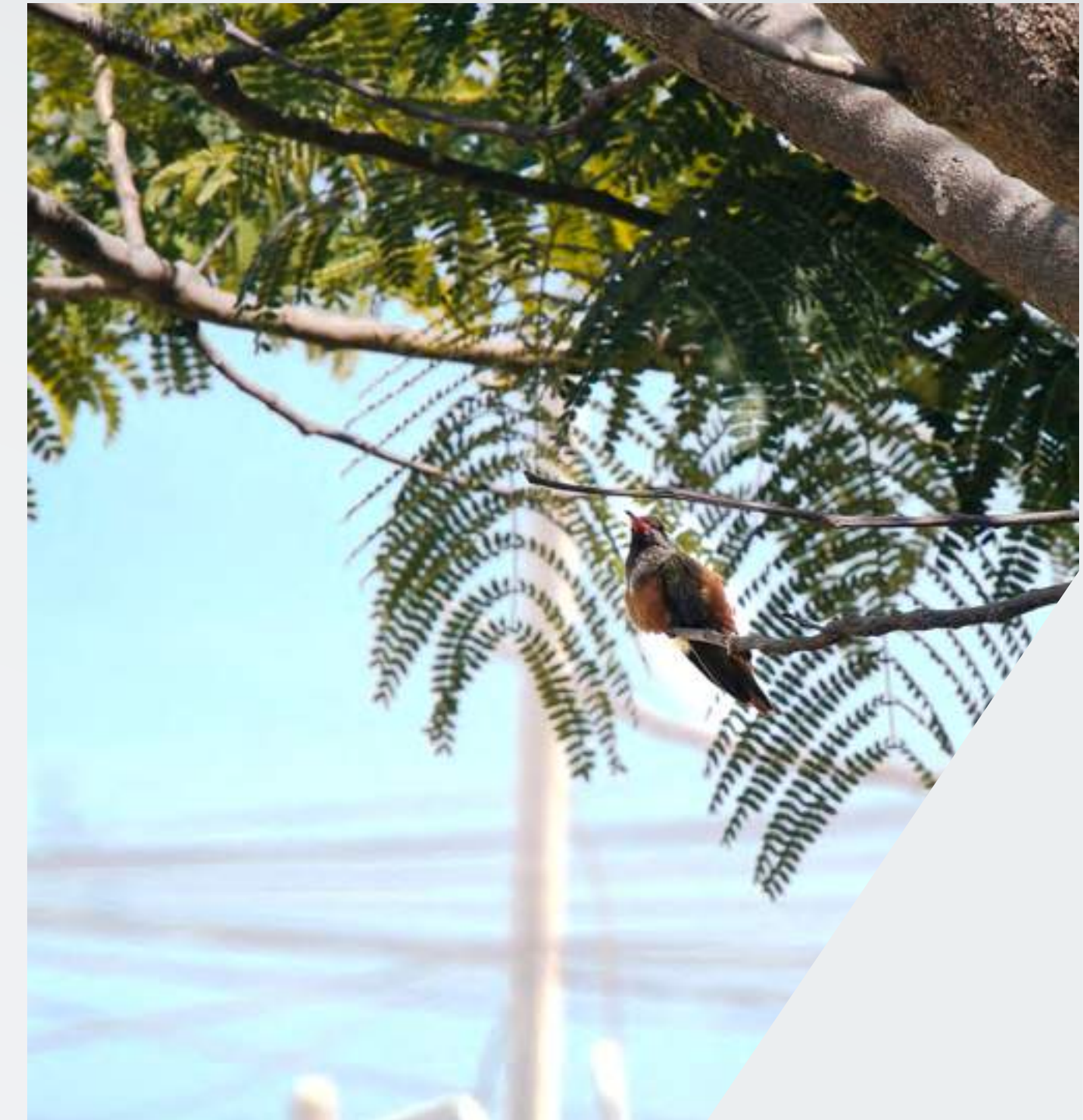


## The environment

Program or project	Goal 2023	Progress for the year
<b>"Water for All" program</b>	A pioneering agreement was established with the Municipality of Metropolitan Lima for the "Water for All" project, making us the first private company to join this initiative, which benefited approximately 12,000 people in the district of Lurigancho.	12,000 people
<b>Program with the Local Water Authority (ALA) "Water Conservation Brigades"</b>	<p>Together with the Rio Seco ALA, we took part in an awareness and communication program (2012-2023), taking action to change attitudes among all stakeholders towards the efficient use of water. The program seeks to train students from schools in the area as water conservation brigades, with the active participation of school principals, teachers, administrative personnel, and parents. Thus we raise the awareness of the entire educational community through information campaigns with banners and leaflets on the responsible use and conservation of water. The project is included as a transversal aspect of the educational curriculum of participating schools. Institutional Educational Project (PEI), Diversified Curriculum Project (PCD) and the Annual Work Plan (PAT). It is also part of CAASA's social responsibility platform. Action taken:</p> <ul style="list-style-type: none"> <li>• training of water conservation brigade members</li> <li>• beach cleaning</li> <li>• drawing and painting contests</li> <li>• awareness fairs for good water resource management</li> <li>• participation in thematic discussions</li> <li>• the project raised awareness among the population and artisanal fishermen on not throwing plastic into the sea, to celebrate World Environment Day. A prize was awarded to the boat that collected the largest amount of plastic.</li> </ul> <p>Participants: Municipality of Paracas, ANA, APROPISCO, MINSUR, Aceros Arequipa, Ciudades saludables, Divers' Association (Asociación de Buzos).</p>	<ul style="list-style-type: none"> <li>• 2 activities</li> <li>• 3 participating institutions</li> <li>• + 200 people took part in the different activities</li> </ul>



Program or project	Goal 2023	Progress for the year
<b>"I'm learning with CAASA" program</b>	CAASA is committed to caring for the environment and developed the "I'm learning with CAASA" program as part of our environmental policy. The program was carried out in person and we were able to train students in the following topics: <ul style="list-style-type: none"> <li>• integrated solid waste management</li> <li>• implementation of the 5'S methodology</li> <li>• water saving and conservation</li> </ul>	+300 students participating in the different training courses held during 2023
<b>Program for the improvement of the municipal plant nursery in the province of Pisco</b>	This program, carried out in an alliance with the Municipality of Pisco, aims to promote sustainable socio-environmental development processes in an innovative and committed manner. The program includes supplying forest and ornamental plants for parks, gardens and green areas in the district of Pisco.	60 plants supplied to nurseries
<b>"Save the Hummingbirds" program</b>	Implemented at José de la Torre Ugarte school in Pisco (2018-2023), the general aim of the project was to help to conserve five species of hummingbirds found in the Pisco area, creating a garden with native plants covering a total area of 100 m2. In 2023, communication and publicity strategies for the project were maintained, aimed at informing local stakeholders and the company's own stakeholders of the project's achievements	<ul style="list-style-type: none"> <li>• 2 schools involved in the program</li> <li>• 3 participating academic departments</li> <li>• 10 participating teachers</li> <li>• 85 participating students</li> <li>• 4 training sessions</li> </ul>
<b>Delivery of non-conventional vehicles</b>	As part of the commitments assumed under the Clean Production Agreement, entered into voluntarily with the Ministry of the Environment and Ministry of Production, we have delivered 4 non-conventional vehicles to the Municipality of San Andres as a contribution to this municipality's segregation at source program.	In 2023 we delivered 4 non-conventional vehicles to the Municipality of San Andres



**PROMOTION OF EDUCATIONAL EXCELLENCE: ACEROS AREQUIPA NATIONAL MATHEMATICS CONTEST**

The "Aceros Arequipa National Mathematics Contest" is part of our firm commitment to educational development and the promotion of scientific culture. This initiative, conceived in collaboration with Concytec, the Sociedad Matemática Peruana and Empresarios por la Educación, aims to reinforce mathematical skills among pupils in regular basic education, stimulating the development of fundamental skills such as logical, analytical and creative thinking from the early stages of school.

The contest covered four categories, from sixth grade to fifth year of secondary school. CAASA allocated more than S/ 100,000 in prizes and 44 pupils from 22 regions of Peru reached the final. These talented young people came to the city of Lima for the final, with all expenses paid by us.

First place went to Edson André Cuela Quispe, from Juan Guerrero Quimper school in Lima, who was awarded S/ 50,000. Alexis Anthony Aquines Huerto, a student at Colegio Mayor Secundario Presidente del Peru, won second place and received S/ 15,000. Both winners received laptops and backpacks in recognition of their outstanding performance.

The competition also recognized other outstanding participants: Jeferson Pedro Cuayla Sosa, Isaak Lucio Damian Javier, Cristian Jose Choque Condori and Angelo Diego Goitia Peves. Each received laptops and backpacks as additional encouragement to continue to excel in their studies and in mathematics.



### CORPORATE VOLUNTEERING

At CAASA we are committed to the social development of all Peruvians, especially our employees. We value the importance of volunteer work to benefit those living near to us.

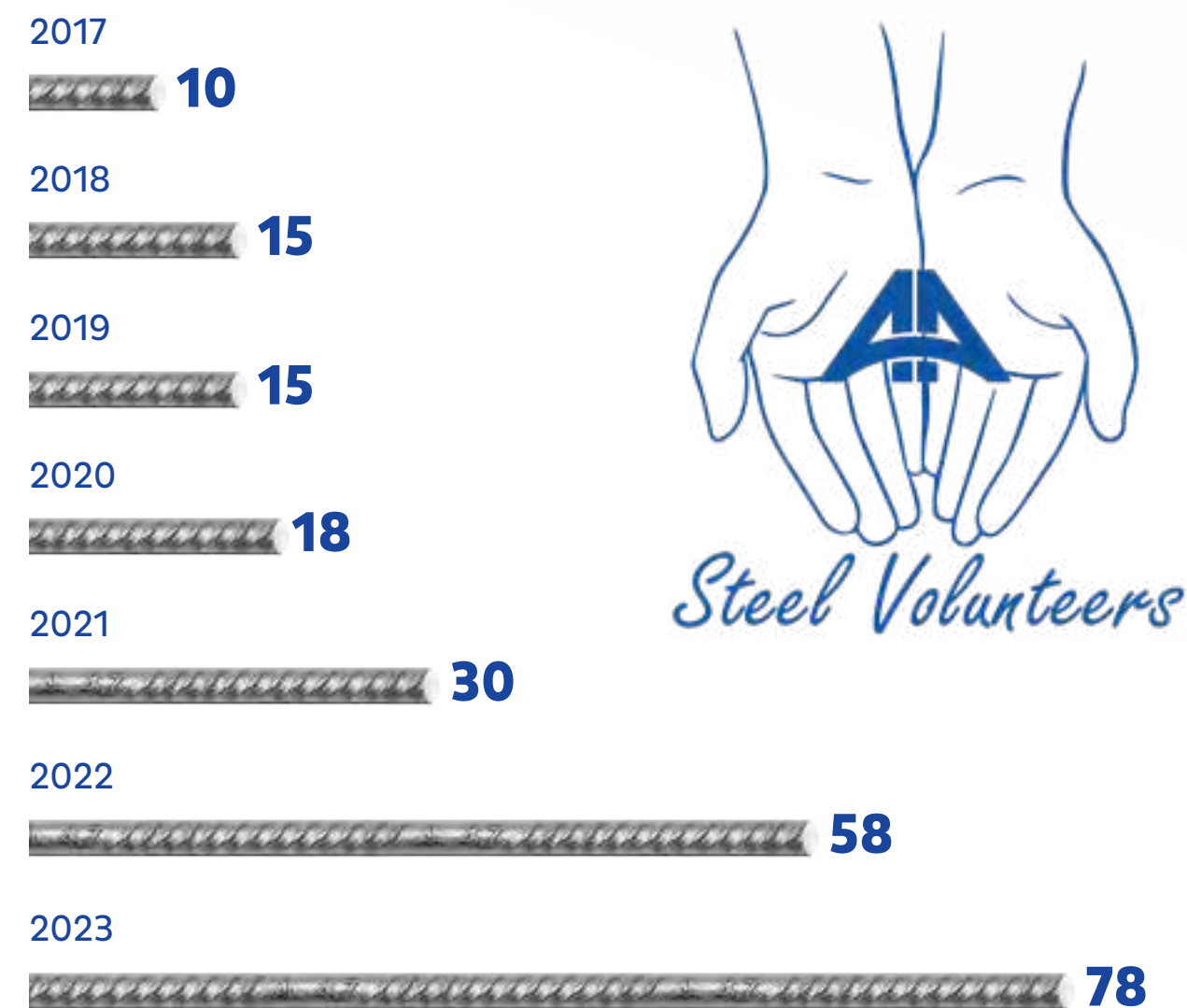
This experience enables us to add value to the company as well as to society, in addition to strengthening our organizational culture. Our "Steel Volunteers" program was created with the aim of involving our employees in its management, making them partners and joint creators of the program.



### VOLUNTEER LEADERS COMMITTEE (CVL)

We also have a volunteer committee, with 7 members, which meets monthly and is responsible for planning, designing and executing volunteer actions. The committee also performs outreach efforts to encourage more collaborators to get involved. Volunteer participation has increased ever since the start of our program in 2017.

### Growth in the participation of our collaborators in corporate volunteering



### Contribution over the years

**+319783**  
**Man-hours** of voluntary service | **Collaborators** registered as volunteers | **3** Allied institutions

### 2023 activities

Projects are based on 3 main lines of action: health prevention, strengthening education and environmental commitments. Activities in 2023 were based on the environment, such as planting trees in Lima and Pisco, in alliance with different institutions.



**SOCIAL INVESTMENT AND DONATIONS** (GRI 303-1)

We consolidated our social commitment in 2023 through significant donations and investments in various initiatives. Among the main contributions, we gave to the League Against Cancer and the Peruvian Cancer Foundation, to whom we channeled US\$ 20,000 each to support the fight against this disease. In addition we took an active part in the Emergency Water Project, providing access to drinking water in vulnerable communities, with a contribution of US\$ 44,000.

**Philanthropic contributions in soles**

	2020	2021	2022	2023
Cash contributions through bank transactions	567,546	403,685	389,051	900,429
Time: paid volunteering	11,000	18,244	2,840	18,718
Donations of products or services, projects or similar	227,354	1,058,231	106,412	202,305
Management costs	110,954	144,320	297,041	187,701

Note: The value of "Time: paid volunteering" refers to the amount invested in volunteer management.

Similarly, our social responsibility efforts extended to medical campaigns and local initiatives, encouraging the well-being and development of the communities that are part of our environment.



**Contributions to political entities and commercial and civil society associations in soles** (GRI 415-1)

	2020	2021	2022	2023
Lobbying, representation of interests or similar	0.00	0.00	0.00	0.00
Local, regional or national political campaigns / organizations / candidates	0.00	0.00	0.00	0.00
Trade associations, chambers of commerce or tax-exempt groups. Includes membership fees	933,707	1,078,836	1,314,657	1,283,992

**Major contributions and expenses** (GRI 2-28, 415-1)

Subject	The corporation's position	Commitment	2022	2023
Code to combat fraud and acts of corruption	Support	For Aceros Arequipa it is important to support institutions that work to strengthen the abilities of new professionals and contribute to the country's development.	975,746	995,485
Relationship and update on industry trends	Support	Aceros Arequipa is committed to promoting good practices, fair competition and communication with other companies in the sector.	302,911	252,507

## Information by organization

Name of the organization	Type of organization/Brief summary	Description of the relationship with the organization	Total amount paid in 2020	Total amount paid in 2021	Total amount paid in 2022	Total amount paid in 2023
 Peruvian Chamber of the Construction Industry (CAPECO)	Trade Associations / CAPECO was created more than sixty years ago, on the 9th May 1958, with the aim of grouping together and representing all those working in the construction industry in Peru.	Subscription	27,881	32,806	90,688	90,688
 National Manufacturing Industries Training Service - SENATI	Trade Associations / SENATI is an institution created by the National Manufacturing Society. The founding entrepreneurs established a dynamic and flexible educational organization, lead and supported by the productive sector, in order to respond efficiently to the professional qualification demands of the labor market.	Framework agreement	714,905	811,154	885,058	904,797
 National Manufacturing Society - SNI	Trade Associations / SNI is a non-profit institution that promotes manufacturing industry, promotes the market economy and contributes to the development of the country through technical proposals for the sector regarding economics, employment, taxation and other matters.	Subscription	90,888	125,691	134,472	92,069



# 04 FORWARD-LOOKING GOVERNANCE



# 4.1. Corporate Governance

(GRI 2-9, 2-10, 2-12, 3-3)

## GOOD CORPORATE GOVERNANCE PRACTICES

At Corporación Aceros Arequipa S.A. (CAASA) we ensure that our work is carried out in line with the principles of good corporate governance, with integral management at all levels that is competitive, profitable and transparent. This enables to ensure long-term value for our shareholders and stakeholders.

The Board of Directors is a key element in decision-making and in our governance structure, as it ensures professional management and creates trust. Governance functions are defined in the regulations of the board of directors<sup>13</sup>. Our current board was elected for a period of three (3) years and has twelve (12) members: one (1) executive director, two (2) independent directors and nine (9) non-executive directors.

## GUIDELINES FOR THE BOARD OF DIRECTORS (GRI 2-18)

- Directors are selected on an individual basis based on their abilities and experience.
- The board of directors carries out a self-assessment<sup>14</sup> every year.

# TRANSPARENT AND ACCOUNTABLE Leadership

## Foundations of the Corporate Code of Governance



Commitments to our shareholders

01. VALUE CREATION
02. EQUAL TREATMENT
03. ADEQUATE AND ACCESSIBLE
04. TRANSPARENCY
05. SPEED OF SERVICE

<sup>13</sup> Available on the following website: <https://investors.acerosarequipa.com/gobiernocorporativo#cumplimientoCorporativo>

<sup>14</sup> Self-evaluations are carried out at the end of the year, during the first quarter of the following year. During the first quarter of 2023, all the directors carried out a self-assessment evaluation of their performance during 2022. As far as performance in 2023 is concerned, self-assessments were carried out during the first quarter of 2024 and may be included in that year's Annual Report.

### BOARD MEMBERS AND PERFORMANCE FOR THE YEAR

The current board of directors of the company was elected at the AGM in March 2023.

Name	Type
<b>MR Ricardo Cillóniz Champín</b>	Chairman of the board of directors Executive
<b>MR Fernando Enrique Carbajal Ferrand</b>	Vice President
<b>MR Jorge von Wedemeyer Knigge</b>	Non-executive
<b>MR Pedro Blay Hidalgo</b>	Non-executive
<b>MR Ricardo Bustamante Cillóniz</b>	Non-executive
<b>MRS Reneé Cillóniz Champín</b>	Non-executive
<b>MR Manuel Montori Burbank</b>	Independent
<b>MR Enrique Olazábal Bracesco</b>	Non-executive
<b>MR Pablo José Peschiera Alfaro</b>	Non-executive
<b>MRS Giselle Ferrand Rubini</b>	Independent
<b>MR Jordán Aldo Ponce Gambirazio</b>	Non-executive
<b>MR Andreas von Wedemeyer Knigge</b>	Non-executive

**100%**  
participation  
(attendance  
2023)



## PROFILES OF THE BOARD MEMBERS

### MR Fernando Enrique Carbajal Ferrand

Business administrator by profession, with additional qualifications in marketing from Kellogg, Six Sigma accreditation, PAD Corporate Governance program. Served as Latin America manager of North American companies STP Corporation and First Brands Corporation, and was vice-president for Latin America of Honeywell International. Currently he is president of Plásticos Nacionales S.A. and a director of Negocios Mancoche S.A. He has been a member of the Board of Directors of Corporación Aceros Arequipa since March 13, 1998.

### MR Jorge Guillermo Von Wedemeyer Knigge

Business administrator who graduated from the University of Hamburg, Germany. He has extensive experience in banking, having worked at Commerzbank in Frankfurt, Germany, as business manager for the Central and North American regions, as well as at Banco de Crédito del Perú. For 13 years, he served as representative of Dresdner Bank Lateinamerika (formerly Deutsch-Südamerikanische Bank) and Dresdner Bank AG in Peru. He is a director of Lima Airport Partners, Euromotors S.A., International Camiones del Perú S.A., Euro Camiones S.A., Euroinmuebles S.A.C. y Altos Andes S.A.C.; as well as the various companies that make up Corporación Cervesur SAA: Creditex S.A.A.; Transaltisa S.A.; Alimentos Procesados S.A. (Alprosa), and Procesos Agroindustriales S.A. (Proagro). Previously, he served as interim general manager of Lima Airport Partners (the concessionaire of Jorge

Chávez International Airport). He was director and president of Lima Chamber of Commerce and has been president of the Peruvian-German Chamber of Commerce for several years. He has been a director of Corporación Aceros Arequipa S.A. since April 26, 2022.

### MR Pedro Blay Hidalgo

Graduated as an industrial engineer from the Pontificia Universidad Católica del Perú, he also holds an MBA from Cornell University and a master's degree in international business from Thunderbird School of Global Management. He serves as a director of Inmobiliaria Comercial del Acero Argentina S.A. and Inmobiliaria Comercial del Acero Cajamarquilla S.A. He has been a member of the board of Corporación Aceros Arequipa since March 28, 2016, having worked in the company's commercial department since 1997, latterly as export manager until March 2016. He was also a director of Comercial del Acero S.A., Comfer S.A. and the Peruvian Chamber of the Construction Industry (CAPECO).

### MR Ricardo Bustamante Cillóniz

An agricultural engineer by profession, he studied at California Polytechnic State University and completed the PAD course at the University of Piura. He is the founder and director of Fundo San Fernando S.A. and Agrícola la Joya S.A.C., A member of the board of directors of Corporación Aceros Arequipa S.A. since December 22, 2011 and director of Rethink Peru S.A.C. since April 2019.

### MRS Reneé Cillóniz Champín

With qualifications in commerce, Mrs Cilloniz has more than 17 years of experience in the steel products market. She is the general manager of Renemar S.A., a director of Tradi S.A. and has been a member of the board of Corporación Aceros Arequipa S.A. since the 22nd July 2005.

### MR Manuel Montori Burbank

Graduated as an attorney from the Universidad de Lima and holds an MBA from Harvard Business School. He is currently Vice Chairman of the board and General Manager of Altozano Desarrollo y Construcción. He has been chairman of the board of Citileasing Peru and a director 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. He was also executive director for corporate banking of Citibank in Peru and Manager of the Citibank School of Banking in the State of Florida, USA. He has been a member of the board of Corporación Aceros Arequipa since the 23rd March 2017.

### MR Enrique Olazábal Bracesco

An attorney by profession, having graduated from the Pontificia Universidad Católica del Perú. He has experience giving legal advice to prestigious Peruvian and international companies. For many years, he was a member of law firm Estudio Romero Abogados, of which he

became one of the four senior partners. He has personally advised important Peruvian and foreign clients, such as Banco de Crédito del Perú, Compañía de Seguros Rímac, BASF Peru, Marriot Peru, TEXACO, Compañía Minera Atacocha, Milne, Transcosta, Occidental Petroleum, GSI, Johnson & Johnson, Industrias Químicas Básicas, Braniff, Eastern, Clínica Anglo Americana and Eternit, among others. He also has experience in handling arbitration proceedings. He has been a member of the board of directors of Corporación Aceros Arequipa since the 13th March 1998.

#### MR Pablo José Peschiera Alfaro

Mr Peschiera holds a BSc in mechanical engineering from the University of California, Berkeley, and an MBA from Stanford University. He is a business consultant and director, as well as an entrepreneur and investor. He has been and is a director of several companies in the industrial, construction, commerce, services, agricultural, agribusiness, agro-industrial and real estate sectors. He has been chairman of the board of Redondos S.A. and a director of COSAPI S.A. He is chairman of the board of Consorcio Industrias de Arequipa S.A. He is a director of Tradi S.A., Agroindustrias del Pacífico S.A., Define Consultoría S.A., Define Servicios S.A.C., Define Holding S.A.C., San Felipe S.A., Ubicua Offices Peru S.A., Los Granados S.A. Real Estate., Inmobiliaria Comercial del Acero Argentina S.A. and Inmobiliaria Comercial del Acero Cajamarquilla S.A. He is a member of the Investment Committee of the HMC Capital High Yield Peru F2 fund and of the investment committee of the HMC Deuda Privada Andina fund. He has been a director of Corporación Aceros Arequipa since the 28th February 2008.

#### Sra. Giselle Ferrand Rubini

Mrs Ferrand graduated in business administration from the Universidad del Pacífico with honours and won the "Robert Maes" and "Maes Heller" prizes; she further specialized in: "Program XVIII for Company Directors" (PBS/EY); "The Fundamentals of Corporate Governance", "Financial Keys for Directors" and "Strategy, Transformation and Innovation from the board of directors"; "Global Trends in Business Strategies Board Program" (McDonough School of Business - Georgetown University/PBS/EY); and the circular economy: Transition to a Sustainable Future (MIT Professional Education). She taught financial mathematics at the Universidad del Pacífico. Early in her career she worked at Atlantic Security Bank and Deter Peru S.A. (Procter & Gamble). Subsequently, she developed business ventures in the agricultural, commercial, bakery and restaurant sectors. In addition to her position as director of Corporación Aceros Arequipa S.A., which she has held since the 25th April 2019, she has served as a manager and member of the board of directors of other unlisted companies.

#### MR Jordán Aldo Ponce Gambirazio

Attorney, graduate from the Catholic University of Peru. He is a senior partner of the law firm Ponce Canessa Abogados, with experience in giving legal advice to companies. He is a member of the executive committee of the Euromotors Group, and a director of several companies such as San Bartolomé S.A., Minera Colquisiri S.A., Freno S.A., Vari SAC, Agrícola Chapi S.A., Sum Vehículos S.A. and Orué 230 SAC. He is currently vice president of the board of the Peruvian Automotive Association. He has been a member of the board of Corporación Aceros Arequipa since the 26th April 2022.

#### MR Andreas Wolfgang Von Wedemeyer Knigge

Holds a degree in business administration from the University of Hamburg, Germany. He is also a master brewer, who graduated at Ulm, Germany. He studied the Program for Management Development at Harvard Business School and the PAD at the University of Piura.

He is the executive president and general manager of Corporación Cervesur SAA; As well as chairman of the board of directors of the various companies that make up Corporación Cervesur (Alprosa, Creditex, Futuro Inmobiliario Camacho S.A., Futuro Invest S.A., Proagro, Servicios Aéreos AQP S.A., Servicios de Asesoría S.A., Texgroup, Transaltisa). He is also chairman of the board of Ferreycorp S.A.A., Ferreyros S.A., Euromotors, Altos Andes, Euro Camiones, Euroinmuebles, International Camiones del Perú S.A., Inversiones Sabancaya S.A.C. and Renting, as well as being a director of CFI Holdings S.A., and a former president and director of the National Manufacturing Society. He is also a director and member of the executive committee of Comex-Peru. He was formerly chairman of the board of Alianza, Compañía de Seguros y Reaseguros, and Alianza Vida, Seguros y Reaseguros (Bolivia); La Positiva, Seguros y Reaseguros; La Positiva Vida, Seguros y Reaseguros; La Positiva Entidad Prestadora de Salud- EPS, and Profuturo AFP. He has chaired the Chamber of Commerce and Industry of Arequipa and has been president pro tempore of the Business Council of the Pacific Alliance. He was also a director of Banco del Sur, as well as director and general manager of Cía. Cervecera del Sur del Peru, president of Asociación de AFP (private pension funds association) and member of the executive committee of the National Manufacturing Society, the managing council of Tecsup of the German-Peruvian Chamber of Trade and Industry. He has been a member of the board of directors of Corporación Aceros Arequipa since the 24th March 2010.

As our director Mr RICARDO CILLÓNIZ CHAMPÍN is part of the management team, his professional career is mentioned in the corresponding section of this report.

In addition, and as it is a matter of interest, we would mention those who, during recent years were members of the board of directors of the former Aceros Arequipa S.A., and who were, as of December 2023, directors of CAASA:

<b>Fernando Carbajal Ferrand</b>	since March 1985
<b>Ricardo Cillóniz Champín</b>	since March 1985
<b>Enrique Olazábal Bracesco</b>	since March 1985

**DIRECTORS' COMMITTEES** (GRI 2-13, 2-16, 2-17)

At CAASA we have formed several committees to address issues considered of interest to the organization. The function of these committees is to develop guidelines and standards for our processes and related procedures, as well as to ensure compliance with them.

The number of meetings held by all our committees is shown below.

It should be noted that the board of directors have held eleven (11) meetings to discuss strategic matters during the fiscal year. The Audit and Risk Committee held four (4) meetings and three (3) tra-

ining sessions. The Appointments, Compensation and Human Resources Committee met a total of four (4) times during the year.

The main purpose of the Audit and Risk Committee is to assist the board in fulfilling its responsibility for overseeing the company's internal control system. It meets at least four (4) times a year and is composed of four (4) members of the board of directors.

The executive president, the general manager and the internal audit manager, who also acts as technical secretary of the committee, attend meetings with the right to speak but no vote. The external auditor or other managers or collaborators of the Company attend as guests when requested by the Audit and Risk Committee.

The Audit and Risk Committee promotes the preparation of and compliance with corporate policies and codes approved by the board of directors, since these provide guidelines on significant issues for the company's management, such as information, human resources management, inventories, investments, fixed assets, occupational health and safety, procurement of goods and services, credit and payments, costs and budgets, ethics, fraud, internal controls and comprehensive

At CAASA we have formed various committees to address issues considered of interest to the organization.

risk management, social responsibility and good corporate governance, among others.

**Audit and Risk Committee<sup>15</sup>**

**President:**  
**MR Andreas von Wedemeyer**

Members:  
MR Pablo Peschiera Alfaro  
MR Pedro Blay Hidalgo  
MR Ricardo Bustamante Cillóniz

**Seven (7) meetings held**

In addition, we completed a training plan organized especially for the CAR, which consisted of 3 sessions and was aimed at facilitating training mechanisms for members of the Audit and Risk Committee, in order to:

- ensure they are informed and updated on the latest leading risk management practices.
- provide clarity on the responsibilities of each governing body with respect to risk management.
- strengthen risk management in the company

The main purpose of the Appointments, Compensation and Human Resources Committee is to ensure that human resources management at the executive level in the company aligns with corporate guidelines and modern human resources practices; and also to maintain an equitable and competitive compensation system that allows it to fulfil the organization's mission and strategic objectives. The committee meets at least four (4) times a year and con-

<sup>15</sup> Stakeholder concerns received through the ethics hotline, which is managed by a third party to ensure the confidentiality of information and independence of the person receiving the complaint, are reported for information, evaluation and action, depending on who is being reported, according to a protocol urgency, to senior management, the internal audit manager, the prevention officer, the audit and risk committee of the board of directors and the board itself. The Audit and Risk Committee follows up on the implementation of action plans derived from the investigation of all complaints reported through the ethics channel.

sists of four (4) members of the board of directors. the executive president, the general manager and the human resources manager, who also participates as technical secretary, attend the Committee with the right to speak but no vote.

The Appointments, Compensation and Human Resources Committee monitors the performance of management by setting and monitoring objectives and goals for each functional department, and periodically reviewing the salary and organizational structure, adapting it to changes being implemented by the company.

Appointments, Compensation and Human Resources Committee	
<b>President:</b>	<b>MR Fernando Carbajal Ferrand</b>
Members:	MR Pablo Peschiera Alfaro MR Manuel Montori Burbank MR Enrique Olázabal Bracesco
Four (4) meetings held	

**INDICATORS FOR THE BOARD OF DIRECTORS**

In order to measure performance, the following indicators and levels of compliance were defined:

	2020	2021	2022	2023
Average tenure of directors in years	13.25	14.25	13.21	12.67

**Performance of the directors**

	2020	2021	2022	2023
Average attendance of directors	100%	100%	100%	100%
Minimum attendance required for all Board members	100%	100%	100%	100%
Number of Board meetings	14	18	13	13



### EXECUTIVE COMMITTEES

CAASA has committees to address issues considered of interest to management, including health and safety, sustainability and others.

Our executive committees meet a minimum of two (2) to four (4) times a year, except for our Sexual Harassment Intervention Committee, which meets annually for mandatory training (extraordinary meetings are held when complaints are relating to harassment and bullying described in our Sexual Harassment Prevention, Investigation and Sanctions Policy), and our Occupational Health and Safety Committee, which meets once a month. However extraordinary meetings may always be held in addition to the meetings described above.

#### Executive committees

Committee name	Number of meetings in 2023
Occupational Health and Safety Committee - Pisco	12
Occupational Health and Safety Committee - Lima	11
Sexual Harassment Intervention Committee	1
Ethics Committee	9
Sustainability Committee	2

In addition to the information reported in this document, corporate governance can be found on the website of the Stock Exchange Regulatory Authority (SMV) using the following link:

 **Corporate governance**



#### TRAINING PLAN 2024 (GRI 2-17)

During 2023, a training plan for 2024 was drawn up for board of directors and senior management, aimed at addressing issues related to risk management, sustainability and ESG aspects, thus consolidating the company's commitment to business excellence and corporate responsibility.

This training plan seeks to provide CAASA's leaders and managers with the knowledge and tools necessary to lead effectively in an increasingly complex and sustainability-oriented business environment. Key aspects that impact both day-to-day operations and strategic decision making were addressed in a comprehensive manner.





## 4.2. Transformation for the future (GRI 3-3)

In order to strengthen our market leadership and take advantage of new technologies, we have identified several opportunities that we can capture by proactively addressing digital transformation and technological innovation. This enables us to achieve strategic objectives such as: increasing the productivity of our industrial processes, improving customer satisfaction and mitigating safety and occupational health risks, among others.

To this end, we are constantly analyzing and developing technology projects throughout our value chain and promoting innovation at the corporate level, such as the strategic management cycle, digital transformation and industry 4.0 projects, the suggestion program and continual improvement projects, among others.

Innovation is part of Aceros Arequipa's DNA and has been the driving force behind its growth over the years. Our approach includes participation by employees at all levels, starting from the definition of strategic objectives by the general management to project implementation by multidisciplinary teams in which technology plays a crucial role.

Our technological innovation projects are based on 4 tenets:

WE BELIEVE IN INNOVATION AND  
TECHNOLOGY AS ENABLERS TO  
ACHIEVE OUR

# AIMSs empresariales

**US\$ 650,000**

Investment in digital technology  
development 2023

### Digital transformation at CAASA





**TENET 1:**  
CUSTOMER EXPERIENCE

- **Aceros PRO:** web application and mobile app that digitizes the main commercial processes for customers (order placement, account status, claims management, order tracking and others). It is growing in Peru and has been introduced in subsidiaries in Colombia, Ecuador and Bolivia.
- **Digital assistant / chatbot:** quick consultation channel for our clients using WhatsApp.



**TENET 2:**  
EFFICIENCY AND PRODUCTIVITY

- **IoT (Internet of things):** the sending of key variables in equipment and production processes through sensors to the cloud, to create a data lake, facilitates decision making to optimize processes (rolling mill and melt shop).
- **RPA (digital robots):** automate routine tasks in business processes.
- **Artificial intelligence (AI) + machine learning:** develops advanced analytical models to predict, simulate and optimize process results.



**TENET 3:**  
SAFETY AND RISK MANAGEMENT

- **AI + computer vision:** the use of artificial vision through cameras to identify and prevent potential occupational health and safety hazards.
- **Insurance 360:** a mobile application that generates alerts in case of potential OHS risks in our processes. Sends automatic reports via WhatsApp to key users to speed up the response.



**TENET 4:**  
IT CULTURE

- **Workshops on digital transformation and IT trends:** spaces where new technologies associated with Industry 4.0 are presented and ideas are gathered from business users.
- **IT Training:** seeks to reinforce our employees' knowledge of IT tools.

These projects aim to drive CAASA's objectives forward through the application of digital technologies and the adoption of Industry 4.0, in line with our corporate digital transformation initiative. To promote the training and use of these technologies, we conduct workshops at the corporate level with the support of specialist partners such as EY, IBM and others.

During 2023 we formalized our digital transformation strategy, which seeks to ensure the achievement of CAASA's objectives through the use of digital technologies and Industry 4.0.

This strategy includes 3 strategic priorities with a set of projects for each:

### INNOVATIONS IN 2023

We have innovation at the corporate level, such as IT projects, the suggestion program and continual improvement projects, among others.

- Development of artificial intelligence models and machine learning to optimize processes, such as predicting the mechanical properties of profiles from their chemical composition, thus generating savings in ferroalloy consumption.
- Implementation of projects that combine artificial intelligence with computer vision in areas such as warehouses, melt shops and transportation, for example to improve safety in warehouse processes by identifying personnel when cranes are in motion.
- Promotion of Internet of things (IoT) projects to digitalize machinery or production process variable, such as an application that records the movement of cranes in the melt shop to optimize fuel consumption.
- Successful migration of corporate infrastructure to the Amazon Web Services (AWS) cloud, providing greater flexibility.
- Continued development of Robotic Process Automation (RPA) projects to automate repetitive tasks in business processes, such as a bot that performs calculations, payments and document registration.
- Implementation of the SAP system in subsidiaries in Ecuador, Chile and the United States.
- Formalization of the company's digital transformation strategy and promotion of projects that incorporate technologies such as artificial intelligence, machine learning, computer vision, the Internet of things (IoT) and robotic process automation (RPA), among others.

### INFORMATION TECHNOLOGY MANAGEMENT

We seek to create value and competitive advantages by providing the departments of the company with high quality IT solutions, through comprehensive knowledge of business processes, innovation and

cost optimization. We manage the company in line with the following policies and guidelines:

- Information security policy
- IT security guidelines
- Cybersecurity policy
- Access policy for applications and IT services
- Password policy for end users

The following activities were introduced to train employees on information security:

- Monthly mail on good information security practices.
- Annual mail on the information security policy.
- Training in the use of MFA
- Annual information security training
- Emergency event alerts
- Information security issues were included in the induction course for new personnel

### CYBERSECURITY

At CAASA, our cybersecurity governance model is led by the IT manager (CIO), who defines the company's strategy and is supported by the assistant manager, managers and cybersecurity specialists.

The Defense in Depth strategy seeks to protect digital assets using multiple layers of security, following the ISO 27001 and NIST CSF governance frameworks. Information technology management includes a sub-process dedicated to information security management, which includes policies, guidelines and other relevant documents.

On identification of an incident, the user logs or reports it to the Help Desk via Microsoft Teams, email, phone call or the IT 360 Portal.

Training and awareness-raising activities in 2023 included the following:

- Dissemination of information security policy
- Propagation of information security recommendations
- Information security alerts, which are triggered by emergency events identified by our cybersecurity providers
- The induction of new employees includes information security issues in the "INDUCTION PROCESS DELIVERABLES" module [GHRE03-E004].
- General talk on information security. Annual information security course



## 4.3. Ethics and compliance

(GRI 2-15, 2-16, 2-26, 2-27, 3-3, 205-1, 205-2)

### MANAGEMENT APPROACH

At CAASA and our subsidiaries, ethics and the fight against fraud and corruption are key elements of our organizational culture; they are fundamental principles in our relations with our stakeholders and guide our actions in the markets in which we operate.

Our corporation, in Peru for more than five decades and with a regional presence, is characterized by the highest standards of transparency, ethical behavior and compliance with the law, as well as rejection of any action that goes against the values and principles defined in our Code of Ethics, Code to Combat Acts of Fraud and Corruption, Integrated Management System Policy and Human Rights and Diversity Policy, among other internal standards.

We encourage ethical behavior on the part of our employees by incorporating compliance with the Code of Ethics in the annual performance evaluation, which is one of the criteria for the annual salary review defined in our Compensation Policy.

### PREVENTION MODEL

In accordance with Peru's law 30424, the act governing the administrative liability of corporations for the crime of bribery; law

## BUILDING lasting TRUST

30835 and its executive regulations, the act that modifies the title and articles 1, 9 and 10 of law 30434; and legislative decree 1352, which broadens the administrative responsibility of corporations, we have a voluntary model for preventing acts of corruption, money laundering and terrorist financing, which aims to promote a culture of integrity and transparency among all our employees and stakeholders.

The policies that define our prevention model are contained in our Code of Ethics, Code to Combat Fraud and Corruption, Code of Ethics for Suppliers and Contractors, Protocol for Interaction with Public Officials, our Donations Policy and a series of internal rules governing our processes.

# 100%

of processes assessed for risks related to ethical compliance and anti-corruption



Ethical and compliance risk assessments are carried out for all of the company's operations and processes. These assessments catalogue possible acts of fraud, corruption, money laundering and terrorist financing, which could occur during the interaction with our different stakeholders.

We have a model for preventing acts of corruption, money laundering and terrorist financing. The objective of our prevention model is to promote a culture of integrity and transparency in all our collaborators and stakeholders.

We maintain good business practices while not limiting ourselves to the provisions of law 30424, law 30835 and its regulations, and legislative decree 1352. Our policies are contained in our Anti-Fraud and Anti-Corruption Code, and define the framework of our prevention model.

In 2018 and in accordance with legislation, the board of directors assigned the role of prevention officer to a C-Level executive of the company, to ensure that the model is implemented, operatio-

nal and maintained. His duty is to report to the board of directors, through the Audit and Risk Committee (CAR), on the effectiveness of the model, compliance with controls and their level of efficiency, as well as any opportunities for improvement identified and implemented.

Among the powers and responsibilities delegated by the board to the Audit and Risk Committee (CAR), in relation to the work of the Prevention Officer, are the following:

- To review and approve the Prevention Officer's approach and work plan.
- To monitor compliance with controls related to fraud, corruption, money laundering and terrorist financing risks.

The Audit and Risk Committee reports the matters discussed at its meetings to the full board of directors.

Corruption risk assessment is carried out for all operations. Among the identified risks related to ethics and compliance, we should mention those derived from our relationship with stakeholders, information integrity, internal and external corruption and acts of fraud, and regulatory compliance.

The **evaluation of risks related to ethics and compliance** is carried out for all of the company's operations and processes.



**PRINCIPAL ACHIEVEMENTS**

During the year we have strengthened our prevention model by implementing new controls and including them in an Anti-Bribery and other Crimes Management System (SGAD), in accordance with ISO 37001 standard.

As a result, we achieved ISO 37001:2016 certification in September 2023.



Reports and Audits



Roles and responsibilities

Elements of the Anti-Bribery and Other Crimes Management System (ABMS)



Among the main new controls or reinforcements of existing ones are:

- Implementation of the protocol for interaction with public officials, and training for collaborators with greater vulnerability or exposure to irregular situations that may induce or involve them in public corruption offences. Interactions are reported to the Prevention Officer via an internal platform.
- Implementation of a more complete donation management process with specific and reinforced controls.
- Strengthening the due diligence process for customers and suppliers by using an online platform that allows us to research and learn more about our business partners and ensure that we enter into and maintain business relationships with individuals or companies that share our principles of ethics, transparency and integrity.
- Standardization and Formalization of undertakings and commercial agreements with suppliers and customers, focusing on compliance with our ethical guidelines and principles of transparency and integrity.
- Strengthening of our annual training and continuous awareness program on Ethical Guidelines, Anti-Bribery and Other Offences Management System (SGAD), Ethics Line and updating of the legal basis for our employees, suppliers, customers and the general public.
- Authorized Economic Operator Certification for imports and exports (AEO).

### CORRUPTION PREVENTION

We define the specific responsibilities of different stakeholders when applying our Code to Combat Acts of Fraud and Corruption.

### ANTI-CORRUPTION TRAINING (GRI 205-2)

As part of our annual training and continuous awareness-raising program for our Anti-Bribery and Other Offences Management System (SGAD), in 2023 we reinforced the training sessions aimed at our different stakeholders and customized for then according to the level of criticality with regard to risks of corruption, money laundering and terrorist financing.

During 2023 training activities were carried out in accordance with our Communication and Training Plan, aimed at different stakeholders: the Management Committee, employees in different positions (according to level of criticality regarding corruption risks and laft), operators, employees in general, critical suppliers (scrap suppliers, hauliers) and service companies.

#### 1. Management training on the legal basis and criminal liability:

- Aimed at the general management, executive president's office and reports from the general management.
- This training addressed legal aspects and the company's responsibilities, as well as the role of management in compliance with the Anti-Bribery and Other Offences Management System.



#### 2. Training on ethical guidelines for interaction with public officials:

- Aimed at collaborators with greater vulnerability or exposure to irregular situations that could induce or involve them in public corruption offences.



#### 3. Training on ethical guidelines for employees in critical positions associated with the Anti-Bribery and Other Offences Management System:

- Aimed at employees who interact with different businesses and are exposed to possible situations of fraud, private corruption, money laundering and terrorist financing.



We promote actions that benefit society and minimize the negative consequences that could arise.

#### 4. General training on ethical guidelines (Codes + Prevention Model):

- This training is aimed at all personnel from all sites and subsidiaries (Lima, Callao, Pisco, Trujillo, Arequipa).



#### FREE COMPETITION (GRI 206-1)

We are committed to maintaining honest and constructive relationships with our competitors; We will therefore be guided by the following principles:

- respect for free competition in purchases and sales of products and services involving our suppliers and customers, we have no part in obstructions to the free market.
- Competing fairly in the market without engaging in misleading or disparaging advertising of competitors or third parties.
- Making commercial or strategic decisions autonomously and independently.
- We do not offer or solicit improper payments in connection with purchases of goods or services, or the sale of our products or services, or engage in or assist in obstruction or threats to individual customers.

These principles are reflected in our Code of Ethics and Code to Combat Fraud and Corruption.

**MECHANISMS TO ENSURE COMPLIANCE WITH THE CODE OF CONDUCT**

In Corporación Aceros Arequipa and its subsidiaries we are aware of the importance and impact of our actions internally and on society. That is why we promote action that benefits society and minimizes any negative consequences that may arise.

To ensure effective compliance with the company's Code of Ethics, systems and procedures have been implemented to promote compliance with our corporate ethical guidelines, as defined in:

- the Integrated Management System policy
- Code of Ethics
- Code for Combating Acts of Fraud and Corruption
- Code of Ethics for Suppliers and Contractors
- Protocol for Interaction with Public Officials
- Sexual harassment prevention, investigation and punishment policy
- Donations policy
- Compensation policy
- Human Resources policy
- Performance Evaluation System (SEVAD)

**PERFORMANCE OF THE ETHICS HOTLINE** (GRI 205-3)

We have an ethics hotline - the Steel Ethics Line - which is available to our stakeholders as a means of channeling their concerns or complaints, and thus prevent and detect fraud, corruption and other breaches of the law or our internal rules.

This mechanism is managed by an independent third party, which provides whistle-blowers with anonymity and guarantees the

confidentiality of the information he/she may share with us. It also helps to improve our whistle-blower management system so that complaints can be addressed quickly, and to implement improvements in the controls that have been violated and given rise to the ethical complaint. The Ethical Steel Line has the following characteristics:





- It is available 24 hours a day, 365 days a year.
- It allows documents to be attached as evidence in the case reported.
- It has a personalized operator and a voice recording option.
- There is no cost to the complainant

When a person identifies any unethical act in the operations of Corporación Aceros Arequipa, he/she can report the fact through the Steel Ethics Line anonymously or by providing some identification. The channels are available on CAASA's website and intranet, which also contain the Guide to the Use of the Aceros Arequipa Ethics

Hotline, a document that describes how to make a complaint using each channel.

In order to facilitate the whistle-blower, complaints can be made through a web form, fixed line telephone, email, WhatsApp, mail or in person at the offices of the Steel Ethics Hotline administrator. It should be noted that, although there is an official channel for registering complaints, it is possible for a whistle-blower to communicate directly with an official of CAASA and subsidiaries to call attention to situations that are counter to the company's ethical guidelines. The officer who receives the communication notifies the Ethics Committee or general management, as the case may be, for attentiona.

We have the following channels through which anyone can make a complaint via the Ethics Hotline :

 <p>You can contact an advisor from Monday to Friday, 8:30 to 6:30 at the following WhatsApp number: <b>989 043 514</b></p>	 <p>E-mail <b>denuncias@lineaeticaacerosarequipa.com</b></p>
 <p>Virtual form: <b>www.lineaeticaacerosarequipa.com</b></p>	 <p>Phone line, available 24 hours a day, 7 days a week: <b>+51-1-0800-18-134</b> (Toll free) <b>+51-1-219-7134</b> (local call charge)</p>



In line with our Anti-bribery and Other Offences Management System, all employees are informed periodically by email of unethical situations that could occur in their daily work and emphasizing CAASA's position of refusing to tolerate this type of situation.

These communications state that whenever they identify a similar situation or any other situation that contravenes the guidelines established in the Code of Ethics, the Code to Combat Acts of Fraud and Corruption and our internal rules, they can use the Acero Ethics Line to report the unethical situation.

**ZERO**

Cases of discrimination | Customer data privacy | Conflicts of interest | Insider trading

During 2023 we had no reports of discrimination, unfair competition, corruption or sexual harassment. We received 27 complaints in our Steel Ethics Hotline, of which 21 have been resolved and 3 are under investigation. For the complaints that were upheld, we took 24 corrective actions. The complaints were of the following types:

**Performance of the ethical line**

Type	2023
Corruption and bribery	0
Conflicts of interest	4
Employment claims	4
Environmental protection	0
Respect for the community	0
Fraud and collusion	11
Unfair competition	0
For violation of human rights	0
Others	8

**ETHICS COMMITTEE**

Compliance with the Code of Ethics is overseen by the general manager, who delegates functions and authority to an Ethics Committee that acts in accordance with its own regulations. The Ethics Committee reports periodically on its performance to the general manager and the Audit and Risk Committee.

The Ethics Committee is also responsible for the following:

- it serves as a consultative body regarding concerns by employees or third parties about facts or circumstances that may affect business ethics.
- Analyzing and managing controversies regarding possible conflicts of interest reported by employees to the company, in accordance with the provisions of the Code of Ethics.
- Freely and objectively analyzing situations of ethical non-compliance.

During 2023 the committee met **9** times

**STRENGTHENING HUMAN RIGHTS**

(GRI 3-3, 406-1, 407-1, 408-1, 409-1, 410-1)

At Corporación Aceros Arequipa we seek to identify, prevent and mitigate any possible impact on human rights in any of the activities within our value chain and involving our stakeholders<sup>17</sup>.

We work within the framework of the United Nations Guiding Principles on Business and Human Rights, the OECD Due Diligence Guidance for Responsible Business Conduct and the National Action Plan on Business and Human Rights 2021-2025 (Peru).

During 2021, we began to implement a human rights due diligence model, which seeks to identify, prevent, mitigate and explain how we address actual and potential human rights impacts in our activities, supply chain and other business relationships.

<sup>16</sup> The 27 complaints comprise 23 complaints related to ethical cases such as internal fraud, conflict of interest and 4 related to labor claims.

<sup>17</sup> Measures have been implemented to dissolve the association with contractors or suppliers, in case there is non-compliance with the code of ethics due to child, youth or forced labor.

During the 2022-2023 period we received no human rights complaints through our ethics hotline or any other channel. Over the past 3 years, 100% of our operations, our contractors and front-line suppliers have been given a human rights assessment.

As part of our risk mitigation mechanisms, we require our contractors and suppliers to undergo the homologation and registration process and accept the code of ethics and others. For example, our suppliers and contractors must provide evidence certifying that they respect freedom of association. Furthermore, 100% of security personnel have received formal training in the organization's specific human rights policies and procedures and their application to security matters.

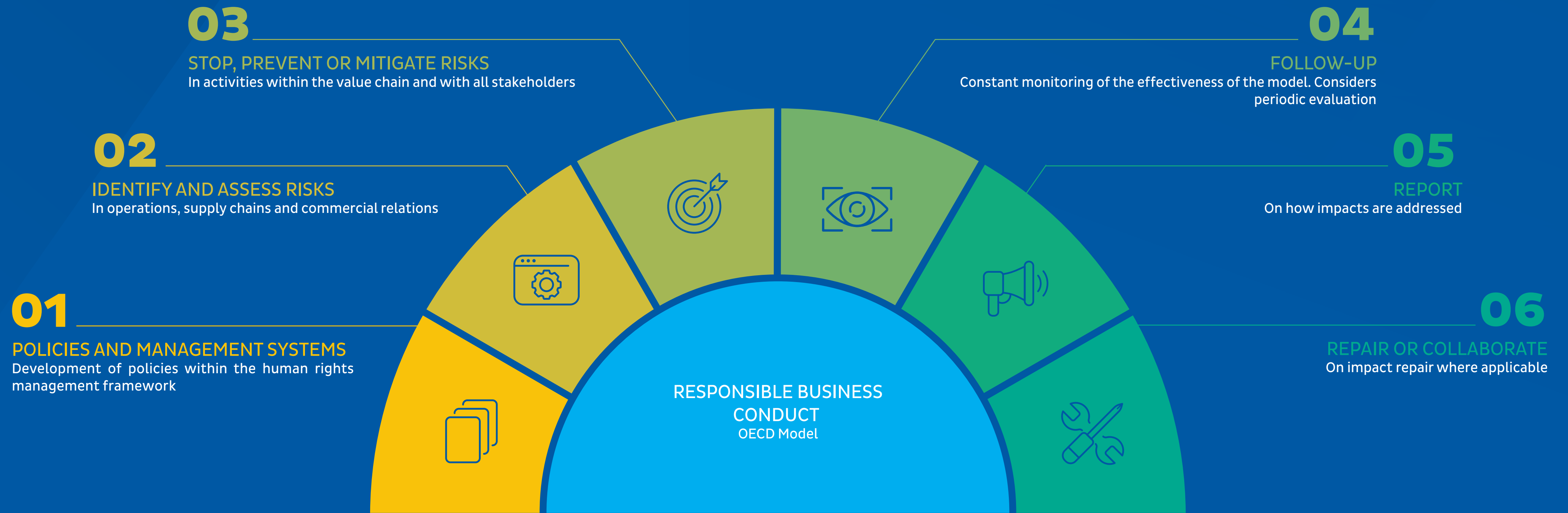
We have also given training to our employees on human rights issues:

Subject	Frequency	Nº of participating collaborators
Business and human rights	1	109
Ten principles of the United Nations Global Compact	1	117

In addition, we also highlight the specialized and mandatory annual training aimed at collaborators on the investigation and punishment in cases of sexual harassment, which had the participation of 221 people.



# Due Diligence for Responsible Business Conduct (Model recommended by the OECD)



These corporate documents are listed below:

**MAIN POLICIES AND PROCEDURES RELATED TO HUMAN RIGHTS:**

Nombre del documento	
Code of Ethics	
Code of Ethics for suppliers and contractors	
Code Against Acts of Fraud and Corruption	
Human rights and diversity policy	
Corporate social responsibility policy	
Sexual harassment prevention, investigation and punishment policy	

Governance structure for human rights issues

Instance	Role or function
Human Resources	Responsible for systematizing and integrating Aceros Arequipa's progress in human rights matters, highlighting possible gaps and promoting action for improvement.
Sustainability Committee	Responsible for monitoring and overseeing compliance with human rights work plans and company performance.
Ethics Committee	Responsible for monitoring compliance with the Code of Ethics, reviewing the results of investigations and proposing action to management concerning the facts identified during the investigations

Our human rights management has been strengthened by the implementation of a due diligence model. The process was developed in three stages:

**01. Raise awareness**  
For departmental **leaders** and **teams** in charge of the project, in human rights and business.

**02. Formulate**  
A **roadmap** to close gaps in human rights and implement human rights due diligence system

**03. Strengthen**  
**Matrix** of risks and impacts on human rights, with participation by its main stakeholders.

During this process, CAASA's human rights risk matrix was reviewed and analyzed to identify relevant issues to be addressed with stakeholders: civil society and suppliers, to identify significant risks related to employment conditions and corruption, while risks related to child labor or forced labor have been identified during procurement processes. The following topics were addressed:

**Temas relevantes a abordar con los grupos de interés**

Suppliers and contractors	Society
Working conditions	Effects on quality of life, resources, customs or economic activities
Forced labor	Environmental impacts
Child or youth labor	Effects on or damage to the health of local communities
Sexual harassment or stalking	
Working conditions	
Personal safety	
Effects on health	

## 4.4. Risk management and internal controls

### MANAGEMENT APPROACH

Our approach to integrated risk and opportunity management is designed to promote a proactive culture of prevention, aimed at protecting and enhancing the value of our businesses through early identification and strategic management of potential threats, both external and internal. This comprehensive strategy allows us not only to safeguard, but also to maximize growth and development opportunities for the company.

This approach is supported by the corporate internal control and integrated risk management policy, as well as by our integrated risk and opportunity management (GIRO) methodology. The latter is based on COSO ERM principles and methodologies, and adopts practices recommended by benchmarks such as the Dow Jones Sustainability Index and the Task Force on Climate-Related Financial Disclosures (TCFD), among others.

Using this framework, our team systematically manages the company's risks, which are classified in the following levels:

- **Strategic risks** can impact the achievement of our vision, mission and strategic objectives, and are by nature changing due to their close relationship with global trends and environmental factors. These risks are managed through the strategic management cycle and are reviewed and evaluated at least once a year.
- **Process risks:** may impact the achievement of process objectives and/or compliance with legislation, internal regulations and codes of conduct, are inherent to process activities, are known and are managed through internal controls. These risks are assessed at least once every two years.

In addition, risks may be related to economic, reputational, continuity, ethical, human rights and compliance issues.

### GIRO METHODOLOGY

Our Integrated Risk and Opportunity Management (GIRO) methodology establishes a reference framework and best practices for the company's risk and opportunity management. It establishes a best practice guide and tools to anticipate and manage our risks using an ESG approach, complying with business and process objectives, in order to prepare for unexpected situations.

The main responsibility for strategic risk management lies with managers, and with process owners for process risk management. The methodology also addresses the management of specialized risks such as OHS, environmental and information security, and any specialized risk management that CAASA decides to implement in the future.

WE MANAGE RISKS TO PRESERVE  
THE BUSINESS AND

# generate value

## general AIMS

To preserve and generate value for the Company, avoiding or minimizing losses arising from environmental or internal threats, as well as to identify and take advantage of the opportunities that arise in an uncertain environment, thus contributing to the achievement of its strategic goals.

## Specific AIMSs

- To protect the company's assets and value to ensure business continuity.
- To make better decisions that are better informed and aligned with the company's strategic objectives and appetite for risk.
- To ensure that the company complies with applicable legislation, regulations and standards, avoiding sanctions and damage to its reputation.
- To foster a proactive environment that identifies potential risks before they materialize.
- To optimize the use of resources, focusing allocation on areas of greatest risk and opportunity for the company.
- To improve stakeholder confidence by demonstrating a proactive and systematic approach to risk management.
- To promote a culture that favors risk management



### Benefits of our GIRO methodology:

- This methodology enables a holistic view of all the company's risks, including both strategic and process risks.
- It has an information system to record, evaluate and monitor risks in a centralized and standardized manner. It also enables risks to be linked to activities within the processes and identifies the positions and occupants of those positions who are responsible for implementing the controls, and process owners at different levels in the organization.
- The guidelines for treating strategic risks have synergies with the strategy planning and control process, thus facilitating construction of the strategic plan and operating plans to focus their efforts on mitigating critical risks and capturing opportunities; it also facilitates alignment with individual objectives at different organizational levels.
- It enables continuous monitoring of the environment and trends in order to anticipate emerging risks that could affect the company's future strategy.

## Key milestones 2023

- Obtaining the ISO 37001 certificate - anti-bribery and other crimes management system.
- Deployment of the Risk and Opportunity Management Methodology (ROMM) in subsidiary companies.
- Strengthening business intelligence and monitoring trends.
- Development of the strategic and tactical risk module in the BALSC (Balanced Scorecard) information system to improve risk integration and monitoring.
- Implementation of reports in the process risk module of the Goldenbelt information system for CAASA's process management.



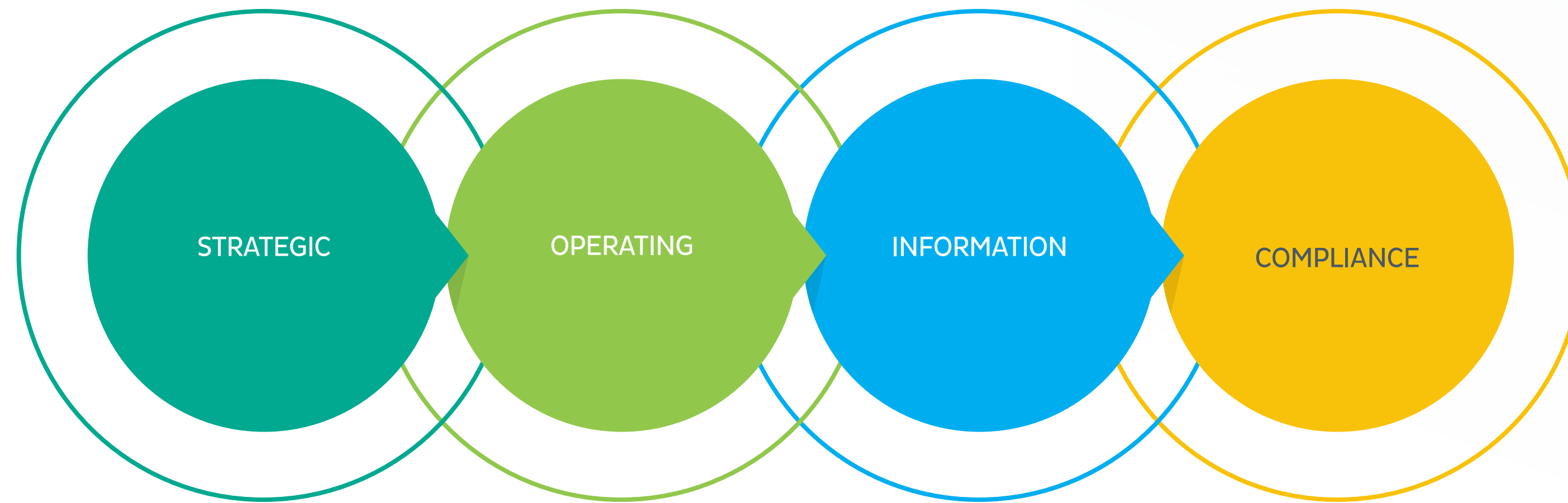
## Stages in integrated risk management

Risk management is audited by the Internal Audit Management every 2 years, reporting the results of the evaluation directly to the Audit and Risk Committee (CAR), a body made up of members of the Board of Directors.

	01. Identify	02. Review	03. Control	04. Monitor
<b>Strategic risks</b> (Strategic management cycle)	We continually monitor the environment, trends and connections (global and local), and internal variables to identify risks that may <b>affect the value of the Company</b> or impact the achievement of strategic goals.	We analyze the potential impact of these risks at least once a year, considering impact and probability levels (see Annex 11), risk appetite and tolerance. In addition we perform scenario and sensitivity analyzes for risks that warrant it.	We define response strategies to reduce the adverse effect of risks, which may include initiatives and plans, among others.	We report periodically to management and the board of directors. The company also has the BALSC information system, which allows it to monitor risk status and the main indicators that help to measure its performance.
<b>Process risks</b> (Operations management)	As part of their daily tasks, the teams identify the main risks affecting achievement of their goals and processes.	They analyze probability and impact variables at least every two years to define the level of criticality of the risks, as well as strategies to mitigate them.	They implement the controls established in their processes to mitigate risks.	<ul style="list-style-type: none"> <li>• They ascertain whether risk criticality is the same and whether the process controls are implemented correctly, focusing on continual improvement.</li> <li>• Every year we carry out self-control routines, which are exercises performed by the process owners to verify the effectiveness of manual controls associated with the most critical risks in each process.</li> <li>• Finally, when a high-impact risk materializes, it must be analyzed and documented in a (materialized risk) file to serve as a learning experience and prevent recurrence.</li> </ul>



**Risk classifications**



In addition we classify our risks by type of impact and by temporality.

**RISK CLASSIFICATION**

By type of impact	By temporality
Economy	Emerging
Operations and information systems	Non-emerging
Reputation and image	
Regulatory and legal	
Environmental	
Health and Safety at Work (HSW)	

**STRATEGIC AND EMERGING RISKS**

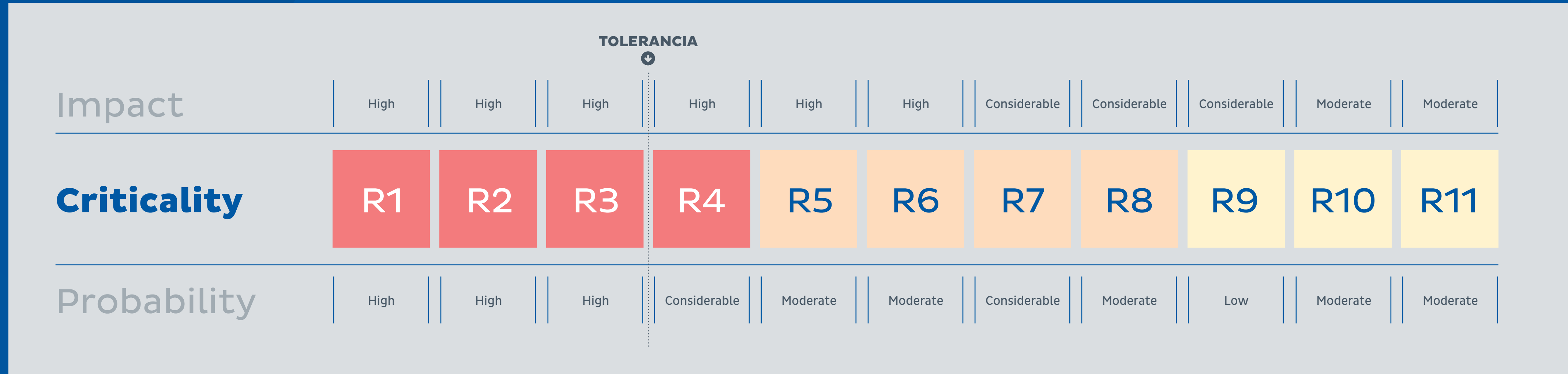
Based on a study of global and local trends and their correlation with internal factors, we carry out a comprehensive analysis of the variables that may influence achievement of our strategic goals. This analysis is the main starting point from which we identify and assess our strategic and emerging risks as part of the annual strategic planning process.

**Strategic risks**

After analyzing trends and connections and following the guidelines of our Integrated Risk Management Methodology, we identify and assess the company's strategic risks, which may impact achievement of our vision, mission and strategic goals, and which are naturally changeable due to their close relationship with global trends and environmental factors. These risks are managed through the Strategic Management Cycle and are reviewed and evaluated at least once a year.



Alto Considerable Moderado Bajo



- R1** Supply of scrap at the required cost and quality
- R2** Concentration of results in specific products and segments
- R3** Increased competition in the markets in which we operate
- R4** Integral health and safety of our employees and contractors

- R5** Contingencies associated with legislation and regulatory compliance
- R6** Financial sustainability to support our growth
- R7** Macroeconomic vulnerability, political and social instability in countries of influence
- R8** Deterioration of relations with stakeholders

- R9** Investments that do not meet return and objectives
- R10** Damage to reputation and image
- R11** Business continuity disruptions due to internal and external factors (including cybersecurity)

**Main emerging risks**

Emerging risks arise from multiple trends that may affect the Company's strategy in the future, but can also create opportunities to increase the value we offer to our customers and society. For Corporación Aceros Arequipa, in accordance with the methodology established by S&P Global, emerging risks are those that meet the following conditions:

- The risk is new, emerging or of increasing importance.
- The potential impact of the risk is long-term.
- The potential impact of the risk is significant.
- The source of the risk must be an external variable.
- The risk and its impact on the company are specific.

The main emerging risks are presented below:

**RE1**

Increase in steel imports and/or investments in the region from other countries, due to slower market growth and excess production capacity.

**RE2**

The global trend in the steel industry towards the use of cleaner production technologies such as electric arc furnaces may increase competition for recycled steel and, therefore, its cost.

**RE3**

Abrupt changes in policies, legislation, technology and the market for climate change mitigation that affect our operations or business continuity.

**RE4**

Disruption of our supply of critical inputs and/or the impact on our financial results of disruptive events in global supply chains caused by geopolitical and economic tensions between countries.

**Emerging risks respond to multiple trends that may affect the Company's strategy in the future.**



Learn more about our analysis and assessment of strategic and emerging risks in our **Corporate Risk Report 2023-2024** 




### RISK MANAGEMENT CULTURE

We encourage a focus on risk prevention and management as part of our organizational culture, working hand in hand with the leaders of the organization to ensure that it is part of our daily thoughts and action. We provide tools for leaders to manage their risks and engage their teams.

We align risk management by all employees through an incentive system integrated into our strategic management and performance evaluation system. Every year during the strategic management cycle, initiatives, indicators and actions to mitigate the company's main risks are defined, reviewed and updated before being assigned as individual objectives to the managers, leaders and collaborators

responsible, ensuring that risk management is integrated into the day-to-day management of our business.

We also encourage open and transparent communication about risks, as well as alignment and synergies between departments to achieve integrated and end-to-end management. In addition, we encourage a continuous vision of the strategic environment and internal processes to identify potential risks and take proactive measures.

In order to ensure the success of our risk management culture, we offer ongoing training and workshops in the use of our GIRO methodology, and provide support for updates to the risk matrix. Fur-

thermore, we conduct awareness campaigns on risk management, ethics and compliance. We are also developing IT tools to facilitate the management of process risks and strategic risks at entity and tactical level, by process leaders and owners.

There is an annual training program for the board's Audit and Risk Committee. In 2023, three sessions were held to ensure that the members are informed and updated on the latest leading risk management practices, to provide clarity on the responsibilities of each governing body with respect to risk management, and to strengthen risk management in the company.

## Organizational performance management

Our strategy management cycle ensures strategic alignment at all levels to ensure that the individual objectives of c-level management, leaders and their teams are aligned to corporate strategic priorities, mitigating risks, capturing opportunities and reducing weaknesses.



### RISK MANAGEMENT GOVERNANCE

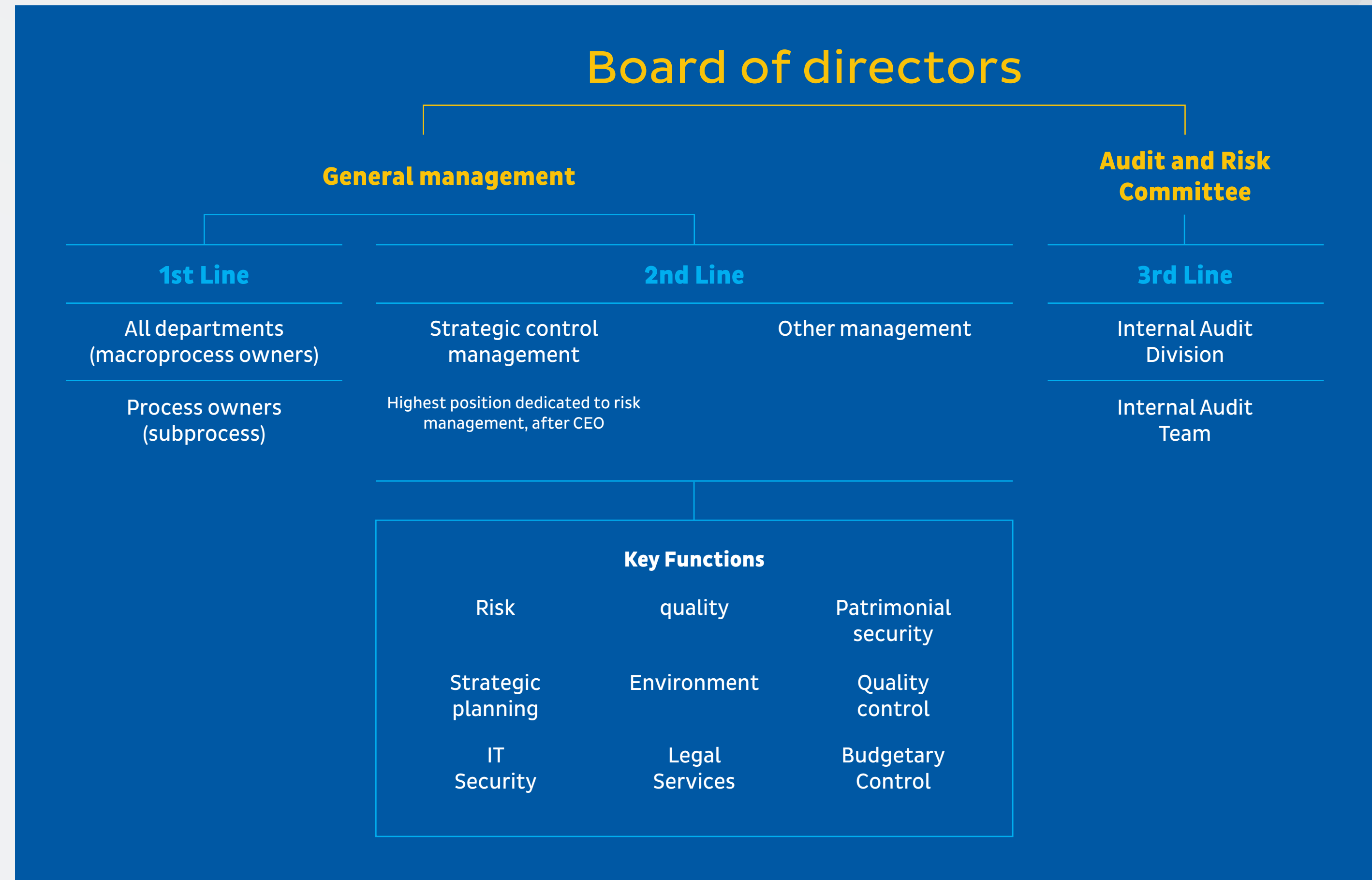
The Company's internal control system is based on the IIA's three-line model for effective risk management and control as outlined in the COSO ERM framework and by the Institute of Internal Auditors. For effective risk management and control, these three lines define the structure, roles and responsibilities of CAASA's risk management system, which are detailed in the "Integrated Risk and Opportunity Management Methodology".

Risk monitoring and auditing activities (third line) are functionally independent from the business, reporting directly to the board of directors' Risk and Audit Committee (RAC). Thus structural independence allows objective risks and controls to be linked so that they can be managed effectively without pressure from a potential conflict of interest with other priorities or departments of the business, as defined in the "Audit and Risk Committee Charter".

The corporate policy of internal control and integrated risk management delegates roles and responsibilities using the three-line model:

- **First line:** process owners responsible for maintaining an effective risk management system within their areas of responsibility.
- **Second line:** support departments responsible for providing methodology, management support and monitoring the effectiveness of the controls.
- **Third line:** internal audit, responsible for objective and independent oversight.

Internal control and integrated risk management is carried out by all members of the company, including senior management and its committees, managers, assistant managers, supervisors and employees.



The Strategic Management Control Department is the highest body responsible for risk management at the operational level, using an integrated approach. In addition, the following responsibilities have been established within the corporate internal control and integrated risk management policy:

### INTERNAL AUDIT

The company has an Internal Audit Manager, chosen by the Audit and Risk Committee and the board of directors. The mission of the internal audit department in the organization is to support senior management in improving and strengthening internal control and risk management, providing improvement proposals and focusing on relevant matters.

To guarantee the independence of internal audits, the Internal Audit Manager and his team report functionally to the board of directors' Audit and Risk Committee and administratively to the executive president and general management of the company.

### EXTERNAL AUDIT OF FINANCIAL STATEMENTS

The powers and responsibilities delegated by the board of directors to the Audit and Risk Committee in relation to the work of the independent external auditor, include the following:

- Selecting and proposing external auditors to the board of directors
- Reviewing and approving the external auditors' approach and working plan
- Reviewing and confirming the independence of the external auditors, obtaining statements from them regarding the relationship between auditors and the company and non-audit services
- Evaluating the work performed by the external auditors
- Reviewing the results of the audit with management and the external auditors, and approving the auditors' report for submission to the board of directors and the AGM

Entity responsible	Risk functions
<b>Board of directors</b>	The board is responsible for approving the internal control and integrated risk management policy and defining the corresponding roles, responsibilities and reporting lines
<b>Audit and Risk Committee (CAR)</b>	Evaluates the effectiveness of the internal control systems submitted by the internal audit department and ensures that policies and procedures are implemented for proper risk management, as well as compliance with corporate codes and policies.
<b>Executive President</b>	Defines the Corporate Strategic Plan together with the general manager, determines short, medium and long term objectives, identifies corporate risks and assists in the implementation of strategies to mitigate them. Responsible for promoting a risk management culture within our company.
<b>General Manager</b>	Responsible for designing, implementing and supervising the internal control system and managing the risks to which we are exposed.
<b>Strategic Management Control</b>	Via the Risk Department, assists senior management, process owners and collaborators in deploying the risk management methodology to identify, analyze, control and monitor risks at company and process level. Also responsible for facilitating alignment and determining the organization's appetite or tolerance for risk. Defines and updates the risk management methodology, taking into account the reference frameworks, good practices and external standards to ensure continual improvement.
<b>Internal Audit Department</b>	The internal auditor carries audit work only, he has autonomy and experience and is a specialist in the matters he evaluates, as well as enjoying the independence required to monitor and assess the effectiveness of the internal control system. The Internal Audit Manager reports directly to the Audit and Risk Committee (CAR) and is appointed by the board of directors.
<b>Macro-process owners</b>	A role assigned to managers who have appropriate experience and the professional judgement to manage the operational and support processes for which they are responsible.
<b>Process / sub-process owners</b>	Role assigned to managers, assistant managers, foremen and supervisors who have the appropriate professional experience and judgement. Assignment of this role will depend on the complexity and impact of the process on business goals.

# 4.5. Total quality (GRI 3-3)

### MANAGEMENT APPROACH

It is essential to maintain and continue promoting a culture of quality and continual improvement in our processes. To achieve this, we have developed a strategy based on 3 tenets:

WE CREATE QUALITY  
**that lasts**

## 01. Simplicity

Adapting management system methodologies and continual improvement programs to make them more agile and flexible for our employees.

## 02. Expansion

Expanding the scope of management systems and continual improvement programs for CAASA and subsidiaries.

## 03. Culture

Promoting process improvement using methodologies and tools that enhance the involvement and experiential learning of employees in continually improving the company.



### INTEGRATED MANAGEMENT SYSTEM

Our main aim is to ensure the Standardization of policies and regulations, generating best practices at the corporate level to support growth and expansion, both in Peru and abroad. Our aim is to enhance the value proposition for our clients, by maintaining and improving standards and strengthening our processes.

The main achievements in 2023 are given below:

Certification of our wire drawing plant to international standards ISO 9001 Quality Management System, ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety Management System, by classification society ABS Quality Evaluations.

Certification of the anti-bribery and other crimes management system to ISO 37001 international standard, granted by certifying company BASC PERU, in order to strengthen the company's prevention model at all levels.

Product certification for export to Ecuador, granted by ICONTEC, under technical standards RTE 016 for construction bars and RTE 027 for tubes.

Integration of the process quality standards of subsidiary Corporación Aceros Arequipa S.R.L (Bolivia), under the CAASA document management model, to achieve the unification and Standardization of guidelines and ensure transversal control of documentation at the corporate level.

Integration of new processes at the Lurin tube plant and distribution center into CAASA's integrated management system (IMS), ensuring Standardization and the adoption of good corporate practices.

We hold the following certificates:

1. Integrated management system certification renewed to international standards ISO 9001 Quality Management System, ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety Management System.
2. Product certificates for export to Brazil maintained by the Brazilian Association of Technical Standards (ABNT), to technical standard NBR 7480.
3. Maintenance and extension of product certificate for export to Colombia by ICONTEC, to technical standard NTC 2289, technical regulation 1856 and ASTM A706.
4. Technical competence accreditation of Aceros Arequipa's laboratories maintained in accordance with NTP ISO/IEC 17025.
5. Product certificate for export to Ecuador obtained from ICONTEC, to technical regulations RTE 016 for construction bars and RTE 027 for tubes.



MANAGEMENT LEVEL GOALS:

# Achieve ISO 37001 anti-bribery management certification





**CONTINUAL IMPROVEMENT PROGRAMS**

We seek to foster in all our employees a philosophy of innovation and continual improvement, allowing us to increase cost efficiency, simplify processes and eliminate waste in order to increase customer satisfaction and company margins.

To this end, we manage 3 programs and a tangible recognition mechanism called CAASA Points.

We seek to foster in all our employees a philosophy of innovation and continual



**SUGGESTIONS**

Implement **ideas** ideas that contribute to process **improvement and reduce inefficiencies**.



**PROYECTOS**

Develop **high-impact, low-cost** improvement projects.



**5'S**

Implement **standard order and cleanliness practices** in work areas.



**CAASA POINTS**

Incentive and recognition mechanism at CAASA - Pisco.

# PROGRAMA DE SUGERENCIAS

*¡MIS IDEAS SUMAN!*

The aim of the suggestion program at CAASA is to foster a collaborative environment where employees feel valued and involved in the organization's continual improvement process. The program allows our employees to use their experience and creativity to submit ideas for improvements focused on operational efficiency, customer satisfaction, product or service innovation, and working environment, among others.

For the suggestion program to be effective it is essential that process leaders be committed to the evaluation and implementation of viable suggestions; recognition of employees for their contributions is also crucial.

In 2023 we received 2,547 ideas for improvement. We implemented 80% of ideas that helped us to simplify our processes, achieving an economic benefit of more than US\$ 85,000 as well as simplification and improvements in the company's processes.

**+25**  
years

**+90,000**  
suggestions

**+US\$ 3.5**  
million in savings





### PROJECT PROGRAM

Seeks to develop high-impact, low-cost improvement projects. For 30 years, we have been using continual improvement methodologies to increase productivity and process efficiency through teamwork. In 2023 sixty projects were registered, of which 20 achieved their goals. Thanks to our expansion strategy, 26 of the 60 projects were from teams from Lima and subsidiaries, who achieved great results for their processes.

Each year, employees participating in the project program use problem solving, lean six sigma, scrum and design thinking methodologies to achieve expected results.



**We have** a structure to **give visibility and recognize** improvement projects called **Internal Meeting**, a contest that seeks to foster a culture of continual improvement and innovation; it encourages and disseminates creativity and outstanding participation and fosters healthy competition in all departments of the corporation. The registered projects participate in the profitability and efficiency and process simplification categories.

**30**  
years

**+600**  
projects implemented

In 2023: 20 projects and savings of

**US\$ 3,762,000**



### 5S PROGRAM

To administer the 5S program we have divided the departments into working areas, with 327 in Peru and Bolivia, distributed in 3 categories: workshops, plant and warehouses; each of these has standards defined by CAASA according to the need of the process.

Our **integrated inspections** application provides us with agile management of findings in the fields of safety, the environment, quality, productivity and order and cleanliness. We seek to improve the quality of life in the workplace. In addition, periodic inspections are carried out to evaluate compliance with standards and identify best practices that can be replicated at the corporate level.



**National 5S Award**  
Winners of the Gold medal for 3 consecutive years



**Recognition**  
Dissemination of the best areas Award at Internal Meeting



**Leadership**  
Commitment at all levels

P O I N T S  
C A A S A

**CAASA POINTS**

CAASA's reward system, which provides tangible recognition of outstanding participation by our employees in continual improvement programs.

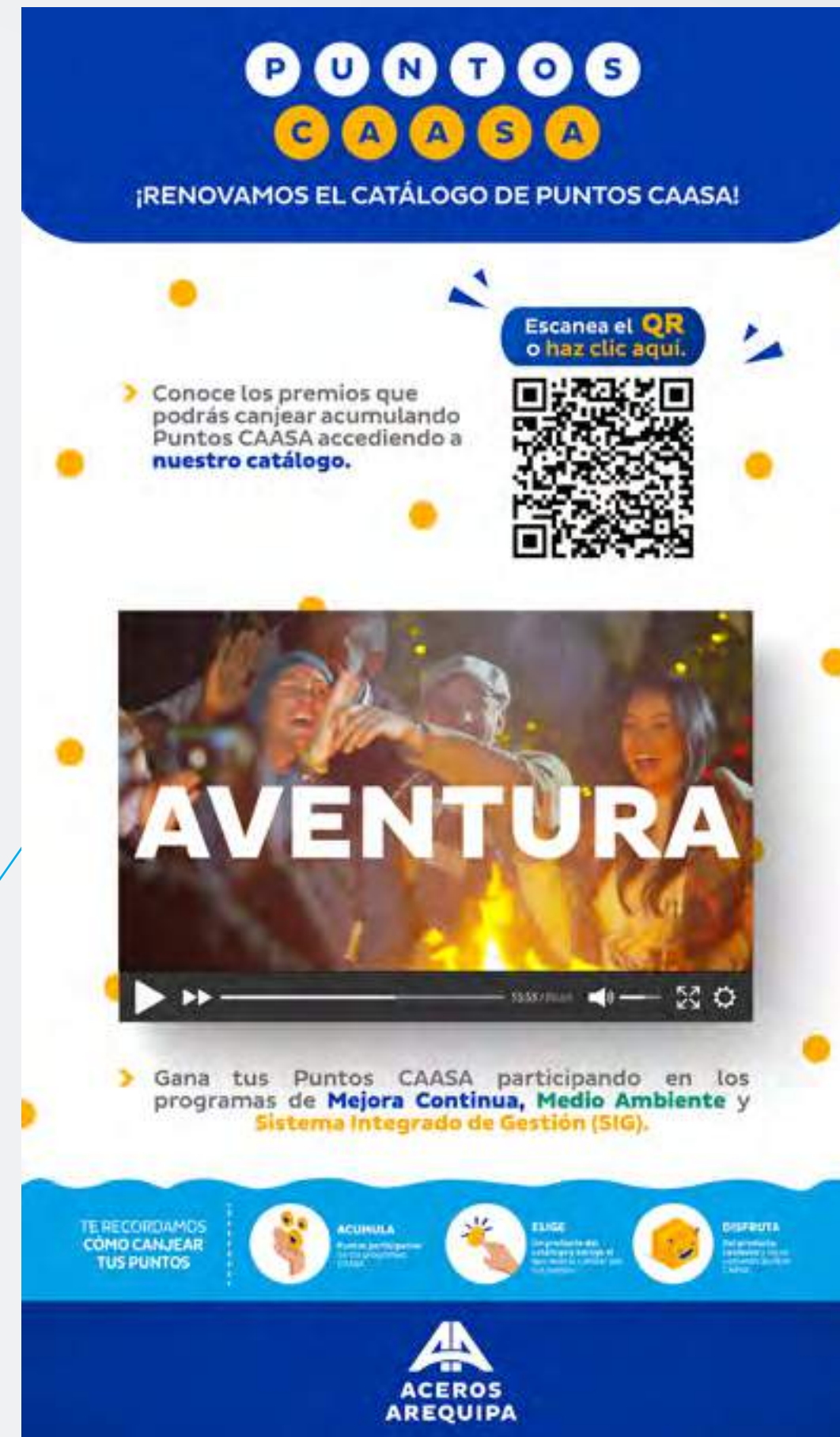
During 2023 we worked on expanding the use of the application, allowing us to manage the awarding of points and the employee redemption process, simplifying and speeding up the process.

**01.**

**Intangible recognition:** internal spaces where employees display their achievements in the different quality programs to the company's leaders, seeking to continue participation and involvement in the company's continual improvement.

**02.**

**Tangible recognition:** CAASA points that can be exchanged for company merchandise or other types of products.



**Some outstanding achievements in 2023**

**Best suggestion of the year - Pisco:** Enrique Nieto, with 74 proposed suggestions of which 69 were implemented.

**Best suggestions of the year - Lima:** Fressia Gonzales, with 10 proposed suggestions of which 6 were implemented.

**Best project in the profitability category:** Power system team, with the project entitled "improvement to the operating voltage of the electric arc furnace".

**Best project in the process efficiency and simplification category:** Metaverso Metálico team, with the project entitled "remote supervision of handling cranes".

# 05

## ANNEXES



# 5.1. General information

(GRI 2-1)

This integrated report is based on GRI 2021 standards. The economic, social and environmental indicators cover 100% of our production and includes the following operations:

01	<b>Lima:</b> Magdalena (offices) and Huachipa-Cajamarquilla (tube production plant and scrap yard)
02	<b>Callao:</b> Enrique Meiggs (tube plant, coil cutting and straightening center and distribution center), Avenida Argentina (steel center, plate, nail and mesh production - Comfer, distribution center) and Oquendo (scrap collection center)
03	<b>Pisco</b> (Steel Complex)
04	<b>Trujillo</b> (distribution center, scrap collection)
05	<b>Arequipa</b> (distribution center)
06	<b>Piura</b> (distribution center)
07	<b>Lurín</b> (distribution center and new tube plant)

## GENERAL DETAILS OF THE ISSUING ENTITY

CORPORACION ACEROS AREQUIPA S.A. was incorporated by public deed on the 31st December 1997 by notary public Carlos Gómez de la Torre R., after the merger between Aceros Arequipa S.A. and Aceros Calibrados S.A., from which the new company was formed. Aceros Arequipa S.A. was incorporated by public deed on the 13th May 1964 by notary public Ricardo Samanamud. The Company was registered under entry 01 item A of file 10456, now electronic entry 11010518, at the Companies Register of Arequipa.

In 2015, the company approved an amendment to its by-laws, changing its registered office, which is registered under electronic entry N° 70627037 at the companies register of Callao. Subsequently, in 2019, the company approved a new amendment to the by-laws, changing the registered office from Callao to Lima. This change



was registered under electronic entry N° 15202705 at Lima companies register. The duration of the company is indefinite.

By virtue of a modification to the line of business made in 2022, the main purpose of the company is steel making, in the form of the production of steel for the manufacture and sale of billets, bars, merchant bar and wire rods, in different shapes and qualities. Other activities include the sale of products for construction and industry in general (light engineering, mining, fishing, agribusiness, etc.), as well as the import and export of inputs and raw materials related to the above-mentioned goods and products. It may also carry out mineral prospecting, sampling, exploration, exploitation and other mining activities.

The company is also engaged in the transfer in any form of technology acquired or developed by the Company; as a bonded warehouse keeper, and electricity generation and transmission. Furthermore, the amendment to the company's business made in 2022 includes the storage of hydrocarbons and fuels for internal use and the sale of solid waste, as well as agricultural activities in general.

The company's main line of business is encompassed in economic activity code N° 2410, according to the United Nations Standard Industrial Classification.

With regard to its relationship with the State, it should be noted that the company does not receive special tax treatment, exemptions or other benefits.

The company's main sites include the following: [\(GRI 2-1\)](#)

- The administrative and management offices are located at Av.

Antonio Miró Quesada N° 425, 17th Floor, Magdalena del Mar.

- The manufacturing plant is located at Panamericana Sur Km. 241, district of Paracas, province of Pisco, department of Ica.
- The finished product warehouses and the tube plant are located at Av. Enrique Meiggs N° 329 - Callao, Tel. (51) (1) 517-1800.
- Lurin distribution center: CA. S/N Almonte UC11258. Predio 0057972 Zona A -Pampas de Lurin.

Operated by a third party:

- The Arequipa distribution center is located at Variante de Uchumayo Km 5.5, Cerro Colorado, Arequipa.

- The Trujillo distribution center is located at Avenida Tupac Amaru 1620. The collection yard is located at the corner of Calle 3 and Avenida 2; Manzana: "B-1", Lote: "06, 07, 08, 09, 11, 12", Sub-Lote: "B", Urbanización: Parque Industrial, district of La Esperanza, province of: Trujillo, department of: La Libertad.
- The Piura distribution center is located at: Carretera Piura Paita SN Lote A5 Sector Coscomba - district of Veintiséis de Octubre
- The Huachipa stockyard is located at: Parcela Nro 63 - Parcelación Cajamarquilla 1ra Etapa - district of Lurigancho - Chosica
- The Oquendo stockyard is located at: Cruce de la Calle B y Calle 10 - Urbanización Victoria.



## 5.2. Administration

### MANAGEMENT

Name	Position
<b>MR Ricardo Cillóniz Champín</b>	Executive Chairman <sup>18</sup>
<b>MR Tulio Silgado Consiglieri</b>	General Manager
<b>MR Augusto Cornejo Cañedo</b>	Central Production Manager
<b>MRS Mariana Talavera Rubina</b>	Supply Chain Manager
<b>MR Diego Arróspide Benavides</b>	Strategic Procurement Manager
<b>MR Ricardo Guzmán Valenzuela</b>	Administration and Finance Manager
<b>MR Gonzalo Arróspide del Busto</b>	Commercial Manager
<b>MR Juan Manuel Otoya Wherrems</b>	Human Resources Manager
<b>MR Rafael Cáceres Gallegos</b>	IT Manager
<b>MR Fernando Bustamante Cillóniz</b>	Strategic Control Manager
<b>MR Ricardo Cillóniz Rey</b>	Project Manager, Mining, Social Responsibility and Innovation
<b>MRS Mariana Olivares Maldonado</b>	Legal Affairs Manager
<b>MR Humberto Barragán Herrera</b>	Internal Audit Manager



#### MR RICARDO CILLÓNIZ CHAMPÍN

A civil engineer by profession, he holds a master's degree in business administration from Michigan State University. He has held the post of managing director of Corporación Aceros Arequipa S.A. since March 1988 and on the 1st January 2007 he was appointed executive president. He is a director of several companies, including Compañía Eléctrica el Platanal S.A. (Celepsa). He was a director of Rímac Seguros y Reaseguros from 1979 to 2023.

#### MR TULIO SILGADO CONSIGLIERI

Mr Silgado qualified as an agronomist at the Universidad Nacional Agraria and has studied at the Kellogg School of Management, among other institutions; he has held the position of general manager since January 2015. Previously he was director and general manager at Cerámica San Lorenzo from 1994 to 2015. Mr Silgado was also a director of Cerámicas Cordillera Chile and Cerámica San Lorenzo Colombia. He served as sales manager for Central America and the Caribbean of ICI (Imperial Chemical Industries), general manager of ICI Dominicana and Agrochemicals manager of ICI Peru from 1987 to 1994. He is currently a director of the companies Fundo Buenos Aires Quilmana S.A.C., Fábrica Peruana Eternit and Tecnofil.



#### MR AUGUSTO CORNEJO CAÑEDO

An electro-mechanical engineer by profession, with a master's degree in administration majoring in business management and a doctorate in business sciences from San Luis Gonzaga University in Ica, he has held the position of Central Production Manager since January 2016. He previously served as manager of the rolling and finishing plants and rolling superintendent.

<sup>18</sup>The regulations for the board of directors establish as the only exception that the chief executive officer may serve as chairman of the board of directors. The regulations also establish that in the event of a conflict of interest, the director in question must notify the board so that his or her abstention in such matters may be evaluated.





**MRS MARIANA TALAVERA RUBINA**

Qualified as a business management engineer at Universidad Nacional Agraria La Molina, Mrs Talavera has held the position of supply chain manager since June 2018. Before that she held local management positions in the procurement and supply chain departments in Kimberly Clark, Intralot del Peru and ABInbev, as well as serving as regional purchasing manager at Kimberly Clark.



**MR GONZALO ARRÓSPIDE DEL BUSTO**

A business administrator by profession, with postgraduate degrees from ESAN and North Western University USA, Mr Arrospide has held the position of commercial manager since December 1998. He previously worked at Cerámica Lima S.A., as commercial manager.

**MR DIEGO ARRÓSPIDE BENAVIDES**

An industrial engineer who graduated from the Universidad de Lima, he holds a master's degree in operations management from UPC. He has held the position of strategic procurement manager since July 2017. Previously he held management positions in purchasing and logistics in companies such as Engie Energía Perú, Peruana de Combustibles, BBVA Continental and British American Tobacco.



**MR JUAN MANUEL OTOYA WHERREMS**

Graduated as an attorney from Pontificia Universidad Católica, he holds an MBA from Maastricht School of Management and studied specialist courses in human resources management at ESAN, senior management at ESADE and executive coaching at INCAE, he has held the position of human resources manager since August 2020. Previously he was human resources manager at Unique, a member of Yanbal International, human resources director at GRUPO CODERE in Peru, Colombia and Argentina, and human resources manager at ORUS S.A., part of GRUPO ROMERO.



**MR RICARDO GUZMÁN VALENZUELA**

A business administrator by profession, having specialized in finance at The University of Texas at Austin, he holds an MBA from The University of Chicago Booth School of Business. He has been corporate finance manager of Corporación Aceros Arequipa S.A. since July 2011 and has held the position of Administration and finance manager since April 2017. Previously, he was executive director of Corporate and Investment Banking at BBVA and head of mergers and acquisitions for Peru. Before that he worked in corporate finance for several financial institutions.



**MR RAFAEL CÁCERES GALLEGOS**

An electronic engineer by profession, Mr Cáceres has held the position of IT manager since September 1999. Before that he served as manager of @Phone S.A. Until 1998, he worked as operations manager of Americatel Peru S.A.



### MR FERNANDO BUSTAMANTE CILLÓNIZ

A mechanical engineer by profession, he graduated from Boston University and holds an MBA from the University of Piura. He has held the position of strategic management control manager since 2010. Previously, he served as internal consultant, head of merchant bar marketing, corporate TQM coordinator and head of PCI and inputs warehouse. He is also currently a director of Fundo San Fernando.



### MRS MARIANA OLIVARES

Graduated as an attorney from the Universidad de Lima she also studied at the Institute for US LAW of George Washington University. She has held the position of general counsel since June 2023. Previously she worked as legal and corporate affairs director at Sodexo Peru, general manager of the Asociación Sodexo por el Desarrollo Sostenible and was an associate at law firm Munizlaw.

### MR RICARDO CILLÓNIZ REY

An industrial engineer, he graduated from Universidad de Lima and holds an MBA from Kellogg School of Management and a master's degree in engineering from McCormick School of Engineering. He has held the position of manager of projects, mining, social responsibility and innovation since November 2010. From 2005 to 2010 he was consultancy manager at Bain and Company - United Kingdom. He has also held positions at Deutsche Bank - London and South Pacific Business Development. Currently, he is also a director of Agroindustrias AIB S.A. and Consorcio Industrial de Arequipa S.A.



### MR HUMBERTO BARRAGÁN HERRERA

Mr Barragan is a certified public accountant who graduated from Pontificia Universidad Católica del Peru - PUCP. He has a postgraduate degree in internal auditing, management control and quality management from Universidad de Lima, as well as a postgraduate qualification in finance and international accounting standards from ESAN. Formerly external financial auditor at KPMG, internal auditor at Aliaxis Latin America (a group manufacturing tubes, fittings, plastic valves and related products for residential, commercial and industrial construction), based in Costa Rica; internal auditor in the highway construction company in Peru of Ecuador's Grupo H&H and internal auditor of Empresas de Transporte de Energía Eléctrica en Peru, part of the Colombian Grupo Empresarial ISA. He was a part-time tutor at the PUCP's Faculty of Accounting Sciences. He has been internal audit manager since December 2013.



Degree of relationship by affinity or consanguinity between directors and management:

1. Renee Cillóniz de Bustamante and Ricardo Bustamante Cillóniz are related by blood in the first degree.
2. Ricardo Cillóniz Champín and Ricardo Cillóniz Rey are related by blood in the first degree.

3. Ricardo Cillóniz Champín and Renee Cillóniz de Bustamante are related by blood to the second degree.
4. Ricardo Bustamante Cillóniz and Fernando Bustamante Cillóniz are related by blood to the second degree.
5. Ricardo Cillóniz Champín and Ricardo Bustamante Cillóniz are related by blood to the third degree.



## MANAGEMENT PLAN

**Standing, from left to right:** MR Diego Arróspide Benavides, MR Fernando Bustamante Cilloniz, MR Rafael Cáceres Gallegos, MR Ricardo Guzmán Valenzuela, MR Juan Manuel Otoyá Wherrens, MR Ricardo Cilloniz Rey. **Seated, from left to right:** MR Gonzalo Arróspide del Busto, MR Augusto Cornejo Cañedo, Mrs. Mariana Talavera Rubina, MR Tulio Silgado Consiglieri, MR Ricardo Cillóniz Champin, Mrs. Mariana Olivares, MR Humberto Barragán Herrera.

## 5.3. Economic – Financial Information

### RESULTS OF THE FISCAL YEAR

Drawn up to the International Financial Reporting Standards (IFRS), the audited results for fiscal year 2023, in thousands of soles, were as follows:

Net Income for the Year	<b>S/ 82,813</b>
(-) Legal Reserve	<b>S/ 0</b>
Freely available earnings	<b>S/ 82,813</b>

The Companies Act requires that a minimum of 10 percent of distributable profits after income tax be transferred to a statutory reserve until that reserve equals 20 percent of the company's capital. The Company covered the required percentage during 2018 and it therefore no longer needs to be deducted.

The Company's capital stock as of December 31, 2023 amounts to S/ 890'858,308, represented by 890'858,308 shares having a no-

nominal value of S/ 1.00. As at the same date, the investment shares account contains S/ 182'407,512 represented by 182'407,512 shares having a nominal value of S/ 1.00.

The board of directors has proposed a cash dividend of S/ 33'125,000.00, to be charged to retained earnings from previous years, from which must be subtracted the interim dividend for fiscal year 2023 approved on the 18th July 2023 and paid on the 9th August 2023, amounting to US\$ 2'964,000.00 (equivalent to S/ 10,580,000.00), as well as the dividend of US\$ 2'248,000.00 (equivalent to S/ 8'714,000.00) approved on the 24th October 2023 and paid on the 15th November 2023. The remaining sum of S/ 13'831,000.00, which will be paid in US\$ at the closing exchange rate of the day prior to the AGM, applies both to ordinary shares and free circulation investment shares totaling 1,073,265,820 shares, resulting in a dividend per share equivalent to S/ 0.012887, which as mentioned above will be paid in US\$. Freely available income will be channeled into the retained earnings account.

The proposed registration and payment dates are as follows:

Date of registration:	<b>12.04.2024</b>
Payment date:	<b>16.04.2024</b>

With the proposed dividend approved, the company's retained earnings and shareholders equity, in thousands of soles, would be as follows:

Capital stock	<b>S/ 890,858</b>
Investment shares	<b>S/ 182,408</b>
Statutory reserve	<b>S/ 178,742</b>
Excess from revaluation	<b>S/ 193,967</b>
Accumulated results	<b>S/ 1,237,808</b>
<b>Total equity</b>	<b>S/ 2,683,783</b>

### ASSETS AVAILABLE FOR SALE

In 2024 several properties will remain for sale, including an 85,000 m<sup>2</sup> plot of land in Pisco, an 801 m<sup>2</sup> plot of land in Paracas and two plots of land totaling 60,000 m<sup>2</sup> in Arequipa, among others. Additionally, according to a board of directors' agreement of January 2018, a piece of land was purchased in Lurin, with the aim of moving the company's main warehouse in Callao, and at a later date an additional 43,000 m<sup>2</sup> or thereabouts will be put on the market.

### PROSPECTS

We expect an improvement in the company's results in 2024, the result of higher margins on long and other products. During 2023 we significantly reduced our high-cost inventories of flat products, which would explain part of the expected improvement.

From the markets point of view, following our strategy of internationalization we expect higher sales in 2024 to the different

markets we serve on a recurring basis. However, we remain cautious about Bolivia's economic performance given the scarcity of US dollars and constant increases in the cost of transferring funds abroad; while in Ecuador we are monitoring the impact of tax changes that may be adopted. In the case of exports to non-recurring markets, our policy of exporting when economically convenient will be maintained. From a product category standpoint, we expect bar for mining mill balls to take up a larger share of our portfolio and to increase sales of non-ferrous materials as a consequence of the increased utilization of our new non-ferrous plant.

As for international raw material prices, in 2024, we expect them to remain volatile. However this view may change as a result of events not currently foreseeable.

As part of its normal operations the company will maintain its core objectives of employee health and safety, increased productivity, availability of raw materials for N° 2 Melt Shop, process automation and innovation, care for the environment and the generation of shared value for society, all part of a drive for continual improvement in the quality of our products and processes.

The cycle of large-scale investment will be over in 2024 and we will focus on making these investments profitable. The completion of this cycle will imply a gradual deleveraging process (long-term financing) until the next investment cycle. The company will, however, maintain its policy of continuous evaluation of opportunities for vertical and horizontal integration to grow and optimize its processes.

Among the investments programd for 2024 are:

- New rolling mill (to be operational by the end of 2024)
- Renewal of the nail and wire lines
- Lime production kiln, among others

It is worth mentioning that part of investment for 2024 is financed by two loans from BCP (in soles) and Interbank (in U.S. dollars) which will be disbursed as the investments are made.

During 2024, the company will continue to seek improvements in its inventory and product portfolio; diversifying international sales through our subsidiaries; increasing its presence in the mining sector through increased sales of mill ball bars and by seeking to monetize non-productive assets. We will also continue to make improvements in corporate sustainability to better serve all our stakeholders.

As far as the outlook for our subsidiaries is concerned:

- **Aceros America Corporation (USA):** during 2024 it expects that its subsidiaries Aceros America Port Manatee LLC and Aceros America St. Louis LLC. Pete LLC will increase scrap collection and exports compared with 2023 and investment to improve margins.
- **Aceros Arequipa S.A.S. (Colombia):** higher sales are forecast for 2024 compared with 2023, with better margins thanks to price increases for different product families.
- **Corporación Aceros Arequipa AA S.A.S. (Ecuador):** Higher sales than in 2023 are expected. Recently, however, certain tax changes have been implemented that could affect the profitability of the operation in that country.

- **Corporación Aceros Arequipa S.R.L (Bolivia):** SA complicated year is expected for the Bolivian economy, mainly due to the shortage of U.S. dollars and increased commissions for transfers abroad, which affect importing companies such as ours in Bolivia. The company has been evaluating various alternatives to address this challenging scenario for 2024.
- **Aceros América SPA (Chile):** In 2024, a significant increase in sales is expected due to a full year of exports by sea, which will help reduce inventories in this subsidiary. In addition, it is expected to recover VAT that was due to be refunded, which will reduce the company's financial debt. These actions, together with interest rate reductions, will help significantly to reduce financial costs in this market.
- **Tecnología y Soluciones Constructivas (Peru):** will increase its operations during 2024 compared with 2023, in line with the Company's growth and projects it has been awarded.
- **Transportes Barcino (Peru):** During 2024 this subsidiary will focus on optimizing processes and providing specialist services for the company's growing needs.

Finally, the company will continue to strengthen its channels of communication with the market and its stakeholders. To this end, investor meetings and quarterly calls will be held, in which relevant information about the company and its performance is presented.

## 5.4. Capital stock and shareholdings

### CAPITAL

A. Capital Stock (*): fully subscribed and paid up	S/ 890,858,308
B. Investment Shares:	S/ 182,407,512
C. Number of ordinary shares:	890,858,308
D. Nominal value of share	S/ 1.00
E. Shares held by domestic investors: Shares held by foreign investors:	77.81% 22.19%

### SECURITIES

According to CONASEV management ruling N° 061-98-EF/94.11, the ordinary and investment shares of Corporación Aceros Arequipa S.A. were registered with the stock exchange public registry on 23.02.98, Changes during fiscal year 2023 are shown below:

Book value of shares at the end of the year:	S/ 2.51
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### SHAREHOLDERS

Participation		Origin
CILLÓNIZ CHAMPÍN RENEÉ	15.94%	National
OLESIA INVESTMENT CORP.	10.96%	Bahamas
CILLÓNIZ REY RICARDO	8.53%	Nacional
CILLÓNIZ REY ANDREA	8.50%	National
SERVICIOS DE ASESORÍA S.A.	5.47%	National
GRENVIEW INVESMENT INC.	5.18%	Panama
BAERTL MONTORI JOSÉ ANTONIO	5.18%	National

### ORDINARY SHARES

Holding	Number of shareholders	Percentage shareholding
Less than 1%		19.90
Between 1% - 5%	13	20.35
Between 5% -10%	5	32.86
More than 10%	2	26.89
<b>Total</b>	<b>429</b>	<b>100.00</b>

### INVESTMENT SHARES

Holding	Number of holders	Percentage shareholding
Less than 1%	3,017	58.86
Between 1% - 5%	15	31.87
Between 5% -10%	1	9.27
More than 10%	0	0.00
<b>Total</b>	<b>3,033</b>	<b>100.00</b>

### PRICE OF ORDINARY SHARES

Month	Opening	Closing	Maximum	Minimum	Average
Jan.-23	1.93	1.95	1.95	1.93	1.95
Feb.-23	1.95	1.95	1.95	1.95	1.95
Mar.-23	1.95	2.05	2.10	1.95	2.02
April-23	2.02	2.02	2.02	2.02	2.03
May-23	2.00	2.00	2.00	2.00	2.00
June-23	2.00	1.98	2.00	1.98	1.99
July-23	1.91	1.90	1.91	1.90	1.91
Aug.-23	1.91	1.92	1.92	1.90	1.91
Sept.-23	1.92	1.90	1.92	1.90	1.90
Oct. 23	1.95	1.75	1.95	1.75	1.92
Nov.-23	1.75	1.69	1.75	1.69	1.75
Dec.-23	1.70	1.70	1.70	1.70	1.70

### PRICE OF INVESTMENT SHARES

Month	Opening	Closing	Maximum	Minimum	Average
Jan.-23	1.41	1.30	1.50	1.30	1.41
Feb.-23	1.29	1.26	1.30	1.20	1.26
Mar.-23	1.25	1.25	1.27	1.21	1.25
April-23	1.26	1.16	1.30	1.15	1.23
May-23	1.16	1.18	1.27	1.11	1.19
June-23	1.17	1.11	1.20	1.05	1.16
July-23	1.08	1.09	1.20	1.04	1.11
Aug.-23	1.09	1.10	1.13	1.04	1.07
Sept.-23	1.14	1.03	1.15	1.03	1.09
Oct. 23	1.01	0.90	1.01	0.85	0.94
Nov.-23	0.90	0.99	0.99	0.87	0.91
Dec.-23	0.97	0.95	0.97	0.90	0.95

# 5.5. Financial statements



Tanaka, Valdivia & Asociados  
Sociedad Civil de R.L.

## Dictamen de los auditores independientes

A los Accionistas de Corporación Aceros Arequipa S.A.

### Opinión

Hemos auditado los estados financieros consolidados de Corporación Aceros Arequipa S.A y Subsidiarias (en adelante "el Grupo"), que comprenden el estado consolidado de situación financiera al 31 de diciembre de 2023, y los estados consolidados de resultados, de resultados integrales, de cambios en el patrimonio neto y de flujos de efectivo por el año terminado en esa fecha, así como las notas a los estados financieros consolidados, que incluyen información sobre las políticas contables materiales.

En nuestra opinión, los estados financieros consolidados adjuntos presentan razonablemente, en todos sus aspectos significativos, la situación financiera consolidada del Grupo al 31 de diciembre de 2023, así como su desempeño financiero y sus flujos de efectivo consolidados por el año terminado en esa fecha, de acuerdo con las Normas Internacionales de Información Financiera (NIIF) emitidas por el International Accounting Standards Board.

### Base de la opinión

Realizamos nuestra auditoría de conformidad con las Normas Internacionales de Auditoría (NIAs) aprobadas para su aplicación en el Perú por la Junta de Decanos de Colegios de Contadores Públicos del Perú. Nuestras responsabilidades en virtud de esas normas se describen con más detalle en la sección *Responsabilidades del auditor en relación con la auditoría de los estados financieros consolidados* de nuestro informe. Somos independientes de la Compañía de acuerdo con el *Código de Ética para Profesionales de la Contabilidad del Consejo de Normas Internacionales de Ética para Contadores (Código IESBA)* junto con los requisitos éticos que son relevantes para nuestra auditoría de los estados financieros en Perú, y hemos cumplido con nuestras otras responsabilidades éticas de acuerdo con estos requisitos y el Código IESBA. Consideramos que la evidencia de auditoría que hemos obtenido proporciona una base suficiente y adecuada para nuestra opinión.

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Miembro de Ernst & Young Global



## Dictamen de los auditores independientes (continuación)

### Asuntos clave de auditoría

Los asuntos clave de auditoría son aquellos asuntos que, a nuestro juicio profesional, fueron de mayor importancia en la auditoría de los estados financieros consolidados del período actual. Estos asuntos se abordaron en el contexto de la auditoría de los estados financieros consolidados en su conjunto, y en la formación de nuestra opinión sobre los mismos; por lo que no proporcionamos una opinión separada sobre estos asuntos. Con base en lo anterior, más adelante, se detalla la manera en la que cada asunto clave fue abordado durante nuestra auditoría.

Hemos cumplido con las responsabilidades descritas en la sección *Responsabilidades del auditor en relación con la auditoría de los estados financieros consolidados* de nuestro informe, incluso en relación con estos asuntos. En consecuencia, nuestra auditoría incluyó la realización de procedimientos diseñados para responder a los riesgos de incorrección material evaluados en los estados financieros consolidados. Los resultados de los procedimientos de auditoría, incluidos los procedimientos realizados para abordar el asunto que se menciona a continuación, constituyen la base para la opinión de auditoría sobre los estados financieros consolidados adjuntos.

### Existencia de inventarios

**Descripción del asunto** Los inventarios de Corporación Aceros Arequipa S.A. y Subsidiarias ascienden a S/1,434 millones que representan el 23% de los activos totales del Grupo. Estos inventarios están conformados principalmente por los productos terminados y mercaderías que comercializa la Compañía, así como la materia prima, productos en proceso y otros materiales que son necesarios para la producción y las operaciones del Grupo. Los inventarios se encuentran ubicados principalmente en su planta de Pisco y en los centros de distribución ubicados en Lima, Arequipa, Trujillo y Piura. Así como los que se mantiene sus subsidiarias del exterior ubicadas en Bolivia, Chile, Colombia, Ecuador y Estados Unidos de Norteamérica.

Para validar la existencia de los inventarios, el Grupo planifica y ejecuta un inventario anual, el cual es realizado de acuerdo con el cronograma aprobado por la Gerencia, este procedimiento implica una participación significativa por parte del equipo de auditoría, así como el involucramiento de un especialista para la medición de la chatarra, principal materia prima. En base a ello, concluimos que la existencia de los inventarios es un asunto clave de auditoría.

**Cómo abordamos el asunto en nuestra auditoría** Obtuvimos un entendimiento, evaluamos el diseño y relevamos los controles de los procesos de la Compañía relacionados con la integridad y existencia de los inventarios. Nuestros procedimientos de auditoría incluyeron, entre otros:  
- Definir la estrategia de participación de acuerdo con las sedes y tipos de inventario que mantiene el Grupo.





### Dictamen de los auditores independientes (continuación)

#### Existencia de inventarios

- Participar a través de muestra representativa seleccionada a juicio profesional y utilizando herramientas estadísticas, en los días y sedes establecidos en nuestra estrategia de inventarios.
- Evaluar la integridad de los inventarios contados en los días de nuestra participación a través de conciliación con los saldos contables a la fecha de la toma de los inventarios.
- Verificar el cumplimiento de los procedimientos establecidos por la Gerencia para el conteo.
- Revisar las hojas de conteo, así como las diferencias identificadas, verificando su disposición o registro en los libros del Grupo.
- Involucrar a un especialista externo para validar la metodología utilizada por el Grupo para calcular la cantidad de chatarra que mantenía en los días de inventario.
- Por los inventarios mantenidos en las subsidiarias del exterior, hemos obtenido las hojas de trabajo realizados por sus auditores, hemos obtenido la confirmación si existe alguna diferencia no registrada. Por último, hemos tenido reuniones con los ejecutivos de cada componente a fin de monitorear la ejecución y conclusión de este procedimiento.
- Realizamos procedimientos de conexión sobre los saldos de inventarios, desde la fecha de toma de inventario hasta el cierre del periodo.
- Revisamos los informes sobre las conclusiones de los inventarios.
- Revisión de la idoneidad de las revelaciones relacionadas en los estados financieros consolidados.

#### Otra información incluida en el Informe Anual 2023 del Grupo

Otra información consiste en la información incluida en la Memoria Anual del Grupo, distinta de los estados financieros consolidados y nuestro informe de auditoría sobre los mismos. La Gerencia es responsable de la otra información.

Nuestra opinión sobre los estados financieros consolidados no cubre la otra información y no expresamos ninguna forma de conclusión que proporcione un grado de seguridad sobre ésta.

En relación con nuestra auditoría de los estados financieros consolidados, nuestra responsabilidad es leer la otra información y, al hacerlo, considerar si la otra información es materialmente inconsistente con los estados financieros consolidados o nuestro conocimiento obtenido en la auditoría o si de otra manera parece estar materialmente mal expresada. Si, en base al trabajo que hemos realizado, concluimos que existe un error material de esta otra información, estamos obligados a informar de ese hecho. No tenemos nada que informar a este respecto.



### Dictamen de los auditores independientes (continuación)

#### Responsabilidad de la Gerencia y los responsables del gobierno de la Compañía en relación con los estados financieros consolidados

La Gerencia es responsable de la preparación y presentación razonable de los estados financieros consolidados de acuerdo con NIIF, y del control interno que la Gerencia determine que es necesario para permitir la preparación de estados financieros consolidados que estén libres de errores materiales, ya sea debido a fraude o error.

Al preparar los estados financieros consolidados, la Gerencia es responsable de evaluar la capacidad del Grupo para continuar como una empresa en marcha, revelando, según corresponda, los asuntos relacionados con la empresa en marcha y utilizando la base contable de la empresa en marcha, a menos que la Gerencia tenga la intención de liquidar al Grupo o cesar las operaciones, o no tenga otra alternativa realista diferente a hacerlo.

Los responsables del gobierno corporativo del Grupo son responsables de la supervisión del proceso de información financiera del Grupo.

#### Responsabilidad del auditor en relación con la auditoría de los estados financieros consolidados

Nuestros objetivos son obtener seguridad razonable sobre si los estados financieros consolidados en su conjunto están libres de incorrección material, ya sea debido a fraude o error, y emitir un informe que incluya nuestra opinión. La seguridad razonable es un alto nivel de aseguramiento, pero no garantiza que una auditoría realizada de conformidad con las NIA aprobadas para su aplicación en el Perú siempre detectará una incorrección importante cuando exista. Las incorrecciones pueden surgir debido a fraude o error y se consideran materiales si, individualmente o acumuladas, podría esperar que influyan razonablemente en las decisiones económicas que los usuarios toman basándose en los estados financieros consolidados.

Como parte de una auditoría de acuerdo con las Normas Internacionales de Auditoría (NIA) aprobadas para su aplicación en el Perú por la Junta de Decanos de Colegios de Contadores Públicos del Perú, ejercemos un juicio profesional y mantenemos el escepticismo profesional durante toda la auditoría. También:

- Identificamos y evaluamos los riesgos de incorrección material de los estados financieros consolidados, ya sea debido a fraude o error, diseñamos y ejecutamos procedimientos de auditoría que respondan a esos riesgos, y obtenemos evidencia de auditoría que sea suficiente y apropiada para proporcionarnos una base para nuestra opinión. El riesgo de no detectar una incorrección material debido a fraude es mayor que la resultante de un error, ya que el fraude puede implicar colusión, falsificación, omisiones intencionales, declaraciones falsas o sobrepaso del sistema de control interno.



### Dictamen de los auditores independientes (continuación)

- Obtuvimos un entendimiento del control interno relevante para la auditoría con el fin de diseñar procedimientos de auditoría que sean apropiados en las circunstancias, pero no con el propósito de expresar una opinión sobre la efectividad del control interno del Grupo.
- Evaluamos la idoneidad de las políticas contables utilizadas y la razonabilidad de las estimaciones contables y las respectivas revelaciones realizadas por la Gerencia.
- Concluimos sobre la idoneidad del uso por parte de la Gerencia de la base contable de la empresa en marcha y, sobre la base de la evidencia de auditoría obtenida, si existe una incertidumbre material relacionada con eventos o condiciones que puedan generar dudas significativas sobre la capacidad del Grupo para continuar como una empresa en marcha. Si llegamos a la conclusión de que existe una incertidumbre material, estamos obligados a llamar la atención en nuestro informe de auditoría sobre las revelaciones relacionadas en los estados financieros consolidados o, si dichas revelaciones son inadecuadas, a modificar nuestra opinión. Las conclusiones se basan en la evidencia de auditoría obtenida hasta la fecha de nuestro informe de auditoría. Sin embargo, los eventos o condiciones futuras pueden hacer que el Grupo deje de continuar como una empresa en marcha.
- Evaluamos la presentación general, la estructura, el contenido de los estados financieros consolidados, incluidas las revelaciones, y si los estados financieros consolidados representan las transacciones y eventos subyacentes de manera que logre una presentación razonable.

Comunicamos a los responsables del gobierno del Grupo, entre otros asuntos, al alcance planeado y el momento de realización de la auditoría, los hallazgos significativos de la misma, así como cualquier deficiencia significativa del control interno identificada en el transcurso de la auditoría.

También proporcionamos a los responsables del gobierno corporativo del Grupo una declaración de que hemos cumplido con los requerimientos éticos relevantes respecto con la independencia y les hemos comunicado acerca de todas las relaciones y otros asuntos que podrían razonablemente afectar nuestra independencia y, según corresponda, incluyendo las respectivas salvaguardas.



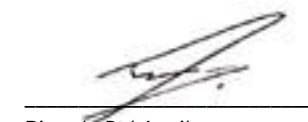
Dictamen de los auditores independientes (continuación)

Entre los asuntos que han sido objeto de comunicación con los responsables del gobierno corporativo del Grupo, determinamos los que han sido de la mayor significatividad en la auditoría de los estados financieros consolidados del periodo corriente y, por lo tanto, son los asuntos clave de auditoría. Hemos descrito esos asuntos en nuestro informe de auditoría salvo que las disposiciones legales o reglamentarias prohíban revelar públicamente el asunto o, en circunstancias extremadamente poco frecuentes, determinemos que un asunto no se debería comunicar en nuestro informe porque se esperaría razonablemente que las consecuencias adversas de hacerlo superarían los beneficios de interés público del mismo.

Lima, Perú  
29 de febrero de 2024

Refrendado por:

*Tanaka, Valdivia & Asociados*



Ricardo Del Aguila  
Socio a cargo  
C.P.C.C. Matrícula No. 37948



## 5.6. Good Corporate Governance Code Compliance Report

(GRI 3-3)



## 5.7. Corporate Sustainability Report




## 5.8. GRI Contents

Declaration of use	<b>Corporacion Aceros Arequipa submits the information contained in this GRI content index for the period from the 1st January to the 31st December 2023 using the GRI Standards as a reference.</b>
GRI 1 used	<b>GRI 1: Fundamentals 2021</b>



(GRI 2-5)



## DECLARACIÓN DE ASEGURAMIENTO

**INFORME DE SGS DEL PERÚ S.A.C. SOBRE ACTIVIDADES DE SOSTENIBILIDAD EN LA "MEMORIA INTEGRADA 2023" DE CORPORACIÓN ACEROS AREQUIPA S. A. (CAASA)**

**NATURALEZA DE LA VERIFICACIÓN**  
 SGS DEL PERU SAC (en lo sucesivo, SGS) fue contratada por CORPORACIÓN ACEROS AREQUIPA S.A (CAASA) (en adelante ACEROS AREQUIPA) para realizar un aseguramiento independiente de su "MEMORIA INTEGRADA 2023"

**USUARIOS PREVISTOS DE ESTA DECLARACIÓN DE VERIFICACIÓN**  
 Esta Declaración de Verificación se proporciona con la intención de informar a todos los Grupos de Interés de ACEROS AREQUIPA.

**RESPONSABILIDADES**  
 La información contenida en el Informe y su presentación son responsabilidad de los directores u órgano de gobierno de ACEROS AREQUIPA. SGS no ha participado en la preparación de ninguno de los materiales incluidos en el informe.

Nuestra responsabilidad es expresar una opinión sobre el texto, datos, gráficos y declaraciones dentro del alcance de la verificación con la intención de informar a todos los grupos de interés de ACEROS AREQUIPA.

**NORMAS DE ASEGURAMIENTO, TIPO Y NIVEL DE ASEGURAMIENTO**  
 Los protocolos de aseguramiento de SGS en materia de sostenibilidad utilizados para llevar a cabo la Verificación se basan en directrices y estándares de aseguramiento reconocidos internacionalmente, incluidos los principios del proceso de presentación de informes contenidos en los Estándares de Informes de Sostenibilidad de Global Reporting Initiative (GRI Standards) GRI 1: Foundation 2021 para la calidad del informe, GRI 2 Divulgación general 2021 para las prácticas de presentación de informes de la organización y otros detalles de la organización, GRI 3 2021 para el proceso de la organización de determinar temas materiales, su lista de temas materiales y cómo gestionar cada tema, y la orientación sobre los niveles de aseguramiento contenidos en la norma ISAE3000.

El Aseguramiento de su informe se ha llevado a cabo de acuerdo con las siguientes normas:

Opciones estándar de verificación		Nivel de verificación
A	Protocolos de aseguramiento de SGS ESG & SRA (basados en los Principios GRI)	Limitada
B	ISAE3000	Limitada

El Aseguramiento se ha llevado a cabo con un nivel limitado.

**ALCANCE DE LOS CRITERIOS DE ASEGURAMIENTO Y PRESENTACIÓN DE INFORMES**  
 El alcance de la verificación incluyó la evaluación de la calidad, exactitud y fiabilidad de la información sobre el desempeño como se detalla a continuación y la evaluación del cumplimiento de los siguientes criterios de presentación de informes:

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Reporting Criteria Options	
2	GRI STANDARDS 2021
3	GRI (Reference)

**INFORMACIÓN DE RENDIMIENTO ESPECIFICADA Y DIVULGACIONES INCLUIDAS EN EL ALCANCE**  
 Estos son los KPI específicos tomados en cuenta en el "Memoria Integrada 2023 de Aceros Arequipa"  
 GRI 200 Económicos (201-1; 205-1; 205-2; 205-3; 206-1; 207-1)  
 GRI 300 Ambientales (302-1;302-3; 302-4; 303-1; 303-2; 303-3; 303-4; 303-5; 305-1; 305-2; 305-3; 305-4; 305-5; 305-7; 306-1; 306-2; 306-3; 306-4; 306-5; 308-1; 308-2)  
 GRI 400 Sociales (401-1; 401-2; 401-3; 403-1; 403-2; 403-3; 403-4; 403-5; 403-6; 403-7; 403-8; 403-9; 403-10; 404-1; 404-2; 404-3; 405-2; 406-1; 407-1; 408-1; 409-1; 410-1; 414-1; 414-2; 415-1).

**METODOLOGÍA DE ASEGURAMIENTO**  
 La Verificación comprendió una combinación de investigación previa a la verificación, entrevistas con empleados relevantes, socios estratégicos, revisión de documentación y registros y evaluación del informe para alinearse con los protocolos GRI, la auditoría se realizó de forma remota.

Los procedimientos realizados para un Aseguramiento Limitado varían en naturaleza y tiempo y son realizados en un menor tiempo que para un trabajo de Aseguramiento Razonable. En consecuencia, el nivel de aseguramiento obtenido para un aseguramiento limitado es sustancialmente menor que el que se habría obtenido si se hubiera realizado con un Aseguramiento razonable.

**LIMITACIONES Y MITIGACIÓN**  
 Los datos financieros extraídos directamente de cuentas financieras auditadas independientemente no se han verificado nuevamente como parte de este proceso de aseguramiento. Tener en cuenta cualquier otra limitación específica para el compromiso de aseguramiento y las acciones tomadas para mitigar esas limitaciones.

**DECLARACIÓN DE INDEPENDENCIA Y COMPETENCIA**  
 El Grupo de empresas SGS es el líder mundial en inspección, ensayo y verificación, opera en más de 140 países y presta servicios que incluyen sistemas de gestión y certificación de servicios; auditoría y capacitación de calidad, ambiental, social y ética; Aseguramiento del informe ambiental, social y de sostenibilidad. SGS afirma nuestra independencia de ACEROS AREQUIPA, estando libre de prejuicios y conflictos de intereses con la organización, sus filiales y partes interesadas.

El equipo de aseguramiento se reunió en base a sus conocimientos, experiencia y calificaciones para esta tarea, y estaba compuesto por auditores capacitados en Aseguramiento de Informes de Sostenibilidad, Sistema de Gestión Ambiental, Calidad, Salud y Seguridad Ocupacional, Sistemas de Cumplimiento y Antisoborno, Sistemas de Responsabilidad Social, Verificador de Gases de Efecto Invernadero y Auditor de Huella Hídrica.

**RESULTADOS Y CONCLUSIONES**

**OPINIÓN DE ASEGURAMIENTO/VERIFICACIÓN**  
 Sobre la base de la metodología descrita y del trabajo de verificación realizado, no nos ha llamado la atención nada que nos haga creer que la información sobre el rendimiento especificada incluida en el alcance de la verificación no esté debidamente establecida y no se haya preparado, en todos los aspectos importantes, de conformidad con los criterios de presentación de informes.

Creemos que la organización ha elegido un nivel adecuado de aseguramiento para esta etapa de sus informes.

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**CALIDAD Y FIABILIDAD DE LA INFORMACIÓN DE RENDIMIENTO ESPECIFICADA**  
 Durante la auditoría, hemos encontrado varias fortalezas de CORPORACIÓN ACEROS AREQUIPA S.A. que detallamos a continuación:


- CORPORACIÓN ACEROS AREQUIPA cuenta con sistemas de gestión certificados en las normas ISO 9001, ISO 14001, ISO 45001 e ISO 37001 en la organización y han realizado la verificación de su Huella de Carbono por cuarto año. Y por sexto año obtuvieron la Distinción de Empresa con Gestión Sostenible de Perú Sostenible.
- CORPORACIÓN ACEROS AREQUIPA ha publicado Informes de Sustentabilidad GRI consistentemente durante 8 años consecutivos, este año su tercera MEMORIA INTEGRADA, también es la cuarta oportunidad en la que realizan la verificación de terceros, adicionalmente cada año van incorporando mayor número de indicadores a su Memoria concuentes con sus actividades y principios de transparencia de la información
- CORPORACIÓN ACEROS AREQUIPA ha sido incluido por cuarto año consecutivo en el Dow Jones Sustainability Index – MILA Pacific Alliance, ubicándose entre los 5 primeros puestos de la industria del acero y alcanzando el percentil 98% según la Evaluación de Sostenibilidad Corporativa Global de Estándar & Poor (S&P) del 2023.

Se identificaron algunas oportunidades de mejora para considerar en futuras memorias integradas.

- Considerar los riesgos del Indicador GRI 407-1 en proveedores
- Considerar los riesgos del Indicador GRI 408-1 en proveedores
- Considerar la implementación de filtros sociales (incluyendo los laborales y de Derechos humanos) en el Indicador GRI 414-1
- Considerar la viabilidad de presentar los resultados del Indicador GRI 305 verificados a la presente auditoría.
- El Indicador GRI 404-2 esta implementado en el punto a no habiendo declarado el punto b.

Equipo Auditor:  
 Auditor Líder: Pamela Castillo Rubiños  
 Revisor Técnico: Fanny Valencia Juscamaíta

Firmado:



Julio Ubames Pinto  
 25 de marzo del 2024  
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GRI Standard	Content	Page number	Omission/Detail
<b>GENERAL CONTENTS</b>			
<b>GRI 2: General contents 2021</b>	2-1 Organization details	15, 28, 182-183	
	2-2 Entities included in sustainability reporting	28	
	2-3 Reporting period, frequency and point of contact	197, 205	Annual, from 01/01/2023 to 12/31/2023, i line with the date of the financial reports.
	2-4 Updating information	64	
	2-5 External verification	198	The environmental and social information has been verified by an independent third party. Details of the indicators can be found in the verification letter at the end of the report.
	2-6 Activities, value chain and other business relationships	34, 42	
	2 - 7 Employees	91	

GRI Standard	Content	Page number	Omission/Detail
<b>GRI 2: General contents 2021</b>	2-8 Non-employee workers		
	2-9 Governance structure	146	
	2-10 Appointment and selection of the highest governance body	146	
	2-11 Chairman of the highest governance body		
	2-12 Role of the highest governance body in overseeing impact management	146	
	2-13 Delegation of responsibility for impact management	150	



GRI Standard	Content	Page number	Omission/Detail
<b>GRI 2: General contents 2021</b>	2-14 Highest governance body's role in sustainability reporting	18	
	2-15 Conflicts of interest	156	
	2-16 Communication of critical concerns	150, 156	
	2-17 Collective knowledge of the highest governance body	150, 152	2024 training plan for risk management, sustainability and ESG training
	2-18 Evaluation of the highest governance body's performance	146	
	2-19 Remuneration policies		Omission for confidentiality reasons: sensitive information.
	2-20 Process for determining compensation		Omission for confidentiality reasons: sensitive information.
	2-21 Total annual compensation ratio		Omission for confidentiality reasons: sensitive information.

GRI Standard	Content	Page number	Omission/Detail
<b>GRI 2: General contents 2021</b>	2-22 Sustainable development strategy statement	6-18	
	2-23 Commitments and policies	15, 19, 27	Policies have a link to a website
	2-24 Incorporation of commitments and	15	Applicable policies are detailed in each chapter
	2-25 Processes for remediation of negative impacts	206-209	
	2-26 Mechanisms for seeking advice and raising concerns	156	
	2-27 Compliance with laws and regulations	57, 156	
	2-28 Membership of associations	143	
	2-29 Approach to stakeholder engagement	27, 129, 132	



GRI Standard	Content	Page number	Omission/Detail
<b>GRI 2: General contents 2021</b>	2-30 Collective bargaining agreements	106	The company grants the benefits agreed through collective bargaining to union members and the benefits established in its compensation policy to the rest of the workers, according to current legislation, while preserving internal equity, general welfare and a good organizational environment. Omission: The company has decided not to report the percentage of total employees covered by collective bargaining agreements due to confidentiality restrictions.
	<b>MATERIAL ISSUES</b>		
<b>GRI 3: Material issues 2021</b>	3-1 Process for defining material issues	21, 206	
	3-2 List of material issues	21-23, 206-210	

GRI Standard	Content	Page number	Omission/Detail
<b>RESEARCH, DEVELOPMENT AND INNOVATION</b>			
<b>GRI 3: Material issues 2021</b>	3-3 Management of material issues	153-154, 180	
<b>Own indicator</b>	Investment in digital technology development 2023	153	
<b>Own indicator</b>	Number of projects implemented	177-179	
<b>Own indicator</b>	Amount of savings generated by high impact improvement projects	177-179	
<b>CORPORATE GOVERNANCE AND RISK MANAGEMENT</b>			
<b>GRI 3: Material issues 2021</b>	3-3 Management of material issues	146, 156	
<b>GRI 205: Anti-corruption</b>	205-1 Operations assessed for corruption-related risks	156	
	205-2 Communication and training on anti-corruption policies and procedures	156, 159	
	205-3 Confirmed incidents of corruption and action taken	160, 206	

GRI Standard	Content	Page number	Omission/Detail
<b>GRI 206: Unfair competition 2016</b>	206-1 Legal actions related to unfair competition and monopolistic practices and against free competition	159	
<b>GRI 415: Public Policy 2016</b>	415-1 Contribution to political parties and/or representatives	143	
<b>Own indicator</b>	Methodology for integrated risk and opportunity management	168-174	
	Implementation of risk culture	172-174	
	Risk governance	165-174	
<b>ESG SUPPLY CHAIN MANAGEMENT</b>			
<b>GRI 3: Material issues 2021</b>	3-3 Management of material issues	125	
<b>GRI 308: 2016 Supplier environmental assessment</b>	308-1 New suppliers that have passed selection filters according to environmental criteria	125, 130	

GRI Standard	Content	Page number	Omission/Detail
<b>GRI 308: 2016 Supplier environmental assessment</b>	308-2 Negative environmental impacts on supply chain and action taken	125, 130	
<b>GRI 414: Social evaluation of suppliers 2016</b>	414-1 New suppliers that have passed selection filters according to social criteria	125, 130	
	414-2 Negative social impacts in the supply chain and action taken	125, 130	
<b>RESPONDING TO CLIMATE CHANGE AND ENERGY EFFICIENCY</b>			
<b>GRI 3: Material issues 2021</b>	3-3 Management of material issues	67, 70	
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organization	65, 70, 72	
	302-3 Energy intensity	71	
	302-4 Reduction in energy consumption	65, 71-72	
<b>ADOPTION OF CIRCULAR ECONOMY AND WASTE MANAGEMENT</b>			
<b>GRI 3: Material issues 2021</b>	3-3 Management of material issues	78	

GRI Standard	Content	Page number	Omission/Detail
<b>GRI 306: Waste 2016</b>	306-1 Waste generation and significant waste-related impacts	78-82	
	306-2 Management of significant waste-related impacts	78	
	306-3 Waste generated	78, 84	
	306-4 Waste not destined for disposal	78, 84	
	306-5 Waste for disposal	78, 84	
<b>WATER MANAGEMENT</b>			
<b>GRI 3: Material issues 2021</b>	3-3 Management of material issues	74	
<b>GRI 303: Water and effluent 2018</b>	303-1 Interaction with water as a shared resource	74-77, 143	
	303-2 Management of impacts related to water discharges	74, 77	
	303-3 Water extraction	74, 77	
	303-4 Water discharges	74	

GRI Standard	Content	Page number	Omission/Detail
<b>GRI 303: Water and effluent 2018</b>	303-5 Water consumption	76	
<b>STRENGTHENING OCCUPATIONAL HEALTH AND SAFETY</b>			
<b>GRI 3: Material issues 2021</b>	3-3 Management of material issues	110	
<b>GRI 403: Salud y seguridad en el trabajo 2018</b>	403-1 Occupational health and safety management system	110	
	403-2 Hazard identification, risk assessment and incident investigation	110, 116, 123	
	403-3 Health services at work	110, 115	
	403-4 Worker involvement, consultation and communication on occupational health and safety	110, 116	
	403-5 Occupational health and safety training for workers	110-117	
	403-6 Promotion of employees' health	110-115	
	403-7 Prevention and mitigation of occupational health and safety impacts directly related to business relationships	110, 117, 123	

GRI Standard	Content	Page number	Omission/Detail
<b>GRI 403: Health and safety at work 2018</b>	403-8 Coverage of occupational safety and health management system	110, 115	
	403-9 Work-related injuries	110, 119-122	
	403-10 Occupational diseases and illnesses	110, 119	
<b>RELATIONSHIPS WITH CLIENTS</b>			
<b>GRI 3: Material issues 2021</b>	3-3 Management of material issues	132-133	
<b>Own indicator</b>	Complaints and claims resolved	132	
	Customer satisfaction level	133	
	Channels of communication	132	
<b>TALENT MANAGEMENT</b>			
<b>GRI 3: Material issues 2021</b>	3-3 Management of material issues	89	
<b>GRI 401: Employment 2016</b>	401-1 Hiring of new employees and employee turnover	212, 214	
	401-2 Benefits for full-time employees that are not provided to part-time or temporary employees	104	The company does not have part-time workers
	401-3 Parental leave	106	

GRI Standard	Content	Page number	Omission/Detail
<b>GRI 404: Training and education 2016</b>	404-1 Average hours of training per year per employee	99	
	404-2 Programs to develop employees' skills and programs to assist in transition	93	Omission of information on transition assistance programs for reasons of confidentiality: sensitive information.
	404-3 Percentage of employees receiving regular performance and career development reviews.	100	
<b>PROTECTION OF HUMAN RIGHTS</b>			
<b>GRI 3: Material issues 2021</b>	3-3 Management of material issues	161	
<b>GRI 406: Non-discrimination 2016</b>	406-1 Cases of discrimination and corrective action taken	161	
<b>GRI 407: Freedom of association and collective bargaining 2016</b>	407-1 Operations and suppliers where the right to freedom of association and collective bargaining may be at risk	106, 161	In the period, only the right to freedom of association and collective bargaining in operations has been reported.
<b>GRI 408: Child labor 2016</b>	408-1 Operations and suppliers with significant risk of cases of child labor	161	
<b>GRI 409: Forced or compulsory labor 2016</b>	409-1 Operations and suppliers with significant risk of cases of forced or compulsory labor	161	

GRI Standard	Content	Page number	Omission/Detail
<b>GRI 410: Security practices 2016</b>	410-1 Security staff trained in human rights policies or procedures	161	In the period, only the company's security personnel have been considered
<b>PROMOTING DIVERSITY AND EQUAL OPPORTUNITY</b>			
<b>GRI 3: Material issues 2021</b>	3-3 Management of material issues	106	
<b>GRI 405: Diversity and equal opportunities 2016</b>	405-2 Ratio of basic salary and remuneration of women vs. men	106, 109	
<b>NON-MATERIAL ITEMS</b>			
<b>GRI 305: Emissions 2016</b>	305-1 Direct GHG emissions (Scope 1)	63	
	305-2 Energy-related indirect GHG emissions (Scope 2)	63	
	305-3 Other indirect GHG emissions (Scope 3)	64	
	305-4 GHG emissions intensity	64	
	305-5 Reduction of GHG emissions	64	
	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant airborne emissions	67-69	

GRI Standard	Content	Page number	Omission/Detail
<b>GRI 201: Economic performance 2016</b>	201-1 Direct economic value generated and distributed	50	
<b>GRI 207: Taxation 2016</b>	207-1 Fiscal approach	50	

For comments, questions and suggestions regarding the contents of this Report, please contact [\(GRI 2-3\)](#):

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## 5.9. List of material issues 2023 (GRI 3-1, 3-2, 3-3, 2-25)

Topics 2023	Definition	Impacts	Measures taken and their effectiveness
<b>ECONOMIC AND GOVERNANCE</b>			
1	Research, development and innovation	Research and technological development in the production process, design of products and services taking into account customer needs, health, social and environmental impacts. In addition, adapting to disruptive industry events while remaining competitive, implementing strategies to expand the product portfolio and standards to ensure continuity.	<p>(-) Disruption to the flow of operations due to interruptions in the supply of raw materials</p> <p>A comprehensive supply chain management strategy has been implemented, ensuring a timely and efficient supply of raw materials. Furthermore, supplier monitoring has been optimized with monthly and annual assessments to identify possible risks and establish contingency plans.</p> <p>Research and development programs will be strengthened, gathering constant feedback from customers in order to adjust the products and services offered continually.</p>
2	Corporate governance and risk management	Implementation of rules, processes and principles that guide the company's governing bodies in making efficient decisions for the integral management of the company. This approach aims to ensure transparency in all operations, promote anti-corruption policies and anti-competitive practices, and maintain the integrity of our business conduct at all levels, taking into account the interests of all shareholders (including minority shareholders), and actively promoting respect for policies to combat corruption anti-competitive practices among management, employees and contractors. It also focuses on the identification and mitigation of key business risks, including established, emerging and human rights risks, as well as the proactive management of potential crises arising from social conflicts.	<p>(-) Weak reputation due to leakage of private information or non-compliance with good practices or breaches of the code of ethics</p> <p>(+) Improvements in working culture by promoting transparency, ethics and accountability.</p> <p>Ethical awareness and training programs were implemented, with robust incident response protocols established. Aceros Arequipa has a system of governance and ethics; we have a Code of Ethics, a Code to Combat Acts of fraud, a Prevention Model, and an Anti-bribery Management System.</p> <p>The Steel Ethics Hotline is administered by an independent third party to ensure impartiality. We received no ethics-related complaints during the period.</p> <p>Internal communication programs have been strengthened to establish effective channels for ethical reporting and to continue promoting an organizational culture based on integrity and transparency.</p>

Topics 2023		Definition	Impacts	Measures taken and their effectiveness
3	ESG Supply Chain Management	Effective management of risks and opportunities related to the supply chain, creating training, transfer and compliance control mechanisms on ethics and integrity, the environmental, social and OHS standards for suppliers.	(-) Violation of the human rights of workers of strategic partners (outsourcing and suppliers). (+) Implementation of new cleaner technologies in the supply chain.	Rigorous supplier evaluation and monitoring programs have been implemented through periodic audit protocols, which include the review of employment conditions and compliance with ethical and human rights regulations, in accordance with our internal policies and code of ethics. CAASA actively promotes collaboration with suppliers committed to social and ethical standards, seeking continuous improvement throughout the supply chain.  We have provided spaces and workshops where the importance of implementing clean technologies has been mentioned in order to propagate the most efficient alternatives existing in the market.
<b>THE ENVIRONMENTAL DIMENSION</b>				
4	Response to climate change and energy management	Encourage the reduction of our carbon footprint and the implement programs for reducing greenhouse gas emissions associated with the company's operations, thus facilitating the transition to a low-carbon economy and achieving carbon neutrality by 2050. This approach also includes the adoption of efficient and sustainable energy management in our operations, incorporating the use of renewable energy sources.	(-) Accelerating climate change, driving changes in regulations related to climate change that result in high costs. (+) Reduction of GHGs in the environment through the use of cleaner technologies by the company and throughout its value chain.	As part of its strategy to reduce its carbon footprint, Aceros Arequipa has established mandatory purchasing requirements for technologies used in the industry. In addition, the company has led the transition away from fossil fuels, especially in critical areas such as hot charge and the use of the vertical kiln. An ISO 50001-compliant energy management system has been implemented, ensuring efficient and sustainable energy management in our operations.  In response to the challenge of reducing GHGs and moving towards carbon neutrality by 2050, CAASA has implemented a comprehensive management system detailed in our environmental policy. This includes a strategic environmental compliance program, active participation in the Peru Carbon Footprint Program and integrated solid waste management. Aceros Arequipa stands out as one of the steel mills with the lowest carbon footprint worldwide, at less than 0.5 tons of CO2 equivalent per ton of liquid steel. The company is committed to becoming carbon neutral by 2050.

Topics 2023		Definition	Impacts	Measures taken and their effectiveness
5	Adoption of circular economy and waste management	Maximizing the use of industrial by-products and the effective management of waste generated. Prioritizing the use of recycled material instead of virgin raw materials, thus promoting sustainability and reducing dependence on natural resources. Integral management encompasses the classification, reduction, reuse and recycling of industrial waste, including hazardous and non-hazardous waste, as well as effluents generated in operations. This approach seeks to minimize environmental impacts and promote responsible practices in the value chain.	(-) Increase in industrial by-products. (+) Decrease in the use of non-recycled raw materials.	Strengthen measures for the identification and use of industrial by-products at all stages of the value chain.  Priority has been given to the use of recycled material instead of virgin raw materials in production. The implementation of more sustainable processes and technologies has made it possible to reduce dependence on natural resources and reduce the consumption of non-recycled raw materials. In addition, we encourage employee awareness and participation in responsible materials management practices, thus contributing to environmental sustainability.
6	Water management	Responsible use of water and strict compliance with the controls and limits included in current regulations. Identification and mitigation of water-related risks, taking into account the water stress factor.	(-) Accelerated depletion of water resources due to uncontrolled water use. (+) Availability of new water sources (treated water) to supply and recirculate water in the company.	To strengthen water availability, we have entered into a contract for the supply of desalinated seawater for our operations at the Steel Complex. This strategic step not only ensures an additional and sustainable source of water, but also decreases our dependence on local water sources, thus helping to mitigate water-related risks and ensure the long-term continuity of our operations.
<b>SOCIAL DIMENSION</b>				
7	Strengthening occupational health and safety	Promoting a culture of prevention and protection of the health and safety of all personnel, including contractors and third parties involved in our operations. In addition, identification of related potential hazards and health risks external to the company's management, such as epidemics or pandemics.	(-) Increased occupational health and safety risks. (+) Decrease in the rate of occupational accidents and occupational illnesses, complaints and financial and human losses.	A solid occupational health and safety policy has been established, as well as the implementation of internal occupational health and safety regulations. CAASA actively promotes worker participation through consultations, communications and the effective functioning of its occupational health and safety committee.  Our inspection program has been strengthened as a preventive measure against accidents and incidents. This proactive approach has enabled us to identify risks early and plan effective controls, resulting in a marked decrease in the rate of occupational accidents and illnesses.



Topics 2023		Definition	Impacts	Measures taken and their effectiveness
8	Relationship with clients	Ensuring customer satisfaction and loyalty through improved customer communication management and the implementation of information gathering tools to better understand their needs, generate better products and after-sales services, and therefore strengthen customer relationships.	<p>(-) Loss of customers and decrease in sales due to poor service or dissatisfaction.</p> <p>(+) Improving operational efficiency, optimizing processes to help meet customer needs and ensure customer loyalty and retention.</p>	<p>The introduction of a corporate digital transformation initiative and significant investment in technological development have allowed us to effectively incorporate customer needs into an agile and digital service. This has helped to improve the overall customer experience and provides faster and more personalized solutions.</p> <p>We have strengthened our suggestions program, encouraging the active participation of employees in identifying opportunities to improve customer satisfaction. This measure has proven to be effective in optimizing internal processes and implementing positive changes based on feedback from those in direct contact with customers.</p>
9	Talent management	Programs to improve employee skills and provide opportunities for growth within the organization, including deployment of benefits and talent retention programs.	<p>(-) Increased turnover, loss of employment, lack of employee growth, generating a bad working environment and economic losses.</p> <p>(+) High opportunities for growth, professional development and employee satisfaction, generating greater productivity.</p>	<p>We have implemented comprehensive programs for developing employees' skills, providing significant opportunities for growth within the organization. In addition, we have introduced specific talent retention programs and benefits.</p> <p>The professional growth and development opportunities we offer have generated greater satisfaction among our employees and strengthened the loyalty of our personnel.</p>
10	Protection of human rights	Identification, evaluation, prevention and mitigation of risks related to human rights in all of our value chain and among stakeholders; Efficient management of relationship protocols between stakeholders interacting with communities in our area of influence that have the potential to infringe on the community rights. Establishment of our due diligence model that supports our commitment to human rights.	<p>(+) Strengthening a culture of prevention and respect for human rights in the value chain.</p>	<p>Implementation of the due diligence model comprehensively supports our commitment, generating awareness and promoting responsible practices at every stage in our operations. This culture has helped to strengthen our relationships with stakeholders, promoting a respectful environment and generating tangible benefits for all parties involved.</p>
11	Promoting diversity and equal opportunity	Fostering a fair working environment, guaranteeing diversity and multiculturalism in our workplaces, as well as equal pay and growth opportunities, and compliance with employment rights.	<p>(+) Improving the quality of life of employees by ensuring a safe and respectful working environment, creating opportunities and equality and employees' human rights.</p>	<p>CAASA encourages diversity and equal opportunities and guarantees a fair and respectful working environment while promoting diversity in all our jobs. Clear policies are in place to ensure equal pay and growth opportunities for all employees, regardless of gender, ethnicity, sexual orientation, etc.</p>

**CHANGES FROM PREVIOUS PERIOD** (GRI 3-2)

CHANGES IN MATERIALITY					
Topics 2020		Topics 2022		Topics 2023	
1	Competitiveness	1	Research, development and innovation	1	Protection of human rights
2	Health and safety	2	Strengthening occupational health and safety	2	Corporate governance and ethical management, and risk management
		3	Relationships with clients	3	Water management
		4	Risk management	4	Relationships with clients
3 and 4	Ethics / Corporate Governance	5	Corporate governance and ethical management	5	Promoting diversity and equal opportunity
		6	Talent management	6	Talent management
5	water	7	Responding to climate change and energy efficiency	7	ESG Supply Chain Management
6	air quality	8	Air quality management	8	Adoption of the circular economy, waste management & product life cycle
		9	Protection of human rights	9	Strengthening of occupational health and safety
		10	Creación de valor para el accionista	10	Respuesta al cambio climático y gestión energética
7	Social impacts on communities		In 2022, priority issue, not material.	11	Research, development and innovation



# 5.10. Other indicators

## ECONOMIC INDICATORS

### Tax reporting by jurisdiction (in thousands)

	2023	2023 Other countries					CAASA and Subsidiaries
	Peru	Bolivia	Colombia	Chile	Ecuador	USA	TOTAL
<b>Number of collaborators</b>	1050	23	22	3	10	22	1,130
<b>Percentage</b>	92.92%	2.04%	1.95%	0.27%	0.88%	1.95%	100%
<b>Income</b>	4,570,890	400,535	153,143	47,989	24,958	145,473	5,342,988
<b>Percentage</b>	85.55%	7.50%	2.87%	1%	0.47%	3%	100%
<b>Earnings before tax</b>	134,255	-17,904	-2,503	-17,243	-4,924	-11,699	79,982
<b>Accrued income tax (current year)</b>	47,712	-5,087	230	-2,102	578	-2,871	38,460
<b>Income tax paid</b>	30,089	0	7,908	2,373	492	0	40,862

## HUMAN RESOURCES INDICATORS

### Employee segmentation by age

Collaborators by age	2023		
	< 30 años	Between 30 and 50	> 50 años
<b>Men</b>	34	581	321
<b>Women</b>	38	71	5
<b>Total</b>	72	652	326

### Employee segmentation by country

**0.19%**  
Venezuela

**99.81%**  
Peru



### Inclusion of employees with disabilities

As a percentage	2023
Men	0.5%
Women	0.0%
<b>Total</b>	<b>0.5%</b>

### Local employability indicators

Jobs for local people	2022	2023
<b>Employees working at the Pisco plant</b>	745.00	720
<b>% of employees working at the Pisco plant who are from Pisco</b>	57.03%	57.34%
<b>% of employees in leadership positions working at the Pisco plant who are from Pisco</b>	15.54%	13.85%



### New hires during 2023, segmented by age and job category (GRI 401-1)

Hiring	2023		
	Women	Men	Total
<b>Number of new hires</b>	21	34	55
Under 30	13	11	24
from 30 to 50	8	20	28
51 and above	0	3	3
Managers/Officers	1	1	2
Foremen	1	4	5
Employees <sup>19</sup>	19	27	46
<b>Percentage of positions filled by internal candidates</b>	42%	62%	56%

<sup>19</sup> At CAASA, the employee category also includes managers.

### New hires during 2023, segmented by region (GRI 401-1)

Hiring	2022			2023		
	Women	Men	Total	Women	Men	Total
<b>Lima &amp; Callao</b>	22	23	45	18	23	41
<b>Pisco</b>	7	12	19	3	10	13
<b>Arequipa</b>	0	2	2	0	1	1

### Employee turnover

Employee turnover:

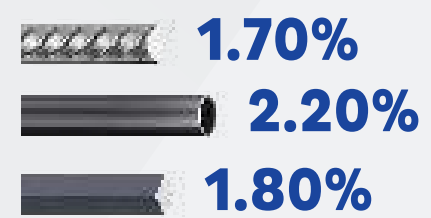


2021 2022 2023

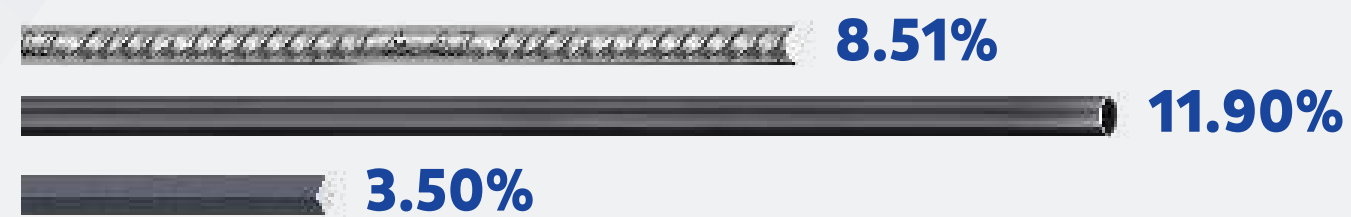
Note. In 2023, the total number of new collaborators was 53 (5.05%).

Voluntary Turnover Rate:

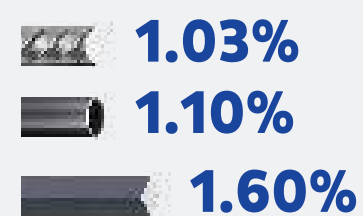
Total



Female



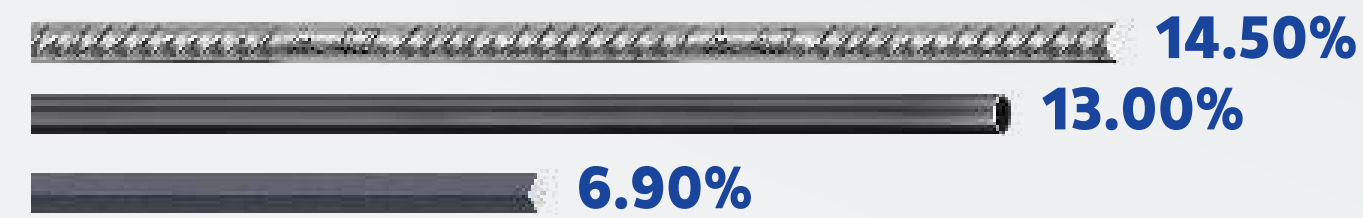
Male



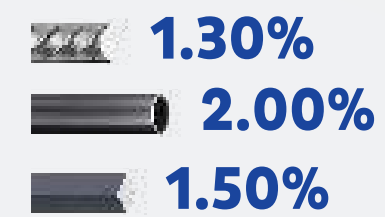
2021 2022 2023

Voluntary rotation by age:

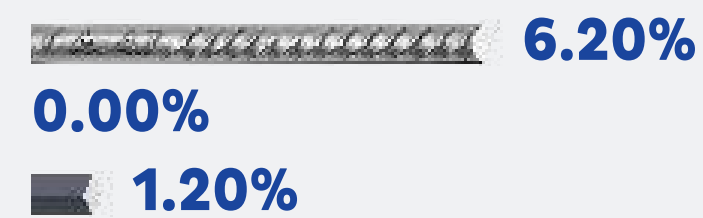
Under 30 years



Between 30 and 50 years



Over 50 years



2021 2022 2023

Turnover by category::

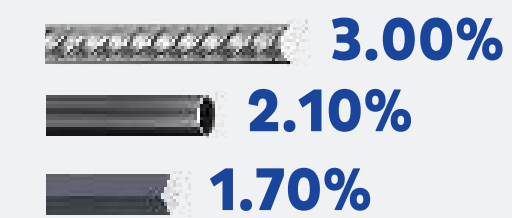
Managers



Chiefs



Collaborators



2021 2022 2023



### Rotation segmented by region (GRI 401-1)

Voluntary rotation	2023		
	Men	Women	Total
Lima	5.4%	3.3%	4.8%
Callao	4.5%	25%	7.7%
Pisco	0.3%	0%	0.3%
Arequipa	10%	0%	10%

### ENVIRONMENTAL INDICATORS

#### Environmental investment (in thousands of soles)

	2020	2021	2022	2023
Environmental investments	1,661	2,852	4,487	5,433
Operating costs	2,195	21,016	11,721	16,842
Total	3,857	23,868	16,207	22,274
Savings, income, tax incentives	17,795	52,148	40,474	42,869

#### Single-use plastics in tons

Fiscal year	Metric tons (MT)
2023	1.8



## 5.11. Risk appetite

Impact	Low	Moderate	Considerable	High
<b>Economy</b> (Oper. Inc. > 50 MM) Applicable to companies with an average operating profit of more than S/ 50 million in the last 3 years	Less than 0.25% of average operating profit in the last 3 years.	Between 0.25% and 0.5% of average operating profit in the last 3 years.	Between 0.5% and 1% of average operating profit in the last 3 years.	Greater than 1% of average operating profit in the last 3 years.
<b>Economy</b> (Oper. Inc. < 50 MM) Applicable to companies with an average operating profit for the last 3 years of less than S/ 50 million	Less than S/ 250,000.	Between S/ 250,000 and S/ 500,000.	Between S/ 500,000 and S/ 1 million.	Greater than S/ 1 million.
<b>Impact on operations and information systems</b> (qualitative)	Interruption of operations for less than 1 hour. The integrity and/or timeliness of the information is not affected.	Interruption of operations between 1 and 8 hours. The integrity and/or timeliness of critical information is affected.	Interruption of operations between 8 and 24 hours. Loss of non-critical CAASA or third party information that cannot be recovered.	Interruption of operations for more than 24 hours. Loss of critical CAASA or third party information that cannot be recovered.
<b>Impact on reputation and image</b> (qualitative)	Minimal public knowledge and little or no liability on the part of the company.	Moderate public awareness. Liability may exist.	Wide media coverage. Perception of the company's liability.	Massive public awareness and high frequency or permanence in the media. Subject to political interest. Perception of the company's liability.

Impact	Low	Moderate	Considerable	High
<b>Regulatory and legal impact</b> (qualitative)	This could result in non-compliance with internal or legal, sector, employment or tax legislation.	Results in non-compliance with internal or legal, sector, employment or tax legislation, but does not give rise to penalty payments.	Failure to comply with legal, sector, employment or tax legislation, gives rise to penalty payments.	Severe non-compliance with legal, sector, employment or tax legislation, gives rise to penalty payments and could result in criminal sanctions for the entity or representative, and/or intervention by the regulatory authority. Systematic ethical misconduct in violation of internal regulations and/or the commission of a criminal offence.
<b>Environmental Impact</b> (Nature of the event/effect)	The impact affects activities. Affects the company's environment and infrastructure.	The scope of the impact involves the entire process. Impact on 1 environmental factor (air, soil, water, flora and fauna).	The scope of the impact involves other processes. Impact on 2 or more environmental factors (air, soil, water, flora and fauna).	The scope of the impact goes beyond the company's boundaries. Impact on sensitive natural environment or population (nature reserves).
<b>Occupational health and safety</b> (Nature of incident and damage)	Very minor injuries, may cause discomfort or inconvenience	Minor injuries, without sick leave, without disability, may require first aid.	Temporary incapacity. Reversible health damage.	Total or partial permanent disability Irreversible/fatal damage.



# CREDITS

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